

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 14th May, 2025 at 7.00 pm, for the purpose of transacting the business set out in the Agenda below, and you are hereby summoned to attend.

Date this 7 day of May 2025

James Ellis
Head of Legal and
Democratic Services

This meeting will be live streamed on the Council's Youtube page:
<https://www.youtube.com/user/EastHertsDistrict>

AGENDA

1. Chair's Announcements

To receive any announcements from the Chair.

2. Election of Chairman 2025/26

3. Election of Vice Chairman 2025/26

4. Minutes - 26 February 2025 (Pages 5 - 38)

To approve as a correct record and authorise the Chair to sign the Minutes of the Council meeting held on 26 February 2025.

5. Further Chairman's Announcements

6. Leader's Announcements

To receive any announcements from the Leader of the Council.

7. Apologies for Absence

To receive any Members' apologies for absence.

8. Declarations of Interest

To receive any Members' declarations of interest.

9. Executive Report - 18 March 2025 (Pages 39 - 41)

To receive a report from the Leader of the Council and to consider recommendations on the matters below:

(A) Treasury Management Mid-Year Review 2024/25_(Pages 42 - 59)

(B) East Herts District Plan Review – Buntingford Employment Study 2025
(Pages 60 - 112)

(C) East Herts District Plan Review – East Herts Strategic Vision_(Pages
113 - 161)

10. Update on Local Government Reform (Pages 162 - 166)

11. Political Balance and Committee Membership of the Council 2025/26
(Pages 167 - 174)

12. Member Constitution Review Group's report on exploring a change to the
Council's governance system (Pages 175 - 184)

13. Outside Bodies' Review 2024/25 (Pages 185 - 200)

14. Annual Scrutiny Report 2024 - 2025 (Pages 201 - 214)

15. Statutory Recommendations from External Auditors Ernst & Young (Pages
215 - 296)

16. UK Shared Prosperity Fund 2025/26 (Pages 297 - 315)

17. Acceptance and proposed use of Warm Homes : Local Grant monies (Pages 316 - 323)

Disclosable Pecuniary Interests

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.

Public Attendance

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655261 and ask to speak to Democratic Services.

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Visit [Political Structure, Scrutiny and Constitution | East Herts District Council](#) for details.

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MINUTES OF A MEETING OF THE
COUNCIL HELD IN THE COUNCIL CHAMBER,
WALLFIELDS, HERTFORD ON WEDNESDAY
26 FEBRUARY 2025, AT 7.00 PM

PRESENT: Councillor M Connolly (Chairman).
Councillors M Adams, D Andrews, P Boylan,
C Brittain, M Butcher, I Devonshire,
E Buckmaster, S Bull, V Burt, R Carter,
N Clements, S Copley, N Cox, B Crystall,
A Daar, B Deering, J Dumont, J Dunlop,
Y Estop, V Glover-Ward, C Hart, G Hill,
D Hollebon, A Holt, S Hopewell, C Horner,
T Hoskin, D Jacobs, S Marlow, G McAndrew,
S Nicholls, A Parsad-Wyatt, C Redfern,
V Smith, T Stowe, M Swainston, J Thomas,
R Townsend, S Watson, D Willcocks,
G Williams, G Williamson, C Wilson, F Woolf,
J Wyllie and D Woollcombe.

OFFICERS IN ATTENDANCE:

Mathew Crosby	- Interim Head of Strategic Finance
James Ellis	- Head of Legal and Democratic Services and Monitoring Officer
Jonathan Geall	- Head of Housing and Health
Katie Mogan	- Democratic and Electoral Services Manager
Helen Standen	- Interim Chief Executive

346 CHAIRMAN'S ANNOUNCEMENTS

The Chairman announced that she would be holding an

afternoon tea on 16 March 2025 at Hertford Castle and invitations had been sent out.

She said that there was a heavy agenda and reminded Members that they could only speak once on an item and asked Members under Item 8 to ask a supplementary question without any preamble.

347 LEADER'S ANNOUNCEMENTS

The Leader of the Council welcomed Members to the meeting. He said that the Head of Operations, Jess Khanom-Metaman, had left the authority last week to spend more time with her young family. The Leader said she had been instrumental in delivering several projects across East Herts such as Grange Paddocks, Hartham Leisure Centre, and BEAM. He thanked her for her work and wished her well for the future.

The Leader welcomed the new Commercial and Cultural Development Manager, Steve Sargent, at BEAM who had started in January.

The Leader thanked the Hertford Civic Society for awarding BEAM an architectural award as well as Hartham Leisure Centre.

The Leader said that Councillor Goldspink had given her apologies for the meeting due to family illness and on behalf of the Council, he sent her best wishes.

348 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors R Buckmaster, Deffley and Goldspink.

349 MINUTES - 11 DECEMBER 2024

Councillor Wilson proposed, and Councillor Hill seconded a motion that the Minutes of the meeting held on 11 December 2024 be approved as a correct record and be signed by the Chairman. On being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the Minutes of the meeting held on 11 December 2024 be approved as a correct record and signed by the Chairman.

350 DECLARATIONS OF INTEREST

There were no declarations of interest.

351 PETITIONS

There were no petitions submitted.

352 PUBLIC QUESTIONS

The full responses to the submitted Public Questions can be found in the supplementary document [here](#).

353 MEMBERS' QUESTIONS

The full responses to the submitted Members' Questions can be found in the supplementary document [here](#).

354 EXECUTIVE REPORT - 11 FEBRUARY 2025

The Leader of the Council presented a report setting out recommendations to the Council made by the Executive at its meeting on 11 February 2025.

355 PARKING STRATEGY 2025

The Executive Member for Environmental Sustainability presented the Parking Strategy following a public consultation and engagement over five weeks in autumn

2024. He said that the consultation was open to all residents and 1700 responses were received.

The Executive Member for Environmental Sustainability clarified that the strategy was the only recommendation that was to be considered by Council and the parking tariff increases were approved by the Executive at their last meeting. He said that support of the parking strategy was independent of parking charges.

The Executive Member for Environmental Sustainability said that the Council had approved a £1.75 million income target for parking in February 2024 and the parking strategy set the context and principle of the changes to support the income targets and ambitions of the Council. He said that the strategy was designed to ensure that the council effectively managed its parking whilst managing the challenges of growth. The council aimed to discourage non-essential car journeys and use active travel for short trips.

The Executive Member for Environmental Sustainability said that there was a strong focus on resident and business engagement early on in the process and the consultation responses could be found in Appendix A. Pricing had been used to motivate behaviour change and the strategy had 22 actions based on short, medium, and long term.

Councillor Hoskin proposed that the recommendation in the report be supported. Councillor Wilson seconded the proposal.

Councillor Buckmaster said that he would be voting against the proposal because he said there was a strong move within it to get rid of free parking periods. He felt that smaller towns and villages were being treated differently and following the discussion at the Executive, Sawbridgeworth had kept its free period because of a

technicality. He felt that if the strategy took away free weekend parking, then cars would park on street and cause further problems.

Councillor Parsad-Wyatt said there were some important actions in the strategy such as electric vehicle charging points and a move to paperless ticketing. He said however that he would have to vote against the strategy as he was not comfortable with the suggestions in the document. He was concerned that emissions-based pricing would affect the poorest.

Councillor Deering said he echoed the comments of his colleagues. He said there were some actions in the strategy, like reducing emissions, that everyone could be supportive of. However, he felt that emissions-based pricing would discriminate against those who could not afford new cars. He added that residents and business owners did not feel their views had been listened to and he confirmed that the Conservative group would not be supporting the strategy.

Councillor Thomas said that the signs in the East Herts operated car parks were cluttered and could be confusing for visitors. He added that the poorest people in the community did not own cars and have to rely on public transport so the emissions-based pricing would not affect them.

Councillor Watson said that residents in Ware were pleased to see the rules being improved on Resident Parking Zones. He said the direction of travel was hugely encouraging and supported the strategy.

Councillor Copley referred to the comments from Councillor Deering about the impact on businesses. She said it was naïve to think that parking charges were the reason footfall had fallen in towns. She felt the council should be encouraging people to support their local shops

and not buy online.

Councillor Hopewell added that research had shown that businesses overestimate those who travel into town and park directly outside their premises. Visitors who drive stay within the towns for longer and were using the shops more.

Councillor Crystall said that one thing Councillor Glover-Ward had been working hard on was helping markets become more successful within the towns to pull visitors in when the high streets were quieter.

Councillor Horner echoed the comments from Councillor Watson and said that it was important to look at the rules around Resident Parking Zones as none had been introduced since the last time the rules were changed.

Councillor Daar said that the young people in her family did not drive and used public transport. She felt the council should lobby the county council for better bus prices.

Councillor Estop said she commended the strategy and the aims had been prepared in a careful way. She felt there was a good sense of fairness and balance on a complex matter.

Councillor McAndrew said that East Herts was a rural and urban district. He said that fuel poverty meant that people in rural areas were finding it difficult to get into the town centres.

Councillor Holt said he represented a rural ward and found that people visited the shops such as the butchers in a short time period because of the free parking available. He said it was often the case that if parking charges were increased then people would visit larger supermarkets on the edge of towns.

Councillor Hart asked if the council would be exploring incentives for car sharing and carpooling as this was a positive initiative.

Councillor Hoskin said that nothing specific had been explored so far but it was worth looking into.

Councillor Wilson said that this strategy attempted to be fair and said that if all areas were given reduced parking charges, there would be no income which the council needed. He said there were lesser chargers in Buntingford, Sawbridgeworth and Stanstead Abbots and said that the universal decline in footfall in high streets was unlikely to be due to parking charges.

Councillor Hoskin responded to the points raised within the debate. He said there was an ambition to get rid of non-essential journeys and research had shown that 70% of residents live within one or two miles of the town centre.

The motion to support the recommendation having been proposed and seconded was put to the meeting and upon a vote being taken, was declared CARRIED.

RESOLVED – That the Parking strategy 2025 be approved.

356 CALL FOR SITES - UPDATE

The Executive Member for Planning and Growth presented the Call for Sites Update and said that the Council agreed to a review of the District Plan in late 2023 and a revised timetable was agreed in October 2024. In order to update the District Plan, the planning department needed to assemble a huge amount of evidence and a call for sites exercise was undertaken between July and September 2024.

The Executive Member for Planning and Growth said that landowners, developers, agents, and site promoters were invited to submit areas of land for the council to determine if they would be suitable for development. She said that submitting a site did not confirm that it would be selected for allocation in the District Plan and the report only detailed the outcome of the call for sites and presented the sites submitted.

Councillor Glover-Ward proposed that the recommendation in the report be supported. Councillor Swainston seconded the proposal.

Councillor Hart asked about weighting given to certain criteria when the planners were assessing the sites for development.

Councillor Estop said that it was important to have a sound District Plan and the planning department would now move to produce Strategic Land Availability Assessment to look at the sites and determine the best sites to allocate for development. She said this was the best process for a spatial strategy and not speculative submission of planning applications for larger sites. She did not think that Full Council was the right place for oversight of the process and needed to be a Member led Committee.

Councillor Buckmaster said he had faith in the planning policy team and said there was an Executive sub-committee to look at the review of the District Plan. He said that this report was part of the District Plan process, and the vast number of sites would be filtered out following engagement with other bodies such as the County Council and Herts Highways. He said that the reason for asking his earlier question under Item 8 was that the proposed reorganisation of local government would put additional pressure on the process and felt that

a conversation needed to be had with the government about what could realistically be achieved over the next few years.

Councillor Deering understood that this report was part of a process and knew that not all sites would be picked. He said that any communications with the public would be very important, and he called on the administration to do so. He said that the Conservative group would be supporting the recommendation but made it clear to residents that by supporting it, they were not taking any views on any particular sites.

Councillor McAndrew said that developing the District Plan was a massive task and said that there was a danger that some sites could come forward through the planning process to be developed.

Councillor Woollcombe said he welcomed the call for sites and asked whether there would be a similar call for infrastructure as the district was short on sewage treatment and water supply infrastructure.

Councillor Swainston welcomed recognition from Members that this was an essential process to go through.

Councillor Wilson responded to comments about communicating with residents and said that this would take place. He said that all councillors were responsible for communicating key messages to their resident.

Councillor Williams responded to Councillor Woollcombe's question that a call for infrastructure did not exist.

Councillor Glover-Ward said that she could not guarantee that sites that come through would not have planning applications submitted. In relation to the infrastructure, Thames Water and Affinity had a five-year programme of

infrastructure that they would be building based on likely sites that would come forward in the District Plan. The Executive District Plan Committee would be dealing with the strategic decisions, and these were meetings that other councillors could attend.

The motion to support the recommendation having been proposed and seconded was put to the meeting and upon a vote being taken, was declared CARRIED.

RESOLVED – that (A) the Call for Sites submissions be noted and agreed for evaluation through the Strategic Land Availability Assessment; and

(B) the results of the Strategic Land Availability Assessment be reported in due course.

357 BUDGET 2025/26 AND MEDIUM TERM FINANCIAL PLAN
2025-2035

The Executive Member for Financial Sustainability presented the Budget 2025/26 and Medium-Term Financial Plan 2025-2035 report and said that despite the uncertainty of the future of the district council following the government's Devolution White Paper, the council were still required to set a balanced budget.

The Executive Member for Financial Sustainability said that £1.46 million of officer delegated savings and £492,000 of Executive recommended savings had been identified with the majority of officer delegated savings coming from contracts and leaving vacancies open. He said that some savings proposed for 2024/25 budget year were still to be implemented in the 2025/26 budget.

The Executive Member for Financial Sustainability referred to the savings that had been rejected by the Executive such as reducing planning enforcement, reducing the

grant to Citizens Advice and council communications. He said that although these were non-statutory services, these represented good value for money for residents.

The Executive Member for Financial Sustainability said that the cost of services were displayed in section 1.6 and there had been some gains from the extended producer responsibility scheme and a lower than expected staff pay award. However, these had been offset by a reduction in the income forecast for BEAM, rise in national insurance contributions and continuing liability for Charrington's House. He said that to cover these costs, an increase of 2.98% in Council Tax had been proposed and it was important that all the savings proposals were realised.

The Executive Member for Financial Sustainability warned that there were risks ahead with external factors such as the cost of finance and business rates review which was outside the council's control. He said another risk was the performance of BEAM and whether it could reach its income target, but the business plan was being reviewed with the new manager.

The Executive Member for Financial Sustainability thanked officers for their work in preparing the budget report and said the financial situation was challenging but the administration was able to present a balanced budget for 2025/26 and work continued at pace to reduce the gap in future years to ensure budget targets are met.

Councillor Brittain proposed that the recommendation in the report be supported. Councillor Swainston seconded the proposal.

Councillor Buckmaster said it was good to hear that BEAM was on its way to making its income targets and the leisure services were making money. He said that the administration had declared early on that they would like to replace the Executive system with an alternative but

seemed that they did not mind using their Executive powers. He referred to the decisions on the two key revenue generators; the increase in the garden waste charge and parking tariffs. He said he was not saying that the Executive had not followed due process but felt that Full Council was the place to discuss the budget. He said that he could not support a budget that his own residents were against. He asked why there were eight Executive Members which was the same as the county council that had a £1.2billion budget.

Councillor Devonshire referred to page 533 of the report in relation to asset disposal. He asked why only £30,000 out of the £10.8million assets identified for disposal had been completed.

Councillor Clements acknowledged the difficult position that the current administration had inherited. He referred to the list of recommended savings and the review of receptions. He said that the Overview and Scrutiny Committee had recently looked at digital exclusion in the district and highlighted the importance of receptions. He asked if this meant the Executive were considering closing receptions.

Councillor Williamson referred to Charrington's House and asked why East Herts were still paying business rates at £300k a year. He said that Members were told that business rates liabilities would stop once the development agreement had been signed but the Audit and Governance Committee had been told that this was the wrong advice. He asked the Executive Member how long they were expecting to pay business rates on this building.

Councillor Dumont said that the Executive relied on Officers bringing them the full list of options to balance the budget. He said just because they appeared on the list, did not mean the Executive had encouraged the

option and said that there had been a number of red lines. He noted that the opposition had not mentioned the cut to Citizens Advice which had been cut under the previous administration.

Councillor Parsad-Wyatt referred to Appendix C and the suggestion that staff could be charged to use the car park. He thought it could be seen as hypocritical that staff were not being asked to pay to use the car park, but residents were being asked to pay more for car parking across the district. He acknowledged that it was small in financial terms but said it would increase the budget surplus by 50% and asked why it had been ruled out as an option.

Councillor Estop referred to Charrington's House and said that the previous administration had evicted tenants prematurely which had led to a loss in income. She felt it should have been occupied until the development process was underway.

Councillor Jacobs referred to the £170k for repairs at the United Reform Church and said he could not understand why that money was going back two years. He said a survey was due to be carried out on the building soon and if it required urgent works, he said it could not wait over a year because the money had been allocated to the incorrect financial year.

Councillor McAndrew said that he had requested a breakdown of charges to justify the increase in the garden waste at the Executive meeting but had yet to receive it and wanted to understand why there was a variance between the North Herts and East Herts charges.

Councillor Deering said that he was also concerned that the council had a shared service with North Herts but the increase in charges were twice as much. He echoed the

points raised by Councillor Buckmaster that the increases in fees and charges had been pushed through via executive decisions and also felt that Full Council was the correct forum for that discussion. He also echoed the points raised by Councillor Devonshire and the asset disposals. He said that council tax would not need to be increased if the income target of £10million had been achieved.

Councillor Hoskin responded to Councillor McAndrew's concern about the garden waste charge variance. He said that he was happy to supply the detailed information and said there were two distinct differences between East Herts and North Herts. He said that four vehicles were required to cover East Herts, whereas just three needed for North Herts and this additional vehicle cost £215k. He also explained that the routes in East Herts were longer than North Herts incurring additional costs. He then referred to the increase in parking charges and said this had been discussed at Overview and Scrutiny and the Executive and was done with complete transparency in two open sessions.

Councillor Copley said she felt the Executive were doing a good job in difficult circumstances. She referred to the comments about the disposal of assets and said that the administration had been left in a difficult situation by the previous one and had to make difficult decisions to sell assets.

Councillor Thomas praised the report in terms of its transparency. He said it was good that the Executive had displayed the potential savings they could have made and where the red lines were. He urged the Executive to continue with asset disposals as quickly as possible.

Councillor Swainston said the current administration did not close Charrington's House and could not deliver the ORL project in time. She said that the parking and waste

increases had been scrutinised by the Overview and Scrutiny Committee and that all parties were represented on the committee. She commended the Executive on their proposed budget.

Councillor Williams said that he did not agree with comments made by the opposition and said that the Executive Member for Financial Sustainability had worked hard to get a balanced budget.

Councillor Buckmaster raised a point of order and said it was the opposition's job to hold the joint administration to account. He said the previous administration did not ask for Covid or the war in Ukraine to happen and the financial environment was challenging.

Councillor Brittain responded to points raised in the debate. He referred to the parking and garden waste charge increase and said that the Executive had been presented with options and it was either increase some charges or cut other important services.

Councillor Brittain said that the previous asset disposal target was too challenging and ORL was responsible for 80% of assets in the list. At the time, they were told that it could move forward once the Development Agreement had been signed but this was no longer the case. If they had known that previously, the budget could have been moved into future years. He said that the money had not been lost but that it was not available in the first place.

Councillor Brittain referred to charging staff for using the car park and said that the Executive had thought it was important to ensure staff were able to park without charge. He referred to the URC Hall and said that if the survey identified urgent works, it could be done. The budget in 2026/27 was an expectation but not definitive.

Councillor Brittain referred to the breakdown of the

charges for the garden waste. He said the Section 151 Officer was working on these, but he had seen a draft. He explained that the cost of the service to the council was greater than the revenue received for it due to indirect costs to the council. He said that there was no requirement for align charges with North Herts and this had not existed previously as when the service started, North Herts charged for it and East Herts did not. He said that it was important to be fair to residents and look at a fair charge for those who use the service as the majority of residents do not use the service and it would not be fair for them to subsidise the service for others.

The motion to support the recommendations having been proposed and seconded was put to a recorded vote and the result was as follows:

FOR

Councillors Adams, Brittain, Burt, Carter, Copley, Cox, Crystall, Daar, Dunlop, Glover-Ward, Hart, Hill, Hopewell, Horner, Hoskin, Marlow, Nicholls, Smith, Swainston, Thomas, Townsend, Watson, Williams, Wilson, Woollcombe (26)

AGAINST

Councillors Andrews, Boylan, E Buckmaster, Bull, Deering, Devonshire, Hollebon, Holt, McAndrew, Parsad-Wyatt, Stowe, Williamson, Woolf, Wyllie (14)

ABSTAINED

Councillors Butcher, Clements, Connolly, Estop, Jacobs, Redfern, Willcocks (7)

RESOLVED – that the budget and Medium-Term Financial Plan at Appendix A, savings programme at Appendix C, Capital Programme at Appendix D,

Fees and Charges at Appendix E and increase Council Tax by 2.98%, which will result in a Band D Council Tax increase of £5.82 to £201.04 per year be approved.

358 CAPITAL STRATEGY, MINIMUM REVENUE PROVISION POLICY AND TREASURY STRATEGY 2025/26

The Executive Member for Financial Sustainability presented the Capital Strategy, Minimum Revenue Provision Policy and Treasury Strategy 2025/26. He referred to Appendix A and the £10.55million capital spend for 2025/26, the majority of which was for the purchase of new bins and refuse vehicles under the new waste contract which would be financed by new debt and small grants. He noted that 2025/26 represented the peak of council borrowing and the council should see borrowing reduced moving forward.

The Executive Member for Financial Sustainability referred to appendix B and the Minimum Revenue Provision Statement which was required to be approved. He said that the Treasury Management Strategy at Appendix C was a legal obligation under the Local Government Act 2003.

Councillor Brittain proposed that the recommendation in the report be supported. Councillor Copley seconded the proposal.

The motion to support the recommendation having been proposed and seconded was put to the meeting and upon a vote being taken, was declared CARRIED.

RESOLVED – that the Capital Strategy, Minimum Revenue Provision Policy and the Treasury Management Strategy 2025/26 including the Prudential Indicators contained within the reports be approved.

359 COUNCIL TAX SETTING 2025/26

The Chairman said that the final version of the Council Tax report had been published in the supplementary agenda.

The Executive Member for Financial Sustainability presented the report which calculated the total council tax for each parish.

Councillor Brittain proposed that the recommendation in the report be supported. Councillor Horner seconded the proposal.

Councillor Deering said that he acknowledged the requirement for Council to set the Council Tax rates but reminded Members that the Conservative group had voted against the budget in the previous item.

Councillor Horner said he was pleased to see that the parishes were named correctly.

The motion to support the recommendations having been proposed and seconded was put to a recorded vote and the result was as follows:

FOR

Councillors Adams, Andrews, Boylan, Brittain, E Buckmaster, Bull, Burt, Butcher, Carter, Clements, Copley, Cox, Crystall, Daar, Deering, Devonshire, Dumont, Dunlop, Estop, Glover-Ward, Hart, Hill, Hollebon, Holt, Hopewell, Horner, Hoskin, Jacobs, Marlow, McAndrew, Nicholls, Parsad-Wyatt, Redfern, Smith, Stowe, Swainston, Thomas, Townsend, Watson, Willcocks, Williams, Williamson, Wilson, Woolf, Woollcombe, Wyllie
(45)

AGAINST

None

ABSTAINED

Councillor Connolly (1)

RESOLVED – that (A) the Council Tax resolution, as now submitted at Appendix A, be approved;

(B) the local precepts as set out at Appendix 'A' be noted; and

(C) the Hertfordshire County Council and Police and Crime Commissioner for Hertfordshire precepts be noted.

360 MILLSTREAM BUSINESS PLAN

The Executive Member for Financial Sustainability presented the Millstream Business Plan. He said that the council was the only shareholder in Millstream and each year, it produced a 30-year business plan. For several years, Millstream had returned on its capital but there had been recent changes which had affected this income.

The Executive Member for Financial Sustainability said that interest rates had increased and through the budget setting process, there was a case for winding down Millstream. He said that there were three scenarios set out in the report and the recommendation was supporting scenario 3, to dispose of its properties now.

Councillor Brittain proposed that the recommendation in the report be supported. Councillor Horner seconded the proposal.

Councillor Williamson said that it was a sad moment and

Millstream was part of an initiative to generate revenue for the council. He said it had been a good project and did deliver financially and provided housing for residents but recognised that circumstances had changed, and the paper laid out the situation well. He gave his personal thanks to officers who set up Millstream, especially the Head of Housing and Health. He asked if it was the intention to wind up the company after the properties had been disposed of.

Councillor Buckmaster said the report showed how agile the council needed to be. He said that the environment had changed, and it was right that the council took the opportunity to change course. He said that he supported the recommendation.

Councillor Wilson said that when the previous administration took on four capital projects at once, the Liberal Democrats said that it was not prudent.

Councillor Horner acknowledged that Millstream had been set up to make money for the council and at the time, it was a prudent way of going forward. He supported this decision and agreed with Councillor Williamson that it was with a heavy heart.

Councillor Brittain thanked Members for their comments and echoed the thanks for the Head of Housing and Health. He said that external events had had an impact, the Ukraine war had increased the energy price, interest rates and inflation. He confirmed it was the intention to wind up the company when properties had been disposed of.

The motion to support the recommendation having been proposed and seconded was put to the meeting and upon a vote being taken, was declared CARRIED.

RESOLVED – that (A) Millstream Property

Investment Ltd's 2025/26 Business Plan, presented in the EXEMPT Appendix A, which includes property disposal as an option, be approved

(B) acting as Millstream's sole shareholder, Council agrees to use its reserved power, under the Shareholder Agreement with the company, to resolve that the company disposes of its properties.

361 APPOINTMENT OF S151 OFFICER

The Interim Chief Executive presented the report on the Appointment of a S151 Officer. She said that the Council was required under Section 151 of the Local Government Act to appoint a Chief Finance Officer and following an open and competitive recruitment process Brian Moldon has been offered the full-time position from 1 April 2025.

Councillor Crystall proposed that the recommendation in the report be supported and said he believed Brian Moldon would be a great addition to the Leadership Team. Councillor Wilson seconded the proposal.

Councillor Deering thanked the Interim Head of Strategic Finance for his help in the short time he had been at the council.

The motion to support the recommendation having been proposed and seconded was put to the meeting and upon a vote being taken, was declared CARRIED.

RESOLVED – that the appointment of Brian Moldon as the Council's Chief Financial Officers and Section 151 Officer with effect from 1st April 2025, be approved.

362 PAY POLICY STATEMENT 2025/26

The Executive Member for Corporate Services presented the Pay Policy Statement 2025/26 and said that the report came to Council every year as it was a legal requirement under the Localism Act 2010 to publish it. He said the report set out the level of remuneration of Chief Officers.

Councillor Dumont proposed that the recommendation in the report be supported. Councillor Cox seconded the proposal.

The motion to support the recommendation having been proposed and seconded was put to the meeting and upon a vote being taken, was declared CARRIED.

RESOLVED – That the Pay Policy Statement 2025/26 be approved.

363 CODE FOR LOCAL AUTHORITY STATUTORY OFFICERS

The Executive Member for Corporate Services presented the Code for Local Authority Statutory Officers and said the code was the result of a collaborative effort by SOLACE, CIPFA and LLG. He explained that the code focused on the 'Golden Triangle' and the statutory roles that underpinned good governance.

The Executive Member for Corporate Services confirmed that the golden triangle structure remained strong and compliant at East Herts and aligned with national recognised standards. The Code made a commitment to transparency and leadership in the governance framework. He said it had been presented to the Standards Committee for comments on 29th January 2025.

Councillor Dumont proposed that the recommendation in the report be supported. Councillor Dunlop seconded the proposal.

Councillor Clements said that when the code was presented to the Standards Committee, there was a reference in it to the Decision-Making Accountability report which said the golden triangle was not working as it should and believed that was the reason the Code was being presented to Council to adopt. He said that he did not object to the code but without seeing the report, Members would not be confident that the issues had been resolved. He asked if Members could have sight of the report.

Councillor Dumont said that the Code had been developed over a year ago and it was being adopted by several local authorities across the country.

The Head of Legal and Democratic Services confirmed that the Code had been developed in July 2024 and had been discussed in several forums such as the Hertfordshire Heads of Legal group and the Standards Committee. He said that the LGA conducted a decision-making accountability (DMA) report last year which was at the behest of the previous Chief Executive in order to assist with the formulation of suggested structures for the senior management team.

The Head of Legal and Democratic Services said that the DMA identified that the Golden Triangle wasn't operating quite as strongly as it should be at that time and highlighted that it was an area that should be strengthened. He said that the DMA was not disclosable as it was conducted in order to allow the Leadership Team to have full and frank discussions around what senior leadership structure better suited the authority today and, in the future, and in order to be able to have those discussions, a safe space was required to develop ideas, debate live issues and reach decisions away from external interference and distraction.

Councillor Crystall added that the key parts of the DMA report highlighted the structure of the Leadership Team, and this was something that the Interim Chief Executive was currently looking at.

Councillor Deering said that the DMA report had been referred to in a public meeting and felt that any privilege attached to it was removed. He asked for clarification if the report was privileged or non-disclosable.

The Head of Legal and Democratic Services said it was not disclosable but did not have legal privilege status.

Councillor Deering asked for a written note that set out that provision.

The motion to support the recommendation having been proposed and seconded was put to the meeting and upon a vote being taken, was declared CARRIED.

RESOLVED – that the Parking strategy 2025 be approved.

364 REVIEW OF THE CONSTITUTION

At this point in the meeting, Councillor Crystall proposed, and Councillor Deering seconded, a motion that the meeting would continue beyond 10 pm and until the remaining business of the agenda had been determined. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the meeting would continue beyond 10 pm and until the remaining business of the agenda had been determined.

The Head of Legal and Democratic Services introduced the Review of the Constitution. He said that the constitution was kept under regular review to ensure that

it was up to date and fit for purpose. As a result of a recent review by officers, a number of changes were proposed, some as a result of legislative changes and other more minor ones in relation to planning.

The Head of Legal and Democratic Services said that Members may be aware that the new Procurement Act 2023 came into force on 24 February 2025 which required the procurement team to undertake a root and branch review of the Contract Procurement Rules at Section 9 of the Constitution. The new CPR had been designed to ensure that the Council was compliant with UK legislation, followed best practice and achieved value for money in all its procurement activities.

The Head of Legal and Democratic Services said that in addition to the changes to the CPR, the planning related sections were also reviewed and these changes fell into three areas relating to master planning, speaking arrangements at DMC and minor clarifications/updates to the delegations. In terms of master planning, Members will note that the report explains that since the adoption of the District Plan in 2018 the majority of masterplans for allocated sites have followed the Council's approach and been endorsed. For those sites that were coming forward on a speculative basis or where the outline planning permission has been granted, master planning is dealt with via a discharge of condition. This usually means they have to be dealt with within a certain period of time. If not, deemed discharge is assumed.

The Head of Legal and Democratic Services clarified that there were circumstances where an exemption may apply to these timescales such as development that falls within Environmental Impact Assessment, but this did not change the proposed changes which provide flexibility to deal with different circumstances.

Councillor Copley proposed that the recommendation in

the report be supported. Councillor Nicholls seconded the proposal.

Councillor Copley said that she sat on the Member Constitution Review Group and said that the procurement changes were a straightforward response to new legislation. She said that she also sat on DMC and thought the change to the speaking arrangements made sense as members could now ask speakers on points of clarification.

Councillor Williamson said he also sat on the review group and thanked officers for their work in preparing the amendments.

The motion to support the recommendation having been proposed and seconded was put to the meeting and upon a vote being taken, was declared CARRIED.

RESOLVED – That the updates and consequential amendments to the Constitution identified in the attached appendices be approved.

365 COMMUNITY GOVERNANCE REVIEW - DRAFT RECOMMENDATIONS

The Democratic and Electoral Services Manager presented the Community Governance Review draft recommendations. She explained that the Local Government and Public Involvement in Health Act 2007 empowered a principal council such as East Herts to review and make changes to community governance within its area. At its meeting on 16 October 2024, Council agreed to carry out a Community Governance Review with the Community Governance Review Working Group being appointed by Council to consider consultation responses and provide recommendations for the review.

The Democratic and Electoral Services Manager said that the initial consultation was carried out between 28 October 2024 and 6 January 2025 and a wide range of responses were received as listed at Appendix B. She said that the Community Governance Review working group met on 6 February 2025 to consider the consultation responses and provide a set of draft recommendations for Council to approve for a further public consultation. The draft proposals are listed at Appendix A and maps are included where relevant. The group's rationale for each draft recommendation is provided at paragraph 2.13 – 2.52.

The Democratic and Electoral Services Manager said that if the draft recommendations were agreed, they would go out to public consultation from 3 March to 12 May 2025. The working group would then meet in June to consider all consultation responses and propose a set of final recommendations to the Council at its meeting on 23 July 2025.

Councillor Williams proposed that the recommendation in the report be supported. Councillor Thomas seconded the proposal.

Councillor Glover-Ward was pleased to see a draft recommendation to put the Rush Green roundabout into one ward.

Councillor Stowe expressed disappointment on behalf on Aston Parish Council that there was no recommendation to create a community council in the Hazel Park development. He felt this should be reviewed and the full development would increase the village population three times.

Councillor Parsad-Wyatt said that Sawbridgeworth Town Council had debated the proposals and decided that it did not want to be warded but one draft recommendation

proposed to ward Sawbridgeworth. He said it felt like the working group was not listening to the people on the ground and the fact that other towns have wards did not recognise the specific identities across Sawbridgeworth.

Councillor Buckmaster agreed with the comments from Councillor Parsad-Wyatt. He said warding did not work for the town and said that this council expressed support for proportional representation some time ago and felt Sawbridgeworth was the simplest form of this voting with a long list of candidates.

The Democratic and Electoral Services Manager emphasised that these recommendations were not final and encouraged people to respond to the consultation.

Councillor Hollebon felt that the whole of Thorley parish should be absorbed into Bishop's Stortford.

Councillor Nicholls said she noticed that Buntingford Town Council were not in favour of being warded but she welcomed the chance for local residents to put their views across.

Councillor Deering said some reservations had been aired and discussed the idea of deferring the decision.

The Democratic and Electoral Services Manager said that the timetable had begun for the review which had to be completed within a year.

Councillor Deering requested that the minutes reflect the reservations held by some Members.

Councillor Connolly said she was on the working group which was politically balanced. She said the group had heard what had been expressed and would take this back to their discussions alongside comments that had come through the consultation.

Councillor Carter asked who would be involved in this consultation.

The Democratic and Electoral Services Manager confirmed that it was open to the public. The parish councils would be written to and residents who were affected by a potential boundary change would also be written to.

Councillor Crystall said that Members would be able to attend the working group's meeting to make representations if they wished.

Councillor Deering asked who made the final decision.

The Democratic and Electoral Services Manager said the working group would form the final recommendations following the consultation and it would be for Council to approve them.

Councillor Thomas said he was on the working group and the group kept coming back to what made good governance for residents, not just for councillors. He said the draft recommendations were going out for public consultation and thanked those who had made representations in the debate. He thanked the officers involved for guiding the group.

The motion to support the recommendation having been proposed and seconded was put to the meeting and upon a vote being taken, was declared CARRIED.

RESOLVED – that (A) the outcome of the first stage consultation be noted.

(B) Council agree the Draft Proposals for the Community Governance Review at Appendix A, launching a public consultation on those (noting

that the Final Recommendations will be considered at a future Council meeting, taking the results of the public consultation into account).

366 CHILD POVERTY IN HERTFORDSHIRE

Councillor Marlow presented his motion on notice. He said that there were 3.4 million children in poverty in the UK with 1 in 11 in poverty in Hertfordshire and 1 in 20 in East Hertfordshire. He said this showed a complete failure of the system and society and he was asking Council to write to the Chancellor and Prime Minister to remove the two-child limit on benefits, reinstate the £20 uplift and pay that uplift to parents under 25.

Councillor Copley seconded the motion and reserved her right to speak.

Councillor Redfern said that she did not oppose the motion but highlighted that the 2015 start date was misleading. She said that child poverty began to rise in 2010.

Councillor Wilson said that parents and families in his ward were struggling financially, and it was not a case of just getting a better job. He said in these circumstances, the state should be helping, and it was not the fault of the children. He said the gap between the rich and the poor was growing and there were frustrated and disempowered people out there losing faith in mainstream politics.

Councillor Carter supported the motion and said that the majority of children of families in poverty were working. She said the cost of living was really high and the motion called for a solution that could improve lives of children and invest in their future.

Councillor Parsad-Wyatt said some of the statistics on

child poverty were eye opening. He said that he supported the motion in principle, but he would have to abstain as he felt the motion did not ask this council to do anything except write a letter. He said getting the funding to provide this extra money could have unintended consequences and said he would like to see a motion brought forward about what the council can be doing as a district.

Councillor Buckmaster said that the motion meant well but he was concerned about the aims. He said that two-thirds of the county's proportion of council tax went on social care, a quarter on children's services. He said that all governments did not provide enough money and the county council was subsidising Special Educational Needs on behalf of the government. He thought that a working group would be the best mechanism to come up with some measures to help alleviate child poverty.

Councillor Crystall said that the working group suggestion was a good one. He said that he was happy to write a letter and highlighted that the Executive had been determined not to cut the Citizens Advice funding.

Councillor Clements said he would be abstaining for similar reasons. He said that the government had its own limitations and the one of the first things they did after the election was set up a task force for tackling child poverty. He did not think that a letter would encourage the government to do more than what was already happening.

Councillor Daar said that the council had given grants out for summer holiday activity clubs and put on Arts in East Herts which were some examples of what the council was already doing.

Councillor Smith said she was a teacher and so the issue was close to her heart. She felt it was short sighted to not

put children first and that there were always competing needs. She thought the idea of a working group was great and said she would be happy to support setting it up.

Councillor Dumont said that serious issues had been raised and said that the council did not have the same mechanism as the government, such as raising taxes, to help solve this problem. He felt it was disappointing that the chamber seemed to agree with the motion but that some were choosing to abstain on technicalities.

Councillor Hart said that the Labour government had previously said they would remove the two-child benefit cap. She felt that the council should be holding central government to account for promises they make or break. She said she supported the sentiment of the motion.

Councillor Copley said that funding for children was the most important thing. She urged the Council to come together and send a clear message to the government as well as looking at how to improve lives through a working group. She felt that abstaining on technicalities was ludicrous and said the Council owed it to children in this situation to do something.

Councillor Deering said that he presented the 2025/26 budget to Herts County Council in his role as a county councillor and said they were committing £290 million to children's services. He said that no one here was not supporting children but as a district council, he would like to see some reference to what the district could do. He said he would be abstaining but would be supportive of a working group.

Councillor Marlow responded to the points raised. He said that the motion was not saying the government was not doing anything but that it could do better. He urged Members to vote for the motion to let the government

know where the council stood.

Having been proposed and seconded, the motion was put to the meeting and upon a vote being taken, was declared CARRIED.

RESOLVED - This Council notes that there has been a sharp rise in the number of children living in poverty in this country since the year 2015. There are now 4.3 million children growing up in poverty, and many of them are living in households where at least one parent is working. This Council notes a report from Dr Barnardo's Charity which shows that 1 in every 11 children living in Hertfordshire is now living in poverty, and in East Hertfordshire it is 1 in 20 children.

Figures from the Department for Work and Pensions (DWP) in March 2023 for East Hertfordshire showed that 1,958 children under the age of 16 were living in poverty.

This Council further notes that the Child Poverty Action Group has several suggestions for reducing Child Poverty. One is to provide adequate social security, and to raise the level of Universal Credit for parents under the age of 25. (They currently receive less than those who are over the age of 25.) Another is to remove the Two Child limit, as Child Poverty is higher in larger families.

This Council therefore resolves to write to the Chancellor of the Exchequer and to the Prime Minister and ask that they take urgent steps to a) remove the Two Child limit on payment of all social security benefits, b) to reinstate the uplift of £20 in Universal Credit and c) to pay this uplift to parents under the age of 25 as well as those over the age of 25.

The meeting closed at 10.35 pm

Chairman

Date

Council

Date of Meeting: 14 May 2025

Report by: Councillor Ben Crystall, Leader of the Council

Report title: Executive Report – 18 March 2025

Ward(s) affected: All

Summary

- This report details the recommendations to Council made by the Executive at its meeting on 18 March 2025.

1.0 Item considered and recommended to Council

1.1 Since the last Council meeting, the Executive met on 18 March 2025. At these meetings the Executive considered and supported a number of recommendations for Council on the following items:

- 1.1.1 Treasury Management Mid-Year Review 2024/25
- 1.1.2 East Herts District Plan Review – Buntingford Employment Study 2025
- 1.1.3 East Herts District Plan Review – East Herts Strategic Vision

1.2 This report sets out the recommendation for the above items. The full report, including the Appendix, may be viewed on the council's website.

1.3 This report excludes items also considered by the Executive where those reports are separate agenda items on the Council agenda.

2.0 Treasury Management Mid-Year Review 2024/25

2.1 The Executive was asked to recommend the Mid-Year Treasury Management Review and Prudential Indicators for 2024/25 to Council for approval,

RECOMMENDATION TO COUNCIL:

- (a) To approve the Mid-Year Treasury Management review and Prudential Indicators for 2024/25**

3.0 East Herts District Plan Review – Buntingford Employment Study 2025

- 3.1 The Executive was asked to consider an updated employment study for Buntingford to inform both the new District Plan and responses to speculative planning applications in the town.

RECOMMENDATION TO COUNCIL:

- (a) That the Buntingford Employment Study (2025), attached as Appendix A, be agreed as part of the evidence base to inform the new East Herts District Plan and as a material consideration for Development Management purposes in the determination of planning applications**

4.0 East Herts District Plan Review – East Herts Strategic Vision

- 4.1 The Executive was asked to consider the Strategic Vision that has been prepared to facilitate a discussion and informed debate about how the district should develop in the future, and provide a unified direction for the Council's approach to growth. In advance of formal plan-making, this Vision will form the basis of community discussions about the new District Plan later this year.

RECOMMENDATION TO COUNCIL:

- (a) The East Herts Strategic Vision is made available to stakeholders and the wider community to begin a discussion about the new District Plan, and to seek comments on the Vision;**
- (b) Engagement on the Strategic Vision should commence, and take the form of a six week period of activity during Spring / Summer 2025 through a range of different forums, including online and in-person; and**

- (c) **A further report detailing any feedback is prepared following engagement to agree a final version of the Strategic Vision, and to set the out the next stages of plan-making.**

4.0 Background papers, appendices and other relevant material

4.1 [Executive minutes – 18 March 2025](#)

4.2 Treasury Management Mid-Year Review 2024/25

4.3 Buntingford Employment Study

4.4 East Herts Strategic Vision

Contact Member

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Agenda Item 9a

East Herts Council Report

Executive

Date of meeting: Tuesday 18 March 2025

Report by: Councillor Carl Brittain – Executive Member for Financial Sustainability

Report title: Treasury Management Mid-Year Review 2024/25

Ward(s) affected: None

Summary – The report contains the Council's Mid-Year Treasury Management Review for 2024/25.

RECOMMENDATIONS FOR EXECUTIVE COMMITTEE That:

- a) Recommend to Council to approve the Mid-Year Treasury Management review and Prudential Indicators for 2024/25

1.0 Proposal(s)

- 1.1 This report presents the Executive's recommended Mid-Year Treasury Management Review and Prudential Indicators for 2024/25 (Appendix A) for Full Council to approve.

2.0 Background

- 2.1 Treasury management is defined as: 'The management of the Council's investments and cash flows, its banking arrangements, money market and capital transactions; the effective control of the risks associated with these activities; and the pursuit of optimum returns consistent with the Council's risk management policy for treasury management.
- 2.2 This activity was supported by the council's appointed independent advisors – Arlingclose.

- 2.3 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021).
- 2.4 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).

3.0 Reason(s)

- 3.1 This Council is required by regulations issued under the Local Government Act 2003 to produce a mid-year treasury management review of activities and the actual prudential and treasury indicators for 2024/25.

4.0 Options

- 4.1 Members can endorse the Mid-Year Treasury Management Review 2024/25 or suggest amendments following the scrutiny process.

5.0 Risks

- 5.1 Risk management is embedded in treasury management operations through the adoption of the CIPFA Treasury Management Code. Credit ratings, other market intelligence and counterparty limits assist to assess and mitigate risk.

6.0 Implications/Consultations

None.

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

Yes

The costs of treasury operations, debt management expenses and investment income are included in the 2024/25 Medium Term Financial Plan.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

The Local Government Act 2003 and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code for Capital Finance in Local Authorities and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The Council also has to 'have regard' to the MHCLG's Guidance on Local Government Investments effective for financial periods commencing on or after 1st April 2018, and to CIPFA's Treasury Management in the Public Services: Code of Practice and Guidance Notes for Local Authorities.

Specific Wards

None

7.0 Background papers, appendices and other relevant material

- 7.1 Appendix A – Mid-Year Treasury Management Review 2024-25

Contact Member

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Treasury Management Mid-Year Review 2024/25

Introduction

In March 2021 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Authority to approve, as a minimum, treasury management semi-annual and annual outturn reports.

The Authority's treasury management strategy for 2024/25 was approved at a meeting on 28th February 2024. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.

External Context

Economic background: UK headline consumer price inflation remained around the Bank of England (BoE) target later in the period, falling from an annual rate of 3.2% in March to 2.0% in May and then rebounding marginally to June to 2.2% in July and August, as was expected, due to base effects from energy prices. Core and services price inflation remained higher at 3.6% and 5.6% respectively in August.

The UK economy continued to expand over the period, albeit slowing from the 0.7% gain in the first calendar quarter to 0.5% (downwardly revised from 0.6%) in the second. Of the monthly figures, the economy was estimated to have registered no growth in July.

Labour market data was slightly better from a policymaker perspective, showing an easing in the tightness of the job market, with inactivity rates and vacancies declining. However, a degree of uncertainty remains given ongoing issues around the data collected for the labour force survey by the Office for National Statistics. Figures for the three months to July showed the unemployment rate fell to 4.1% (3mth/year) from 4.4% in the previous three-month period while the employment rate rose to 74.8% from 74.3%.

Over the same period average regular earnings (excluding bonuses) was 5.1%, down from 5.4% in the earlier period, and total earnings (including bonuses) was 4.0% (this figure was impacted by one-off payments made to NHS staff and civil servants in June and July 2023). Adjusting for inflation, real regular pay rose by 2.2% in May to July and total pay by 1.1%.

With headline inflation lower, the BoE cut Bank Rate from 5.25% to 5.00% at the August Monetary Policy Committee (MPC) meeting. The decision was finely balanced, voted by a 5-4 majority with four members preferring to hold at 5.25%. At the September MPC meeting, committee members voted 8-1 for no change at 5.00%, with the lone dissenter preferring Bank Rate to be cut again to 4.75%. The meeting minutes and vote suggested a reasonably hawkish tilt to rates, with sticky inflation remaining a concern among policymakers.

The latest BoE Monetary Policy Report, published in August, showed policymakers expected GDP growth to continue expanding during 2024 before falling back and moderating from 2025 to 2027. Unemployment was forecast to stay around 4.5% while inflation was shown picking up in the latter part of 2024 as the previous years' energy price declines fell out of the figures before slipping below the 2% target in 2025 and remaining there until early 2027.

Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would steadily fall from the 5.25% peak, with the first cut in August being followed by a series of further

cuts, with November 2024 the likely next one, taking Bank Rate down to around 3% by the end of 2025.

The US Federal Reserve (the Fed) also cut interest rates during the period, reducing the Federal Funds Rate by 0.50% to a range of 4.75%-5.00% at its policy meeting in September. The forecasts released at the same time by the central bank suggested a further 1.00% of easing is expected by the end of the calendar year, followed by the same amount in 2025 and then a final 0.50% of cuts during 2026.

Having first reduced interest rates in June, the European Central Bank (ECB) held steady in July before cutting again in September, reducing its main refinancing rate to 3.65% and its deposit rate to 3.50%. Unlike the Fed, the ECB has not outlined a likely future path of rates, but inflation projections remain in line with the central bank's previous forecasts where it will remain above its 2% target until 2026 on an annual basis.

Financial markets: Sentiment in financial markets continued to mostly improve over the period, but the ongoing trend of bond yield volatility remained. The general upward trend in yields in the early part of the period was reversed in the later part, and yields ended the half-year not too far from where they started. However, the volatility in response to economic, financial and geopolitical issues meant it was a bumpy ride for bond investors during that time.

Over the period, the 10-year UK benchmark gilt yield started at 3.94% and ended at 4.00% but hit a high of 4.41% in May and a low of 3.76% in mid-September. While the 20-year gilt started at 4.40% and ended at 4.51% but hit a high of 4.82% in May and a low of 4.27% in mid-September. The Sterling Overnight Rate (SONIA) averaged 5.12% over the period to 30th September.

Credit review: Arlingclose maintained its advised recommended maximum unsecured duration limit on all banks on its counterparty list at 100 days.

Having had its outlook increased by Fitch and ratings by S&P earlier in the period, Moody's upgraded Transport for London's rating to A2 from A3 in July.

Moody's also placed National Bank of Canada on Rating Watch for a possible upgrade, revising the outlook on Standard Chartered to Positive, the outlook to Negative on Toronto Dominion Bank, and downgrading the rating on Close Brothers to A1 from Aa3.

S&P upgraded the rating on National Bank of Canada to A+ from A, and together with Fitch, the two rating agencies assigned Lancashire County Council with a rating of AA- and A+ respectively.

Credit default swap prices were generally lower at the end of the period compared to the beginning for the vast majority of the names on UK and non-UK lists. Price volatility over the period was also generally more muted compared to previous periods.

Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

Local Context

On 31st March 2024, the Authority had net borrowing of £16.1m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.24 Actual £'000	31.3.25 Forecast £'000
General Fund CFR	60,522	62,899
Less: *Other debt liabilities	-	-
External borrowing**	46,500	60,500
Internal borrowing	14,022	2,399
Less: Balance sheet resources	(21,144)	(18,204)
Net investments	7,122	15,805

* finance leases, PFI liabilities and transferred debt that form part of the Authority's total debt

** shows only loans to which the Authority is committed and excludes optional refinancing

The treasury management position at 30th September and the change over the six months' is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.24 Balance £'000	Movement £'000	30.9.24 Balance £'000	30.9.24 Average Rate %
Long-term borrowing				
- PWLB	(1,500)	-	(1,500)	8.875
- LOBOs	-	-	-	-
- Other	-	-	-	-
Short-term borrowing				
- PWLB	(15,000)	-	(15,000)	5.37
- Other	(30,000)	-	(30,000)	5.00
Total borrowing	(46,500)	-	(46,500)	-
Long-term investments	17,840	(5,570)	12,270	4.89
Short-term investments	-	-	-	-
Cash and cash equivalents	12,575	(5,885)	6,690	4.91
Total investments	30,415	(11,455)	18,960	-
Net borrowing	(16,085)	(11,455)	(27,540)	-

Borrowing Strategy and Activity

As outlined in the treasury strategy, the Authority's chief objective when borrowing has been to strike an appropriately risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Authority's borrowing

strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. At the present time short term interest rates are higher than long term interest rates.

After substantial rises in interest rates since 2021 many central banks have now begun to reduce rates, albeit slowly. Gilt yields were volatile over the 6-month period and have reduced slightly between April and September 2024. Much of the downward pressure from lower inflation figures was counteracted by upward pressure from positive economic data. Data from the US continues to impact global bond markets including UK gilt yields.

The PWLB certainty rate for 10-year maturity loans was 4.80% at the beginning of the half year and 4.79% at the end. The lowest available 10-year maturity rate was 4.52% and the highest was 5.18%. Rates for 20-year maturity loans ranged from 5.01% to 5.57% during the half year, and 50-year maturity loans from 4.88% to 5.40%.

Whilst the cost of short-term borrowing from other local authorities spiked to around 7% in late March 2024, primarily due a dearth of LA-LA lending/borrowing activity during the month, as expected shorter-term rates reverted to a more normal range and were generally around 5.00% - 5.25%.

CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.

The Authority has reviewed its capital programme in light of the Prudential Code 2021 requirements and PWLB lending arrangements to ensure that borrowing to invest primarily for commercial return is no longer undertaken.

The Authority currently holds £4.9m in Millstream Property Investments Ltd, a wholly owned company, formed in February 2018, by the council and £7.8m in investment property, primarily for financial return. These investments were made prior to the change in the CIPFA Prudential Code. Before undertaking further additional borrowing the Authority will review the options for exiting these investments.

At 30th September 2024 the Authority held £46.5m of loans, with no change compared to 31st March 2024. Even though capital spend has continued, no additional borrowing was required in that period due to an increased use of investments, (including the property fund draw down) and a reduction in the minimum cash and investment balance requirement, for cashflow / liquidity purposes from £10m to £5m. This is achievable now that major capital project spend has reduced. However, borrowing is still expected to increase by year end. Outstanding loans on 30th September are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.24 Balance £'000	Net Movement £'000	30.9.24 Balance £'000	30.9.24 Weighted Average Rate %	30.9.24 Weighted Average Maturity (years)
Public Works Loan Board (long-term)	1,500	-	1,500	8.875	30
Public Works Loan Board (short-term)	15,000	-	15,000	5.37	<1
Banks (LOBO)	-	-	-	-	-
Banks (fixed-term)	-	-	-	-	-
Local authorities (long-term)	-	-	-	-	-
Local authorities (short-term)	30,000	-	30,000	5.00	<1
Total borrowing	46,500	-	46,500	-	-

The Authority's short-term borrowing cost has remained high with the current high Base Rate and short-dated market rates. The average rate on the Authority's short-term loans (excluding PWLB) at 30th September 2024 of 30.0m was 5.00%, this compares with 5.41% on £30.0m loans 6 months ago.

The Authority's borrowing decisions are not predicated on any one outcome for interest rates, a portfolio of short-term borrowing is being maintained, alongside the one historic long term loan until long term rates start to fall.

Forward starting loans: To enable certainty of cost to be achieved without suffering a cost of carry in the intervening period, the Authority arranged many of the above Local authority (short-term) loans as forward starting loans with fixed interest rates. This resulted in interest rate savings.

There remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The Authority will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.

Debt Rescheduling: No long-term debt rescheduling has been undertaken to date in the current financial year.

Treasury Investment Activity

The CIPFA Treasury Management Code now defines treasury management investments as those investments which arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the half year, the Authority's short term investment balances ranged between £6m and £18 million due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.24 Balance £'000	Net Movement £'000	30.9.24 Balance £'000	30.9.24 Income Return %
Banks & building societies	7,000	(2,330)	4,670	4.88
Covered bonds (secured)	-	-	-	-
Government	-	-	-	-
Local authorities and other govt entities	-	-	-	-
Corporate bonds and loans	-	-	-	-
Money Market Funds	5,600	(3,580)	2,020	4.94
Property Funds	17,840	(5,570)	12,270	4.89
Total investments	30,440	(11,480)	18,960	-

Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

As demonstrated by the liability benchmark in this report, the Authority expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different asset classes and boost investment income.

Bank Rate reduced from 5.25% to 5.00% in August 2024 with short term interest rates largely being around these levels. The rates on DMADF deposits ranged between 4.94% and 5.20% and money market rates between [5.03% and 5.33%]

£17.8m longer-term investments, invested in property funds, have produced significantly higher returns than other investments in previous years, however these returns and fund value have dipped due to the current climate. We are currently in the process of drawing down on of these funds.

The first six months of 2024/25 were marked by ongoing market volatility, with global bond yields remaining elevated, although trending downward as policymakers kept rates at a restrictive level in light of persistent core inflation until nearly the end of the period, when the MPC, Federal Reserve, and ECB began to deliver rate cuts and signal a shift towards loosening monetary policy.

Stock markets across the UK, Europe, and US were buoyed by hopes of rate cuts over the first half of the period. UK equities saw growth in small and mid-sized companies while the US continued to be supported by its strong IT sector, especially growth in AI companies which continued to outperform. IT names performed well in the Eurozone as well while consumer discretionary stocks declined. Towards the end of the period, market volatility spiked after worries about a US recession coincided with Japan's central bank cutting interest rates, leading to the unwinding of the popular Yen 'carry trade'. This saw a huge selloff in equities globally, but markets quickly recovered without lasting impact. Slowdown in the Chinese economy and ongoing geopolitical tension in the Middle East and Europe continue to weigh on investor sentiment but are somewhat offset by the loosening of monetary policy and prospect of further rate cuts. The FTSE All Share index was marginally lower

at the end of the 6-month period at 4529 on 30/9/24 v 4338 on 31/3/24. The MSCI All Countries World Index was higher at 3,723 on 30/9/24 v 3438 on 31/3/24.

After a sustained period of high interest rates, central banks began to reverse course towards second half of the year. The European Central Bank began to cut rates in June, the Bank of England delivered its first rate cut in August, and the Federal Reserve surprised markets with an outsized rate cut of 50bps in September. The stabilisation in interest rates and well telegraphed move towards rate cuts, albeit at a much more conservative pace than previously expected, has allowed fund managers to position for a falling rate environment.

UK commercial property values started to stabilise, then improve slightly towards the end of the period, with interest rates being cut from their peak and investor attention turning to the timing of further interest rate cuts. Transaction activity remains somewhat subdued but signs of recovery in the occupier and rental markets as well as moderate economic growth and further falling interest rates are hoped to be favourable for an improving property sector outlook over the medium term. Capital growth is expected to be gradual while income levels remain strong for many sub-sectors.

The change in the Authority's funds' capital values and income return over the 6-month period is shown in Table 4.

Income returns have averaged at 4.9%. The Authority has budgeted £1,200,000 gross income from these investments in 2024/25. Gross income received up to 30th September was £871,080, however, interest income receivable in the remaining six months will be less, due to the draw downs on the long term investments (property funds) and a reduced short-term investment balance.

Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's medium- to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year minimum period total returns will exceed cash interest rates.

Lothbury Property Fund, one out of the two funds held, is currently in the process of being wound down. This is a long process, which involves selling off the assets belonging to the fund and then distributing the cash, net of expenses, to the unit holders, in line with their percentage holding. As at 30th September 2024, 59.1% of the funds final NAV value had been distributed.

Hermes Property Fund, is still held in full, with distributions as normal and the unit price still fluctuating according the NAV value. However, the fund is currently frozen in way of withdrawals and further investments, as a potential merger is being proposed for part of the fund, but this will only include pension fund investments. Details are currently being worked on and an update will be provided in the outturn report.

Statutory override: In April 2023 the Department for Levelling Up, Housing and Communities published the full outcome of the consultation on the extension of the statutory override on accounting for gains and losses on pooled investment funds. The override has been extended for two years until 31st March 2025 but no other changes have been made; whether the override will be extended beyond the new date is unknown but commentary to the consultation outcome suggests not. The Authority will discuss with Arlingclose the implications for the investment strategy and what action may need to be taken.

Non-Treasury Investments

The definition of investments in the Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) and Welsh Government also includes within the definition of investments all such assets held partially or wholly for financial return.

The Authority also held £12.8m of such investments in

- directly owned property £7.8m
- shareholding in subsidiaries £4.9m
- loans to subsidiaries £0.1m

These investments are estimated to generate £405.8k of investment income for the Authority after taking account of direct costs, representing a rate of return of 5.20%. This is lower than expected due to vacancies.

MRP Regulations

On 10th April 2024 amended legislation and revised statutory guidance were published on Minimum Revenue Provision (MRP). The majority of the changes take effect from the 2025/26 financial year, although there is a requirement that for capital loans given on or after 7th May 2024 sufficient MRP must be charged so that the outstanding CFR in respect of the loan is no higher than the principal outstanding less the Expected Credit Loss (ECL) charge for that loan.

The regulations also require that local authorities cannot exclude any amount of their CFR from their MRP calculation unless by an exception set out in law. Capital receipts cannot be used to directly replace, in whole or part, the prudent charge to revenue for MRP (there are specific exceptions for capital loans and leased assets).

Compliance

The Head of Strategic Finance and property reports that all treasury management activities undertaken during the half year complied fully with the principles in the Treasury Management Code and the Authority's approved Treasury Management Strategy.

Table 5: Investment Limits

	2024/25 Maximum £'000	30.9.24 Actual £'000	2024/25 Limit	Complied? Yes/No
The UK Government	12,900	0	Unlimited	Yes
Local authorities & other government entities	0	0	£20m	Yes
Secured investments *	0	0	£20m	Yes
Banks (unsecured) *	10,000	7,000	£20m	Yes
Building societies (unsecured) *	6,300	0	£20m	Yes

Registered providers (unsecured) *	0	0	£5m	Yes
Money market funds *	9,570	5,600	£20m	Yes
Strategic pooled funds	0	0	£20m	Yes
Real estate investment trusts	17,840	12,270	n/a	Yes
Other investments *	0	0	£1m	Yes

*This table must read in conjunction with the notes below.

Minimum credit rating: Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £500,000 per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

Operational bank accounts: The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £1 million per bank except the council's banker, Nat West, where the balance will be kept below £50 million. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- a. no new investments will be made,
- b. any existing investments that can be recalled or sold at no cost will be, and
- c. full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

Reputational aspects: The Authority is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment limits: The Authority's revenue reserves available to cover investment losses are forecast to be £18 million on 31st March 2025. In order that no more than 60% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £10 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £20 in operational bank accounts count against the relevant investment limits.

Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 6: Additional investment limits

	Cash limit
Any group of pooled funds under the same management	£20m per manager
Negotiable instruments held in a broker's nominee account	£20m per broker
Foreign countries	£5 m per country

Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 7 below.

Table 7: Debt and the Authorised Limit and Operational Boundary

	30.9.24 Actual £'000	2024/25 Operational Boundary £'000	2024/25 Authorised Limit £'000	Complied? Yes/No
Borrowing	46,500	75,000	150,000	Yes
PFI and Finance Leases	-	10,000	10,000	Yes
Total debt	46,500	85,000	160,000	Yes

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Treasury Management Prudential Indicators

As required by the 2021 CIPFA Treasury Management Code, the Authority monitors and measures the following treasury management prudential indicators.

1. Liability Benchmark:

This indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £5m required to manage day-to-day cash flow.

	31.3.24 Actual £'000	31.3.25 Forecast £'000	31.3.26 Forecast £'000	31.3.27 Forecast £'000
Loans CFR	60,522	62,899	69,163	63,231
Less: Balance sheet resources	(21,144)	(18,204)	(18,968)	(9,231)
Net loans requirement	39,378	44,695	50,195	54,000
Plus: Liquidity allowance	10,000	5,000	5,000	5,000
Liability benchmark	49,378	49,695	55,195	59,000
Existing borrowing	46,500	60,500	66,000	60,000

Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing of a maximum £66m, minimum revenue provision on new capital expenditure based the Useful Economic Lives of the individual assets ranging from 3 years to 50 years with income, expenditure reserves all increasing by inflation of 2.5% a year.

Borrowing is expected to be above the liability benchmark for the next couple of years, mainly due to the lead time on drawing down on the long-term investments / property funds. Borrowing will start to be brought back in line with the liability benchmark from 2027.

2. Maturity Structure of Borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	Upper Limit	Lower Limit	30.9.24 Actual	Complied?
Under 12 months	100%	0%	96.77%	Yes
12 months and within 24 months	100%	0%	0%	Yes
24 months and within 5 years	30%	0%	0%	Yes
5 years and within 10 years	30%	0%	0%	Yes
10 years and above	35%	0%	3.23%	Yes

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

3. Long-term Treasury Management Investments: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

	2024/25	2025/26	2026/27
Limit on principal invested beyond year end	£30m	£30m	£30]m
Actual principal invested beyond year end	£20m	-	-
Complied?	Yes	-	-

Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Additional information:

The changes in interest rates during the half year were:

	<u>31/3/24</u>	<u>30/9/24</u>
Bank Rate	5.25%	5.00%
1-year PWLB certainty rate, maturity loans	5.36%	4.95%
5-year PWLB certainty rate, maturity loans	4.68%	4.55%
10-year PWLB certainty rate, maturity loans	4.74%	4.79%
20-year PWLB certainty rate, maturity loans	5.18%	5.27%
50-year PWLB certainty rate, maturity loans	5.01%	5.13%

Agenda Item 9b

East Herts Council Report

Executive

Date of meeting: Tuesday 18 March 2025

Report by: Councillor (Vicky Glover-Ward) – Executive Member for Planning and Growth

Report title: East Herts District Plan Review - Buntingford Employment Study 2025

Ward(s) affected: Buntingford;

Summary – An updated employment study for Buntingford has been undertaken to inform both the new District Plan and responses to speculative planning applications in the town. This report summarises the findings of the Buntingford Employment Study 2025, and seeks agreement to use the document as part of the new District Plan evidence base, and to inform Development Management decisions.

RECOMMENDATION FOR EXECUTIVE to recommend to Council that:

a) The Buntingford Employment Study (2025), attached as Appendix A, be agreed as part of the evidence base to inform the new East Herts District Plan and as a material consideration for Development Management purposes in the determination of planning applications.

1.0 Proposal(s)

- 1.1 The purpose of this report is to advise Members of the completion of the Buntingford Employment Study 2025, which is intended to provide an updated understanding of the current employment market in Buntingford. Similar studies will be undertaken for the other towns in due course.
- 1.2 The results will help inform both policy and strategy decisions for Buntingford in the new District Plan, and the assessment of planning applications in the town. The study can influence future

proposals for vacant land allocated for employment at Buntingford Business Park and emerging employment development proposals approved as part of the mixed-use outline planning permission on land to the East of the A10.

2.0 Background

- 2.1 Local planning authorities are required to complete a review of their local plans at least once every 5 years from the adoption date to ensure that plans remain relevant. In October 2023, the Council agreed that East Herts District Plan 2018 needs updating and that work should commence in 2023/24 on updating the technical studies and other preparatory work required to provide a robust evidence base to support this update¹. The 30 month period of formal plan-making will then commence in January 2026.

District Plan Evidence Base

- 2.2 A clear, relevant and proportionate evidence base is essential for efficient and sound plan-making to ensure that all future planning policy and decisions are based on up-to-date information. The National Planning Policy Framework (2024) sets out the requirement for the preparation and review of all policies to be '*underpinned by relevant and up-to-date evidence*' (paragraph 32).
- 2.3 The evidence base consists of supporting documents that will help inform the future policies and site allocations in the new District Plan. It will cover a range of social, economic, and environmental topics and help identify local needs, constraints and opportunities. Some of the evidence will update previous studies prepared to support the current adopted District Plan. Many of these are now around 10 years old and need updating to reflect contextual and policy changes. Equally, additional evidence will be needed to address new issues and topics that have become more prevalent in recent years.

¹ [Agenda for Executive on Tuesday 3rd October, 2023, 7.00 pm - East Herts District Council](#)

- 2.4 The evidence base will be developed throughout the preparation of the District Plan. As new studies are finalised, the planning policy team will seek agreement from Executive and Council to include them as part of the new District Plan evidence base.

Need for Buntingford Employment Study

- 2.5 An update of the Buntingford Employment Study is part of this evidence base. An employment study was published for the town in 2014 to inform both the strategy in the adopted District Plan and responses to speculative planning applications, including the redevelopment of the former Sainsbury's Distribution Depot.
- 2.6 Ten years on, Buntingford has experienced significant housing growth, alongside changes to employment provision in the town. Since 2011, over 1,700 dwellings have been granted planning permission and many of these are complete and occupied. As the only town in the district not constrained by Green Belt, Buntingford continues to face development pressure and there are a number of speculative planning applications currently to be determined by the Council. With increasing national demand for housing, infrastructure, industry and employment opportunities, this development pressure is likely to continue, particularly if the Council cannot demonstrate a five year housing land supply.
- 2.7 The relationship between jobs and housing is a key consideration in the delivery of sustainable development. Therefore, it is important to understand the current employment market in Buntingford, including existing supply and opportunities for new provision. The impact of wider socio-economic changes since 2014 also need to be considered, including the change in working practices following Covid 19 and sectoral and policy changes.

3.0 Reason(s)

- 3.1 As outlined above, planning policy must be evidence-based so it is important to update the Buntingford Employment Study to ensure that the Council has an up to date understanding of the local

employment context in the town. The Study will guide strategy and policy decisions in the new District Plan about the provision and type of employment land needed in Buntingford. It will also be used to inform planning application decision-making, including the current speculative planning application for significant employment land to the west of the town and future reserved matters applications for employment uses at land East of the A10, which was granted at appeal in August 2024.

- 3.2 However, it is important to recognise that this Study will be part of a wider evidence base, and the strategy for supporting employment in Buntingford in the new District Plan will also be informed by wider employment, housing, infrastructure and environmental considerations, at both a strategic and local level.
- 3.3 The Buntingford Employment Study 2025 has been produced by AECOM, in collaboration with the Council. An overview is provided below and a copy of the Study is attached at **Appendix A**.

Overview of the Study

- 3.4 The purpose of the Buntingford Employment Study is to focus on the town of Buntingford so the area was defined using Lower Super Output Areas (LSOAs), rather than the ward boundary which covered a wider geographical area. However, the study area has to include four LSOAs to incorporate all the built up area of the town, so also includes a number of villages. Throughout the study detailed demographic and employment analysis is for the study area so slightly overstates the population and jobs in Buntingford town itself, but this is not material to the analysis presented in this report.
- 3.5 The Study comprises of the following seven sections:
- **Introduction** – describes the study context and sets out the approach of the study; examining the existing situation in Buntingford and then exploring the potential future requirements for employment space in the town.

- **Strategic context**- outlines the local background and the national and local policy context.
- **Socio-economic profile**– presents the socio-economic characteristics of Buntingford, compared against the district and wider geographies. Key trends identified include:
 - Population growth in the town between 2015 and 2022 has been significantly higher than district and national averages, and recent planning permissions for further residential development suggests this trend will continue;
 - Sixty-four percent of the population are economically active, which is broadly in line with the East Herts average, whilst unemployment is lower than the district average;
 - Outward commuting in the town exceeds inward commuting.
 - In terms of the employment sectors within the town, Buntingford registers sizable proportions of employment in the construction and motor trades sectors, well above the comparator areas, while manufacturing is also prominent considering the district average. The construction sector has seen notable growth since the last employment study.
 - In relation to the sectors driving office-based employment, Buntingford sees a high proportion of employment in the professional, scientific and technical and business administration and support services, though these sit well below the East Herts average.
- **Property market assessment** – provides a review of commercial property with information on building stock, vacancy, rental values and net absorption. Notably there is no known vacant employment floorspace identified in Buntingford, suggesting a lack of spare capacity in the local market. Although, there has been some recent gain in office and industrial floorspace, significant employment floorspace has been lost in the town between 2014 and 2023. The gains are due to development of vacant land at Watermill Industrial Estate, whilst losses can be attributed to the redevelopment of employment land at the former Sainsbury's depot and residential development on part of Park Farm Industrial Estate. Agent feedback suggests there is particularly robust demand in the town for industrial

units. Buntingford is dominated by microbusinesses (companies employing up to nine employees), which account for 92.4% of local units.

- **Existing employment sites** – sets out the relative characteristics (including uses, unit size and type, rental rates, access, amenity) of the three existing employment sites in the town: Buntingford Business Park; Park Farm Industrial Estate and Watermill Industrial Estate.
- **Land for employment development**– examines the potential of existing land available for employment development in Buntingford: vacant land at Buntingford Business Park allocated for employment uses by District Plan Policy BUNT3 and employment land recently granted permission at appeal on land to the East of the A10. It should be noted that only employment land where the Council has agreed the principle is included.
- **Conclusions and recommendations** – As detailed below, this section sets out evidence-based conclusions and recommendations and suggests a strategy for employment development in Buntingford.

Study conclusions and recommendations

- 3.6 The conclusions and recommendations in the Study range from strategic policy considerations to more detailed or site-specific recommendations. They are framed around three questions.

Is it desirable to increase the number of jobs in Buntingford?

- 3.7 The analysis demonstrates that additional employment space is required in Buntingford, to address a notable disparity between population and employment growth in the town, suggesting a need for greater balance to support sustainable development. Between 2015 and 2022, the total population and economically active population increased by 33% and 27% respectively, due to new residential development in the town. The difference between the total and the economically active population growth is

primarily explained by an increase in the number of retired people, as set out in table 4.2 of the Study. Comparative to population increase, the number of jobs only increased by 11%. There is no formula that says for a given economically active population there should be a certain number of jobs and likewise there is no guarantee that providing more jobs in the town will increase self-containment as people commute to jobs for numerous reasons. However, there is a general acceptance that it is good to encourage opportunities for people to work where they live and this is particularly important for lower income, lower skill groups and those who wish to work part-time.

- 3.8 The loss of employment land and lack of spare capacity in the property market also support the need for additional employment space in Buntingford. In this regard, the analysis suggests that the development of vacant land at Buntingford Business Park and land to the east of the A10 in Buntingford (Ref 3/23/1447/OUT) could result in the generation of between 275 and 736 Full Time Equivalent (FTE) jobs, representing growth of 12-33% on current employment in Buntingford.

What sort of jobs could be attracted or developed in Buntingford?

- 3.9 The Study concludes that Buntingford acts as relatively self-contained from a commercial property market perspective. Sectors such as construction, manufacturing and wholesale and retail trades, as well as wider foundational sectors, which deliver the essential goods and services required by the local population, are likely to remain prominent in the local economy. It outlines that future demand for employment land floorspace in Buntingford is likely to centre on the industrial use classes. In addition, although transport improvements such as the Little Hadham Bypass improve access to Bishop's Stortford, Stansted Airport and the M11 and provide some potential for warehousing and storage uses in Buntingford, it is concluded that larger industrial and logistics uses

are likely to come forward in more strategic locations such as Bishop's Stortford.

- 3.10 Given that microbusinesses account for most local businesses, it is anticipated that they will continue to drive demand for smaller, flexible units that can accommodate E class uses². However, reflecting the presence of some small and medium sized businesses in the town and demand for larger units remaining robust over the past 15 years, the provision of a range of unit sizes that provide flexibility and can support the growth aspirations of local businesses is recommended.

What actions need to be taken to achieve the desired outcomes?

- 3.11 To ensure a strong, responsive and competitive economy in Buntingford, the Study recommends that the Council prioritise the following actions:
- Provide a mix of unit sizes to accommodate a range of potential occupiers and to support the potential growth requirements of local businesses. In general, the majority of demand is anticipated to be for small to medium units- the 0-250 sqm bracket for E(g) uses and 0-1,000 sqm for B class uses; though there is evidence of demand for larger units as seen at Buntingford Business Park.
 - Protect existing employment sites and encourage completion of existing permissions. Whereupon existing employment land is lost to residential or other uses, or permissions including employment space do not come forward, or are developed in whole or in part for different uses than have currently been consented, this land or floorspace should be re-provided to a similar or improved quantity and quality specification.
 - The Council should work proactively with the landowner at Buntingford Business Park to ensure the site comes forward for employment uses. Likewise, the Council should engage with the developer at the site to the East of the A10 to ensure the

² Use Class E is a broad category for commercial, business and service uses introduced in September 2020 as an amendment to the 1987 Use Class Order.

provision of employment space closely aligns with requirements in Buntingford.

- The Council should continue to regularly monitor changes to existing and newly delivered employment space to identify evolving occupier/developer patterns and inform any policy responses that will be required.
- Should the wider new District Plan evidence base support the need for additional employment land at the district level, the evidence presented suggests a potential requirement for additional employment land in Buntingford. In considering additional employment land, or whether the existing supply of employment land is fit for purpose, a number of criteria should be considered including accessibility, sustainable transport links, infrastructure provision, site constraints and ownership.

Conclusion

3.12 It is the view of officers that the Buntingford Employment Study 2025 provides detailed updated information which refreshes the study carried out in 2014. Therefore it is recommended the study is agreed as part of the new District Plan evidence base and as a material consideration in the determination of planning applications.

4.0 Options

4.1 The Council could choose not to agree to the update of the Buntingford Employment Study but this would be contrary to Government policy to have an up-to-date evidence base and would undermine the Council's position in terms of successfully bringing forward the revision of the East Herts District Plan, 2018. It would also mean that the Study would have less weight in the determination of planning applications in Buntingford. Given the number of large, speculative planning applications in Buntingford it

is particularly important that the Council publish an up-to-date employment study.

5.0 Risks

- 5.1 If the Buntingford Employment Study 2025 is not agreed, the Council will not be able to use it as evidence to inform the strategy and the policy in the new District Plan. Relying on out-of-date evidence will threaten the soundness of the Plan. Equally, without the 2025 Study the Council will not be able to ensure that the development management process takes into account the latest recommendations about the employment requirements in the town.

6.0 Implications/Consultations

- 6.1 As part of their research, the consultants consulted a property market agent recommended by the Council's Economic Development Officer. The study will be subject to a number of statutory public consultations as part of the production of the new District Plan.

Community Safety

There are no community safety implications arising from this report.

Data Protection

There are no data protection implications arising from this report.

Equalities

There are no direct equality, diversity, or inclusion implications in this report. An Equalities Impact Assessment (EqIA) will be carried out of the new District Plan in accordance with The Equality Act 2010.

Environmental Sustainability

The purpose of the planning system is to contribute to the achievement of sustainable development, including the provision of commercial development in a sustainable manner.

Financial

The District Plan is being updated from existing budgets, including reserves that have been safeguarded for this purpose.

Health and Safety

There are no health and safety implications arising from this report.

Human Resources

There are no human resources implications arising from this report.

Human Rights

There are no human rights implications arising from this report.

Legal

There are no legal implications arising from this report.

Specific Wards

Buntingford

7.0 Background papers, appendices and other relevant material

7.1 Appendix A: Buntingford Employment Study 2025

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Buntingford Employment Study

East Hertfordshire District Council

17 February 2025

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1. Executive Summary

1.1 Study Context

- 1.1.1 AECOM was commissioned by East Herts District Council to deliver an Employment Study for Buntingford.
- 1.1.2 The Employment Study forms part of the evidence base to underpin the review of the East Herts District Plan, and will support with determining future planning applications. This is of particular importance in Buntingford, which is the only town in the District not constrained by Green Belt and has therefore been subject to a number of speculative planning applications.

1.2 Policy and Strategic Context

- 1.2.1 The National Planning Policy Framework (NPPF) provides overarching guidance on the Government's development aims and describes the Government's vision for building a strong, competitive economy. It emphasises that Local Plans should present robust evidence to support clearly defined designations and allocations of land for employment uses. Furthermore, the need for an evidence base to assist in understanding existing business needs, local circumstances and market conditions is also emphasised in the national Planning Practice Guidance (PPG). Whilst this Study is not an economic needs assessment, and therefore does not need to align with this guidance, it is relevant for consideration in the context of understanding employment needs in Buntingford.
- 1.2.2 At the local level, the current District Plan identifies that Buntingford is an ideal location for small scale employment allocations given the town's relative isolation and subsequent ability to serve its residents as well as neighbouring rural settlements. The District Plan sets out that the employment strategy for Buntingford (Policy BUNT3) is to ensure there is appropriate land provided for office, industrial and warehousing uses to serve local businesses. This aims to enhance existing employment areas in the town through increasing employment generating floorspace within three existing designated areas: Park Farm; Buntingford Business Park; and Watermill Industrial Estate. Three hectares of additional employment land are allocated to the north of Buntingford Business Park to extend the existing employment area as part of the District Plan.

1.3 Socioeconomic Profile

- 1.3.1 The socio-economic baseline analysis has highlighted that population growth has been significantly higher in Buntingford between 2015 and 2022 than in East Herts, the East of England and England as a whole. This has been driven by residential development in the town and, while population projections are not available at the Buntingford level, current approved planning applications suggest the potential for a further 608 new homes, indicatively accommodating an additional 1,443 residents in Buntingford, of which 706 would be expected to be aged over 16 and economically active. Moreover, there are a number of planning applications yet to be determined that could result in further increases in the resident population.
- 1.3.2 Buntingford has a distinct employment profile compared to East Herts and the regional and national picture. It registers sizable proportions of employment in the construction and motor trades sectors, well above the comparator areas. In relation to the sectors driving office-based employment, Buntingford sees a high proportion of employment in the professional, scientific and technical (7.9%) and business administration and support services (9.3%), though these sit well below the average across East Herts.
- 1.3.3 Over the period since the previous Employment Study, Buntingford has seen changes in sectors that would be expected to drive demand for E(g)/B class floorspace. The town has registered notable growth in the construction sector, with other increases in employment

registered in the business administration and support services, property and motor trades sectors. Conversely, there has been a notable fall in employment in the wholesale and transport and storage sectors.

- 1.3.4 The vast majority of businesses in Buntingford are classed as micro (defined as companies employing up to nine employees), making up 92.4% of local units. Conversely, Buntingford has a notably lower proportions of small and medium-sized businesses than the comparator areas, and no large businesses.
- 1.3.5 Outward commuter movements from Buntingford (2,022) exceed inward commuter movements (949) by 1,073, with the local authorities of significance to Buntingford in terms of commuter trends being North Hertfordshire, Broxbourne, Welwyn Hatfield, Stevenage and South Cambridgeshire.

1.4 Property Market and Existing Employment Sites

- 1.4.1 There is approximately 26,000 sqm of employment generating floorspace in Buntingford, the vast majority of which is for industrial use. There has been a significant loss of industrial employment floorspace in Buntingford associated with the loss of the former Sainsbury's Distribution Depot. However, there has been an increase of ~3,000 sqm of industrial floorspace in recent years, with engagement with commercial agents suggesting this is associated with the development of small workshop units at Watermill Industrial Estate. With regards to office space, there has been some growth, with an additional 1,000 sqm in 2017.
- 1.4.2 There is no vacant employment floorspace identified in Buntingford, with vacancy rates at the district level well below regional and national comparators. This suggests very limited spare capacity in the local and district market to support move-ins and move-outs.
- 1.4.3 There are 3 key employment sites in Buntingford which represent the majority of the existing supply of employment floorspace: Buntingford Business Park, Park Farm Industrial Estate and Watermill Industrial Estate.
- 1.4.4 These sites offer a variety of accommodation in terms of size, age and quality. Watermill Industrial Estate has the largest number of units of the employment sites in Buntingford, with 63 units, with Park Farm Industrial Estate comprising 42 units accommodating micro and small sized businesses. Conversely, Buntingford Business Park comprises three larger industrial buildings totalling approximately 10,100 sqm.

1.5 Land Available for Development

- 1.5.1 The Buntingford Employment Study (2014) identified a number of sites with potential for development in Buntingford, including vacant land at Buntingford Business Park, Watermill Industrial Estate and Park Farm Industrial Estate, and potential land at the former Sainsbury's Distribution site. In the period following the delivery of the 2014 Study, all of this vacant land has been developed for employment or residential use apart from the vacant land at Buntingford Business Park, which totals 3.8ha across land to the south east of the site and the allocation to the north of the site. East Herts Council has confirmed with the landowner that this vacant land is available.
- 1.5.2 In addition to the vacant land identified at existing, allocated sites, approval has been granted at appeal for the mixed-use development of a 28.95ha parcel of land to the east of the A10 in Buntingford (Ref 3/23/1447/OUT), which includes the provision of employment floorspace.
- 1.5.3 It is relevant to the development of policy for Buntingford to know how many jobs could be created should this vacant land come forward for development. Taken together, the analysis suggests that the development of vacant land and land to the east of the A10 in Buntingford (Ref 3/23/1447/OUT) could result in the generation of between 275 and 736 FTE jobs across the employment land use classes, depending on the assumed breakdown of floorspace across this land.

Source of Supply	Floorspace (sqm)	FTE Employment
Vacant Land	13,718 – 18,630	246 – 707
Pipeline Supply	1,600	29
Total	15,318 – 20,230	275 – 736

1.5.4 If delivered, these jobs would represent growth of 12-33% on current workplace employment in Buntingford.

1.6 Conclusions and Recommendations

1.6.1 The Conclusions and Recommendations of this Study are summarised below.

Topic	Conclusion/Recommendation
Is it desirable to increase the number of jobs in Buntingford?	<ul style="list-style-type: none"> The analysis has demonstrated that additional employment space is required in Buntingford to address a notable disparity between population and employment growth in the Buntingford, suggesting a need for greater balance to support sustainable development. The loss of employment land and lack of spare capacity in the property market also support the need for additional employment space in Buntingford.
What sort of jobs could be attracted or developed in Buntingford? Why?	<ul style="list-style-type: none"> Buntingford was viewed to act as relatively self-contained from a commercial property market perspective. Sectors such as construction, manufacturing and wholesale and retail trades, as well as wider foundational sectors delivering the goods and services required by the local population are likely to remain prominent in the local economy. Micro and small businesses are anticipated to continue to drive demand for floorspace in the town.
What actions need to be taken to achieve the desired outcomes?	<ul style="list-style-type: none"> There is a need to provide choice in order to accommodate a range of potential occupiers and unit sizes, and to support the potential growth requirements of local businesses. In general, the majority of demand is anticipated in the 0-250 sqm bracket for E(g) uses and 0-1,000 sqm for B class uses. The Council should encourage the completion of approved planning permissions and safeguard existing sites where possible. The Council should continue to work proactively with the landowner at Buntingford Business Park to ensure the site remains available for development for employment uses, as well as engaging with the developer of the of land to the east of the A10 to ensure the provision of employment space closely aligns with requirements in Buntingford. The Council should continue to regularly monitor changes to existing and newly delivered employment space to identify evolving occupier/developer patterns and inform any policy responses that will be required. This is important given that much newly delivered employment space may come forward within the E Use class where there is flexibility for space assigned to E(g) use to later switch to other, non-employment land, uses. Should existing employment land be lost to other uses, or permissions including employment space do not come forward, or are developed for different uses than have been consented, this land or floorspace should be re-provided to a similar or improved quantity and quality specification. Should the wider evidence base support the need for additional employment land at the District level, the evidence presented suggests a potential requirement for additional employment land in Buntingford. In considering additional employment land, or whether the existing supply of employment land is fit for purpose, a number of criteria should be considered, including those set out in Section 8.4.5.

2. Introduction

2.1 Study Context

- 2.1.1 East Herts District Council commissioned AECOM to deliver an Employment Study for Buntingford.
- 2.1.2 In 2023, the Council agreed to undertake a Review of East Herts District Plan (2018). Formal work to update the Plan will commence at the end of 2025 and the Council is currently updating its evidence base to support the District Plan Review. In line with this, an update of the Buntingford Employment Study is required as part of this evidence base and to support with determining future planning applications. Buntingford is the only town in the District not constrained by Green Belt and has therefore been subject to a number of speculative planning applications. With increasing national demand for housing, infrastructure, industry and employment opportunities, this could place pressure on Buntingford to grow at a rate that could pose a challenge to sustainable development.
- 2.1.3 This Study builds on the previous Buntingford Employment Study, delivered in 2014, which established an overall vision and objectives for employment growth in Buntingford, considering the likely growth in the resident population and workforce of the town over the local plan period, the need for employment land to provide local employment opportunities and how this might be achieved.
- 2.1.4 In this Study, employment land is defined as land with business activities falling under the E(g), B2, and B8 use classes as per the Use Classes Order 1987 (as amended). These include:
- E(g) i) office ii) the research and development of products or processes or iii) any industrial process, (which can be carried out in any residential area without causing detriment to the amenity of the area)
 - B2 – general industrial; and
 - B8 – storage and distribution.

2.2 Approach

- 2.2.1 In order to develop an evidence base to determine the need to support employment in Buntingford, our approach includes a number of key elements:
- Understand the existing situation – Analysis of socioeconomic conditions and the commercial property market in Buntingford, and how these have changed following the previous Employment Study, as well as a supply-side assessment of the town's current employment sites;
 - Future requirements – Understand the likely future demand for employment space in the town and what level of employment could be supported on existing vacant land and commitments within approved planning applications; and
 - Conclusions and recommendations – Set out evidence-based conclusions and recommendations for supporting employment in Buntingford.

2.3 Report Structure

- 2.3.1 This report is structured as follows:
- Section 3 sets out the Policy and Strategic Context.
 - Section 4 presents the socio-economic characteristics of Buntingford, compared against the local authority area and wider geographies.
 - Section 5 outlines a review of activity in the commercial property market.

- Section 6 provides an overview of the existing employment sites in Buntingford.
- Section 7 identifies the potential employment supported by the land available for employment development in Buntingford.
- Section 8 brings together the findings of each task to provide recommendations and conclusions and outline an overall strategy for development of employment land in Buntingford.

3. Strategic Context

3.1 Introduction

- 3.1.1 The following section provides an overview of the local area and the relevant policy and strategic context to employment and employment land in Buntingford at the national, sub-regional (Hertfordshire), local authority (East Herts) and neighbourhood (Buntingford) level.

3.2 Background Context

- 3.2.1 Buntingford is a small town, with a population of 9,767, located at the centre of a large rural area in the northern half of the East Herts District. The geography surrounding Buntingford primarily comprises rural hinterland, allowing the town to retain its historic market town character. The town centre of Buntingford has a functional role as an important service centre with a secondary shopping frontage. However, as Buntingford is not served by rail, and bus services are limited, residents rely on cars and private modes of transport to access major towns for commerce, employment and leisure.
- 3.2.2 The primary strategic routes in proximity to East Herts are the A1(M) and M11 corridors, situated approximately 15km to the west and east of Buntingford, respectively. Buntingford is located on the A10 London to Cambridge Road which provides connections to the M25 and the South. As a result, employment opportunities for residents of Buntingford are primarily sought along the A10 in Royston, Cambridge, Ware and Hertford as well as Baldock, Letchworth and Hitchin and the larger urban settlements of Stevenage, Bishops Stortford and London, with only approximately 20.4% of residents working and living in Buntingford¹.
- 3.2.3 Buntingford is the only town in the East Herts not constrained by Green Belt and has been subject to a number of speculative planning applications. With increasing national demand for housing, infrastructure, industry and employment opportunities, there is anticipated to be pressure on Buntingford to grow at a rate that could pose a challenge to sustainable development.

3.3 National Planning Policy/Guidance

National Planning Policy Framework (NPPF) (2024)

- 3.3.1 The National Planning Policy Framework² (NPPF) consolidates the Government's economic, environmental, and social planning policies for England and provides overarching guidance on the Government's development aims. At the heart of the NPPF is a presumption in favour of sustainable development, which the Government states should be seen as a common theme running through plan-making and decision-taking.
- 3.3.2 In relation to the economy and employment land, the NPPF states that planning decisions should help create the conditions in which businesses can invest, expand, and adapt. They should support economic growth and productivity, taking into account both local business needs and wider opportunities for development. Decisions should also allow an area to build on its strengths, counter any weaknesses, and address any challenges of the future.
- 3.3.3 In addition, the Framework states that planning policies should seek to identify strategic sites for local and inward investment, address potential barriers to investment, allow for new and flexible working practices, and enable a rapid response to changes in economic circumstances.
- 3.3.4 The latest version of the NPPF, published December 2024, introduces a number of reformed policies. Chapter 6: Building a strong, competitive economy sets out that planning policies and decisions should *'pay particular regard to facilitating development to meet the needs of*

¹ Office for National Statistics (ONS) (2012) Census 2011

² Ministry of Housing, Communities & Local Government (2024) National Planning Policy Framework

a modern economy, including by identifying suitable locations for uses such as laboratories, gigafactories, data centres, digital infrastructure, freight and logistics'. Locational requirements of sectors are highlighted and with regard to clusters of knowledge and data-driven, creative or high technology industries that 'new, expanded or upgraded facilities and infrastructure that are needed to support the growth of these industries' are made provision for in planning policies. Provision should also be made for the 'expansion or modernisation of other industries of local, regional or national importance to support economic growth and resilience.'

Planning Practice Guidance (2019)

- 3.3.5 Planning Practice Guidance (PPG)³ includes guidance on housing and economic needs assessments, and housing and economic land availability assessments.
- 3.3.6 Whilst this Study is not an economic needs assessment, and therefore does not need to align with this guidance, it is relevant for consideration in the context of understanding employment needs in Buntingford.
- 3.3.7 Guidance on housing and economic needs assessments states that authorities need to prepare an evidence base to understand existing business needs, which will have to reflect local circumstances and market conditions. This includes assessing the best fit functional economic market area (FEMA), existing stock of land for employment uses within the area, recent pattern of employment land supply and loss, market demand and failure, and wider market signals relating to economic growth.
- 3.3.8 For housing and economic land availability assessments, PPG requires local planning authorities to work with other local authorities within the functional economic market area when assessing availability of land. A wide range of sites should be considered including existing sites that could be improved, intensified or changed.

3.4 Local Planning Policy/Guidance

East Herts District Plan (2018)

- 3.4.1 East Herts District Plan (adopted in 2018)⁴ establishes how development will be planned and delivered across East Herts over the period from 2011 to 2033. It sets out the strategy and policies for delivering growth and identifies appropriate areas and sites for development. These policies are then used to shape decisions on planning applications in the district.
- 3.4.2 The District Plan highlights 10 strategic objectives to form the basis of the policies, relating to climate change, community, housing, design, education and employment, accessibility, provision of facilities, health and wellbeing, biodiversity and infrastructure.
- 3.4.3 Objectives relevant to Buntingford and employment land within Buntingford include:
- Objective 5 – *'To foster entrepreneurial endeavour through educational attainment and encourage small and medium enterprises through maximising existing employment opportunities and clusters';*
 - Objective 6 – *'To improve access opportunities, minimise the need to travel, and encourage necessary journeys to be made by sustainable means to ease congestion and help reduce East Herts' carbon footprint';* and
 - Objective 10 – *'To ensure that development occurs in parallel with provision of the necessary infrastructure, including enhancement and provision of green infrastructure.'*
- 3.4.4 Chapter 6 of the East Herts District Plan focuses on the development strategy for Buntingford, highlighting seven areas of growth including employment and retail. Buntingford is identified as an ideal location for small scale employment allocations given the town's relative isolation and subsequent ability to serve its residents as well as neighbouring rural

³ Ministry of Housing, Communities and Local Government (2019). Planning Practice Guidance

⁴ East Herts Council (2018). East Herts District Plan 2018.

settlements. The District Plan sets out that the employment strategy for Buntingford (Policy BUNT3) is to ensure there is appropriate land provided for office, industrial and warehousing uses to serve local businesses. Policy BUTNT3 aims to enhance existing employment areas in the town through increasing employment generating floorspace within three existing designated areas: Park Farm; Buntingford Business Park; and Watermill Industrial Estate. Three hectares of additional employment land are allocated to the north of Buntingford Business Park to extend the existing employment area as part of the District Plan.

- 3.4.5 Policy DPS1 highlights that across the plan period, East Herts District Council will provide a minimum of 10,800 new jobs, 19,020 hectares of new employment land for a mix of B class uses and an additional 7,100m² of convenience and 5,700m² of comparison retail floor space.
- 3.4.6 Other policies in the East Herts District Plan of relevance to Buntingford and employment land include:
- Policy BUNT1 Development in Buntingford – Buntingford will deliver a minimum of 1,074 homes across the plan period, although no site allocations for residential development have been proposed;
 - Policy DPS2 The Development Strategy 2011-2033 – The strategy of the District Plan is to deliver sustainable development in accordance with sites within a number of urban areas, including Bishop's Stortford, Buntingford, Hertford, Sawbridgeworth and Ware;
 - Policy ED1 Employment – The District Plan makes land allocations for industry within designated employment areas, comprising a mix of use classes B1 (now E(g)), B2 and B8. The provision of new employment uses should be flexible in design, able to respond to the changing needs, be energy efficient, have fully integrated communications technology and be accessed by sustainable transport modes;
 - Policy ED2 Rural Economy - Proposals for creating new employment generating uses or supporting the sustainable growth and expansion of existing businesses in rural areas will be supported where they are appropriately and sustainably located and do not conflict with other policies within the District Plan.

Buntingford Community Area Neighbourhood Plan (2016)

- 3.4.7 Buntingford Community Area (BCA) Neighbourhood Plan⁵ sets out planning policies to provide a vision for the future of Buntingford town parish and surrounding five parishes, in which the BCA must:
- Protect the heritage, biodiversity, community leisure, business and natural assets of the BCA;
 - Ensure development is appropriate to meet local needs for:
 - Employment and leisure facilities as part of mixed use developments to make the most effective uses of the land available.
 - High quality design of all new development that adds to the existing rural nature of the quality of life for people and organisations in the BCA.
 - Housing, in terms of overall numbers, type, design and mix.
 - Reduce the role of the settlements in the BCA as “dormitory” to enable them to be more sustainable in term of travel and more self-sufficient in terms of their local economies; and
 - Enhance and improve the infrastructure that supports the people and business of the BCA for education, health, transport and leisure to reap the benefits of any development and growth in population.
- 3.4.8 The Neighbourhood Plan provides an overview of the current situation in Buntingford in terms of business and employment. It highlights the need for the BCA to maintain, protect

⁵ Buntingford Community Area Neighbourhood Plan (2016) 2014 - 2031

and grow its existing employment space and locally based commerce, as well as increasing the provision of workspace, in order to harness the benefits of potential employment growth and new economic development across the BCA.

3.4.9 The Neighbourhood Plan sets a number of policies for business and employment including the following:

- Policy BE2 – Supports proposals to upgrade, intensify or extend the main industrial sites of Watermill Industrial Estate, Park Farm Industrial Estate, Buntingford Business Park; Silkmead Farm and Buttermilk Farm Agricultural Industry subject to compliance with a range of criteria and the other plan policies; and
- Policy BE4 – A range of developments and proposals will be supported in the BCA including small scale B1 flexible serviced office accommodation, larger multi-let floor space development, Live work units and shared desk space and developments that enhance Buntingford's market and commercial viability.

Hertfordshire Futures Economic Strategy

3.4.10 Hertfordshire Futures Economic Strategy⁶, currently under development, aims to focus on the residents and businesses of Hertfordshire in order to build a resilient, productive, inclusive and sustainable economy over the next 10 years. Current work under development has identified five key sectors as central to driving local and national economic growth. These are advanced manufacturing; life sciences; creative (film & TV); digital and clean growth / sustainable development. Hertfordshire Futures will incorporate the new Government's priorities into the strategy, notably housing, planning reforms and devolution to address wider barriers to employment.

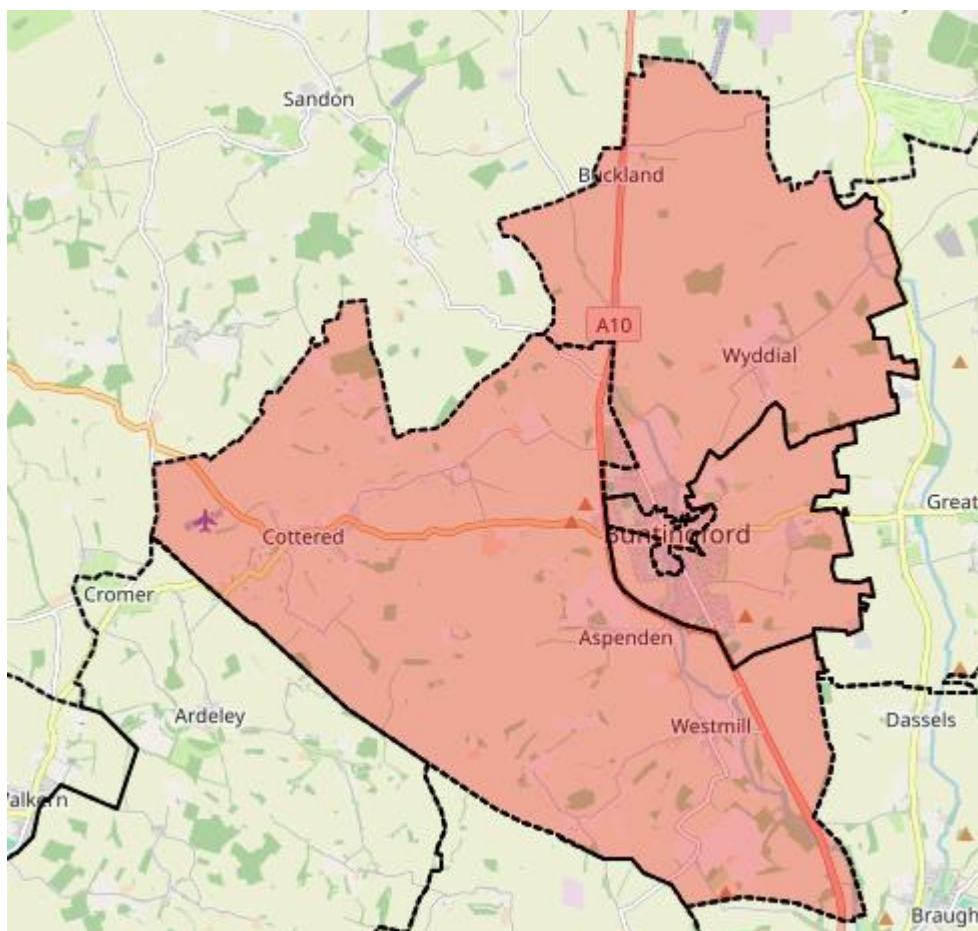
⁶ [https://www.hertfordshirefutures.co.uk/about-us/hertfordshire-s-economic-strategy/#:~:text=Hertfordshire%20Futures%20\(formerly%20Hertfordshire%20LEP,in%20delivering%20high%20value%20projects](https://www.hertfordshirefutures.co.uk/about-us/hertfordshire-s-economic-strategy/#:~:text=Hertfordshire%20Futures%20(formerly%20Hertfordshire%20LEP,in%20delivering%20high%20value%20projects)

4. Socio-economic Profile

4.1 Introduction

- 4.1.1 This section of the report sets out an assessment of Buntingford's socio-economic profile, including an analysis of economic performance since the previous Employment Study, in order to understand the impact of changes on likely employment space needs. Comparison is provided with East Herts district, the East of England region and England.
- 4.1.2 The geographical area of Buntingford has been defined by Office for National Statistics (ONS) lower super outputs areas (LSOAs)⁷, and is set out in Figure 4-1 below. LSOAs are a statistical measure for small areas comprising between 400 and 1,200 households and have a usually resident population between 1,000 and 3,000 persons. These were used to define Buntingford rather than the ward boundary which covered a wider geographical area. It is recognised that, in order to incorporate all the built-up area of the town, including the employment site BUNT3 to the west of the A10, the four LSOAs also include a number of villages, notably Buckland, Chipping, Buckland, Aspenden, Westmill and Cottered. Throughout the study detailed demographic and employment analysis is for the study area so slightly overstates the population and jobs in Buntingford town itself, but this is not material to the analysis presented in this report. Throughout the report where reference is made to data for 'Buntingford' it refers to the study area. Where this is not the case, then this is made clear in the text.

Figure 4-1 Map of LSOAs used to define Buntingford



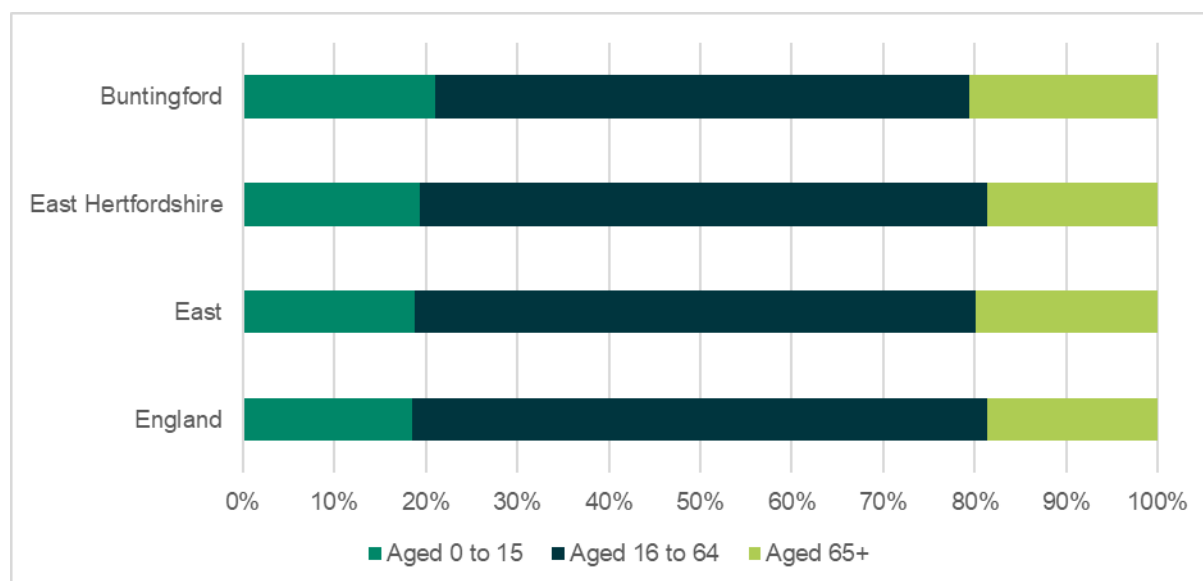
Source: NOMIS 2024

⁷ E01023464: East Hertfordshire 001B; E01023465: East Hertfordshire 001C; E01023466: East Hertfordshire 001D; and E01023494: East Hertfordshire 002B.

4.2 Population, Labour Force and Skills

- 4.2.1 ONS Population Estimates⁸ for 2022, the most recent year available, shows that the residential population of Buntingford stood at 9,767 in 2022. The population has increased from 7,293 in 2015, representing an increase of 33.9%. This growth is considerably higher than that recorded for East Herts (5.9%), the East of England (5.0%) and England (4.2%) over the same time period.
- 4.2.2 Figure 4-2 highlights that in 2022, 58.4% of Buntingford residents were of working age (aged 16-64). This is lower than the shares in East Herts (62.1%), the East of England (61.4%) and England as a whole (62.9%).

Figure 4-2 Population breakdown by age (2022)



Source: ONS Population Estimates 2022

- 4.2.3 The proportion of the population aged between 16-64 in Buntingford (working age population) has decreased over the period from 2015 to 2022, from 60.7% to 58.4%. The working age population in East Herts, the East of England and England also decreased across this period, albeit by a lesser extent.
- 4.2.4 The proportion of the population aged 65 and over in Buntingford saw muted growth over the period, rising from 20.3% in 2015 and 20.5% in 2022. In East Herts, the East of England and England, there has been more notable growth in this age bracket, though the proportion of the resident population aged 65+ remains below that registered in Buntingford. Conversely Buntingford has experienced an increase in the proportion of the population aged 0-15, standing at 21.1% in 2022, above East Herts (19.3%), East of England (18.8%) and England (18.5%).
- 4.2.5 The increase in the resident population reflects the residential development that has taken place in Buntingford since the previous Employment Study. Similarly, changes to the age profile in Buntingford, with a relatively higher proportion of the population in the 0-15 age bracket, could indicate an increase in the number of families locating in the town.
- 4.2.6 Population projections are not available at the Buntingford level. Current approved planning applications suggest the potential for 608 new homes associated with applications 3/24/1447/OUT, 3/22/1030/OUT and 2/24/0294/OUT⁹. With an average household size of 2.37 in East Herts¹⁰, this indicatively suggests the potential for an additional 1,443 residents in Buntingford, of which 706 would be expected to be aged over 16 and economically active.

⁸ ONS (2024); Population Estimates 2022.

⁹ Land North of Hare Street Road secured a resolution to grant planning permission, subject to S106, at January 2025 Development Management Committee.

¹⁰ ONS (2022) Census (2021) Household size, local authorities in England and Wales,

Moreover, there are a number of planning applications yet to be determined that could result in further increases in the resident population.

- 4.2.7 Buntingford's economic activity rate for all residents aged 16 and over in 2021 was 63.6%, below that in East Herts (65.7%), but above rates recorded across the East of England (61.8%) and England (60.9%). Similarly, the employment rate is lower in Buntingford (61.6%) compared with the East Herts (63.2%), but notably higher than across the East of England (58.8%) and England (57.4%).
- 4.2.8 The unemployment rate is lower in Buntingford (2.0%) compared with East Herts (2.5%), East of England (3.0%) and England as a whole (3.5%).
- 4.2.9 Buntingford therefore performs relatively strongly with regards to economic activity compared to the East of England and England as a whole; though employment and economic activity rates are lower than those registered across East Herts. Further detail regarding economic activity and inactivity can be found in Table 4-1.

Table 4-1 Economic activity and inactivity (2021)

	Buntingford (Number)	Buntingford (%)	East Herts (%)	East of England (%)	England (%)
Economic activity - aged 16 and over	4,796	63.6	65.7	61.8	60.9
Employment - aged 16 and over	4,647	61.6	63.2	58.8	57.4
Unemployment rate - aged 16 and over	149	2.0	2.5	3.0	3.5
% who are economically inactive	2,747	36.4	34.3	40.2	41.4

Source: ONS Census 2021

- 4.2.10 The economic activity rate in Buntingford (63.6%) has fallen significantly since the time of the previous Census, in 2011, when it stood at 73.1%. This is driven by an increase in retired people, as shown in Table 4-2. All comparator areas registered a similar decline in economic activity levels between the two censuses.
- 4.2.11 However, despite economic activity levels having fallen between 2011 and 2021, the absolute number of residents that are economically active has increased by 1,330, linked to the population change Buntingford has seen over the past decade. Buntingford has also seen a marked increase in the number of economically inactive residents, driven by those who are retired.

Table 4-2 Change in Economic Activity between 2011 and 2021¹¹

Economic Activity Status	2011	2021	Change 2011 to 2021
Total Economically Active	3,466	4,796	1,330
Full Time	1,829	2,641	812
Part Time	740	960	220
Self Employed	666	949	283
Unemployed	112	127	15
Full Time Student	119	119	0
Total Economically Inactive	1,273	2,747	1,474
Retired	750	1,834	1,084

¹¹ Note: Discrepancies between the employment and unemployment figures reporting in Table 4-2 and Table 4-1 relate to the treatment of full-time students, which are included in the employment and unemployment figures in Table 4-1. However, to allow comparability with the Census 2011 data, full time students are split out in the analysis in Table 4-2.

Economic Activity Status	2011	2021	Change 2011 to 2021
Student	204	255	51
Looking After Family	201	353	152
Long-term sick or disabled	71	162	91
Other	47	143	96

Source: ONS Census 2011 and 2021

- 4.2.12 According to Census 2021, the latest available data at the Buntingford level, 84.3% of residents aged 16 and over within Buntingford held some form of qualification¹², below the rate in East Herts (86.2%), but above the rate recorded across the East of England and England (both 81.9%). In addition, the proportion of the population holding a qualification in Buntingford has increased since 2011, from 78.4%¹³, demonstrating the population was more highly skilled in 2021.
- 4.2.13 Among residents of Buntingford, 30.9% held a degree level or equivalent qualification (National Vocational Qualification [NVQ] Level 4+), which is lower than the proportions in East Herts (38.6%), the East of England (31.6%) and England (33.9%). A higher proportion of residents in Buntingford have no qualifications (15.7%) than seen across East Herts (13.8%), however this is lower than in the East of England and England as a whole (both 18.1%). This is set out in Table 4-3.

Table 4-3 Qualification level of residents ages 16 years and over

	Buntingford (%)	East Herts (%)	East of England (%)	England (%)
% with NVQ4+	30.9	38.6	31.6	33.9
% with NVQ3+	18.5	16.8	16.8	16.9
% with NVQ2+	15.9	14.4	14.4	13.3
% with NVQ1+	11.1	9.4	10.8	9.7
% with other qualifications	7.8	7.0	8.3	8.1
% with no qualifications	15.7	13.8	18.1	18.1

Source: ONS Census 2021

4.3 Local Employment

- 4.3.1 Buntingford has a distinct workplace employment profile compared to East Herts and the regional and national picture. This section focuses on the sectors that are likely to drive demand across the employment land use classes (E(g)/B).
- 4.3.2 Employment in the construction industry in Buntingford accounts for the largest share of jobs at 16.7%, which is more than double the proportion recorded in East Herts at 7.9%, the East of England at 6.9% and England at 4.9%. Considering other industrial sectors, the motor trades sector is also a comparatively significant employer in Buntingford, accounting for 5.5% of all employment, higher than in East Herts (2.3%), the East of England (2.3%) and England (1.8%). Manufacturing accounts for 3.6% of employment, lower than East Herts (6.1%), the regional (7.3%) and national (7.4%) averages.
- 4.3.3 In relation to the sectors driving office-based employment, Buntingford sees a sizeable proportion of employment in the professional, scientific and technical (7.9%) and business administration and support services (9.3%), though these sit well below the average across the District (10.8% and 15.8%, respectively).
- 4.3.4 The education sector is also a comparatively significant employer in Buntingford, accounting for 13.6% of all employment, higher than in East Herts (10.1%), the East of England (8.4%)

¹² ONS, (2022); Census 2021.

¹³ ONS, (2012); Census 2011.

and England (8.3%). This is linked to the presence of several schools, namely Buntingford First School, Edwinstree Middle School, Millfield First School, Layston First School and Freman College, in the town. However, this would be unlikely to drive demand for E(g) / B class employment space, with schools falling under Use Class F1. This is shown in Table 4-4 below.

Table 4-4 Employment by Industry

	Buntingford (Number)	Buntingford (%)	East Herts (%)	East of England (%)	England (%)
Agriculture, forestry & fishing	35	1.7	1.2	1.7	1.2
Mining, quarrying & utilities	20	1.0	0.9	1.0	1.1
Manufacturing	75	3.6	6.1	7.3	7.4
Construction	350	16.7	7.9	6.9	4.9
Motor trades	115	5.5	2.3	2.3	1.8
Wholesale	70	3.3	3.6	4.3	3.8
Retail	185	8.8	7.9	8.8	8.4
Transport & storage (inc postal)	25	1.2	1.6	5.5	5.1
Accommodation & food services	230	11.0	8.6	7.9	7.9
Information & communication	60	2.9	3.4	3.5	4.7
Financial & insurance	15	0.7	1.4	2.0	3.3
Property	50	2.4	2.0	1.9	2.0
Professional, scientific & technical	165	7.9	10.8	7.9	9.4
Business administration & support services	195	9.3	15.8	10.8	9.1
Public administration & defence	30	1.4	2.2	3.4	4.2
Education	285	13.6	10.1	8.4	8.3
Health	75	3.6	9.4	12.1	12.9
Arts, entertainment, recreation & other services	115	5.5	4.7	4.0	4.4
Total	2,095				

Source: ONS BRES 2022

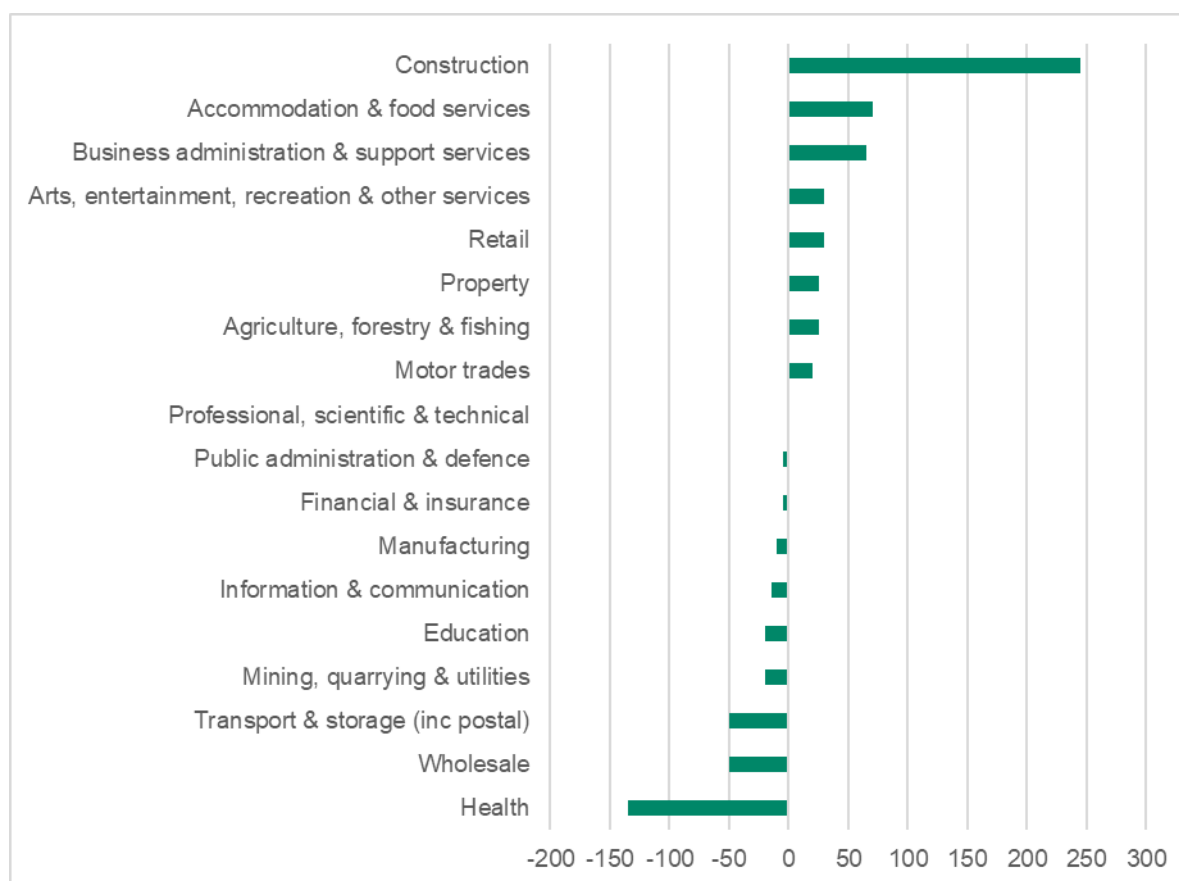
4.3.5 Over the period 2015-2022¹⁴, workplace employment in Buntingford increased by 205 jobs. Considering the sectors likely to drive demand for employment land use classes, there has been a significant increase in employment in the construction industry in Buntingford, which registered an increase of 245 workers. This is reflected in the proportion of employment in the sector rising from 5.5% of employment in 2015 to 16.7% in 2022. Other notable

¹⁴ Note: While BRES data was available up to 2023 at the time of writing, 2022 data is presented to align with the availability of population data and allow historic comparison of how workplace employment has changed alongside the population in Buntingford.

increases in employment have been registered in the business administration and support services, property and motor trades sectors.

- 4.3.6 Conversely, there has been a notable fall in employment in the wholesale sector, which has fallen from 120 workers in 2015 to 70 in 2022. This is reflected in the proportion of employment in the wholesale sector, which fell from 6.3% in 2015 to 3.3% in 2022. Other sectors to register a decline in employment over the 2015-23 period include transport and storage, mining, quarrying and utilities, information and communication, manufacturing, financial and insurance and public administration and defence. The health sector also registered a notable decline of 135 jobs between 2015 and 2022. However, as with education, the health sector would be unlikely to drive demand for E(g) / B class employment space, with most uses falling under Use Class D1. This is set out in Figure 4-3.

Figure 4-3 Change in Employment in Buntingford 2015-2022



Source: ONS BRES 2022

- 4.3.7 Employment by occupation in Buntingford is broadly comparable to East Herts. In general, Buntingford and East Herts outperform the regional and national comparators in traditionally higher skilled occupations, while the proportions of employment in traditionally lower skilled occupations are lower than the regional and national average.
- 4.3.8 The largest occupation category in Buntingford is managers, directors and senior officials (18.3%), notably higher than the regional (13.7%) and national (12.9%) average, albeit in line with the East Herts average (18.2%).
- 4.3.9 Notably, there is a higher proportion of people employed in skilled trades occupations in Buntingford (11.7%) than East Herts (9.3%), the East of England (10.7%) and England (10.2%). This likely reflects the significance of the construction sector locally.
- 4.3.10 Conversely, Buntingford and East Herts have lower proportions of people working in elementary occupations – which consist mainly of simple and routine tasks which often require the use of hand-held tools and some physical effort – accounting for 7.3% and 6.8%

respectively, than the East of England (9.9%) and England as a whole (10.5%). This is shown in Table 4-5.

Table 4-5 Occupation of residents ages 16 years and over

	Buntingford (%)	East Herts (%)	East of England (%)	England (%)
Managers, directors and senior officials	18.3	18.2	13.7	12.9
Professional occupations	18.2	22.3	19.6	20.3
Associate professional and technical occupations	15.1	15.8	13.3	13.3
Administrative and secretarial occupations	10.9	10.1	9.8	9.3
Skilled trades occupations	11.7	9.3	10.7	10.2
Caring, leisure and other service occupations	8.2	7.7	9.1	9.3
Sales and customer service occupations	5.3	5.4	7.0	7.5
Process plant and machine operatives	4.9	4.5	6.9	6.9
Elementary occupations	7.3	6.8	9.9	10.5

Source: ONS Census 2021

- 4.3.11 According to ONS Census, since 2011 the proportion of the population in Buntingford working in traditionally higher skilled occupations has increased¹⁵. The proportion of the population working as managers, directors and senior officials has increased from 15.2% to 18.3%, and the proportion of the population working in professional occupations has increased from 15.7% to 18.2%. This notable increase in the proportion of higher skilled occupations has also occurred in East Herts, the East of England and across England as a whole.

4.4 Business Demography

- 4.4.1 ONS UK Business Counts data indicates that the vast majority of businesses in Buntingford¹⁶ are classed as micro (defined as companies employing up to nine employees), making up 92.4% of local units. This is higher than the rates in East Herts (87.7%), East of England (85.3%) and England (84.6%). Conversely, Buntingford has a notably lower proportions of small and medium-sized businesses than the comparator areas, and no large businesses, as shown in Table 4-6.

Table 4-6 Business counts by employment size band

	Micro (0 to 9)	Small (10 to 49)	Medium-sized (50 to 249)	Large (250+)
Buntingford	92.4%	7.6%	1.0%	0.0%
East Herts	87.7%	10.1%	2.0%	0.3%
East England	85.3%	11.9%	2.5%	0.3%
England	84.6%	12.4%	2.6%	0.4%

Source: ONS UK Business Counts 2024

- 4.4.2 The change in business counts in recent years broadly mirrors the change in employment set out in Figure 4-3, with construction registering the greatest increase of 45 local units. Other sectors to record increases include business administration & support services, motor trades, manufacturing, transport & storage, property and professional, scientific & technical.

¹⁵ ONS, (2012); Census 2011.

¹⁶ Note: Data on business counts is only available at the medium level super output area, and therefore a broader definition of Buntingford is adopted for this analysis based on E02004878: East Hertfordshire 001

- 4.4.3 Conversely, the accommodation and food services and health sectors both registered a fall in business counts over the period 2016-2024, as shown in Table 4-7.

Table 4-7 Change in Business Counts in Buntingford 2016-2024¹⁷

	2016	2024	Change 2016-2024
Agriculture, forestry & fishing	25	25	0
Mining, quarrying & utilities	0	0	0
Manufacturing	30	35	5
Construction	65	110	45
Motor trades	20	25	5
Wholesale	15	15	0
Retail	35	35	0
Transport & storage (inc postal)	10	15	5
Accommodation & food services	25	15	-10
Information & communication	20	20	0
Financial & insurance	5	5	0
Property	15	20	5
Professional, scientific & technical	75	80	5
Business administration & support services	35	50	15
Public administration & defence	5	5	0
Education	15	15	0
Health	20	15	-5
Arts, entertainment, recreation & other services	30	30	0
Total	450	525	75

Source: ONS UK Business Counts 2024

4.5 Commuter Trends

- 4.5.1 Data from the 2011 Census¹⁸ showing the location of usual residence and place of work by age is the most recently available data regarding commuter trends for small areas.
- 4.5.2 While the ONS 2021 Census Origin-Destination data has been released, Census 2021 took place during the coronavirus (COVID-19) pandemic, a period of unparalleled and rapid change; the national lockdown, associated guidance and furlough measures will have affected the origin-destination data. Therefore, using these data for planning and policy purposes is cautioned, with Census 2011 likely to be a truer reflection of travel to work patterns, albeit the frequency of journeys may have reduced following the pandemic.
- 4.5.3 At the time of the Census 2011, there were around 2,540 people in work who lived in Buntingford, and 518 individuals residing in Buntingford both lived and worked within the town. This reflects a self-containment rate of 20.4%. As would be expected for a smaller settlement, this is below the self-containment rate of East Herts (49.3%). Commuter outflows from Buntingford totalled 2,022, with key destinations for work including: other

¹⁷ Note: No data was available for 2015, and therefore 2016 was the earliest year available to provide comparison with the period following the previous Buntingford Employment Study

¹⁸ ONS (2012); Census 2011.

areas in East Herts (565), North Hertfordshire (205), Broxbourne (150), and Welwyn Hatfield (116).

- 4.5.4 Conversely, Buntingford registered 949 commuter inflows for work, with the highest inflows coming from other areas in East Herts (363), North Hertfordshire (181), Stevenage (54) and South Cambridgeshire (53). The Census Origin Destination data therefore show outward commuter movements from Buntingford (2,022) exceed inward commuter movements (949) by 1,073.
- 4.5.5 It would be anticipated that, since the 2011 Census, the number of those living and working in Buntingford (518) would have now increased, given the increase in hybrid working accelerated by trends associated with the Covid-19 pandemic.

4.6 Summary

- 4.6.1 The socio-economic baseline analysis has highlighted that population growth has been significantly higher in Buntingford between 2015 and 2022 than in East Herts, the East of England and England as a whole. The population breakdown indicates that Buntingford has a higher proportion of the population aged 0-15 and 65+ compared with the comparators.
- 4.6.2 Population projections are not available at the Buntingford level. Current approved planning applications suggest the potential for 608 new homes. With an average household size of 2.37¹⁹, this indicatively suggests the potential for an additional 1,443 residents in Buntingford, of which 706 would be expected to be aged over 16 and economically active. Moreover, there are a number of planning applications yet to be determined that could result in further increases in the resident population.
- 4.6.3 Buntingford has a higher economic activity rate and employment rate than the East of England and England as a whole, though below rates recorded in East Herts. However, the unemployment rate in Buntingford is lower than across all comparators. The economic activity rate in Buntingford has fallen significantly since the time of the previous Census. This is likely driven by the timing of the Census 2021, with the Covid-19 pandemic driving up economic inactivity levels, which stood at 36.4% in 2021, compared with 26.9% in 2011.
- 4.6.4 A smaller proportion of the population of Buntingford is educated to degree-level or equivalent compared to East Herts, East of England and England as a whole. However, Buntingford exceeds all comparators for the proportion of the population with NVQ3+, NVQ2+ and NVQ1+ qualifications, and has a lower proportion of its population with no qualifications compared with the East of England and England.
- 4.6.5 Buntingford has a distinct employment profile compared to East Herts and the regional and national picture. It registers sizable proportions of employment in the construction and motor trades sectors, well above the comparator areas. In relation to the sectors driving office-based employment, Buntingford sees a high proportion of employment in the professional, scientific and technical (7.9%) and business administration and support services (9.3%), though these sit well below the average across the District.
- 4.6.6 Over the period since the previous Employment Study, Buntingford has seen changes in sectors that would be expected to drive demand for E(g)/B class floorspace. The town has registered notable growth in the construction sector, with other increases in employment registered in the business administration and support services, property and motor trades sectors. Conversely, there has been a notable fall in employment in the wholesale and transport and storage sectors.
- 4.6.7 The vast majority of businesses in Buntingford are classed as micro (defined as companies employing up to nine employees), making up 92.4% of local units. This is higher than the rates in East Herts (87.7%), East of England (85.3%) and England (84.6%). Conversely, Buntingford has a notably lower proportions of small and medium-sized businesses than the comparator areas, and no large businesses.

¹⁹ Household and resident characteristics, England and Wales: Census 2021

- 4.6.8 Outward commuter movements from Buntingford (2,022) exceed inward commuter movements (949) by 1,073, with the local authorities of significance to Buntingford in terms of commuter trends being North Hertfordshire, Broxbourne, Welwyn Hatfield, Stevenage and South Cambridgeshire. At the time of the 2011 Census, 518 people lived and worked in Buntingford (518), reflecting a self-containment rate of 20.4%, though it would be anticipated that this number would have now increased, given the increase in hybrid working accelerated by trends associated with the Covid-19 pandemic.

5. Property Market Assessment

5.1 Introduction

- 5.1.1 This section provides a review of property market indicators in Buntingford. Reference is also made to comparator geographies and wider local authority and regional data. This reflects the fact that the commercial property market in Buntingford is not self-contained, and instead forms part of a much wider market area encompassing the whole of East Herts and neighbouring authorities to some extent, varying somewhat by type of floorspace.
- 5.1.2 Data presented in this section is derived from the Valuation Office Agency (VOA) and CoStar which represents a comprehensive database of up-to-date property market data. Trends are presented where applicable.
- 5.1.3 Commercial properties comprised of office (E(g)(i)), light industrial (E(g)(iii)), general industrial (B2) and warehousing and storage (B8) types are considered, in line with the definition of employment land. It is recognised that there are other property types which may contribute to employment, but these will not be analysed for the purposes of this evidence base.
- 5.1.4 This section is organised into the following topics:
- Building Stock;
 - Vacancy;
 - Rental Values; and
 - Net Absorption

5.2 Building Stock

- 5.2.1 Data from the VOA²⁰ indicates that there is approximately 26,000 sqm of floorspace across the employment land uses within Buntingford, comprising approximately 3,000 sqm of office floorspace, and 23,000 sqm of industrial floorspace.
- 5.2.2 Industrial property types therefore provide the greatest amount of floorspace by property type, as shown in Table 5-1.

Table 5-1 Employment Floorspace in Buntingford 2014-2023

Floorspace Type	2014	2023	Change
Office	2,000	3,000	+1,000
Industrial	66,000	23,000	-43,000
Total	68,000	26,000	-42,000

Source: VOA 2023

- 5.2.3 Since the previous Employment Study was undertaken in 2014, there has been a significant loss of industrial employment floorspace in Buntingford associated with the loss of the former Sainsbury's Distribution Depot, now occupied by residential development and Buntingford First School. However, there has been an increase of ~3,000 sqm of industrial floorspace in recent years, with engagement with commercial agents suggesting this could be associated with the development of small workshop units at Watermill Industrial Estate, though with the permission relating to B1 uses this floorspace could sit across office or light industrial uses, with feedback from the Council suggesting a combination.

²⁰ VOA (2023) Non-domestic rating: stock of properties including business floorspace

- 5.2.4 With regards to office space, there has been some growth, with an additional 1,000 sqm in 2017. However, feedback from agents suggests that the market for office space has been impacted by the shift to hybrid working accelerated by Covid-19.

5.3 Vacancy

- 5.3.1 According to CoStar, as of 2024 Q3, there is no floorspace in Buntingford that is identified as vacant²¹ across the employment land use classes. The vacancy rate of identified commercial properties in 2024 Q3 is shown in Table 5-2. Additionally, it is shown that:

- Although there is no vacant office floorspace in Buntingford, in East Herts the vacancy rate for office properties is 1.8%, which is lower compared East of England (6.2%), and England (8.3%);
- There is no vacant industrial floorspace in Buntingford, however in East Herts the rate is 0.4%, which is below the rate in the East of England (3.3%) and England (2.3%);
- There is no vacant warehousing and storage floorspace identified in Buntingford, whereas in East Herts the rate is 1.8% representing a lower vacancy rate than recorded in the East of England (5.3%) and England as a whole (5.8%); and

- 5.3.2 The vacancy rates across office, industrial and warehousing and storage use classes in Buntingford and East Herts are below the rate which is typical for the East of England region and England as whole. This indicates a lack of spare capacity in the market, with a frictional vacancy rate of 5-8% generally viewed to represent a property market in balance, and with sufficient capacity to support move-ins and move-outs.

Table 5-2 Vacancy Rate

Property Type	Buntingford	East Herts	East of England	England
Office	0.0%	1.8%	6.2%	8.3%
Industrial	0.0%	0.4%	3.3%	2.3%
Warehousing and Storage	0.0%	1.8%	5.3%	5.8%

Source: CoStar, (2024).

- 5.3.3 The trend in vacancy rate between 2014 Q1 and 2024 Q3 in Buntingford demonstrates that, for office properties, the vacancy rate has remained at 0.0% throughout. Industrial and warehousing and storage property types exhibited some vacancy over 2014-15 however there has been no vacant floorspace across these use classes since 2015 Q1.
- 5.3.4 It is evident that the impacts of the COVID-19 pandemic have not been reflected in any significant change to vacancy levels in Buntingford. Overall, the data highlight a persistent lack of spare capacity in the market in Buntingford, in particular over the past decade.

5.4 Rental Values

- 5.4.1 The market rental values in East Herts, East of England and England are set out in Table 5-3. There is limited data available for the rental values of properties in Buntingford, given the size of the market resulting in very few transactions, so data is not presented for this geography. The current rental values in East Herts are broadly in line with those for East of England, however there is some variation among property types.
- 5.4.2 Office properties attract the highest market rental values of the three property types in East Herts (£190.42 per square metre (/sqm)), whereas warehousing and storage properties tend to achieve the lowest market rental values (£138.86/sqm). This is typical across the East of England, however on a national level in England the lowest market rental values are seen in industrial properties.

²¹ Vacant space, as measured by CoStar, refers to all space not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available.

- 5.4.3 In terms of office properties in East Herts, the market rent achieved in 2024 Q3 (£190.42/sqm) was lower than exhibited across East of England (£233.47/sqm) and England (£344.88/ sqm). As shown in Section 6, this is likely linked to the age and quality profile of the stock in Buntingford.
- 5.4.4 Industrial properties, on the other hand, attracted higher market rental values in East Herts (£140.36/sqm) than across the East of England (£112.38/sqm) or England (£87.30/sqm). Warehousing and storage properties in East Herts also have higher market rental values (£138.86/sqm) than the East of England (£108.82/sqm) and England (£98.28/sqm).

Table 5-3 Market Rental Values (£/sqm) (2024 Q3)

Property Type	East Herts	East of England	England
Office	190.42	233.47	344.88
Industrial	140.36	112.38	87.30
Warehousing and Storage	138.86	108.82	98.28

Source: CoStar, (2024).

- 5.4.5 Between 2014 Q1 and 2024 Q3, market rental values of office, industrial, and light industrial properties have exhibited an increasing trend.
- 5.4.6 Achieved warehousing and storage market rents have more than doubled over this period, with industrial rents increasing by 88.4% over the same period. Office rents however have seen more muted growth, at 25.7%, and registered an overall downward trend in market value between 2021 Q2 and 2023 Q4, before stabilising slightly since then.
- 5.4.7 These trends broadly reflect overall market trends seen since the Covid-19 pandemic. Office rents – particularly in non-prime locations – have been impacted by the reduced demand brought about by the shift to hybrid working, though this is now viewed to have peaked with many companies encouraging, or mandating in some cases, a return to the office more recently. Conversely, the rise in warehousing and storage rents reflects the accelerated shift towards e-commerce linked to behavioural changes such as increased home working and continued demand for rapid parcel deliveries²², with the levelling off observed from 2023 onwards in line with a slowdown in the market linked to geopolitical uncertainty and rising inflation, with a rise in vacancy and modest take-up at the national level²³. This is shown in Figure 5-1.

²² <https://www.knightfrank.co.uk/blog/2021/04/07/ecommerce-growth-driving-record-warehouse-development-in-2021>

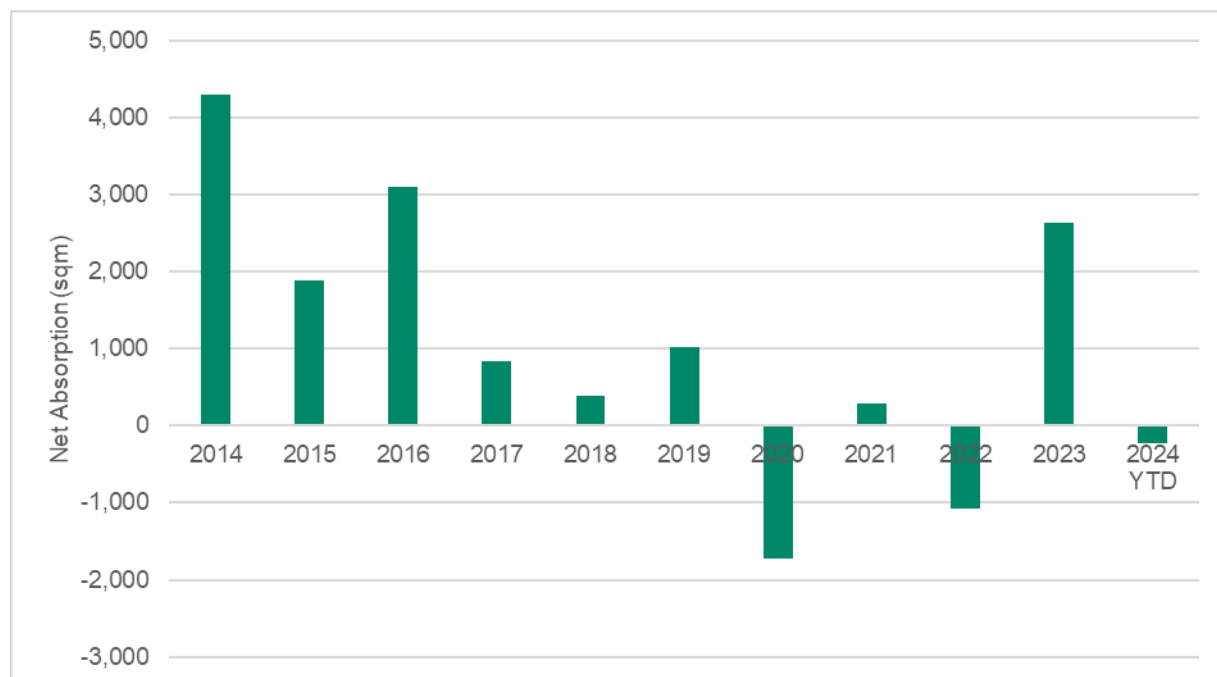
²³ Savills The logistics market: Nationwide Overview 16 January 2025

Figure 5-1 Market Rent (£/sqm) in East Herts

Source: CoStar, (2024).

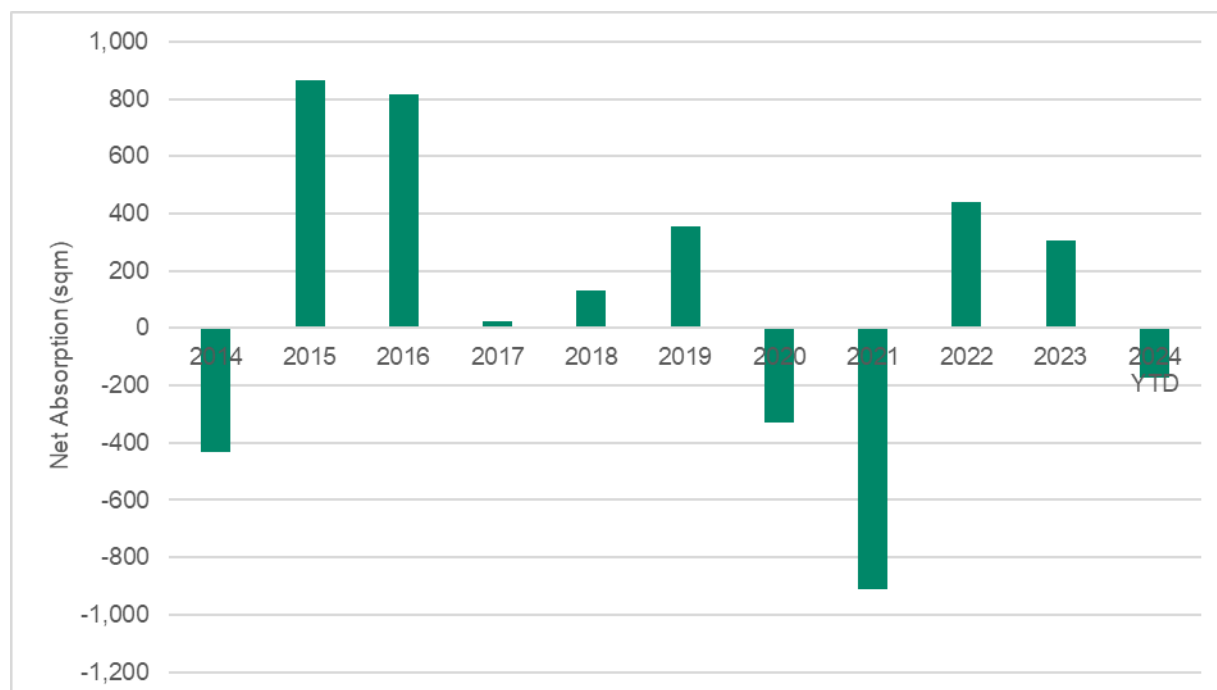
5.5 Net Absorption

- 5.5.1 Net absorption provides another angle on demand. The measure expresses the change in the overall quantum of occupied floorspace, typically recorded year on year. Positive annual net absorption means that a greater amount of space has been occupied from a given year to the next. Net absorption is not the reverse of vacancy, as vacancy is an expression of the level of non-occupancy against total stock. In office markets where stock may be in decline, for example due to the conversion of offices to residential use, vacancy may reduce but net absorption would be negative.
- 5.5.2 In the absence of suitable data for Buntingford, given the size of the market resulting in limited activity, Figure 5-2 below presents the net absorption for East Herts. Net absorption in East Herts has been mostly positive between 2014 and 2024, which provides some evidence of positive demand, though there has been some volatility in the data from 2020 onwards, likely reflecting changes in the market since the Covid-19 pandemic. However, considering demand for office space in Buntingford, feedback from a property market agent suggested this was limited and negatively impacted by the shift towards hybrid working accelerated by Covid 19.

Figure 5-2 Historic net absorption of office floorspace in East Herts (2014 - 2024, sqm)

Source: CoStar, (2024).

- 5.5.3 With regard to industrial floorspace, net absorption in East Herts was broadly positive over the period 2015-2020, with some volatility over recent years suggesting variable demand. However, considering Buntingford, feedback from agents suggested robust demand for both small and relatively larger industrial units within Buntingford's existing industrial estates, evidenced by units developed at Watermill Industrial Estate being sold and let off-plan, and robust interest and leasing of units at Buntingford Business Park.

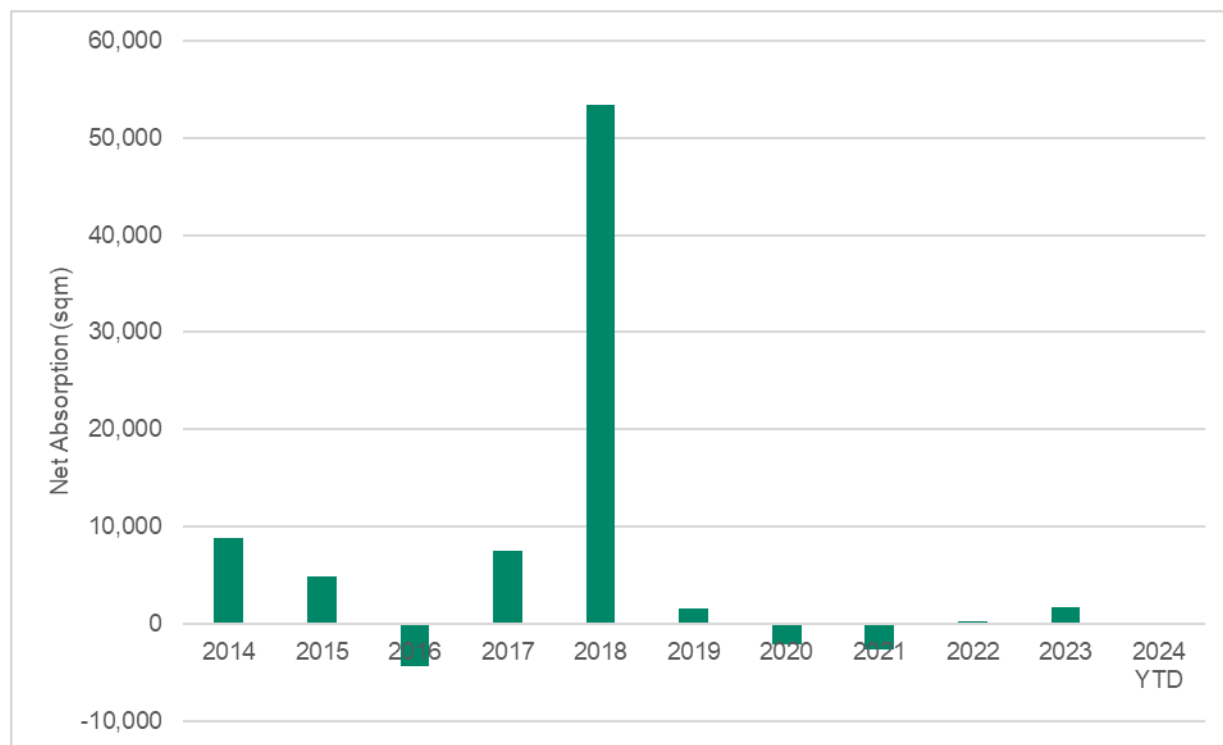
Figure 5-3 Historic net absorption of industrial floorspace in East Herts (2014 - 2024, sqm)

Source: CoStar, (2024).

- 5.5.4 Net absorption of warehousing and storage floorspace exhibited a generally positive trend over the period 2014-2019 in East Herts. However, net absorption has exhibited a more muted trend from 2019 onwards, indicating a potential slackening of demand for storage and

distribution properties. In relation to Buntingford, the property market agent consulted viewed there to be some potential for warehousing and storage uses in Buntingford, given transport improvements such as the Little Hadham bypass improving access to Bishop's Stortford, Stansted Airport and the M11.

Figure 5-4 Historic net absorption of warehousing and storage floorspace in East Herts (2014 - 2024, sqm)



Source: CoStar, (2024).

5.6 Summary

5.6.1 In summary, a number of trends and characteristics are apparent with respect to the property market for commercial properties in Buntingford:

- There is approximately 26,000 sqm of employment generating floorspace in Buntingford, the vast majority of which is for industrial use.
- There has been a significant loss of industrial employment floorspace in Buntingford associated with the loss of the former Sainsbury's Distribution Depot. However, there has been an increase of ~3,000 sqm of industrial floorspace in recent years, with engagement with commercial agents suggesting this is associated with the development of small workshop units at Watermill Industrial Estate. With regards to office space, there has been some growth, with an additional 1,000 sqm in 2017.
- There is no vacant employment floorspace identified in Buntingford, with vacancy rates at the district level well below regional and national comparators. This suggests very limited spare capacity in the local and district market to support move-ins and move-outs.
- East Herts attracts lower market rental values than the East of England and England as a whole for office properties. However, market rental values for industrial and warehousing and storage properties are higher than the comparator areas.
- Across East Herts, industrial and warehousing and storage market rents have broadly doubled over the past decade. However, office rents have seen more muted growth, increasing by 25.7% over the same period.

6. Existing Employment Sites

6.1 Introduction

6.1.1 There are 3 key employment sites in Buntingford which represent the majority of the existing supply of employment floorspace:

- Buntingford Business Park
- Park Farm Industrial Estate
- Watermill Industrial Estate

6.1.2 This section of the report provides an assessment of the relative characteristics of these sites.

6.2 Buntingford Business Park

6.2.1 Buntingford Business Park is located close to the Buntingford town centre, to the north-east of the intersection of the A10 Buntingford bypass and Baldock Road. It serves a unique purpose in Buntingford, being the only employment site providing large units to accommodate large businesses and larger-scale operational activities.

Table 6-1 Overview of Buntingford Business Park

Number of Units	Property Types	CoStar Quality Rating ²⁴	Office Rent (£/sqm)	Industrial Rent (£/sqm)	Uses
3	Industrial	2-3	N/A	82.78 - 122.82	Telecommunications; waste and environmental management services

Source: CoStar (2024); East Herts District Council Monitoring

6.2.2 The site comprises three large industrial buildings of similar size, constructed in 2006 and together totalling approximately 10,100 sqm. The two buildings to the west are shared as Unit 1, while the building to the east is Unit 2. Currently Unit 1 is fully leased and occupied by East Herts District Council and North Herts District Council Waste Service, Parking Enforcement Service and Ground Maintenance, with Unit 2 leased and occupied by Datalec Precision Installations, an electrical installation company providing fit-out services to data centres. Rent across the units is estimated to vary between £82.78 – £122.82 per sqm. Feedback from agents highlighted demand for the two units. Whilst Unit 1 has been occupied by the Councils has been occupied as a long-term commitment, Unit 2 has been successfully leased 3 times in the past 10-15 years.

6.2.3 The site is high quality and modern in appearance and well maintained with no significant issues apparent. The three buildings are uniform, built from brick with large glass windows and metal roofing. The units have been constructed to be flexible and suit a range of occupants. The surrounding environment varies but is comprised of predominately agricultural land with overgrown and unmanaged vegetation, which hinders the appearance and environmental quality of the site.

6.2.4 Buntingford Business Park is accessed exclusively from Baldock Road, in the south-west corner of the site. Close to the junction with the A10, the site is well located connected to the road network and served by public transport, with Greenways bus stop on Baldock Road within walking distance (approximately 350m) and offering five bus services. The location of

²⁴ The CoStar Five Star Building Rating System is the industry's first nationally consistent building quality rating system that can be applied across all commercial real estate property types and across all markets. A five star rating represents best in class in terms of design and construction and very likely a certified sustainable and energy efficient building. Conversely, a 1 star rating represents a building that is uncompetitive with respects to the need of a typical industrial tenants, may require significant renovation.

the site is particularly convenient as it is separated from Buntingford which limits the potential noise and pollution externalities emitted by industrial and vehicular activity but remains close to the town centre preventing the site from being isolated. There is designated parking provided for each unit within the business park as well as an additional car park located to the west of the site, however greater parking provision is potentially required to alleviate the abundance of parking along the side if the main internal road.

- 6.2.5 The East Herts District Plan Policy BUNT3 allocated 3ha extension to the north of Buntingford Business Park, which is still to be developed. There is also vacant land adjacent to the southeast of the site which may present opportunity for further commercial development. In November 2024, the landowner has confirmed with the Council that the vacant land in the employment site is still available for employment development.

6.3 Park Farm Industrial Estate

- 6.3.1 Park Farm Industrial Estate is a well-established industrial estate to the north of Buntingford town centre, located within a residential area.

Table 6-2 Overview of Park Farm Industrial Estate

Number of Units	Property Types	CoStar Quality Rating ²⁵	Office Rent (£/sqm)	Industrial Rent (£/sqm)	Uses
42	Industrial; Office	1-2	151.99 - 185.79	70.40 - 103.98	Office-based activities; wholesale; motor repairs; IT support services; small-scale manufacturing; retail

Source: CoStar (2024); East Herts District Council Monitoring

- 6.3.2 The site is comprised of units arranged in terraces and a mix of older and more modern units. The units are predominantly small, single storey industrial units, with some two storey office units, accommodating micro and small sized businesses. In total there are 42 units with quite a range of occupiers, including office-based activities, service businesses (e.g. IT support services) and small-scale manufacturing operations. The units at the east of site predominantly in Class E service / non-industrial usage, while the units further into the site are primarily used for general-industrial, Class B purposes. The site has seen a loss of employment land to residential use since the previous Buntingford Employment Study in 2014.
- 6.3.3 The site is generally functional and acts as a provider of high-demand employment space, evidenced by the lack of vacancy. The industrial units are not modern but generally well maintained and in good condition. Units are typically small; however a number of businesses occupy multiple units to create larger single units. Indicated by the range of occupiers, the units can be used flexibly, appealing for industrial use, storage and distribution as well as office based and customer facing businesses. It is estimated that the Class E units have a higher rent (between £152 - £185.79 per sqm) than the Class B / industrial units (between £70.40 - £103.98 pr sqm).
- 6.3.4 The quality of the environment surrounding site is good with maintained roads, vegetation and a water body. However, the site is located in proximity to residential uses, with limited segregation between the site and residential units to the north.
- 6.3.5 Park Farm Estate has one main entrance on Ermine Street in the east of the site, which runs south into Buntingford. There is pavement connecting the site entrance to residential areas of Buntingford both north and south and the Crown Inn bus stop, which is approximately 900m from the estate and limits its accessibility by public transport. The stop is serviced by

²⁵ The CoStar Five Star Building Rating System is the industry's first nationally consistent building quality rating system that can be applied across all commercial real estate property types and across all markets. A five star rating represents best in class in terms of design and construction and very likely a certified sustainable and energy efficient building. Conversely, a 1 star rating represents a building that is uncompetitive with respects to the need of a typical industrial tenants, may require significant renovation.

5 bus routes, collectively connecting to Stevenage, Hitchin, Letchworth, Baldock, Royston, Bishop's Stortford, Ware, and Hertford. Motor users can access the estate although the site suffers slightly from constrained access outside of Buntingford, as the Estate is located within a residential area and 1km from the A10. There is ample parking capacity on site with spaces in front of most units, as well as an additional car park with 25 spaces towards the entrance of the site.

6.4 Watermill Industrial Estate

6.4.1 The Watermill Industrial Estate is located on Aspenden Road, to the south of Buntingford.

Table 6-3 Overview of Watermill Industrial Estate

Number of Units	Property Types	CoStar Quality Rating ²⁶	Office Rent (£/sqm)	Industrial Rent (£/sqm)	Uses
63	Office; Industrial	1-2	162.54 - 198.60	82.78 - 103.98	Motor repair/servicing; fitness centre; electronic repairs; wholesale; small-scale manufacturing

Source: CoStar (2024); East Herts District Council Monitoring

6.4.2 As a result of development within the last 5 years, which has seen the 1.47ha of vacant land identified in the previous Buntingford Employment Study in 2014 now fully built out, Watermill Industrial Estate now has the largest number of units of the employment sites in Buntingford, with 63 units. The site provides an important volume of employment space aimed at smaller to medium local businesses.

6.4.3 Overall, the industrial units on the estate are of varying class uses, sizes, ages, and quality. Usage across the Watermill Industrial Estate generally ranges across Class E, with some more industrial Class B2 occupants, including numerous motor-related repair and servicing businesses, service businesses (e.g. fitness centres) and small-scale manufacturing. 11 small studios were developed in 2021 to the north of the site, ranging between 200sqft and 720sqft (~ 20-70 sqm), and 17 identical 1,500 sqft (~140 sqm) units were developed in 2019. The new developments contrast the existing older, traditional, small to medium sized units to the south of the site. On the whole, units are viewed to be well maintained, with no evidence of deterioration to the detriment of appearance or utility. The area surrounding the site is comprised of kept vegetation, enhancing the estate's appearance. However, neighbouring west is a sewage facility which emits an unpleasant smell, detectable from nearby points on site at times.

6.4.4 The site entrance is located to the south of the site off Aspenden Road, a narrow road with a poor-quality paving. As a result, accessibility for larger commercial goods vehicles is constrained, as the road is too narrow to accommodate cars passing at a number of points. Additionally accessing the site from the A10 is convoluted, as vehicles must either travel through the centre of Buntingford or London Road before travelling along the narrow Aspenden Road.

6.4.5 Most units provide designated onsite parking, including two units providing EV charging points. However, units located in the south of the site have access to more limited parking capacity, resulting in evidence of spillover along the site's internal roads, blocking pedestrian access on pavements. Watermill Industrial Estate can also be accessed by sustainable modes of transport, with one pedestrian access point located in the north of the site and one at the main entrance in the south, and Aspenden Road bus stop located 650m from pedestrian access points. The bus stop is serviced by four bus routes, connecting Watermill

²⁶ The CoStar Five Star Building Rating System is the industry's first nationally consistent building quality rating system that can be applied across all commercial real estate property types and across all markets. A five star rating represents best in class in terms of design and construction and very likely a certified sustainable and energy efficient building. Conversely, a 1 star rating represents a building that is uncompetitive with respects to the need of a typical industrial tenants, may require significant renovation.

Industrial Estate to Royston, Bishop's Stortford, Ware, and Hertford via public transport, as well as villages in-between.

- 6.4.6 At the time of writing rents are estimated to vary significantly from £82.78 – £198.60 per sqm. There is limited potential development land surrounding the site as the neighbouring greenfield land to the north-west has been granted permission on appeal for a mixed-use, residential led development, incorporating retail and employment floorspace.

7. Land for Employment Development

7.1 Introduction

- 7.1.1 This section of the report examines the land for employment development in and around Buntingford to understand the potential and need for employment development, what employment land is available elsewhere in Buntingford, and the suitability and attractiveness of that land for commercial development for different uses.

7.2 Vacant Land

- 7.2.1 The Buntingford Employment Study (2014) identified a number of sites with potential for development in Buntingford, including vacant land at Buntingford Business Park, Watermill Industrial Estate and Park Farm Industrial Estate, and potential land at the former Sainsbury's Distribution site.
- 7.2.2 In the period following the delivery of the 2014 Study, all of this vacant land has been developed for employment or residential use apart from the vacant land at Buntingford Business Park, which totals 3.8ha across land to the south east of the site and the allocation to the north of the site, included in the East Herts District Plan (Policy BUNT3). East Herts Council has confirmed with the landowner that this vacant land is available.
- 7.2.3 It is relevant to the development of policy for Buntingford to know how many jobs could be created should this vacant land come forward for development. In order to make this calculation, a number of assumptions are required in relation to the type of activities and use class that could be supported. These are detailed below:
- 7.2.4 Use Class – The proportion of the land likely to be developed and associated floorspace will depend on the use class that is likely to be accommodated on site. The previous Buntingford Employment Study assumed that all development on vacant land in Buntingford would relate to light industrial [B1(c), now E(g)(iii)] uses. However, while this could be possible, no light industrial floorspace was identified in Buntingford through the Property Market Profile in Section 5. Moreover, a recent survey of the site from EHDC identified that current units are flexible and built to suit a range of occupants / usage across Use Classes E, B2, and B8. Given the uncertainty, a range of scenarios are adopted to align with potential uses across the site:
- Scenario 1: Light industrial use, to align with the 2014 Buntingford Employment Study
 - Scenario 2: An even split of light industrial and general industrial use
 - Scenario 3: An even split of general industrial and warehousing and storage use.
 - Scenario 4: A split of office (20%), general industrial (40%) and warehousing and storage use (40%) uses.
- 7.2.5 It is important to note that, while we would expect employment land to come forward as E(g)(iii) / B2 / B8 development based on existing activity and market signals, the split of uses is ultimately indicative for the purpose of estimating the potential employment that could be supported. The proposed employment land allocation could, in practice, accommodate any eventual split across the employment land use classes.
- 7.2.6 Plot Ratio – The capacity of land to accommodate floorspace is known as the plot ratio and is expressed as the ratio of total development floor area to site area. There is some available evidence from research studies and many planning authorities use their own ratios, derived from design studies and measurement. In general, for industrial uses a plot ratio of 0.35-0.45 is relevant for light and general industrial uses, with 0.4-0.6 for warehousing and storage uses and 0.75 to 2.00 for office uses depending on the location of development²⁷. Having reviewed the employment land evidence in East Herts and

²⁷ OPDM Employment Land Reviews: Guidance Note 2004

neighbouring authorities, a plot ratio of 0.4 for E(g)(iii) and B2 uses is assumed; alongside a plot ratio of 0.5 for B8 uses and 0.75 E(g)(i) uses²⁸.

- 7.2.7 Employment Densities – Having applied plot ratios to calculate the total development floorspace associated with the available land, this can then be converted to employment through the application of employment densities. These are applied in line with HCA Employment Density Guide 3rd Edition (2015), as summarised below:

Table 7-1 Employment Density Assumptions

Use class	Employment Density	Employment density assumption used (sqm per job)
E(g)(i)	Office – 13 sqm NIA per FTE job	13
E(g)(iii)	Light industrial – 47 sqm NIA per FTE job	47
B2	Industrial & Manufacturing – 36 sqm GIA per FTE job	36
B8	Storage & Distribution – 70-95 sqm GEA per FTE job	70

Source: HCA Employment Density Guide (2015).

- 7.2.8 The ratio of external to internal areas – The application of plot ratios allows the gross external area (i.e. the whole area of a building taking each floor into account²⁹) to be calculated. As shown in Table 7-1, the employment densities vary in their application, from net internal area (light industrial), gross internal area (general industrial) and gross external area (warehousing and storage). As such, for light industrial and office floorspace, adjustments are required to convert the floorspace to NIA, while general industrial floorspace is converted to GIA. A 1:0.95 conversion ratio is assumed for GEA to GIA is assumed; with a similar 1:0.8 conversion ratio for GIA to NIA³⁰.
- 7.2.9 The application of the above assumptions is set out in Table 7-2. The analysis suggests that, if the 3.8 ha of vacant land were to be developed, additional employment of 246 – 707 FTE jobs could be generated in Buntingford.
- 7.2.10 However, it should be noted that these figures are only measures of capacity based on potential scenarios, not the likelihood of delivery. The market appeal of the site can differ very substantially and this will have a major bearing on actual delivery of employment floorspace and the actual creation of jobs.

Table 7-2 Estimate of FTE Jobs Generated by the Development of Vacant Land at Buntingford Business Park

Scenario	Use Classes	Site Area	Total Floorspace	Total FTE Employment
Scenario 1	E(g)(iii)	3.8	13,718	246
Scenario 2	E(g)(iii) / B2	3.8	14,079	323
Scenario 3	B2 / B8	3.8	16,720	336
Scenario 4	E(g)(i) / B2 / B8	3.8	17,708	707

7.3 Pipeline supply

- 7.3.1 In addition to the vacant land identified at existing, allocated sites, it is also important to consider the pipeline of future employment development in Buntingford.
- 7.3.2 Approval has been granted for the development of a 28.95ha parcel of land to the east of the A10 in Buntingford (Ref 3/23/1447/OUT). The mixed use development consists of 350 dwellings, up to 4,400 sqm of commercial and services floorspace (Use Class E and B8)

²⁸ This is consistent with the approach to employment land studies in North Hertfordshire and Welwyn Hatfield as neighbouring authorities.

²⁹ VOA Code of measuring practice: definitions for rating purposes

³⁰ HCA Employment Density Guide (2015)

and up to 500 sq m of retail floorspace (Use Class E) and other associated works including drainage, access into the site from the A10 and Luynes Rise (but not access within the site), allotments, public open space and landscaping.

- 7.3.3 In order to assess the potential employment associated with this development, the breakdown of employment floorspace adopted within the planning application's supporting documentation³¹ is taken forward. This assumed that:

"The employment land will provide some 1,500 sqm Class E a b and c (offices), 1,500 sqm Class B8 and 100 sqm home working hub. It has also been assumed that there may be doctors surgery will be 1,300 sqm."

- 7.3.4 The Economic Impact Assessment provided alongside the outline planning application calculated 167 direct jobs associated with the employment space. However, the 1,500 sqm Class E a/b/c floorspace and 1,300 sqm associated with the doctor's surgery are excluded from our analysis as these fall outside of the employment land use classes. Furthermore, in the case of the doctor's surgery, a resolution to grant planning permission (subject to S106) for this at Hare Street Road has now been approved and it will no longer come forward on this site. The 100 sqm home working hub is assumed to be use class E(g)(i).
- 7.3.5 Applying the assumptions set out in Section 7.2, the analysis suggests that, if the land to the east of the A10 were developed in line with the approved planning application (Ref 3/23/1447/OUT), 29.1 FTE jobs could be generated by the employment land use classes in Buntingford. This is set out in Table 7-3.

Table 7-3 Estimate of FTE Jobs Generated by the land to the east of the A10 (Ref 3/23/1447/OUT)

Use Class	Floorspace (sqm) ³²	Total FTE Employment
Office E(g)(i)	100	7.7
Warehousing & Storage (B8)	1,500	21.4
Total	1,600	29.1

7.4 Summary

- 7.4.1 Taken together, the analysis suggests that the development of vacant land and land to the east of the A10 in Buntingford (Ref 3/23/1447/OUT) could result in the generation of between 275 and 736 FTE jobs across the employment land use classes.

Table 7-4 Summary of Potential Employment Generated by Vacant Land and Pipeline Supply

Source of Supply	Floorspace (sqm)	FTE Employment
Vacant Land	13,718 – 18,630	246 – 707
Pipeline Supply	1,600	29
Total	15,318 – 20,230	275 – 736

- 7.4.2 If delivered, these jobs would represent growth of 12-33% on current workplace employment in Buntingford. However, it should be recognised that additional jobs will also be delivered across non-employment uses such as retail.

³¹ DLP Planning Economic Impact Assessment A Report For The Development At Buntingford West 2023

³² Note: Given no measurement classification is provided in relation to the floorspace, the ratio of external to internal areas is unknown and no conversion has been made for the purpose of this analysis.

8. Conclusions and Recommendations

8.1 Introduction

8.1.1 This section of the report presents our conclusions and recommendations based on the analysis in the preceding sections and outlines a potential strategy for the development of employment land in Buntingford.

8.1.2 The conclusions and recommendations of the Study are framed around a series of questions. These are as follows:

- Is it desirable to increase the number of jobs in Buntingford?
- What sort of jobs could be attracted or developed in Buntingford?
- What actions need to be taken to achieve the desired outcomes?

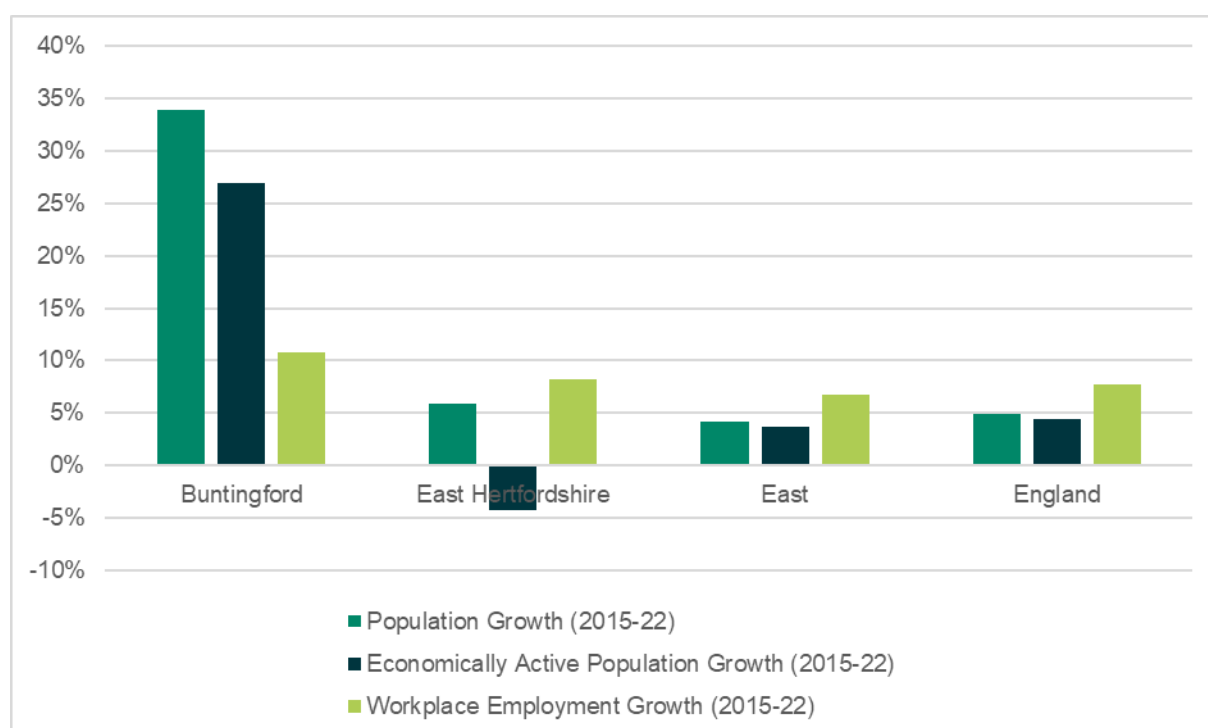
8.2 Is it desirable to increase the number of jobs in Buntingford?

8.2.1 Over the period 2015-2022, the population in Buntingford increased by 2,474, representing growth of 33.9%. This growth is considerably higher than that recorded in East Herts (5.9%), the East of England (5.0%) and England (4.2%).

8.2.2 Based on the age structure of the population and economic activity levels set out in Section 4.2, the economically active population of Buntingford is expected to have increased by 1,041 over this period, reflecting growth of 27.0%. This is again notably higher than East Herts, the East of England and England.

8.2.3 Over the same period, workplace employment in Buntingford increased by 205 jobs, as shown in Section 4.3.5, representing significantly lower growth of 10.8%, broadly comparable to the increases seen in East Herts (8.3%), the East of England (6.8%) and England as a whole (7.7%). This is set out in Figure 8-1 below.

Figure 8-1 Population Growth vs Employment Growth 2015-22



- 8.2.4 While population projections are not available for Buntingford, current approved planning applications suggest the potential for 608 new homes associated with applications 3/24/1447/OUT, 3/22/1030/OUT and 2/24/0294/OUT³³. With an average household size of 2.37³⁴, this indicatively suggests the potential for an additional 1,443 residents in Buntingford, of which 706 would be expected to be aged over 16 and economically active. Moreover, there are a number of planning applications yet to be determined that could result in further increases in the resident population.
- 8.2.5 Since the previous Employment Study was undertaken in 2014, there has been a notable loss of industrial employment land in Buntingford associated with the loss of the former Sainsbury's Distribution Depot, now occupied by residential development and a First School, as well as the development of vacant employment land at Park Farm Industrial Estate for residential use. However, there has been an increase of ~3,000 sqm of industrial floorspace in recent years and an additional 1,000 sqm of office space was delivered in 2017.
- 8.2.6 Property market analysis presented in Section 5 demonstrates that there is currently no known vacant floorspace within Buntingford across office, industrial, and warehousing and storage properties, while vacancy rates across East Herts are also below the regional and national averages for these uses. This indicates a lack of spare capacity in the market, with a frictional vacancy rate of 5-8% generally viewed to represent a property market in balance, and with sufficient capacity to support move-ins and move-outs.
- 8.2.7 Feedback from a local agent highlighted robust demand for industrial floorspace in Buntingford, both at the smaller scale (with 18 small units (1,500 sqft) developed on the Watermill Industrial Estate fully occupied), and at the larger scale, with the town's bigger units (~36,000 sqft) at Buntingford Business Park fully leased. Feedback suggests confidence in the future demand for similar uses in Buntingford, with the flexibility afforded by Use class E having been beneficial in accommodating a broad range of uses in smaller units at Watermill Industrial Estate.
- 8.2.8 There was viewed to be some potential for warehousing and storage uses in Buntingford, given transport improvements such as the Little Hadham bypass improving access to Bishop's Stortford, Stansted Airport and the M11. However, larger industrial and logistics uses would be expected to come forward in locations with superior access to the strategic road network, such as Bishop's Stortford. Conversely, despite limited spare capacity, there was viewed to be more limited demand for office space in Buntingford due to the impact of Covid-19 on demand, and this type of employment being concentrated in the larger settlements such as Bishop's Stortford and Hertford.
- 8.2.9 As set out in the NPPF, the purpose of the planning system is to contribute to the achievement of sustainable development, including the provision of homes, commercial development and supporting infrastructure in a sustainable manner. In this regard, it is important to support an appropriate mix of uses across an area, and within larger scale sites, to minimise the number and length of journeys needed for employment, shopping, leisure, education and other activities.
- 8.2.10 As demonstrated in Figure 8-1, recent years have shown a notable disparity between population and employment growth in the town, suggesting a need for greater balance to support sustainable development, while the loss of employment land and lack of spare capacity in the property market also support the need for additional employment space in Buntingford. In this regard, the analysis suggests that the development of vacant land at Buntingford Business Park and land to the east of the A10 in Buntingford (Ref 3/23/1447/OUT) could result in the generation of between 275 and 707 FTE jobs, representing growth of 12-33% on current employment in Buntingford.
- 8.2.11 As recognised in the previous Buntingford Employment Study, the specialist nature of many jobs means that it is worth people travelling some distance to work, since by so doing they can secure a much better paid job, than they could if they worked locally. People are willing to commute, both because the salary they can command in a job more than outweighs the

³³ Land North of Hare Street Road secured a resolution to grant planning permission, subject to S106, at January 2025 Development Management Committee.

³⁴ Household and resident characteristics, England and Wales: Census 2021

cost of commuting, and because they have reasons why they wish to live where they are, be that family connections, children in local schools, a preference to live in a market town rather than a bigger settlement.

- 8.2.12 As such, there is no certainty that an increase in the number of jobs located in Buntingford will reduce the level of out-commuting set out in Section 4.4, with workers drawn to elsewhere in the District, North Hertfordshire, Broxbourne, and Welwyn Hatfield. Moreover, it is important to recognise that wider commercial development in competing locations in East Herts may satisfy some demand from the resident population in Buntingford. However, increasing the number of jobs in Buntingford would create enhanced opportunity for people to live and work locally, and support a diversified mix of activities locally. Furthermore, should the provision of employment space fail to keep up with growth in the working age population in Buntingford, there will inevitably be an increase in outward-commuting, notwithstanding the increase in home working that has resulted from the Covid-19 pandemic.

8.3 What sort of jobs could be attracted or developed in Buntingford?

- 8.3.1 In general, Buntingford was viewed to act as relatively self-contained from a commercial property market perspective, being too far away to gain a bounce/spillover demand from other, larger markets. In this regard, sectors such as construction, manufacturing and wholesale and retail trades, as well as wider foundational sectors delivering the goods and services required by the local population, are likely to remain prominent in the local economy.
- 8.3.2 As set out in Section 4.4, the business base in Buntingford is dominated by microbusinesses (companies employing up to nine employees), which account for 92.4% of local businesses. It would be anticipated that these types of businesses would continue to drive demand for floorspace in Buntingford, with demand for smaller, flexible units (~1,500 sqft) that can accommodate E class uses ratified through engagement with the local agent, as highlighted above. However, reflecting the presence of some small and medium sized businesses in the town and demand for larger units remaining robust over the past 15 years, the provision of a range of unit sizes that provide flexibility and can support the growth aspirations of local businesses is recommended.

8.4 What actions need to be taken to achieve the desired outcomes?

- 8.4.1 In order to build a strong, responsive and competitive economy in Buntingford, there is a need to ensure that sufficient land of the right types is available in suitable places to attract occupiers and support growth, innovation and improved productivity.
- 8.4.2 This Study has identified that future demand for employment land floorspace in Buntingford is likely to centre on the industrial use classes, with demand at various scales to suit micro and small to medium sized enterprises. As such, there is a need to provide choice in order to accommodate a range of potential occupiers and unit sizes, and to support the potential growth requirements of local businesses. In general, the majority of demand is anticipated in the 0-250 sqm bracket for E(g) uses and 0-1,000 sqm for B class uses; though there is evidence of demand for larger units as seen at Buntingford Business Park.
- 8.4.3 It is appropriate for the Council to encourage the completion of remaining permissions and safeguard existing sites where possible, thereby maximising their contribution to local economic development. In this regard, the Council should continue to work proactively with the landowner at Buntingford Business Park to ensure the site remains available for development for employment uses, as well as engaging with the developer of the of land to the east of the A10 (Ref 3/23/1447/OUT) to ensure the provision of employment space closely aligns with requirements in Buntingford. This is of particular importance given the challenge associated with the conversion of employment land to residential use, as

highlighted through this Study. Whereupon existing employment land is lost to residential or other uses, or permissions including employment space do not come forward, or are developed in whole or in part for different uses than have currently been consented, this land or floorspace should be re-provided to a similar or improved quantity and quality specification.

8.4.4 It is recommended that the Council continues to regularly monitor changes to existing and newly delivered employment space to identify evolving occupier/developer patterns and inform any policy responses that will be required. This is important given that much newly delivered employment space may come forward within the E Use class where there is flexibility for space assigned to E(g) use to later switch to other, non-employment land, uses such as retail, albeit that this can still result in employment generation. It is also important given that, as discussed, delivery of employment floorspace has not matched housing delivery and if this were to continue, the propensity of change of use within Class E and potentially permitted development rights may result in what modest space is being delivered not remaining in employment use long-term, exacerbating this trend.

8.4.5 It is important to recognise that this Study is part of a wider evidence base for the District Plan Review, and the strategy for supporting employment in Buntingford will be informed by wider employment market and land supply assessments at the East Herts level, which will determine the overall quantity of employment land that is required over the District Plan period, alongside consideration of housing, infrastructure and environmental needs and constraints in the town and wider district. Should this wider evidence base support the need for additional employment land at the district level, the evidence presented suggests the potential requirement for additional employment land in Buntingford to align with growth in the residential population of the town. In considering additional employment land, or whether the existing supply of employment land is fit for purpose, a number of criteria should be considered. These include:

- Accessibility and sustainable transport needs;
- The provision of essential infrastructure e.g. access to utilities;
- Segregation from sensitive neighbouring uses (e.g. residential); and
- Site size, access, shape and topography.
- Deliverability and/or ownership.

8.4.6 The Conclusions and Recommendations of this Study are summarised in Table 8-1 below.

Table 8-1 Conclusions and Recommendations

Topic	Conclusion/Recommendation
Is it desirable to increase the number of jobs in Buntingford?	<ul style="list-style-type: none"> • The analysis has demonstrated that additional employment space is required in Buntingford to address a notable disparity between population and employment growth in the Buntingford, suggesting a need for greater balance to support sustainable development. • The loss of employment land and lack of spare capacity in the property market also support the need for additional employment space in Buntingford.
What sort of jobs could be attracted or developed in Buntingford? Why?	<ul style="list-style-type: none"> • Buntingford was viewed to act as relatively self-contained from a commercial property market perspective. Sectors such as construction, manufacturing and wholesale and retail trades, as well as wider foundational sectors delivering the goods and services required by the local population are likely to remain prominent in the local economy. • Micro and small businesses are anticipated to continue to drive demand for floorspace in the town.
What actions need to be taken to achieve the desired outcomes?	<ul style="list-style-type: none"> • There is a need to provide choice in order to accommodate a range of potential occupiers and unit sizes, and to support the potential growth requirements of local businesses. In general, the majority of demand is anticipated in the 0-250 sqm bracket for E(g) uses and 0-1,000 sqm for B class uses.

Topic**Conclusion/Recommendation**

-
- The Council should encourage the completion of approved planning permissions and safeguard existing sites where possible.
 - The Council should continue to work proactively with the landowner at Buntingford Business Park to ensure the site remains available for development for employment uses, as well as engaging with the developer of the land to the east of the A10 to ensure the provision of employment space closely aligns with requirements in Buntingford.
 - The Council should continue to regularly monitor changes to existing and newly delivered employment space to identify evolving occupier/developer patterns and inform any policy responses that will be required. This is important given that much newly delivered employment space may come forward within the E Use class where there is flexibility for space assigned to E(g) use to later switch to other, non-employment land, uses.
 - Should existing employment land be lost to other uses, or permissions including employment space do not come forward, or are developed for different uses than have been consented, this land or floorspace should be re-provided to a similar or improved quantity and quality specification.
 - Should the wider evidence base support the need for additional employment land at the District level, the evidence presented suggests a potential requirement for additional employment land in Buntingford. In considering additional employment land, or whether the existing supply of employment land is fit for purpose, a number of criteria should be considered, including those set out in Section 8.4.5.

East Herts Council Report

Pre-Executive

Date of meeting: 4 March 2025

Report by: Councillor Vicky Glover-Ward – Executive Member for Planning and Growth

Report title: East Herts District Plan Review - East Herts Strategic Vision

Ward(s) affected: (All Wards);

Summary – Members have agreed to undertake a review of the District Plan, and set out a timetable to achieve the completion of this review. Alongside updating the evidence base and the ‘Call for Sites’, a Strategic Vision has been prepared to facilitate a discussion and informed debate about how the district should develop in the future, and provide a unified direction for the Council’s approach to growth. In advance of formal plan-making, this Vision will form the basis of community discussions about the new District Plan later this year.

RECOMMENDATIONS FOR EXECUTIVE to recommend to Council that:

- a) The East Herts Strategic Vision is made available to stakeholders and the wider community to begin a discussion about the new District Plan, and to seek comments on the Vision;**
- b) Engagement on the Strategic Vision should commence, and take the form of a six week period of activity during Spring / Summer 2025 through a range of different forums, including online and in-person; and**
- c) A further report detailing any feedback is prepared following engagement to agree a final version of the Strategic Vision, and to set the out the next stages of plan-making.**

1.0 Proposal(s)

- 1.1 The purpose of this report is to agree that engagement on the East Herts Strategic Vision is undertaken with stakeholders and the wider community.

2.0 Background

- 2.1 Local Planning Authorities are required to complete a review of their local plans at least once every 5-years from the adoption date of a plan to ensure that plans remain relevant and take account of changing circumstances. Members resolved to undertake an update of the East Herts District Plan at its Executive meeting on 3 October 2023, with a view to formal work commencing in early 2026.

- 2.2 Since that time, officers have been taking preparatory steps to facilitate progress on the District Plan update, including:

- Undertaking a ‘Call for Sites’ - an opportunity for landowners, developers, agents and site promoters to submit sites which may be considered to have the potential for future development – the initial outcome of which was discussed at the Executive meeting on 11 February 2025.
- Agreeing a revised timetable for the preparation of the District Plan in the form of a Local Development Scheme (LDS), which was agreed by the Executive on 3 September 2024. The LDS sets out the key plan-making stages and timetable for the new District Plan and takes account of the Government’s prospective plan-making reforms. Further guidance on this process is due later this year, but the LDS anticipates the commencement of formal plan making in January 2026, following preparatory work and updates to evidence.
- Developing a ‘Strategic Vision’ as required by the NPPF to chart a clear and ambitious course for the district’s future which will serve as the golden thread for the new District Plan, informing

policies and decision-making that will shape East Herts in the years to come.

2.3 The 'Strategic Vision' is the focus of this report. It sets out the background, work to date and next steps to develop a Vision, and how this will inform plan-making. An updated Vision is required for the district because of the many changes that have occurred since the adoption of the previous plan, including amongst other things:

- A recognition that plan visions are a tool to give communities a much stronger voice in the plan-making process. The role of visions has generally been strengthened in plan-making, with policies and allocations linking directly to delivering the outcomes set out in the vision;
- A change in Government, which has shifted the emphasis of planning for development in England;
- A corresponding increase in the housing numbers expected to be delivered by the Council;
- The greater emphasis on adapting to, and mitigating, the effects of climate change; and
- Societal changes that have occurred more broadly as a result of COVID-19, Brexit and other external changes that influence our ways of life.

3.0 Reasons

Background to the Visioning Work

3.1 East Herts district comprises around one third of the county of Hertfordshire. It is predominantly a rural district, with attractive towns and villages set in a rolling landscape and a dispersed settlement pattern that includes the five market towns of Bishop's Stortford, Buntingford, Hertford, Sawbridgeworth and Ware. Residents enjoy a high quality of life, with a good level of health and life expectancy. Educational attainment is also high with students performing better in East Herts than the wider region.

3.2 However, there are important issues and challenges facing the district. These are mainly related to managing high levels of growth and the effects of population increase, and include:

- Ensuring that our high-quality environment is recognised and protected whilst still allowing the necessary development to take place;
- Protecting the rich biodiversity in the district and responding to the challenge of climate change;
- Supporting a vibrant local economy and getting the balance right between the delivery of new housing on previously developed sites and ensuring there is enough employment land to meet current and future needs;
- Achieving housing development that responds to the specific accommodation and housing needs of different groups (including that of an ageing population), whilst recognising environmental and other constraints;
- Providing the infrastructure and services needed alongside growth to support new development, including transport infrastructure, education and health provision, utilities such as water, wastewater and energy and improved broadband provision;
- Ensuring that development is directed to sustainable locations, to reduce the need to travel and, where journeys need to be made, the distance of those trips;
- Reducing reliance on the car and promoting healthier lifestyles;
- Supporting the main town centres, which are all different, all serve a particular purpose, and all have particular needs;
- Resisting the loss of important rural facilities and to support the delivery of new ones;
- Understanding and taking account of the significance and impact of cross boundary issues.

3.3. In order to develop a Strategic Vision with an overarching set of aims and objectives to guide and directly inform plan-making, Officers issued a tender in early 2024 to appoint consultants to oversee, facilitate and manage this process. The brief set out a desire to develop a Vision that challenged current thinking, considered future societal, lifestyle and technical changes, and considered the unique features of East Herts including location,

future sustainable growth and technological advancements for its residents, businesses, and the wider community. The emerging Vision for East Herts needed to be:

- succinct and focused to best achieve its purpose;
- locally distinct to anchor the plan;
- provide strategic direction for the underpinning policies, and
- set out measurable outcomes for the plan period.

Work to date on the Vision

- 3.4 Prior and Partners (P+P) responded to the brief and were appointed to develop the Vision. P+P are a planning and economic consultancy with an expertise in successfully delivering plans and masterplans across a multitude of scales, from region, to neighbourhood, and to street. P+P undertook high level research and mapping of existing data, intelligence, insight, and future predictions information alongside the Council's own evidence base and local strategies to understand East Herts today and to look ahead to the future (patterns, trends, innovations) and consider how national and local trends might influence change. This thinking was brought together through engagement, via workshops, with Councillors, the Council's Leadership Team, and other officers at East Herts principally involved with the built environment and our communities.
- 3.5 The primary outcome from this process was the production of a Strategic Vision for East Herts (**Appendix A**).
- 3.6 Alongside the Vision, P+P delivered a branding strategy to help bring distinctiveness and continuity to the development of the District Plan through its various stages. The branding has been used in the Vision to help to express its ideas and priorities.

The Vision Document

- 3.7 The Strategic Vision sets out the process undertaken in delivering the work, the engagement undertaken and the timeline in which this was achieved. In its final format, it utilizes the branding

developed as part of the process, defining six key themes – people, place, economy, environment, infrastructure and movement – through specific colours and icons. The Vision is set out in two halves, the first describing the district as it is today, with key facts, illustrations and statistics culminating in a statement addressing strengths and challenges within each theme, and the second defining our aspirations under each theme and drawing inspiration from existing ideas and initiatives within our own district and beyond.

- 3.8 The Vision concludes with a timeline for the preparation of the District Plan (which reflects the agreed Local Development Scheme) and is intended to serve as the ‘golden thread’ for the Plan, informing policies and decision-making that will shape East Herts in the years to come. It is expected that the Strategic Vision will have a strong influence on the form, nature and content of the new adopted District Plan.

Next Steps

- 3.9 The Strategic Vision is presented in **Appendix A** in a form that reflects the discussions had with Councillors, the Council’s Leadership Team and key planning and built environment officers. The document was prepared with wider engagement planned with our communities, and this is the next step.
- 3.10 Preparation for the formal plan-making stages of the District Plan is continuing, with planning policy officers currently assessing and / or updating existing evidence and information with a view to outlining a new plan strategy to meet the district’s needs. This includes an assessment of the 283 sites submitted during the Call for Sites exercise, and is mindful of policy changes taking place both nationally in respect of the Government’s ambitions for growth, and regionally given the expectation of changes in local government at a regional / sub-regional level.
- 3.11 In order to aid the development a spatial strategy for the District Plan, as well as introduce the key aims of a new Plan, it is the intention to introduce our communities to the Spatial Vision and

have a conversation about its content. This will be the first major piece of engagement in the process, and it is an opportunity to present both a clear Vision and to discuss the process of plan-making, the steps that will be taken and the ways in which people can become involved.

- 3.12 Engagement on the Vision will take place during the late Spring and Summer of 2025. The nature of the engagement will be akin to other statutory planning consultations, utilising the District Plan contacts database and writing to statutory consultees and other organisations, including Town and Parish Councils, to seek their involvement in the process. The Vision will be made available on the Council's website and in key community buildings across the main town centres, and promotional material will be made available to parishes. In addition to this, officers are proposing a series of in-person events during the consultation period to allow individuals and organisations to discuss the Vision and the forthcoming plan-making process.
- 3.13 It will be important to shape the engagement to ensure that comments and conversations can be recorded and respond to the key issues, themes and priorities set out by the Vision. It is expected that the document will be available alongside key questions that seek to determine the levels of support or otherwise for the Vision, so that it can be refined later in the year and support the start of formal plan-making in early 2026.

4.0 Options

- 4.1 The Council could choose not to engage on the Strategic Vision with our communities and stakeholders

5.0 Risks

- 5.1 If engagement is not undertaken on the Strategic Vision then the opportunity to take account of the views of our communities and stakeholders from the outset of the District Plan update will be lost.

- 5.2 Visions are an important means of setting the wider context and detailing the local planning authority's key aims and priorities, and to lay the foundations for a plan in a way that can be clearly understood by communities and other stakeholders before they engage with the full detail.

6.0 Implications/Consultations

- 6.1 Engagement on the Vision will be undertaken in Spring/ Summer 2025 with key stakeholders and the wider community, including the younger demographic, minority and hard to reach groups. As well as traditional consultation and engagement methods, opportunities for greater use of digital technologies will be explored.

Community Safety

There are no community safety implications arising from this report.

Data Protection

There are no data protection implications arising from this report.

Equalities

There are no direct equality, diversity, or inclusion implications in this report. An Equalities Impact Assessment (EqIA) will be carried out of the updated District Plan in accordance with The Equality Act 2010.

Environmental Sustainability

The purpose of the planning system is to contribute to the achievement of sustainable development, including the provision of homes, commercial development and infrastructure in a sustainable manner.

Financial

The District Plan is being updated from existing budgets, including reserves that have been safeguarded for this purpose.

Health and Safety

There are no health and safety implications arising from this report.

Human Resources

There are no human resources implications arising from this report.

Human Rights

There are no human rights implications arising from this report.

Legal

There are no legal implications arising from this report.

Specific Wards

All

7.0 Background papers, appendices, and other relevant material

7.1 Appendix A – East Herts Strategic Vision

Contact Member

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East Herts Strategic Vision



This document has been prepared by Prior + Partners Ltd and was commissioned by East Herts District Council.

Prior + Partners are an integrated planning, masterplanning and economics practice working to unlock the potential of places and communities around the globe. The practice works creatively and collaboratively to help clients and communities to articulate the story of their place, regularly preparing place visions and narratives, transformational masterplans and clear planning strategies.

Cover image credit: East Herts District Council

Author	Date Issued	Document Status	Version	Reviewed by	Authorised by
Prior + Partners	March 2025	Draft	6.0	Naomi Lam, Associate	Simon Mattinson, Director

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Introduction

Our Vision

The East Herts Strategic Vision has been developed by East Herts Council as part of a collaborative approach to chart a clear and ambitious course for the District's future. This Vision is the result of in-depth discussions and a participatory process, aiming to address the opportunities and challenges that East Herts is facing, both now and in the future.

By focusing on the District's strengths and unique characteristics, the Vision seeks to embrace East Herts' distinct identity while preparing for societal, environmental, and technological changes that will shape the years ahead.

The Vision provides a framework for guiding the District's strategic direction, ensuring that growth is sustainable, inclusive, and reflective of the community's needs and aspirations.

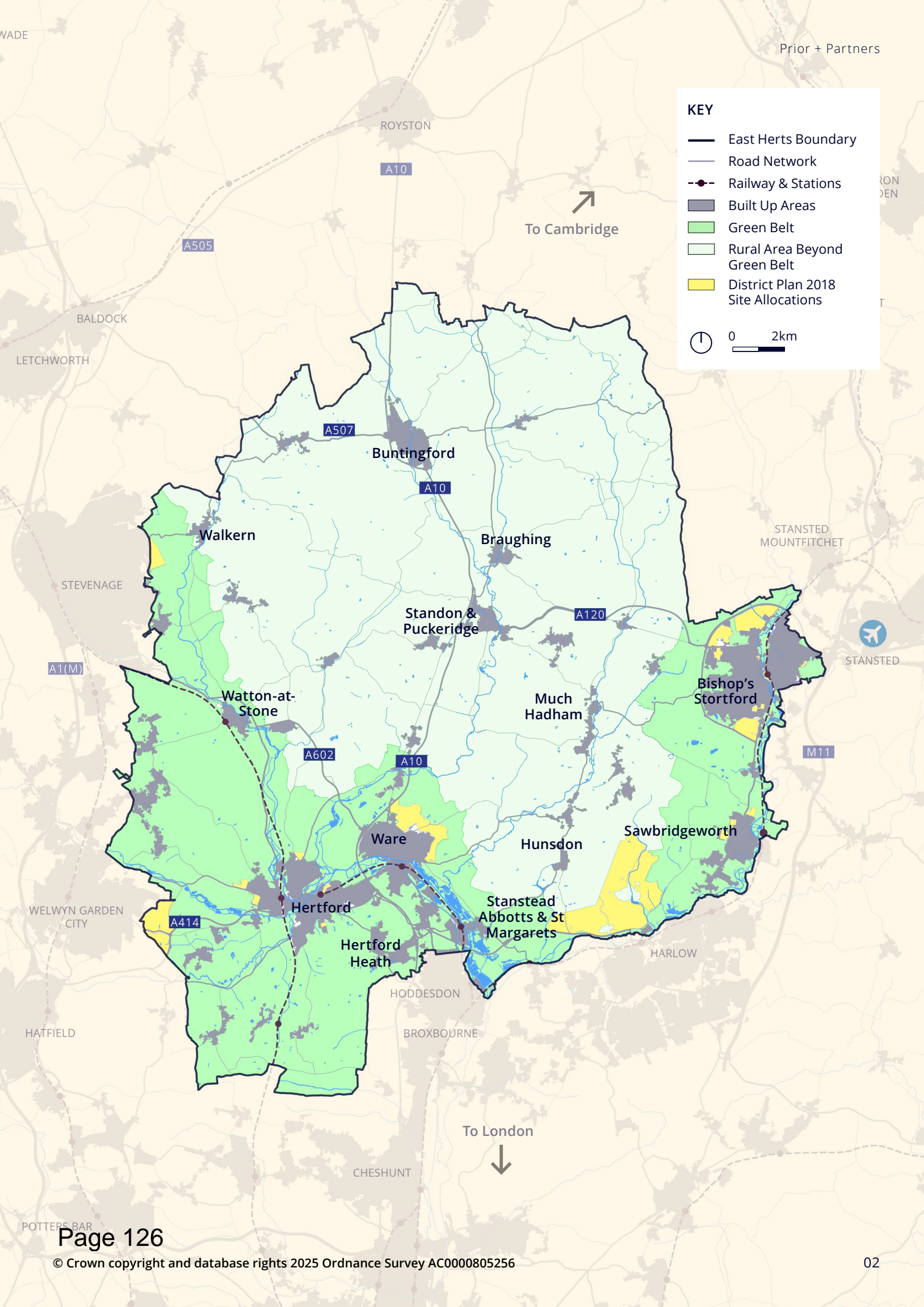
As the Council looks towards the future, the Strategic Vision will serve as the golden thread for the new District Plan, informing policies and decision-making that will shape East Herts in the years to come.

Purpose

Our Vision is intended to challenge current thinking and provide a unified direction for the Council's approach to growth, ensuring that future development is socially, economically, and environmentally sustainable. It aims to strengthen existing communities, facilitate the creation of new, vibrant ones, and position East Herts to capitalise on future trends such as digital and environmental innovation.

The Vision also serves as a tool for engaging residents, stakeholders, and partners, ensuring that the district's future is shaped not by chance, but by a clear, shared understanding of where East Herts is headed. By embedding climate change mitigation, sustainability, and inclusivity at its core, the Vision will help to navigate the District through evolving challenges, laying the foundation for a prosperous and resilient future for all who live and work in East Herts.

Beyond the District Plan, the Vision will remain a central point of reference, supporting discussions about future growth, investment and strategic priorities beyond planning.



KEY

- East Herts Boundary
- Road Network
- Railway & Stations
- Built Up Areas
- Green Belt
- Rural Area Beyond Green Belt
- District Plan 2018 Site Allocations

0 2km

How we developed our Vision

A collaborative approach

The Strategic Vision was developed through an active, engaging and participative process aimed at facilitating collaborative working. As part of this process, two stakeholder engagement workshops were held in Ware, Hertfordshire, consisting of:

→ Workshop 1

The here + now: Understanding East Herts today and building towards a Vision.

→ Workshop 2

East Herts: Towards a Vision

A key focus throughout has been to develop the Vision collaboratively, with councillors and the Council's leadership team, sharing ideas and finding consensus and support towards a future blueprint.

Each workshop was attended by approximately 60 stakeholders, with participants including elected members across East Herts Council, East Herts' Council Senior Leadership Team, Key Officers from various departments including Planning Policy, Design and Conservation, Urban Design, Development Management, Sustainability, Housing and Health, and Economic Development.

The workshops consisted of tailored activities supported by graphic material and documents.

Activities in Workshop 2 were directly informed by outputs from Workshop 1, supporting a process where joint exploration, validation and challenge of lived experiences, ideas, trends and aspirations for the future has directly fed into the Strategic Vision, resulting in a shared Vision that has been co-produced and authored by all involved.

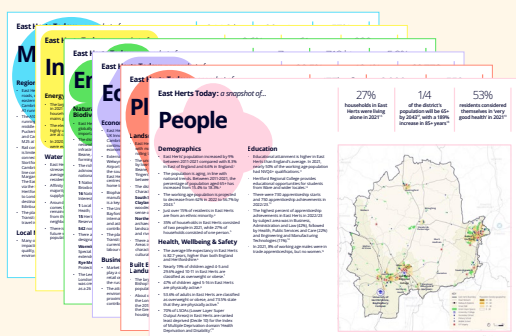


Timeline of engagement

1

Building an evidence base

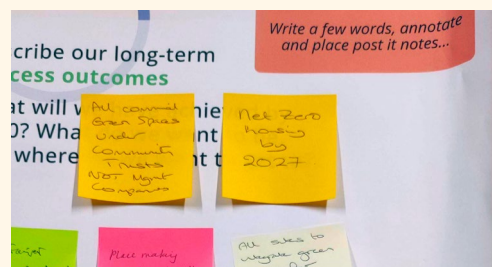
To gain an initial understanding of East Herts as it is today, insights gathered from GIS and Census data were synthesised into a series of informative baseline posters, to help inform discussions for Workshop 1.



2

Workshop 1, June 2024

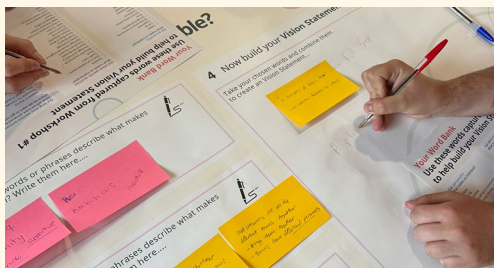
Building on the evidence base, a series of activities allowed us to validate, challenge and further understand East Herts through our lived experience. We began to think about our aspirations for the future.



4

Workshop 2, July 2024

Continuing to think about local and global trends, we explored different future scenarios to help us draft Vision statements, reflecting who we are now, and where we want to be in the future.



3

Futures Thinking

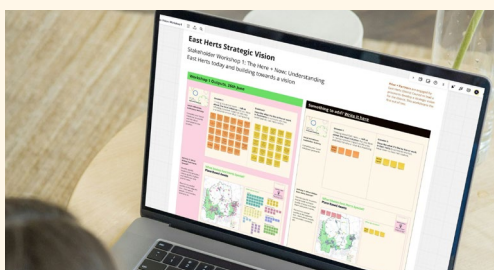
Through a futures flipbook, we looked towards global and national trends and how they might impact East Herts, inspiring us to think creatively about how to plan for a more positive future.



5

Sharing inputs

Inputs from each workshop were recorded onto an online platform, Miroboard. This allowed for wider viewing and further engagement.



6

Drafting the Vision

Combining our shared understanding of East Herts and the future we aspire to, our Strategic Vision was developed, forming key engagement material for the upcoming District Plan review.



East Herts today

Our District

East Herts is a great place to live and work. Strategically located to major global centres such as London and Cambridge, East Herts offers a balance of rural and urban living, great access to nature and open green and blue space, and a rich tapestry of cultural networks, active town centres and local businesses.

The district's distinct local character, rich heritage and high quality environment contribute to its' strong sense of identity and community pride amongst residents.

But where we have strengths, we are also challenged. We can only ensure a district fit for current and future generations if we take stock and recognise areas that must improve.

Covering the themes of People, Place, Economy, Environment, Infrastructure and Movement, a snapshot of our strengths and challenges are highlighted across the following pages, helping to focus our aspirations for the future and toward a Vision that will inform future decision-making for East Herts.



People

Strengths

East Herts is a great place to live and our vibrant communities are a testament to that. People here are healthy and happy, and the district is renowned for its outstanding educational and leisure facilities, making it a desirable place for individuals and families seeking a high quality of life.

The welcoming communities in East Herts are deeply connected, with residents who care for one another, evident in the many community groups and strong volunteering sector, and are dedicated to ensuring the well-being of future generations.

Nature and the outdoors are embraced across the district, with residents benefiting from a wealth of walking, cycling, and outdoor recreational opportunities that promote health and well-being.

Challenges

While East Herts is generally prosperous, there are pockets of deprivation across the district. The demand for new housing, combined with high house prices, exacerbates this issue, highlighting underlying social challenges in some areas. The increasing demand for housing, coupled with rising house prices and cost of living, has made it difficult for many young people and families to find affordable homes, leading to longer stays with parents, or moving out of the area and separating families.

There is also a growing demographic trend toward ageing residents, many of whom require specialised support and accommodation. Addressing these challenges is crucial to sustaining vibrant, multi-generational communities where all residents feel supported and valued.

307th

out of 317 ranked lower tier authority on the indices of multiple deprivation (1 being most deprived).

53%

of residents in 2021 considered themselves in 'very good health'.

25%

of the districts population will be 65 years and older by 2043, with a 189% increase in people aged 85 years and above.

14.9%

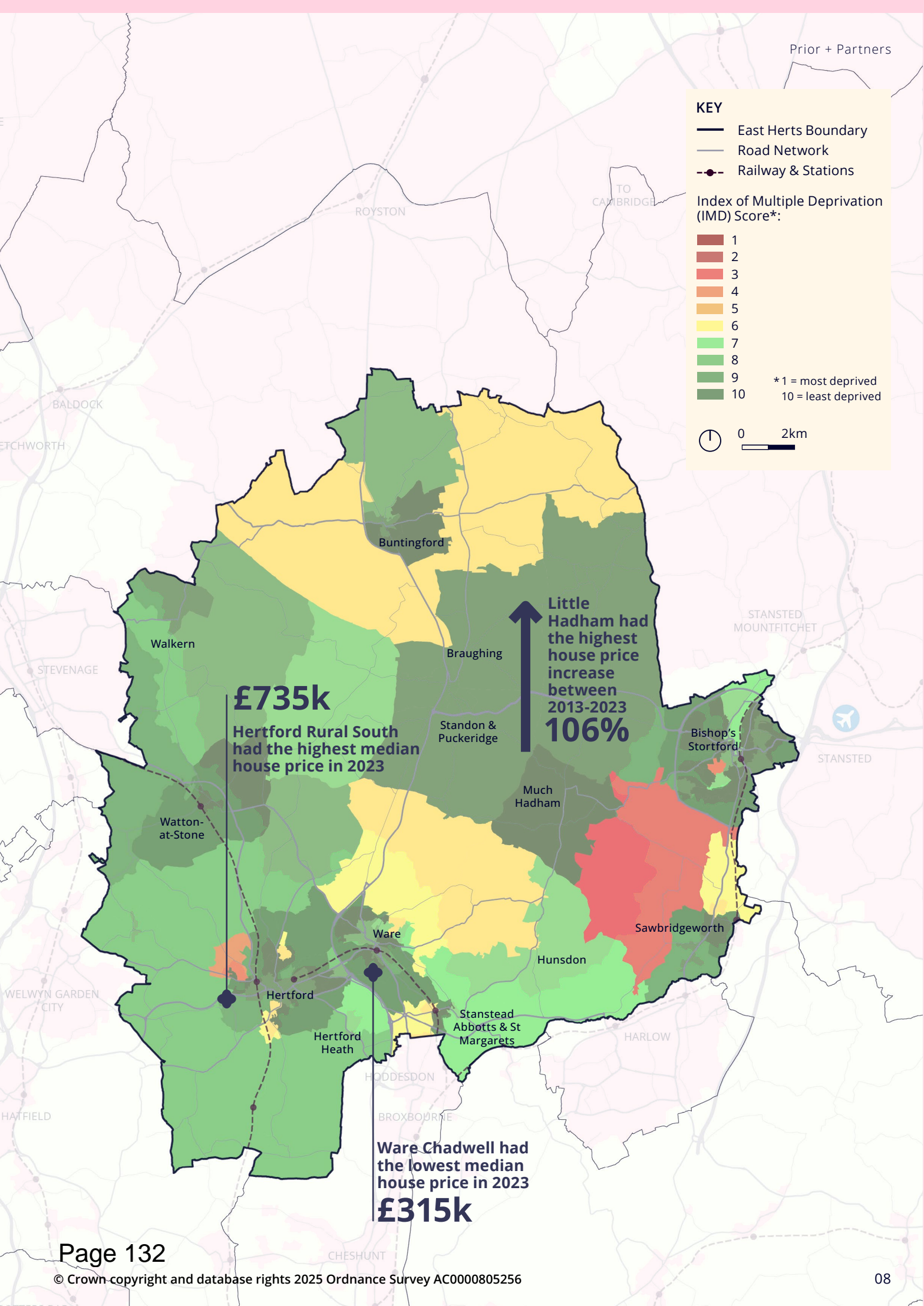
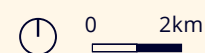
of households in East Herts are classified as 'financially stretched'.



KEY

- East Herts Boundary
- Road Network
- Railway & Stations

Index of Multiple Deprivation (IMD) Score*:



Place

Strengths

East Herts, with its historic market towns and picturesque villages, possesses a unique charm and character. This fosters a strong sense of place and identity among residents.

Market towns and villages within East Herts have strong local identities shaped by rich heritage, community groups and seasonal events. Our vibrant high streets have remained resilient despite recent economic challenges, and continue to support local independent businesses as places of culture, leisure and entertainment.

Our incredible open spaces, parks, and waterways are valuable assets that provide leisure opportunities for residents and attract visitors from surrounding areas.

Challenges

East Herts faces significant pressures on housing affordability and delivery. The high cost of homes and the limited availability of social housing create barriers for many residents, particularly younger generations and those with fewer means.

These pressures must be balanced against preserving the district’s protected areas, and the local character and identity of its settlements. New developments can sometimes lack the distinct elements that give East Herts its unique charm and identity.

59

local Landscape Character Areas in East Herts, each with distinct characteristics and natural, historical and cultural features.

3000+

Heritage Listed Buildings across the district.

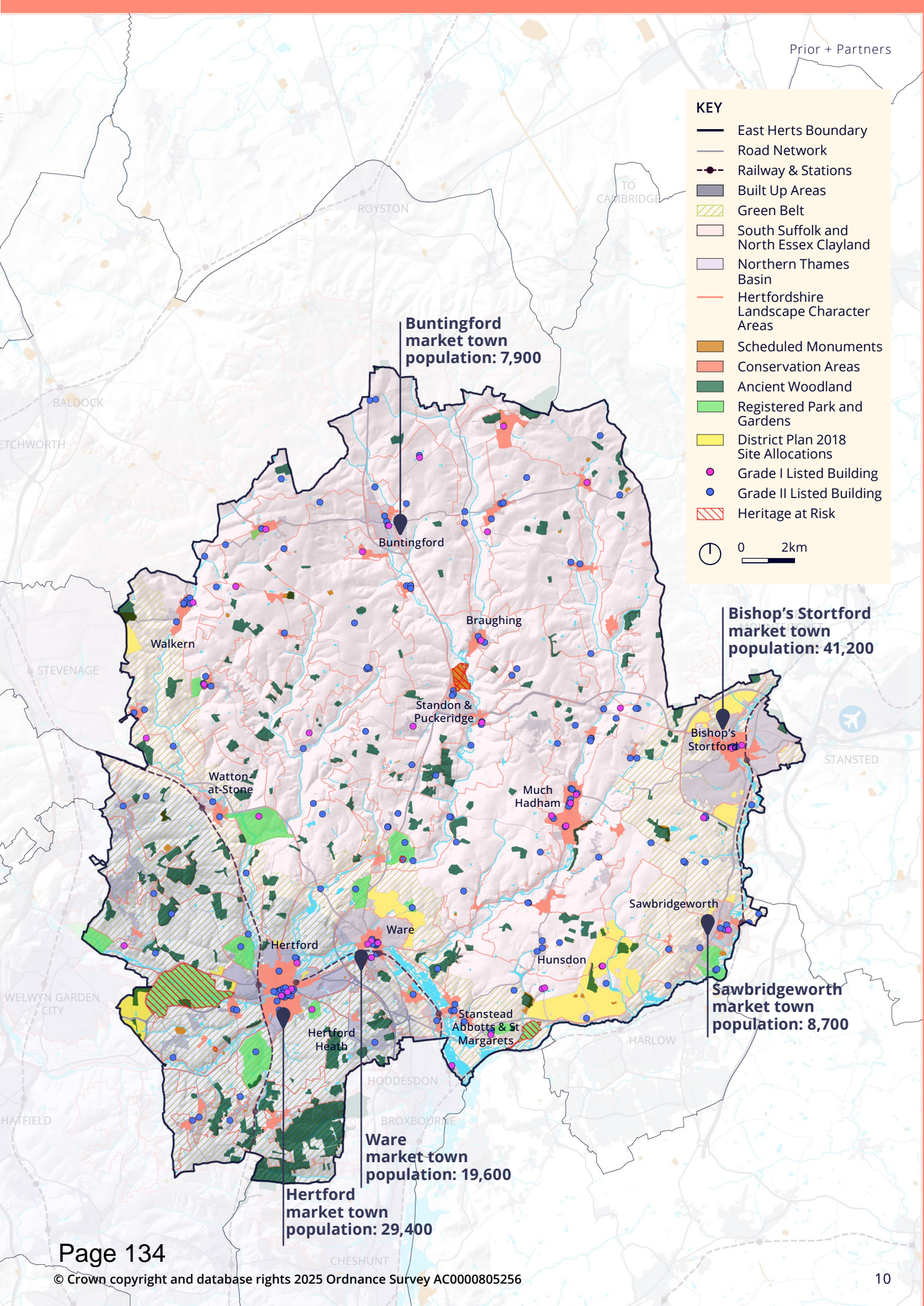
64

Grade II Listed Buildings are identified at risk by the Local Heritage at Risk Register.

9.5

house price to earnings ratio, compared to 8.1 in England and Wales.





Economy

Strengths

At the heart of the UK Innovation Corridor (formerly LSCC), East Herts is central to a broader area of economic growth and innovation that is critical to the UK economy. In particular, GSK, a leading biopharma company, has a global manufacturing facility located in Ware and is a key employer in the area. Many residents also work in nearby innovation hubs such as Stevenage, Cambridge, London, Harlow, and also at Stansted Airport, made possible through the existing inter-district connections that are essential to local economic success.

The local economy is also driven by the district’s many market towns and villages, which serve as retail centres, employment areas, and tourism destinations, allowing locally owned micro-businesses to flourish. SMEs form a vital part of the wealth generation within the district’s economy.

Challenges

The district faces economic challenges entwined with local mobility and housing affordability. Weak east to west transport connectivity within the district poses challenges to ensuring all residents can access employment opportunities, and high housing costs are driving out our young workforce and key workers.

There is a need to support local and small businesses in finding suitable premises for growth, and to address the potential impact of home-based businesses on future business rates. In a district where the rural economy is the most significant in terms of land holdings, our agricultural industries and food security is threatened amidst the challenges of climate change.

Improving the local job market and supporting sustainable economic growth will be key to creating thriving communities across the district.

19%

of enterprises in East Herts are in the ‘Professional, Scientific & Technical’ industry group.

90%

of enterprises in 2023 were micro-sized (0-9 employees).

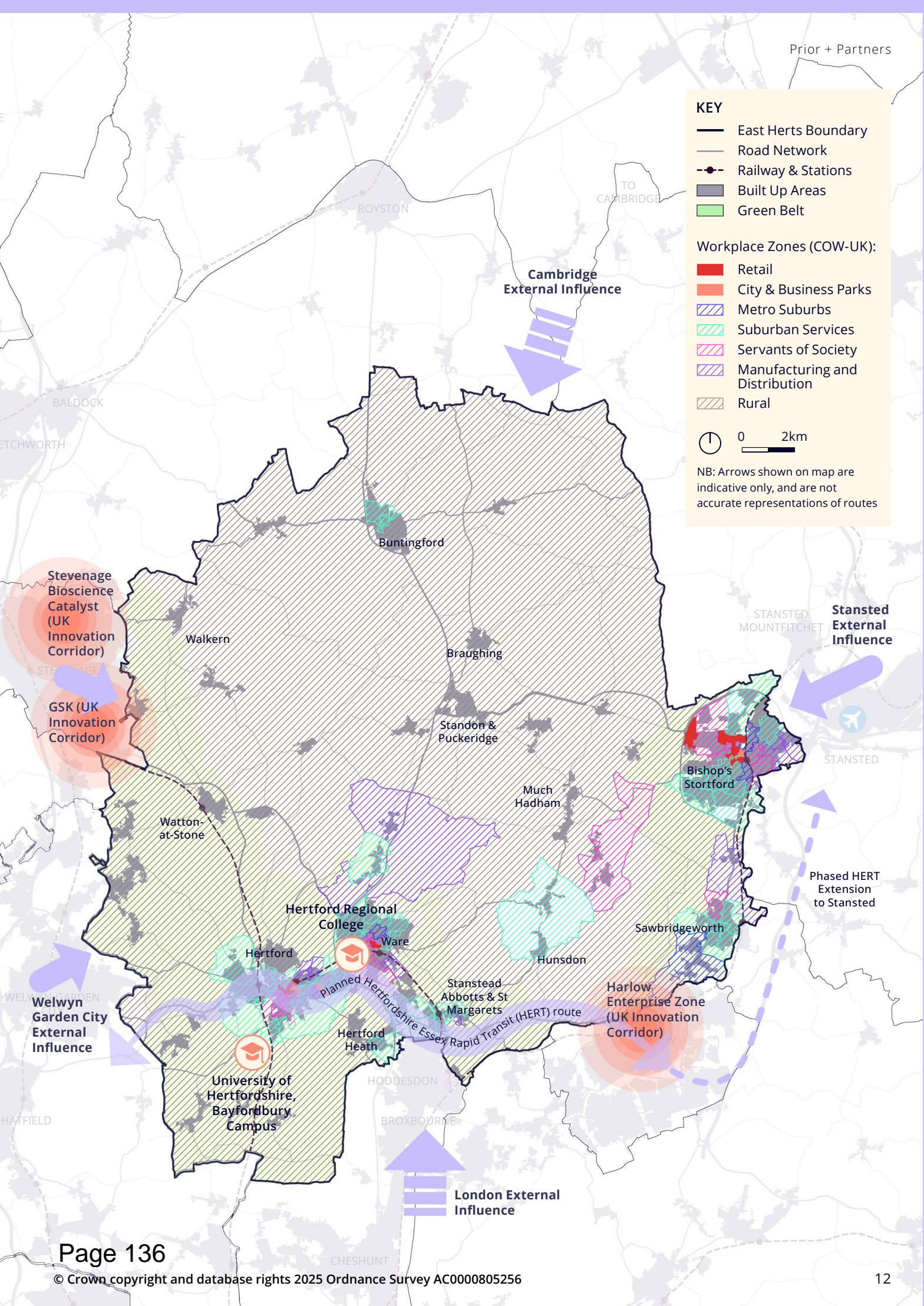
2/3

of land in East Herts is made up of rural areas, with more than 400 agricultural holdings.

15%

of all businesses formed in 2016 survived at least five years.





Environment

Strengths

- From rare chalk streams to ancient woodlands, East Herts is home to an incredibly rich and diverse natural environment. This variety enhances the quality of life for residents and fosters a strong connection to the natural world. Almost all of East Herts' rivers are chalk streams, making up 7 of around 210 globally.
- Residents enjoy easy access to nature through an extensive public right-of-way network and opportunities to use the waterways, supported by numerous green spaces and country parks in and around urban areas.
- Local communities have shown their commitment to environmental protection and reducing carbon emissions through habitat protection initiatives, participation in solar schemes, and organised litter-picking efforts.

542

non-statutory Local Wildlife Sites, 16 national Sites of Special Scientific Interest, 15 wildlife trust reserves, and 1 Local Nature Reserve.

7

out of 210 globally rare chalk streams are located in East Herts.

Challenges

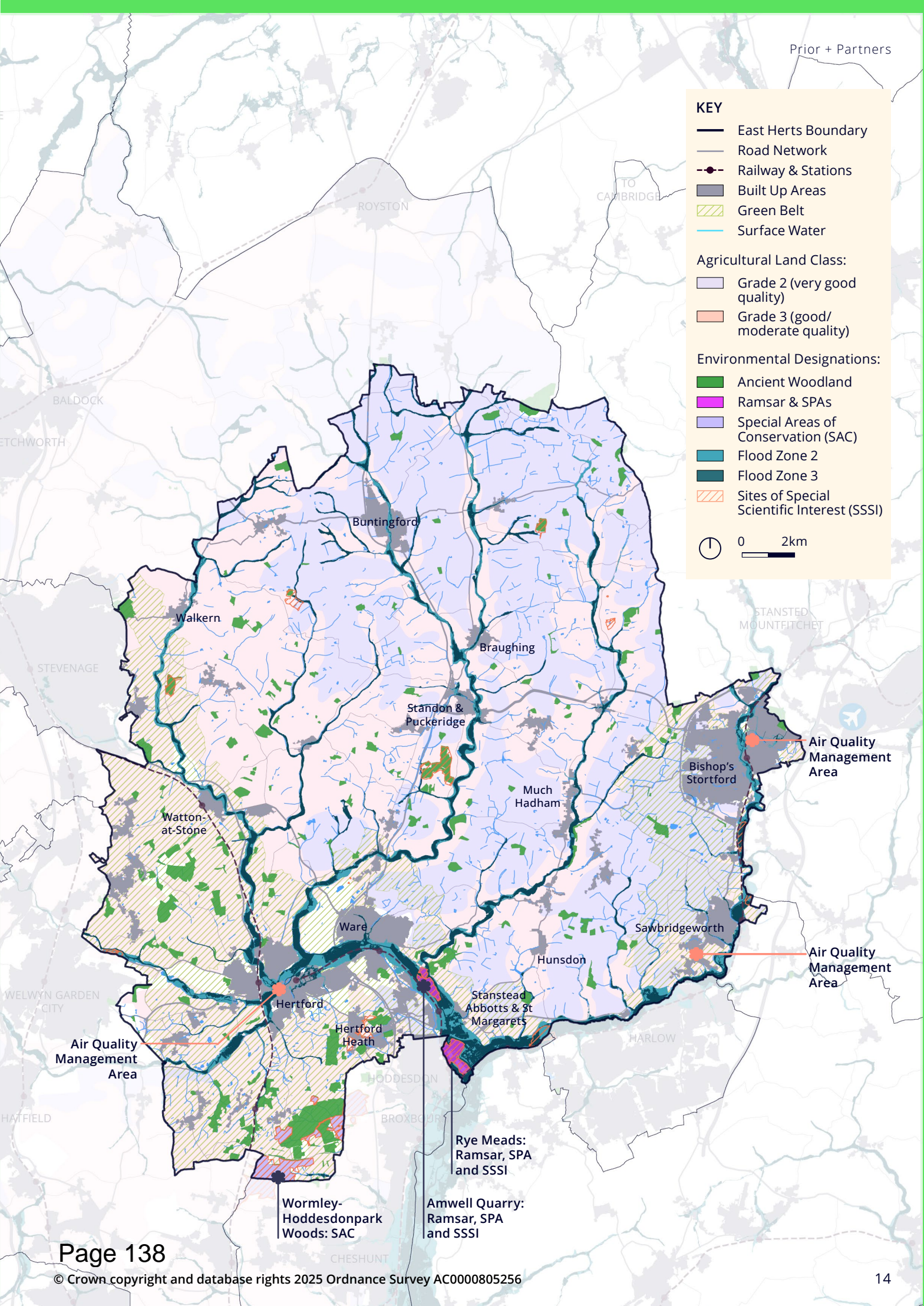
- Many of East Herts' natural assets and resources are under threat from climate change and human activity. Pollution from development and waste endangers ecologically important sites, including globally rare chalk streams, and climate change is resulting in hotter and drier seasons, contributing to water scarcity and flood risk. This issue is compounded by the over-extraction of natural resources, which could impact on the district's capacity for new development if not addressed.
- Heavy reliance on private vehicles and non-renewable energy sources means households and businesses across East Herts contribute to greenhouse gas emissions.
- To protect the environment and embrace net-zero, innovative solutions are needed to promote sustainable lifestyles.

718kt

total greenhouse Gas emissions in East Herts in 2021, down from 965kt in 2011.

6.5%

Mortality rate attributable to particulate air pollution in residents aged 30 years and above.



Infrastructure

Strengths

In recent years, East Herts has made significant progress in embracing solar energy. Relative prosperity and council-led schemes have enabled communities to group-buy solar panels, resulting in 1,438 solar panels being installed between 2022 and 2023.

More broadly, our local infrastructure supports a high standard of living, including excellent social infrastructure provision. Digital connectivity is also impressive, with 96% coverage of superfast broadband. These strengths contribute to the district’s economy and desirability as a place to live, work, or visit.

Challenges

Despite these advancements, the district’s infrastructure is under significant strain, with water supply and electrical networks operating near capacity. This could pose challenges to sustainable growth.

In particular, water supply is a pressing issue, as over-abstraction and high water consumption strain existing resources and threaten future provision. Continued mismanagement of wastewater is impacting on the quality of our natural waterways.

Digital inequality also persists, particularly in rural and less affluent communities, limiting access to remote working opportunities and the digital world. Addressing these issues will be crucial to supporting future growth and ensuring equitable access to infrastructure across the district.

61 GWh

of total renewable electricity was generated in East Herts in 2022.

10%

of households in East Herts were estimated to be in fuel poverty in 2020.

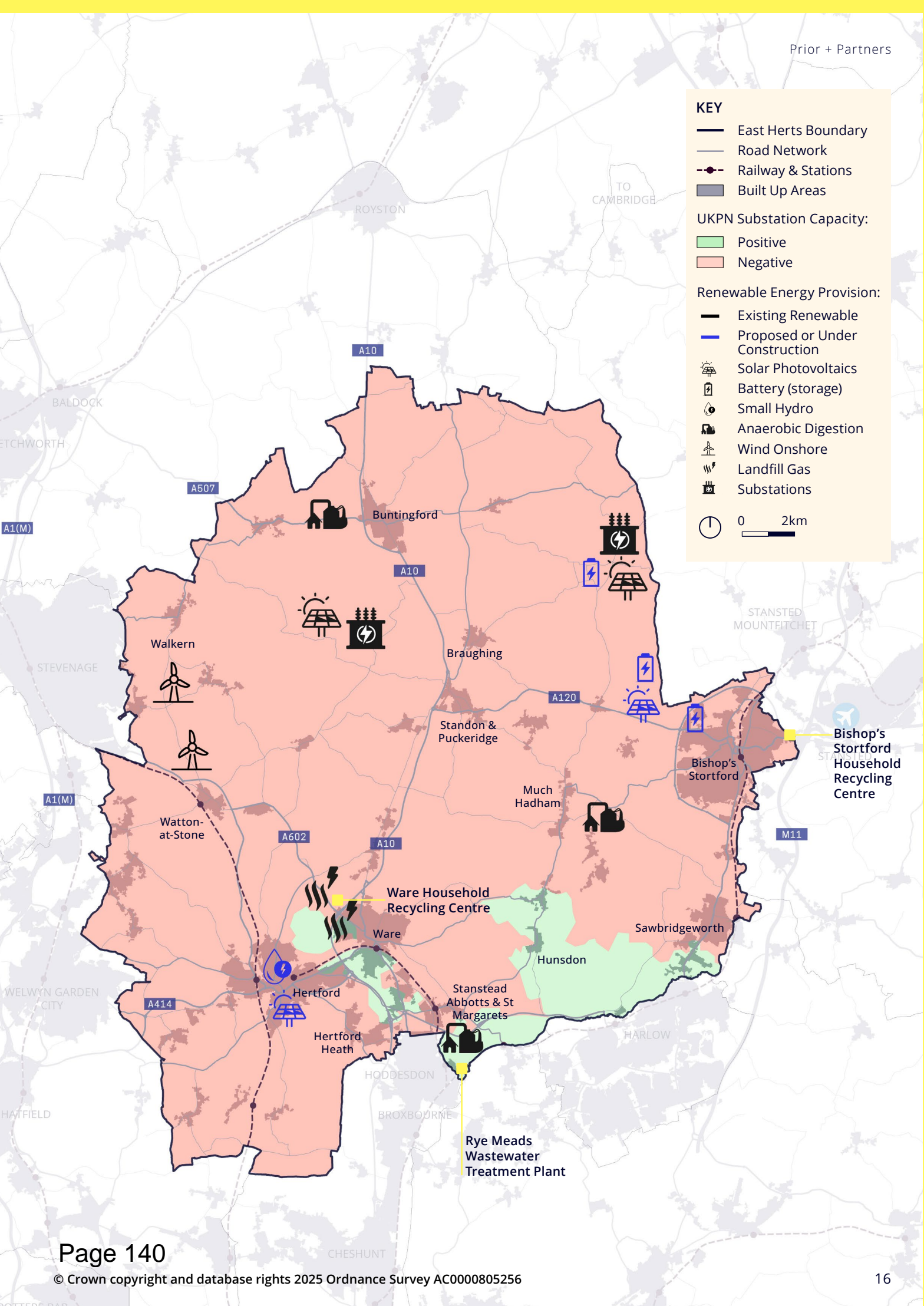
1,779

hours of raw sewage was discharged into rivers across East Herts in 2022.

0.6%

of households use renewable energy for central heating, while 71% rely solely on gas supply.





Movement

Strengths

The district benefits from excellent national and international connectivity through its proximity to two international airports, Stansted and Luton. Key market towns such as Hertford, Ware, and Bishop’s Stortford enjoy excellent north-south rail connections to London. Cambridge can be accessed from Bishop’s Stortford, while this and other wider environs can be reached through interchanges outside of the district. East Herts is also well-connected to the national road network, bordered by the M11 and A1 on the east and west, and bisected by the A10, which connects central areas to London in the south and Cambridge in the north.

Much of the district is covered by an extensive Public Right of Way network, with many residents utilising it to walk to work. The National Cycle Network Route 61 also connects Hertford and Ware to London.

Challenges

The district faces challenges with public transport connectivity, particularly within rural areas and east-west connectivity, where reliability and access are limited. Some train stations lack safe footpaths and are not easily accessible without a car. Unreliability and slow journey times on some bus and train routes also contribute to a reliance on private vehicles and isolate those who cannot drive, such as younger or older people, or those with disabilities.

While the network of public rights of way and cycle routes is extensive, these are not always well integrated with each other, public transport, or desired destinations, therefore limiting their use for daily travel.

Improving connectivity and promoting active travel options will be essential for creating a car-free and healthy future.

34%

of residents in 2022 used walking as part, or all, of their main method of travel to reach a destination, and 1.6% included cycling.

45%

of East Herts households in 2022 owned one car, 39% owned two cars and 13% owned three or more cars. This is higher than the national averages of 41%, 26% and 9%, respectively.

57%

of residents used a car or van as their main method of travel in 2022.

244 kt

of CO2 in East Herts was generated by the transport sector, the greatest contributor in 2021.

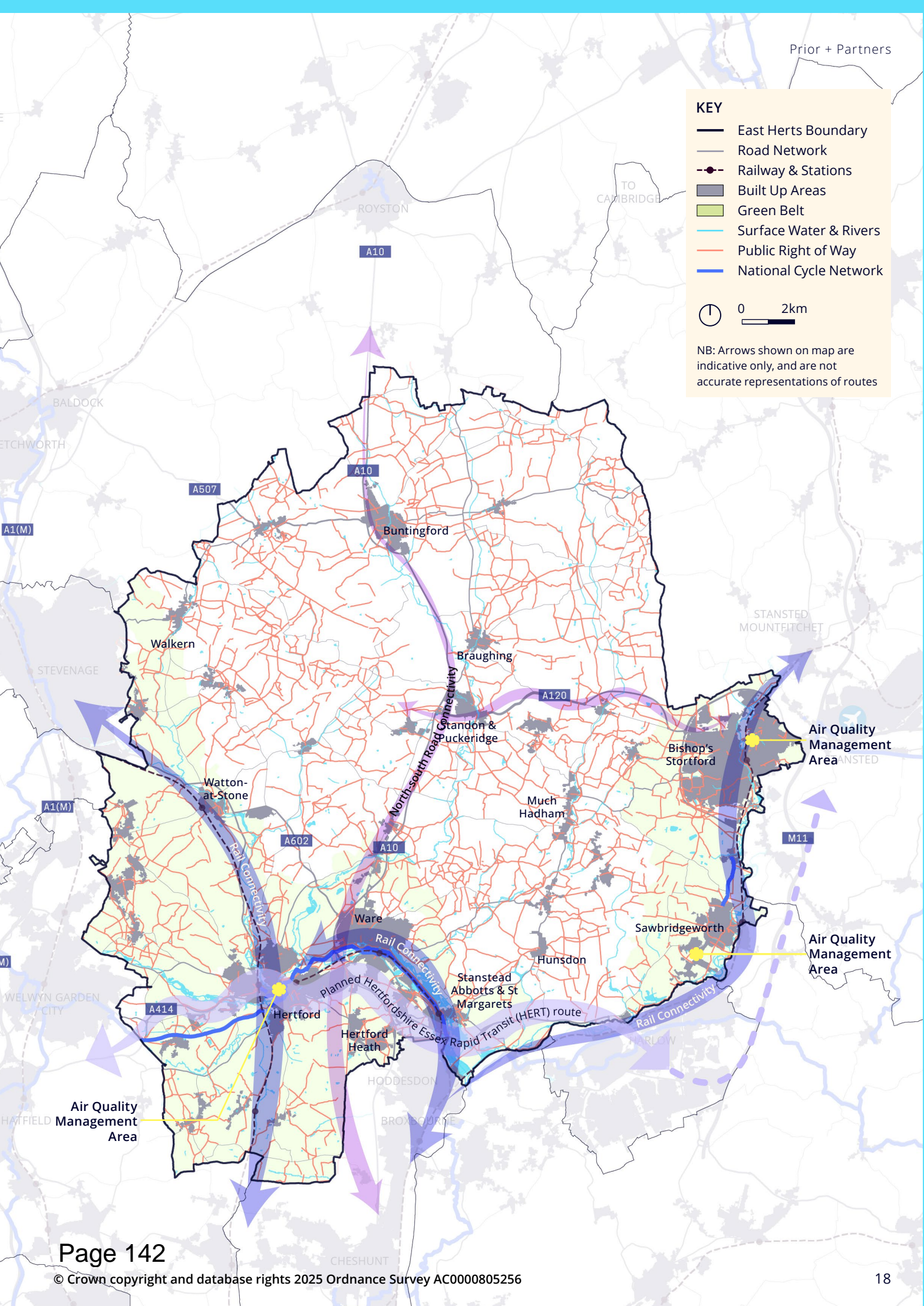


KEY

- East Herts Boundary
- Road Network
- Railway & Stations
- Built Up Areas
- Green Belt
- Surface Water & Rivers
- Public Right of Way
- National Cycle Network

0 2km

NB: Arrows shown on map are indicative only, and are not accurate representations of routes



Our Vision

The Vision structure

The East Herts Strategic Vision is summarised by an overarching Vision Statement, which reflects our aspirations for the District by 2050. Under the broad themes of People, Place, Environment, Economy, Infrastructure, and Movement, our Vision is explored in greater detail, with each theme containing four key aspirations outlining our objectives.

While a clear Vision and objectives are essential for guiding plan-making, our aspirations must also be grounded and deliverable. To help inspire us, each aspiration is supported by relevant examples of successful local, national, or global projects, and policy examples where local authorities and other bodies across the UK have demonstrated innovative ways on how ambition can be achieved through local planning powers.

These examples serve as inspiration and practical guidance, helping East Herts District Council turn the Vision into reality and achieve its long-term goals.

Our Vision statement



Renowned for our **unique and charming** historic market towns and villages set within beautiful countryside, rare chalk streams and rich heritage, East Herts will be an exemplar of **sustainability**, where innovative design solutions respect local character and are harnessed to mitigate and adapt to climate change and enhance biodiversity.

Our communities will continue to thrive, supported by **affordable and accessible** housing, **reliable** public transport, and **improved** public open spaces—promoting active lifestyles and creating **inclusive** places for all.

By nurturing local businesses, we will create a **resilient, prosperous and secure** future for all residents and visitors.

Collectively, we will recognise the responsibility we have to create a district fit for future generations.

Our aspirations in a snapshot



People

- Encourage diverse communities
- Provide quality education and jobs
- Increase access to affordable housing
- Foster health



Place

- Enhance our unique local character
- Pioneer high quality design
- Effective land use
- Create inclusive places



Economy

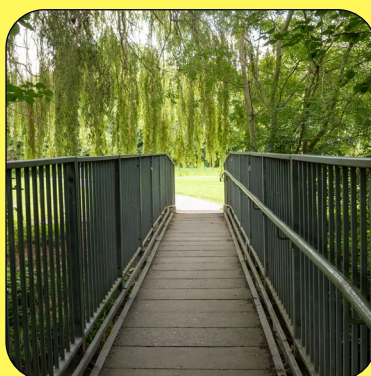
- Support local businesses to thrive
- Attract good investment
- Grow our green economy
- Promote a fair and resilient economy, including local food production and supply

Image credits: East Herts District Council (all)



Environment

- Be custodians of the future
- Increase biodiversity
- Address the climate emergency
- Clean air and water management



Infrastructure

- Grow our renewable energy sources
- Enable high speed digital infrastructure
- Lead sustainable waste management
- Connecting communities through travel



Movement

- Enable district-wide public transport
- Prioritise active travel
- Reduce car reliance
- Inclusive travel



People

Our aspirations

→ Encourage diverse communities

Establish a fair and balanced society by enabling young people, key workers and other East Herts residents to live locally, and support older people by delivering 21st century multi-generational communities.

→ Provide quality education and jobs

Maintain our high standards of education, nurturing a highly skilled and innovative workforce with equitable access to local work.

→ Increase access to affordable housing

Plan for a range of housing types and tenures to ensure equitable and affordable access to housing – meeting the needs of our residents.

→ Foster health

Be known as the 'happiest district' where we are renowned for prioritising our population's health by enabling everyone to lead sustainable lifestyles, using wellbeing as a key indicator.

The power of the plan: Policy examples

Providing accessible and adaptable homes

Watford's Local Plan was adopted in October 2022 and has since been recognised as the 'Best Plan' at the RTPI East of England Awards for Planning Excellence.

A key aspect of the Plan is to ensure that new homes are designed to the highest standards in terms of being environmentally friendly and affordable for residents. In particular, the Local Plan includes a policy which requires developments of 50 homes or more to design 2% of the dwellings with 'Dementia friendly design principles'.

Where can we draw inspiration from...

Nationally...

[Homeshare UK](#) is a programme which matches older people who can offer a spare room with younger people looking for affordable living space. The scheme brings communities and generations together to reduce loneliness and social isolation which affects all ages.

Homeshare enables people to share their lives for mutual benefit in a reciprocal arrangement, addressing the pressure on our housing stock to meet people's needs through mutual trust and respect.

The [Fairer and Healthier Liverpool](#) Group has sought to integrate health considerations into city planning, housing, and resource allocation, fostering a holistic approach to public health in Liverpool that is helping to improve the health and wellbeing of all citizens.

Community engagement sits at the heart of the strategy, ensuring local voices shape policies. The work informs future public health strategies, building on Liverpool's experience and participation in networks such as the Healthy Cities Network.

Place

Our aspirations

→ Enhance our unique local character

Enhance the charm and character of our historic market towns and villages, strengthening their unique and individual identities.

→ Pioneer high quality design

Pioneer design-led development to enhance the quality of our places and ensure they mature positively for future generations.

→ Effective land use

Maximise the potential of our land by ensuring a density and diversity of uses that activates streetscapes, improves public transport efficiency, minimises water and energy consumption and enhances biodiversity.

→ Create inclusive places

Engage with all our communities to create healthy, safe and well-connected places, so that they are accessible and inclusive places for all.

The power of the plan: Policy examples

Centring a place-based approach

The Croydon Local Plan (2021), informed by a Borough Character Appraisal, divides the borough into 16 distinct “Places,” each with its own Vision, policy framework, and proposals diagram.

This approach goes beyond the requirements of national planning policy to enable place-specific policies that protect and enhance the unique character of each area.

Where can we draw inspiration from...

Locally...

East Herts has set up [Community Forums and Development Management Forums](#) which bring together residents, planners, local councillors and developers to discuss and share information about housing developments planned for the district, to help collaboratively shape the places where they live, work and play.

Such spaces for community voice will play a vital role in shaping the future direction of the district and ensuring all are brought along on the journey.

or nationally?

[BedZED](#) is a pioneering eco-community in South London, exemplifying design-led development that prioritizes both high-quality design and sustainability. The award-winning project is centred on creating an environment that not only reduces ecological impact but also enhances the quality of life for its residents. The development’s design features, which include energy-efficient buildings and the use of renewable materials, reflect a commitment to long-term sustainability. By integrating these elements, a standard is set for high-quality living and future-proofing development, ensuring they remain resilient and beneficial for future generations while fostering a vibrant, liveable community.



Economy

Our aspirations

→ Support local businesses to thrive

Support a thriving local economy, where local businesses can access suitable, affordable workspace and be supported to grow. Protect and promote the viability of our town centres.

→ Attract good investment

Drive an innovative economy which leverages our advantageous location to attract key industries and inward investment.

→ Grow our green economy

Enable a green and resilient economy, by promoting green industry growth and supporting sustainable business practices including the circular economy, retrofitting and low carbon materials.

→ Fair and resilient economy

Strengthen local economic resilience by prioritising a diversified local economy, including local food production, and create a fair, inclusive economy with flexible, high-quality jobs that enhance people's quality of life.

The power of the plan: Policy examples

Preston Community Wealth Building

Preston City has become a leading light for community wealth building, creating a resilient and inclusive economy for the benefit of the local area. It has emerged as a powerful approach to local economic development.

Preston City Council and The Centre for Local Economic Strategies have released a joint publication 'How we build community wealth in Preston: Achievements and lessons', which sets out how community wealth has been built in Preston. It outlines key achievements, offers reflections and maps out possible next steps. The publication has had much success, with the 'Preston Model' now used as term used to describe community wealth building.

Where can we draw inspiration from...

Locally..?

The [East Herts Launchpad Business Centre](#) at Bishop's Stortford is an innovative space which provides a flexible working environment and meeting space for local entrepreneurs and start-ups.

The centres are run by East Herts District Council, and respond to new economic trends where businesses require more flexible spaces to economise and scale-up where necessary. The centres also offer one month free hot-desking, allowing local entrepreneurship to flourish.

[Mudlarks](#) is a Hertford based charity that enables people of all abilities to learn and work together through gardening.

The charity supports adults with learning disabilities through volunteering and employment opportunities on their allotments and cafe, promoting local skills and food production.

Their gardeners also provide services to local council gardens and elderly community members, charting a pathway from horticultural training into employment while delivering wider benefits to the community.



Environment

Our aspirations

→ Be custodians of the future

Protect and enhance our important green landscapes and waterways for future generations to enjoy and benefit from, balancing access to nature with its protection. Implement creative strategies to preserve our water supply and reduce consumption in new and existing communities.

→ Increase biodiversity

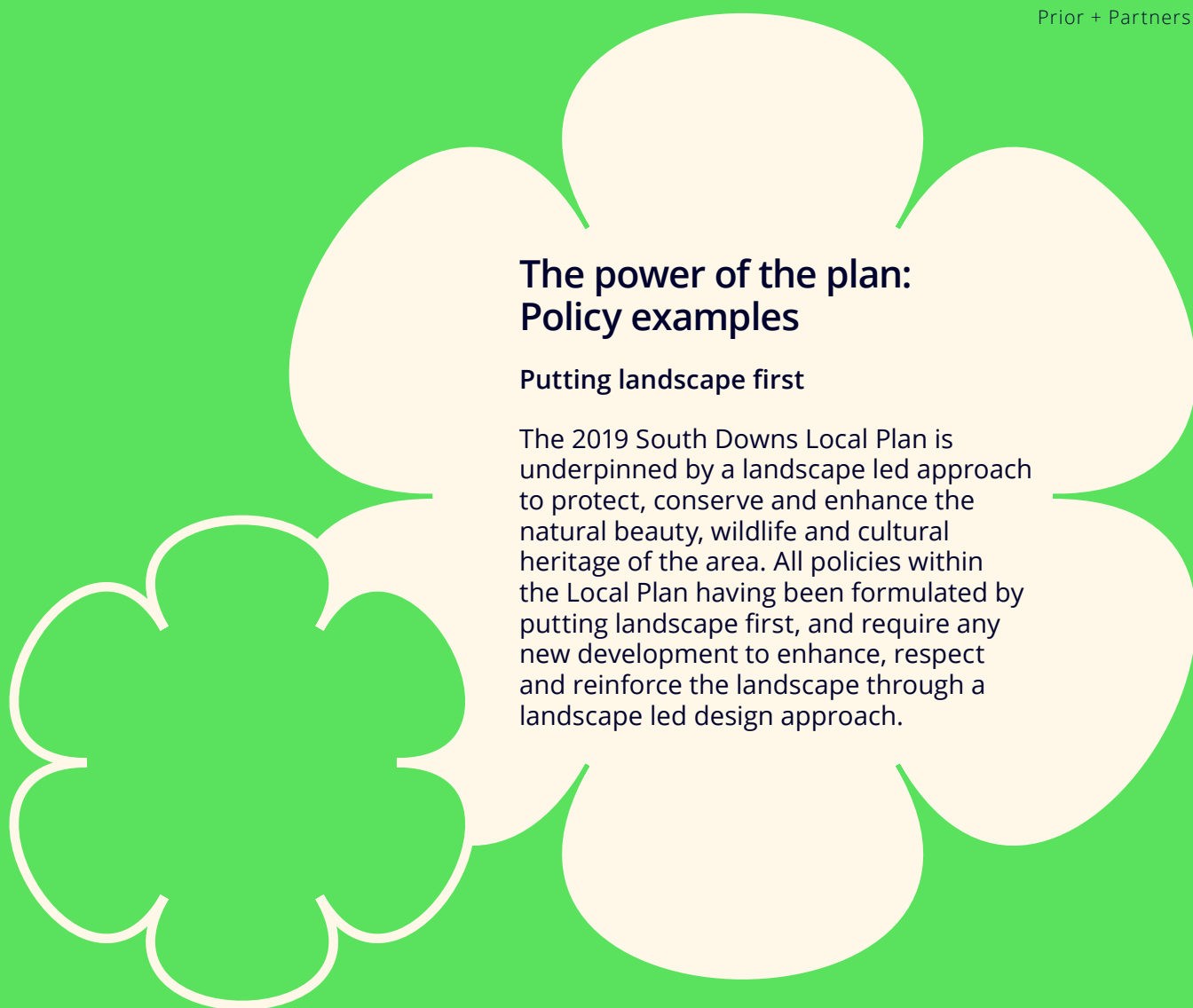
Protect habitats to support local ecosystems; promote sustainable, nature-rich environments and increase biodiversity.

→ Address the climate emergency

Embrace solutions to tackle the climate emergency by promoting sustainability through waste reduction, recycling, and low-carbon lifestyles as responsible custodians.

→ Clean air and water management

Protect and enhance our unique chalk stream habitats and ensure our air remains clean, healthy, and safe. Protect landscape, wildlife and communities from the risk of flooding.



Where can we draw inspiration from...

Locally...

Beane marsh is a much loved wildlife habitat with stunning views along the River Beane, a peaceful ecological oasis at the very heart of Hertford.

[Save Beane Marshes](#) is a campaign and fundraising initiative that started in 2019 by the local community to protect the Beane Marsh when it was put up for sale. The successful campaign led to the nature reserve becoming owned and managed by Herts and Middlesex Wildlife Trust to secure its ecological value. The objective remains to conserve and enhance the land for the benefit of ecology, wildlife and the local community.

or nationally?

The University of Sheffield, Yorkshire Water and [Siemens](#) have worked in collaboration to install a network of sensors (Internet of Things) along a series of chalk streams in Yorkshire to continuously monitor their water levels, temperature, and water quality.

Using artificial intelligence, sensors indicate where blockages in Combined Sewer Systems present an overspill risk, so that these can be addressed before unnecessary pollution occurs.



Infrastructure

Our aspirations

→ Grow our renewable energy sources

Power our district with clean, affordable and carbon neutral energy by maximising the use of solar, wind, and other types of generation in the right locations.

→ Enable high speed digital infrastructure

Equip communities and businesses with the necessary infrastructure to excel in the digital age by improving access to gigabit-capable and full-fibre broadband.

→ Lead sustainable waste management

Become a national leader in sustainable waste management by boosting recycling rates and reducing the consumption of non-recyclable materials.

→ Connecting communities through travel

Enable communities and businesses to physically connect with one another by ensuring infrastructure is in place so that sustainable and efficient travel choices are available as the most attractive option for journeys.

The power of the plan: Policy examples

Delivering renewable energy

Stroud District Council's Draft Local Plan supports renewable energy development by identifying suitable areas for wind and solar energy generation, through an evidence-based Renewable Energy Resources Assessment.

Policies focus on community engagement and technical viability, facilitating onshore wind projects within local planning constraints, complying with national planning policy and guidance, and helping the district to achieve net zero carbon by 2030.

Where can we draw inspiration from...

Locally...

East Herts' [Solar Together](#) group buying scheme enables people to come together to invest in solar panels with optional battery storage and EV charging points. Those who have already invested in solar panels can benefit from retrofitted battery storage to help them get more from the renewable energy they generate.

Between 2022 — 2023 East Herts residents used the scheme to install 1,438 solar panels which represents a collective investment of over £1.7 million in solar power. This will generate 12GWh of energy over 25 years leading to a carbon reduction of 2,791 tonnes over that time.

or globally?

Melbourne City, Australia, has mainstreamed [Water Sensitive Urban Design](#) (WSUD) into all new developments and retrofit schemes. WSUD integrates sustainable water management and urban design to enhance environmental resilience and urban liveability. It employs strategies such as rain gardens, green roofs, permeable paving, and urban wetlands to manage stormwater at its source. These elements capture and filter rainwater, reducing runoff and improving water quality through natural processes.

WSUS is required by city ordinance, with local councils and developers collaborating to integrate these features into residential, commercial, and public spaces.



Movement

Our aspirations

→ Enable district-wide public transport

Enable residents to travel sustainably with ease between our market towns, rural villages and beyond by creating an efficient, reliable and affordable public transport system.

→ Prioritise active travel

Promote healthy and sustainable lifestyles by prioritising walking, cycling, and wheeling as the go-to methods for daily travel.

→ Reduce car reliance

Foster an environment that minimizes our reliance and preference for private vehicles by encouraging the use of public transport and active travel.

→ Inclusive travel

Ensure everyone has equal access to a range of transport options irrespective of age, gender, disability or income by creating safe and accessible public transport and active travel infrastructure.

The power of the plan: Policy examples

Promoting active travel towns

The Hailsham Neighbourhood Plan was adopted in 2021 and presents an alternative model to growth.

Hailsham Town Council identified that all everyday services and facilities were within a five to ten minute walk, cycle or bus journey, which was possible due to the town's relatively compact nature. However, the existing infrastructure and road design made it undesirable or unsafe to travel by any means other than by car, resulted in significant car usage. Therefore, the Neighbourhood Plan seeks to enhance Hailsham as a 'ten-minute town', where people of all ages and abilities can easily access day-to-day services and facilities without the use of private vehicles.

Where can we draw inspiration from...

Locally..?

Hertfordshire County Council and East Herts Council are working together to produce a Local Cycling and Walking Infrastructure Plan (LCWIP). The LCWIP will identify measures to make it easier, safer and more enjoyable to walk, wheel and cycle in East Herts so that more people can choose to make their everyday journeys in an active and sustainable way.

[LCWIP](#)'s aim to give communities more options for how they travel, so that individuals and families can go to work, school, shopping or carry out other everyday journeys on foot or by bike and feel safe. They also enable more funding opportunities to be accessed to help deliver the schemes.

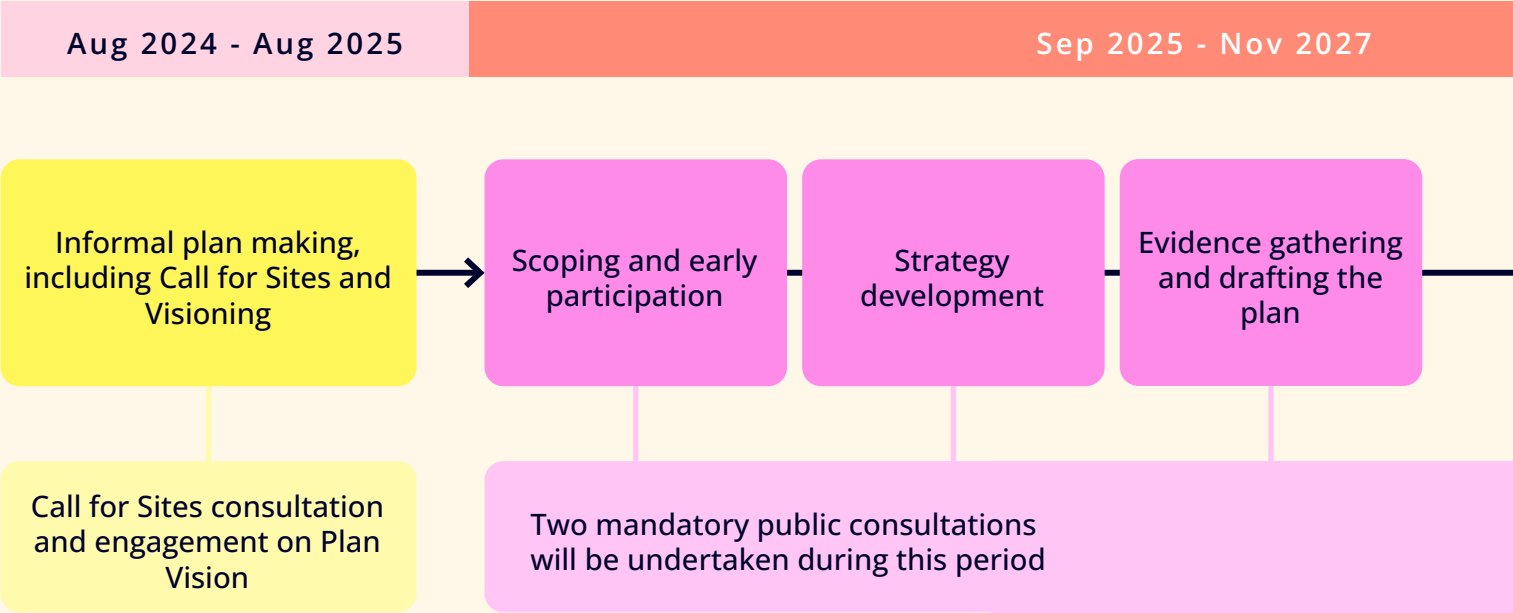
[The Hertfordshire Essex Rapid Transit](#) (HERT) is a long-term project to create a new, sustainable passenger transport network. This will be achieved through an accessible, reliable and affordable east-west transit system which connects people easily to where they live, work and visit.

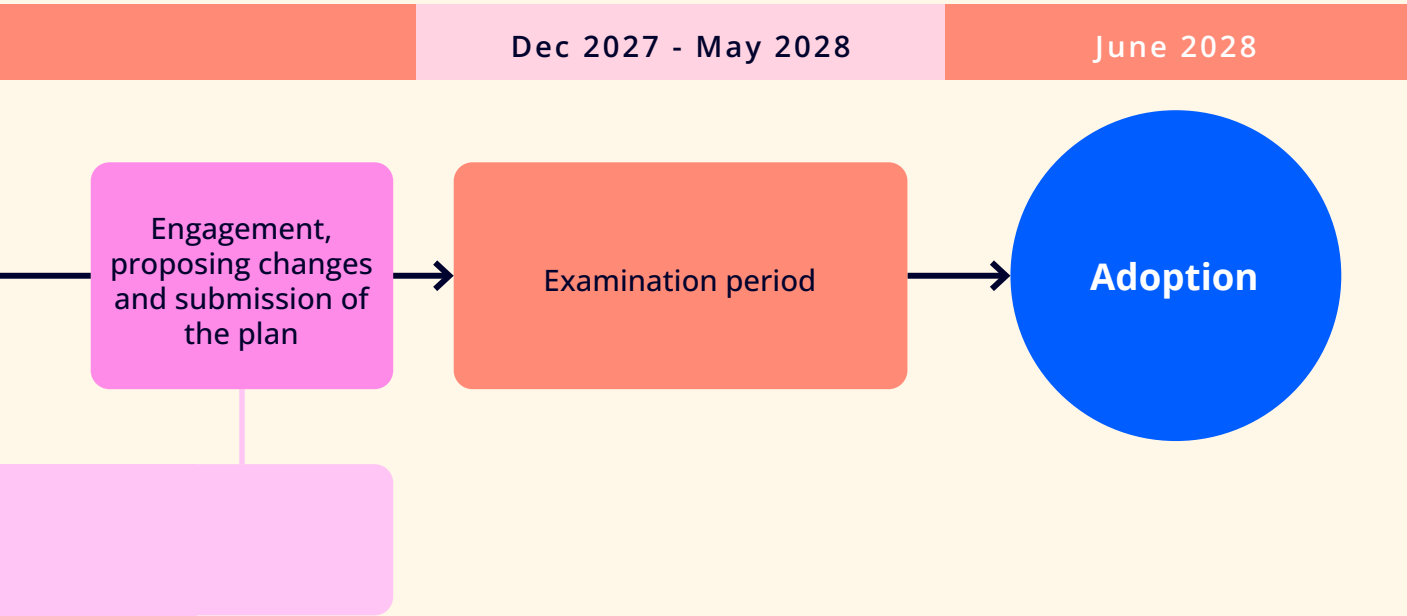
The HERT will support economic growth, improve the environment and positively impact our existing and new communities. It will also connect with north-south rail lines to create new sustainable journey options across the whole of Hertfordshire and beyond.

Next steps

District Plan Review Timeline

Following the development of the Strategic Vision, East Herts Council will embark on their district plan review. The timeline below outlines the steps in the district plan review process.





* Dates subject to change



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Agenda Item 10

East Herts Council Report

Council Meeting

Date of meeting: Wednesday 14th May 2025

Report by: Ben Crystall – Leader of the Council

Report title: Update on Local Government Reform and Devolution

Ward(s) affected: (All Wards);

Summary – To ensure all members are aware of the Local Government Reform and Devolution timetable for Hertfordshire and the upcoming consultation and decision making process

RECOMMENDATIONS FOR Council:

- a) To note the information contained within this report AND
- b) To endorse the Leader and Interim Chief Executive's continued negotiation and debate with the other 10 Hertfordshire Councils to develop a proposal for the future of Hertfordshire local government taking into consideration the options that best continue to deliver services for our residents in East Hertfordshire
- c) To come back to this Council in Autumn 2025 to present the final proposal for endorsement by members following public consultation.

2.0 Background

2.1 On 16th December 2024, the Government published the [English Devolution White Paper](#), which set out a range of proposals relating to devolution and Local Government Reorganisation (LGR).

2.2 The current system of local government is complex. There are a range of different structures, including Strategic Authorities (mostly mayoral combined authorities), county councils, city councils, borough councils, district councils, and town and parish councils.

2.3 The recent Devolution White Paper seeks to achieve two things: devolving more powers to local areas (devolution) and simplifying the local government structure (Local Government Reorganisation).

2.4 Collectively, Hertfordshire authorities (10 District and Boroughs plus the County Council) agreed not to postpone county elections (May 25) and not to pursue the Priority Programme. Hertfordshire was invited to submit initial proposals for the future of the County administrations by 21st March 25

2.5 On 20th March 25, all 11 authorities submitted a single joint proposal, to which all authorities signed up to. A copy of the interim submission can be found [here](#)

2.4 The Government has committed to providing initial feedback on the interim submission by the end of May 25

2.5 Full details are available on the [East Herts Council](#) website

3.0 Actions

3.1 In accordance with the timetable set by the Government, Hertfordshire is now being invited to submit a final proposal by 28th November 2025

3.2 Chief Executive Officers and Council Leaders across Hertfordshire are working collaboratively to develop a final proposal on which wider consultation can be undertaken, including our residents, businesses and the wider community

3.3 Councillors (via their Group Leaders) will be asked for their views as part of the wider consultation

3.4 It is currently anticipated that the final proposal will be presented to all Hertfordshire administrations and will come to a future council meeting in the autumn for endorsement by East Herts Council, before the November deadline

3.5 Next Steps Indicative Timetable

End of June 25 – First full draft proposal plus early consultation

July – September 25 – Full consultation and iteration

September/October 25 – Democratic process

November 25 - Submission

4.0 Options

4.1 Councillors consider the options laid out in the [Interim Submission](#) in the context of future local government administration across Hertfordshire, with the preferred outcome being that East Herts Council is able to endorse a single proposal for Hertfordshire in November 2025, jointly agreed with the county and other district and borough councils.

4.2 Do Nothing – This option could result in East Herts not having a 'voice at the table'

4.3 Submit East Herts Council's own proposal in November, independently of the other district/borough councils – preparing such a case would take significant officer time and resource, and risks the Government imposing its own solution on Hertfordshire.

5.0 Risks

5.1 There is a high risk that consensus will not be reached across all 11 local authorities

5.2 There is a moderate risk that a secondary 'break away' proposal comes forward

6.0 Implications/Consultations

6.1 Extensive consultation is expected to take place from July 25 onwards

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

Yes – there are some costs associated with the preparation of the final submission (yet to be fully established) All costs will be split across all 11 authorities

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

Yes – there will be legal requirements in order to comply with the democratic process. Specialist advice is being sought to ensure compliance

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 [English Devolution White Paper](#)

7.2 [Interim Proposal](#)

7.3 [East Herts Council Website](#)

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East Herts Council Report

Council

Date of meeting: 14 May 2025

Report by: Head of Legal and Democratic Services

Report title: Political Balance and Committee Membership of the Council 2025/26

Ward(s) affected: (All Wards);

Summary – Council, at its annual meeting, is required to approve the decision-making arrangements for the discharge of functions.

RECOMMENDATIONS FOR COUNCIL:

- a) That the Scrutiny Committees, Regulatory Committees and Joint Committees with the number of voting Members listed in paragraph 2.1 be appointed;**
- b) That the political balance of the Council at Appendix A be agreed;**
- c) That the membership and Chairman of Scrutiny Committees, Regulatory Committees and Joint Committees be as set out in Appendix B, with Members being appointed in accordance with the wishes of the political group to whom the seats on these bodies have been allocated;**
- d) That the intention of the Leader of the Council to appoint Members to the Executive (in addition to the Leader) with the portfolio responsibilities as detailed in Appendix C be noted;**

- e) That the programme of Council meetings, as detailed at paragraph 4.1, be approved;**
- f) That the Head of Legal and Democratic Services be authorised to make changes in the standing membership of committees, joint committees and panels in (A) above, in accordance with the wishes of the political group to whom seats on these bodies have been allocated;**
- g) That the action to be taken by the Head of Legal and Democratic Services, in consultation with the Leader, under delegated authority, concerning the appointment of representatives to outside bodies, be noted; and**
- h) The Head of Legal and Democratic Services be authorised to make such amendments to the Council's Constitution as may be necessary to account for the decisions in (A) to (G) above.**

1.0 Proposal(s)

- 1.1 In terms of the appointment of Members to the Executive, the Constitution provides that it is the responsibility of the Leader of the Council and the Leader determines the size of the Executive. The Leader's determination on the size of the Executive for 2025/26 is at Appendix C and remains unchanged from 2024/25.
- 1.2 The Leader is also responsible for advising Council on the allocation of executive portfolio responsibilities. The Executive portfolio responsibilities are also set out in Appendix C and again, remains unchanged from 2024/25.

2.0 Committees

- 2.1 Council are asked to appoint the following Committees and size:

Committee	No. of Members
Overview and Scrutiny	15
Audit and Governance	7
Development Management	12
Human Resources	7
Licensing	12
Standards	7
Chief Officer Recruitment	5
East Herts Council and Stevenage Borough Council Joint Revenues and Benefits Committee (3 from East Herts)	6
Joint CCTV Executive (3 from East Herts)	12
East Herts Council and Stevenage Borough Council Joint Information Technology Committee (3 from East Herts)	6
Harlow and Gilston Garden Town Joint Committee (1 from East Herts)	5

- 2.2 It is recommended that the Overview and Scrutiny Committee be increased from 14 members to 15 members to account for the recommendations from the Member Constitution Review Group (following later in the agenda) and to ensure that the political balance across committees is achieved.

3.0 Political Groups

- 3.1 Where Members of a Council are divided into political groups, the Local Government and Housing Act 1989 places a duty on the Council to review the allocation between those groups of seats on its scrutiny committees, regulatory committees and joint committees according to certain principles. This is to ensure that the political composition of those committees reflects the political representation of the Council. The rules of proportionality do not

apply to the Executive.

- 3.2 The political groups within East Herts Council will be entitled to an allocation of committee places in proportion to their representation on the Council. The political balance representation of each relevant group is set out in Appendix A.
- 3.3 The Council must appoint Members to places on committees in accordance with each group's entitlement. Appendix B (to follow) sets out the proposed membership.

4.0 Calendar of meetings

- 4.1 A Calendar of meetings for 2025/26 has already been published on the council's website and Council is invited to confirm the dates of its meetings as follows:

23 July 2025
22 October 2025
10 December 2025
4 March 2026
13 May 2026

5.0 Outside Bodies

- 5.1 Council appoints a significant number of Members to be representatives on a range of outside bodies. The appointment of such representatives is delegated to the Head of Legal and Democratic Services, in consultation with the Leader of the Council.
- 5.2 A review of Outside Bodies has been undertaken and a report follows later in the agenda.

6.0 Implications/Consultations

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

No

7.0 Background papers, appendices and other relevant material

7.1 None

Contact Officer

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Group	Members	%	No of committee seats
Green	17	34	23
Conservative	14	28	19
Lib Dems	10	20	14
Labour	5	10	7
Reform	2	4	3
Independent	2	4	3
Total	50	100	69

East Herts Council Executive Team
From May 2025



Leader of the Council
Cllr Ben Crystall



Communities
Cllr Alex Daar



Corporate Services
Cllr Joseph Dumont



Environmental Sustainability
Cllr Tim Hoskin



Financial Sustainability
Cllr Carl Brittain



Neighbourhoods & Deputy Leader
Cllr Mione Goldspink



Planning & Growth
Cllr Vicky Glover-Ward



Wellbeing
Cllr Sarah Hopewell



Resident Engagement
Cllr Chris Wilson

Communities

Grants

Councillor Support and Development

HR & OD
Health & Safety
Customer Services
Legal & Democratic Services
ICT
Communications

Transport Strategy
Community Transport
Climate Change
Air Quality
Parking
Waste

Budget
Annual accounts
Treasury Management
Sustainability Board
Asset Management
Property management
Millstream Performance
Revs & Bens Risk Management
Procurement

Affordable Housing
Community Safety
CCTV
Emergency Planning
Home Improvement
Agency Safeguarding

Development Management
Planning Policy
Conservation
Urban Design
Section 106 Planning
Enforcement
N'bourhood Planning
Masterplanning
Regeneration
Operational
Economic Development
Digital Infrastructure
Licensing

Public Health

Leisure

Culture

Green Space

Environmental Health

Resident Engagement

Consultation
Development

East Herts Council Report

Council

Date of meeting: Wednesday 14 May 2025

Report by: Member Constitution Review Group

Report title: Member Constitution Review Group's report on exploring a change to the Council's governance system

Ward(s) affected: (All Wards);

Summary – The Member Constitution Review Group were asked to explore different governance systems for the Council and this report presents their recommendations.

RECOMMENDATIONS FOR COUNCIL:

a) That no formal change in the council's governance system be recommended.

b) That the following amendments within the Leader/Executive system be agreed:

- **Consideration to setting up topic groups**
- **Extending public participation at committee meetings**
- **Greater use of task and finish groups**
- **Early consultation with ward members about future decisions that would be taken and that affect their ward.**
- **Member education programme in scrutiny and decision making**
- **Monthly updates from Executive Members via MIB to inform Members as to what policies are being developed and what the Executive are working on.**

c) That the Member Constitution Review Group continue to work on developing the proposals and propose any constitution amendments required to the Council meeting on 23 July 2025.

1.0 Proposal(s)

- 1.1 The Member Constitution Review Group was expanded in May 2024 to have nine members and their terms of reference was revised to allow them to explore different governance arrangements for the Council to meet the stated aims of the Joint Administration's Corporate Plan.
- 1.2 The group investigated different governance systems and have proposed a set of recommendations to improve the current Leader and Executive model of governance.

2.0 Background

- 2.1 The Member Constitution Review Group met five times to look at four different governance systems: the Leader and Cabinet system, the Mayoral system, the Committee system, and a hybrid model meaning operating legally as the Leader/Cabinet system but incorporating elements of the committee system within the structure.
- 2.2 The group heard from the Leader, who came the group's meeting on 9 October 2024, to explain the Executive's reasoning for setting up the review. Councillor Crystall said that there was a desire to ensure all councillors were involved in decision making and encourage their participation.
- 2.3 A key finding from the working group's research was that there was not a right or wrong answer as to what system of governance should be used but that it was what was best for the council and the members operating within it.

Mayoral system

- 2.4 The review group felt that the Mayoral system with an elected Mayor who has greater powers than the current Council Leader would not meet the Joint Administration's aims in its Corporate Plan as it would concentrate decision making on one post.

Committee system

- 2.5 At the group's meeting on 3 December 2024, they looked at examples of committee systems at St Albans City and District Council and Spelthorne Borough Council. Two councillors from Spelthorne Borough Council attended the meeting and answered questions from the group. Both councils moved to a committee system in 2021.
- 2.6 The Spelthorne councillors said that the committee system had meant that meeting attendance was now more important as decisions were being made at those meetings and it was vital that councillors read the papers fully before the meeting.
- 2.7 The councillors highlighted that as there were now more committees, it meant that more officer time was needed to attend and prepare reports for the committees which might have a financial implication attached.
- 2.8 The councillors felt the committee system had given more opportunities to members to engage in the issues they were interested in.
- 2.9 The review group asked the councillors about political leadership in a committee system. The councillors said that there was a Leader of the Council but the role was different to that of a Leader and Cabinet model. The Leader mainly represented the Council externally and key member roles were allocated through

the Chairs of the various Committees and were known as Lead Members.

- 2.10 The review group asked if the council had received any feedback following the change to the committee system about decision making being more open and transparent. The Spelthorne councillors said they did not think they had received anything official.
- 2.11 The Spelthorne councillors said that if the decision was to move to a committee system, then the whole Constitution of the Council would have to be rewritten and the design of the committee system would need to be thought about carefully.
- 2.12 The group asked the councillors if they were satisfied that they had made the right decision moving to a committee system. They felt it had been the right thing to do but it did require a full cohort of councillors who were engaged and enthused, but it was a fairer system and gave everyone more opportunity to be involved in decision making.
- 2.13 In the working group's discussions around a committee system, they were concerned about the financial implications of doing so. in the Spelthorne Council report, they had estimated the cost to be £150,000.
- 2.14 The group felt that transparency in decision making could be improved with or without a committee system and concerns about Members not being consulted in decision making currently could be changed with some recommendations about the current Leader and Cabinet model.

Hybrid system

- 2.15 The group looked at examples of hybrid governance systems at Mid Devon District Council and Bromsgrove District Council.

- 2.16 The hybrid governance system operates legally as a Leader and Cabinet model but for most systems, they had Policy Development groups that supported the work of the Cabinet Member and feed into the decision-making process.
- 2.17 There was concern about how these policy development groups would operate alongside the Overview and Scrutiny committee.
- 2.18 The group spoke about increasing the number of scrutiny committees to allow for increased member participation on committee and a chance to look at issues in depth in the committee were themed.
- 2.19 Again, there were resource implications about the additional workload with policy development group or additional scrutiny committees for Members and Officers. The group were not certain that this would necessarily increase participation and transparency.

Recommendations

- 2.20 During the group's review of governance systems, the government published its White Paper on Devolution in December 2024.
- 2.21 The group felt that it would not be a good use of council resources or justified to recommend a change to the governance system when the future of the district council was uncertain.
- 2.22 The group focussed on the council's current system and made recommendations on how to strengthen it and to ensure members could be more involved in decision-making.
- 2.23 Their recommendations are as follows:
- Consideration to setting up topic groups

- Extending public participation at committee meetings
- Greater use of task and finish groups
- Early consultation with ward members about future decisions that would be taken and that affect their ward.
- Member education programme in scrutiny and decision making
- Monthly updates from Executive Members via MIB to inform Members as to what policies are being developed and what the Executive are working on.

- 2.24 Some of the recommendations proposed may require amendments to the Council's Constitution. If they are approved by council, the Member Constitution Review Group will meet to consider the changes to the Constitution to bring forward to the next Council meeting.
- 2.25 The topic groups would be set up based on themes linked to the Executive Members remits. These groups would allow all Members to attend to discuss issues within the remit. The group hoped that this would encourage idea exchanges and a chance for the Executive Member to share any progress in this field. The topic groups may also spark suggestions for scrutiny.
- 2.26 The group felt that public participation was important to ensure decision-making remained transparent and would be beneficial to hear residents' concerns and comments early in the process. Currently members of the public may only speak at the Development Management Committee and Full Council. The group recommend that this be extended to the Overview and Scrutiny Committee and the Executive.
- 2.27 The group recommend that the Overview and Scrutiny Committee make greater use of task and finish groups to allow for greater scrutiny into issues. The group noted that

the last task and finish group was held in 2019 and these would be a good opportunity to make recommendations to the Executive on specific policy areas. The group noted that only members of Overview and Scrutiny could sit on the task and finish groups and suggested that all Members could be invited to attend the task and finish group if they had a specific area of interest or knowledge in what was being discussed.

- 2.28 The group felt that a lot of frustrations from Members came from not being involved or consulted about decisions that would have an effect in their ward. The group suggested that there should be early engagement with ward councillors on decisions that would be taken in their ward would improve the transparency of decision-making.
- 2.29 The group considered that current Members of the Council may not be fully aware of how decisions are made which could be contributing to a feeling of decisions being made outside of meetings or members not being involved. It has been suggested by the group that training is provided to all Members on decision making to allow them to fully understand where they can influence in the decision-making process. The group also felt that members outside of the Overview and Scrutiny Committee were not aware about how they could get an item on to the scrutiny agenda and suggested this might be something to publicise wider.
- 2.30 The group felt it would be useful for the individual Executive Members to communicate regularly with members about what they are working on in their portfolio. It was suggested that Executive Members could provide regular updates via the Member Information Bulletin on a monthly basis.
- 2.31 Should these recommendations be agreed, the Member Constitution Review Group will continue to meet to formalise

these recommendations in the Constitution and any protocols or procedures.

3.0 Reason(s)

- 3.1 The Joint Administration had put to 'explore replacing a "strong leader and cabinet" system with a committee system' in their Corporate Plan
- 3.2 The reasons for the group's recommendations are included in the main body of the report.

4.0 Options

- 4.1 To accept the group's recommendations to improve the current Leader and Cabinet system.
- 4.2 To not accept the recommendations and continue operating as is.

5.0 Risks

- 5.1 There is a risk that by not accepting the working group's recommendations, that Members may continue to feel that decision making is not transparent and that they are not involved in decisions that the Council makes.

6.0 Implications/Consultations

- 6.1 If the suggested amendments are approved by Council, then the working group would like to consult all Members of the Council on their views about how to make decision making more transparent and how to involve all Members.

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

No - the recommendations proposed in the report could be carried out within the current Democratic Services Team.

Health and Safety

No

Human Resources

No – the recommendations proposed in the report could be carried out within the current Democratic Services Team.

Human Rights

No

Legal

Yes

Some of the recommended changes may require amendments to the Constitution.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1

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East Herts Council Report

Council

Date of meeting: Wednesday 14 May 2025

Report by: Councillor Ben Crystall – Leader of the Council

Report title: Outside Bodies' Review 2024/25

Ward(s) affected: (All Wards);

Summary

- To consider the findings and recommendations of the Outside Bodies Review 2024/25.

RECOMMENDATIONS FOR COUNCIL:

- A. That the Outside Bodies' Review 2024/25 report be received.**
- B. That with effect from the commencement of the municipal year 2025/26 East Herts Council no longer appoint representatives to the Outside Bodies tabled in Appendix A.**
- C. That with effect from the commencement of the municipal year 2025/26 East Herts Council appoint representatives to the Outside Bodies tabled in Appendix B.**
- D. That Members appointed to Outside Bodies continue to give an annual update report to Council on the key points from their attendance as per paragraph 3.9.2 (j) of the Council Constitution.**

1.0 Proposal(s)

- 1.1 That the Outside Bodies Review 2024/25 be received.

- 1.2 That Council agree the actions recommended as detailed in Appendices A and B.
- 1.3 That Council agree the recommendation for Members appointed to Outside Bodies to continue to give an annual update report to Council as per paragraph 3.9.2 (j) of the Council Constitution.

2.0 Background

- 2.1 At the Annual Council meeting each year, Council determines the arrangements for Outside Bodies. At the Council meeting held on 15 May 2024 Council also approved that a review of Outside Bodies for 2024/25 be undertaken and reported back at a future Council meeting.
- 2.2 This report details the findings of the Outside Bodies Review 2024/25, as undertaken by Democratic Services.
- 2.3 The methodology used in reach these conclusions was as follows

Desktop Research

- 2.4 Research was undertaken to look at other Councils and how they reviewed their Outside Bodies. It was found that other authorities had completed similar reviews and adopted comparable approaches in engaging with and attendance at Outside Bodies. The use of survey forms, sent to both Outside Bodies and the authorities appointed Members, was widely used to gather information.
- 2.5 It was also found that following a review many authorities had implemented a feedback cycle to enable appointed Members to give a regular update on the Outside Body which they represented. Many had opted to design and use a standardised Members' reporting form for this purpose, to enable comments to be captured and to aid consistency and transparency. It should be noted that East Herts already uses such a form for Members to submit their annual Outside Bodies reports to Council. For reference, this form, the 'Outside Body – Annual Update' can be seen at **Appendix D**.

Survey to Outside Bodies

2.6 A questionnaire was produced and sent to all of the currently listed Outside Bodies with the aims of;

- Updating contact details held on file.
- Confirming if the Outside Body was still in existence.
- Confirming the bodies' purpose.
- Confirming the bodies' meeting patterns.
- Confirming the capacity of the representative's role.
- Confirming the time commitment of the representative.

Survey to Appointed Members

2.7 A questionnaire was also produced and sent to all appointed Members with the aims of:

- Confirming the bodies' contact details as held by the representative.
- Confirming the representative's sitting capacity.
- Obtaining an outline of the key subjects covered during the year.
- Confirming how the bodies' activities linked with East Herts Council's corporate priorities.
- Identifying any bodies which currently do not have East Herts Councillor oversight, and which may benefit from this.

2.8 Both the Outside Bodies and the appointed Members were also given an opportunity to add any other comments which they felt may be relevant on their survey forms.

2.9 Responses

Responses from Outside Bodies

2.10 A good level of response was received, however there were some organisations for which little or no information could be obtained. In these circumstances Democratic Services used a combination of emails, telephone calls, web research, officer knowledge and Member feedback to enable a judgement to be made based on

what was found.

Responses from Appointed Members

- 2.11 A good level of response was received. However, despite Democratic Services sending reminder emails and making follow up telephone calls there was no engagement from some appointed Members.
- 2.12 **Actions**
- 2.13 The survey responses from the Outside Bodies and appointed Members were collated, and where possible information was cross checked.
- 2.14 Details held on file were updated, and a red, amber and green status applied with those highlighted as:
- Red: Bodies being non-operational and/or an East Herts appointment no longer required.
 - Amber: Work required to ascertain as to whether the appointment should continue based on the response received, or in some cases that no response could be obtained.
 - Green: The Body was active, and feedback received from the Body and/or appointed Member was positive.
- 2.15 A list of those Bodies with red status and which the Council should no longer appoint to is set out in **Appendix A**.
- 2.16 With bodies awarded amber status, Democratic Services used a combination of research methods to enable a judgement to be made regarding organisations identified as potential appointments. A list of Bodies which the Council should consider appointing to is set out in **Appendix B**.
- 2.17 The Hertfordshire Sports and Activity Partnership (HSP) was identified as a potential appointment. However, research and subsequent contact with the organisation has established that they do not have designated Councillor representatives, instead inviting Councillors their events which are held during the year. It

was substantiated that HSP also hold regular meetings at officer level, which the East Herts Council Healthy Lifestyles Programme Officer attends.

- 2.18 A list of those Bodies with green status and which therefore the Council should continue to appoint can be seen in the table below:

Outside Bodies – Appointments to continue.
Ancient Charities of Hertford
Bishops Stortford Chamber of Commerce Committee
Business Improvement District
CCTV Partnership
Co-operation for Sustainable Development Board
East of England Local Government Association
Health Scrutiny – Hertford County Council
Hertford Museum Trust
Hertfordshire Building Preservation Trust Ltd
Hertfordshire Climate Change and Sustainability Partnership
Hertfordshire H.M Armed Forces Covenant Board
Hertfordshire Infrastructure and Planning Partnership
Hertfordshire Police and Crime Panel
Hertfordshire Waste Partnership
Historic England – Heritage Champion
Lee Valley Regional Park Authority
Local Government Association General Assembly
PATROL
Scotts Grotto
* Stansted Airport Community Fund
Stansted Airport Advisory Committee
Ware Charities
Wodson Park Sport and Recreational Association Executive

* Stansted Airport Community Fund was suggested as a potential Member appointment. The fund is currently attended by an East Herts officer, as per the decision of the previous administration. This decision was made on the basis that both the fund and the council

would benefit from the participation of an officer, who would have a more detailed operational understanding of the grant giving processes. It is understood from feedback with the fund that this officer input has been very helpful over recent years.

- 2.19 It was regularly reported by Members that no contact had been received from the Outside Body which they had been appointed to, and it became evident that there was a mixed approach when appointments were made.
- 2.20 As a result, it was concluded that the appointment process needed to be standardised and managed by Democratic Services. A process has therefore been agreed with the Head of Legal and Democratic Services, and the 'Appointment to an Outside Body Information Sheet' which sets out this process, and will be which be sent to appointed Members going forward can be seen at **Appendix C**.

3.0 Reason(s)

- 3.1 The review of Outside Bodies was undertaken to give assurance that the current list of Outside Bodies on which East Herts Council Members sit remains up to date and appropriate.
- 3.2 The review also sought to identify which appointments continue to be beneficial, which appointments may no longer be required, and to identify any Outside Bodies which may benefit from East Herts Council representation.

4.0 Options

- 4.1 No other options are considered for recommendation a).
- 4.2 Should recommendations b) and c) not be approved there would be no assurance that the current list of Outside Bodies on which East Herts Councillors sit remains updated and appropriate.
- 4.3 No other options are considered for recommendation d) as this is a requirement in accordance with the Council Constitution.

5.0 Risks

- 5.1 Reputational. Members appointed to an Outside Body could act contrary to East Herts policies/guidelines. As this is unlikely, the risk is classified as minor.
- 5.2 Financial. Members could claim substantial expenses if an Outside Body had a large number of meetings. As most Outside Bodies have a set number of meetings, this is unlikely, and the risk is therefore classified as minor.

6.0 Implications/Consultations

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

None

7.0 Background papers, appendices and other relevant material

7.1 **Appendix A** – Table of Outside Body appointments to cease.

7.2 **Appendix B** – Table of Bodies to appoint.

7.3 **Appendix C** – Appointment to Outside Body Information Sheet.

7.4 **Appendix D** – Outside Body – Annual Update form

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Outside Bodies Review 2024/25

Appendix A – Outside Body appointments to cease.

Outside Body	Findings	Recommended Action
Four Authorities Airport Group	No current East Herts representative. No response from organisation. Research shows organisation is defunct.	Delete organisation from list of Outside Bodies.
Groundwork East	No contact with current representative. Organisation has confirmed that they have no advisory panel in Hertfordshire.	Advise representative and delete organisation from list of Outside Bodies.
Harlow and Gilston Garden Town Board	Now replaced with Harlow and Gilston Garden Town Joint Committee. This organisation is attended under delegated functions and is therefore no longer an Outside Body.	Delete organisation from list of Outside Bodies.
Hertfordshire Lifestyle and Legacy Partnership	Current representative has advised that organisation has been wound up.	Delete organisation from list of Outside Bodies.
Local Enterprise Partnership	Since 2024 has changed to Hertfordshire Futures and is now part of Hertfordshire County	Delete organisation from list of Outside Bodies.

	Council. District Councils are represented at Board level through Leaders who are elected/ nominated from within the Hertfordshire Leader's Group. Currently East Herts are not part of the Board directly but continue to work on projects where relevant.	
Local Government Association Insurance Mutual	No contact with current representatives. Organisation has confirmed that they no longer require East Herts representatives.	Advise representatives and delete from list of Outside Bodies.
London Stansted Cambridge Corridor Consortium	Now branded as the Innovation Corridor. Council decided to cease East Herts subscription to the Corridor from 1 April 2025 and therefore are no longer represented.	Advise representative and delete organisation from list of Outside Bodies.
SNG (formally Network Housing Area Panel)	Current representative has confirmed that East Herts Members are no longer required. No response from organisation.	Delete organisation from list of Outside Bodies.
Transport East	No contact with current representative. No response from organisation. Research shows East	Advise representative and delete from list of Outside Bodies.

	Herts is no longer listed as a partner on the organisation's website.	
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Outside Bodies Review 2024/25

Appendix B – Outside Bodies to appoint.

Outside Body	Findings	Recommended Action
Strategic Aviation Special Interest Group	No current East Herts representative. Organisation have responded and confirmed that they remain an active forum for local authorities and regional representatives to share information and resources on regional aviation issues.	Consider appointing an East Herts representative to the organisation.

Appointment to Outside Body Information Sheet

- On appointment to an Outside Body, Democratic Services will contact that organisation to advise them of your appointment and pass on your contact details.
- Please find below the details of the Outside Body which you have been appointed to.
- Should you become aware of any changes to the Outside Body (ie, a change in the contact details for the organisation) please report this as soon as possible to Democratic Services via democratic.services@eastherts.gov.uk to ensure that the appointment information is kept up to date.
- Appointed Members are required to provide an annual report to Council, giving feedback on their activities with the organisation. A form for this – Outside Body – Annual Update Report, will be sent by Democratic Services to all appointed Members in advance of Annual Council.

Appointed Member/s	
Outside Body Name	
Outside Body Contact	
Outside Body Contact Details	
Outline of Outside Bodies Purpose	

Notes	

Outside Bodies Review 2024/25
Appendix D – Outside Body – Annual Update Form



OUTSIDE BODY – ANNUAL UPDATE

Outside Body:

Purpose:

East Herts Council Representative(s):

Update:

(Please give a brief summary of the main issues considered by the OB during the previous year, including the number of meetings/events held and the number attended by you)

Update provided by:

Date:

East Herts Council Report

Council

Date of Meeting: 14 May 2025

Report by: Chair of the Overview and Scrutiny Committee

Report title: Annual Scrutiny Report 2024/25

Ward(s) affected: All Wards

Summary

- This report introduces the Annual Scrutiny report for 2024/25 on behalf of the Chair of Overview and Scrutiny Committee. It provides an overview of the topics scrutinised by the Overview and Scrutiny Committee during the 2024/25 civic year.
- The council's LEAF corporate plan priorities and the work of Members and Officers is aimed at listening to residents and working together with our communities to deliver fair services.
- The Council strives to do this with the support of the Overview and Scrutiny Committee which, through its work, which is set out in detail in **Appendix A**. The Overview and Scrutiny Committee acts as an independent source of challenge in reviewing the Executive's ambitious and forward-thinking policies.

RECOMMENDATION FOR COUNCIL:

- (A) That the Annual Scrutiny Report covering the 2024/25 Civic Year be agreed and published on the council's website.**

1.0 Proposal(s)

- 1.1 The Annual Report for 2024/25 is attached at **Appendix A** and summarises the work of the Overview and Scrutiny Committee during the respective period.

2.0 Background

- 2.1 An Annual Scrutiny Report is prepared each year and presented to Council as required by the [Constitution](#). Once agreed by Council, the report will be published on the Council's website.

3.0 Reason(s)

- 3.1 The Council's Constitution at [Section 5](#), paragraph 5.5.1 states that Scrutiny Committee *"must report annually to the council on their workings and make recommendations for future work programmes and amended working methods if appropriate"*.

4.0 Options

- 4.1 No alternatives have been considered.

5.0 Risks

- 5.1 Publication of an Annual Scrutiny Report provides a summary of what issues have been reviewed in the preceding year, which can be assessed against the council's priorities in terms of the [Corporate Plan](#).

6.0 Implications/Consultations

- 6.1 The Chair of the Overview and Scrutiny Committee and the Leader have both been consulted on this document. The Annual Scrutiny Report is a summary of what individual report authors have submitted to respective meetings of committee(s).

Community Safety

Yes – Overview and Scrutiny Committee can consider matters that affect the public, and can impact on community safety.

Data Protection

No

Equalities

No

Environmental Sustainability

Yes - Integral to the Council's [Corporate Plan](#) is the issue of environmental sustainability in terms of the LEAF Priorities.

Financial

Yes – Overview and Scrutiny Committee can consider and make recommendations to the Executive on matters where there are budgetary implications.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

Yes - Overview and Scrutiny Committees are enshrined in law by virtue of the Local Government Act 2000 and the Localism Act 2011, as well as recent statutory guidance from the Ministry of Housing, Communities and Local Government (MHCLG) in April 2024.

Specific Wards

No

Background papers, appendices and other relevant material

Appendix A – Annual Scrutiny Report 2024/25

Reports to the Overview and Scrutiny Committee for the civic year 2024/25

Reports to the Executive for the civic year 2024/2025

Reports to Council for the civic year 2024/25

Contact Member: Councillor David Jacobs, Chair of Overview and Scrutiny Committee.
david.jacobs@eastherts.gov.uk

Contact Officer: James Ellis, Head of Legal and Democratic Services, Tel: 01279 502170.
james.ellis@eastherts.gov.uk

Report Author: Peter Mannings, Committee Support Officers, Tel: 01279 502174.
peter.mannings@eastherts.gov.uk

East Herts

Annual Scrutiny Report 2024-25





Councillor David Jacobs

Introduction from the Chairman of the Overview and Scrutiny Committee

It is my pleasure as Chairman to provide a summary of the work of the Overview and Scrutiny Committee over the last 12 months. This report summarises the committee's activities during 2024-25, starting with our first meeting on 1 July 2024. The meeting in June 2024 was replaced by a workshop arranged by Democratic Services to allow the Committee to meet and discuss the work programme for 2024/25.

All reports and minutes are available on the council's website. An Executive and Overview and Scrutiny Protocol document was considered by the Committee in March 2025, and this document was approved by the Executive on 18 March 2025. This document can be viewed online [here](#).



1 July 2024

Award of the Waste, Recycling and Street Cleansing Contract

The Members of Overview and Scrutiny were invited to consider and comment on the award of the Waste, Recycling and Street Cleansing Contract. Members were being asked to make recommendations to the Executive in respect of a preferred bidder for the award of the contract.

The history of this report was that the Executive had agreed the service design for the new waste, recycling, and street cleansing contract on 21 December 2023, along with new aims and principles of the Shared Service, based around delivering services which were both financially and environmentally sustainable.

Members were asked to support a number of recommendations which affected the service mobilisation and were required for the successful delivery of the new services in 2025. Members of Overview and Scrutiny commented on the likely increased recycling rates and reductions in carbon content and the challenges posed by additional bins.

Members also talked about local engagement, electric vehicles, IT challenges and the importance of educating residents about the new systems.

The full details of the report, the recommendations and the decision of Overview and Scrutiny, as well as the webcast of the meeting, can be viewed [here](#).



10 September 2024

Council's response to the climate emergency

The Overview and Scrutiny Committee were presented with a report inviting Members to consider the council's actions in reducing its carbon footprint in line with its commitments in the Climate Emergency Declaration passed by Council on 26th July 2023. The report provided Members of Overview and Scrutiny the opportunity to review the issues involved and share views and ideas about tackling climate change with the Executive Member for Environmental Sustainability for his consideration.

Members of Overview and Scrutiny talked about emissions and progress that was being made, and Members also talked about non-carbon tariffs and percentages in respect of carbon reductions. The Committee made comments in respect of rainfall and flooding and carbon offsetting.

The full details of the report, the recommendations and the decision of Overview and Scrutiny, as well as the webcast of the meeting, can be viewed [here](#).



5 November 2024

The use of Glyphosate in grounds maintenance

Members of Overview and Scrutiny outlined an interest via a scrutiny proposal form to scrutinise the council's use of the herbicide Glyphosate to control weeds. The report considered by Members set out whether there were alternatives to Glyphosate, and also whether there was adequate oversight of the use of Glyphosate by contractors. Members asked for a higher level of detail than that offered in a previous Bulletin Summary in May 2024 which had provided a very brief outline of the key issues to inform further discussion.

Members were advised that a significant amount of weed control carried out by the Council was on behalf of the County Council as part of an agency agreement that included chemical application on highway footpaths. The Committee discussed the use of Glyphosate and possible alternatives. Members resolved to set up a cross-party working group (Task and Finish Group) during the 2025/26 civic year.

The full details of the report, the recommendations and the decision of Overview and Scrutiny, as well as the webcast of the meeting, can be viewed [here](#).



14 January 2025

Draft Parking Strategy

Members of Overview and Scrutiny were presented with a draft version of the Parking Strategy for East Hertfordshire, following public consultation and engagement. The Committee were invited to consider and provide comments on the parking strategy to the Executive Member for Environmental Sustainability before the issue was presented to the Executive and Council.

The Parking Strategy was designed to ensure that parking demand was being managed effectively whilst addressing the challenge of population growth and high rates of car ownership.

The Overview and Scrutiny Committee made a number of comments and suggestions, which included the following:

- Concerns about proposed changes in respect of short- and long-term parking provision, and weekend charging in some areas.
- Behaviour change, and an overreliance on pricing rather than alternatives to influence parking habits.
- Greater provision of bike spaces.
- Some of the feedback had indicated that 30 minutes free parking was a valued option.
- Work of HCC regarding the LCWIP and alternative route provision.
- RPZs and the prosperity of high streets.

Digital Exclusion

Members of Overview and Scrutiny were given information in respect of the approach being taken in respect of digital services, and how the council accommodated those who were digitally excluded. In March 2022, Members of the Committee discussed digital exclusion, and subsequently requested an update on progress.

The Committee were invited to consider the information in the report in respect of 5 questions or lines of enquiry, and to make recommendations to the Executive in respect of digital exclusion.

The full details of both reports, the recommendations and the decisions of Overview and Scrutiny, as well as the webcast of the meeting, can be viewed [here](#).



4 March 2025

UK Shared Prosperity Fund (UKSPF)

Members of Overview and Scrutiny were provided with a comprehensive update in respect of the UK Shared Prosperity Fund (UKSPF), which was due to cease on 31 March 2025 having officially begun on 1 April 2022. Members were invited to review the progress to date, and review and consider the priorities for the 2025/26 civic year and make any recommendations to the Executive in this regard.

Overview and Scrutiny Committee discussed and reviewed the progress to date, and considered the priorities for the 2025/26 civic year. Members recommended the following for UKSPF funding in 2025/26:

- active travel
- climate change
- town and village centres
- empowering the voluntary community

Executive and Overview and Scrutiny Protocol

Overview and Scrutiny Committee were invited to comment on the newly drafted Overview and Scrutiny and Executive Protocol, prior to the approval of the protocol document by the Executive on 18 March 2025.

Members were advised of the research carried out into the protocol, and of the rationale for preparing this document. The protocol will guide the relationship between the committees. The protocol will be reviewed in June 2027, after the District and Parish Elections in May 2027.

The full details of both reports, the recommendations and the decisions of Overview and Scrutiny, as well as the webcast of the meeting, can be viewed [here](#).

East Herts Council Report

Council

Date of meeting: Wednesday 14 May 2025

Report by: Councillor Carl Brittain – Executive Member for Financial Sustainability

Report title: Statutory Recommendations from External Auditors Ernst & Young

Ward(s) affected: (All Wards);

Summary – The external auditors, Ernst & Young (EY) presented their Audit Results Report for the 2021/22 and 2022/23 Statement of Accounts to the Audit & Governance Committee on the 22 April 2025 setting out the results of their delayed audit. The report included three Statutory Recommendations for Council to consider under section 24 schedule 7 of the Local Audit and Accountability Act 2014.

Within the report, the Leadership Team have outlined the steps that will be taken to resolve these recommendations. Addressing the recommendations will re-affirm basis for sound financial management and effective governance within the Council.

RECOMMENDATIONS FOR COUNCIL:

- a) That Council considers / accepts the recommendations made by the External Auditor within Appendix A.**
- b) Agree that the Audit & Governance Committee receives updates on progress against the recommendations and actions within this report on a regular basis.**

1.0 Proposal(s)

- 1.1 To consider recommendations made by EY under section 24 schedule 7 of the Local Audit and Accountability Act 2014.

2.0 Background

- 2.1 Nationally there has been a significant backlog of outstanding audit opinions for English local authorities Statement of Accounts. For East Herts, all Statement of Accounts up to and including 2020/21 have been audited and published, leaving 2021/22, 2022/23 and 2023/24 audits outstanding.
- 2.2 The Government introduced legislation to bring the local authorities audit up to date and an initial backstop date of 13 December 2024 for all audits up to and including 2022/23. For 2023/24 audit backstops being 28 February 2025. This involves auditors to issue 'disclaimed' audit opinions (no assurance) on many accounts.,

3.0 Reason(s)

- 3.1 The external auditor is required by auditing standards to present the Audit & Governance Committee with their Audit Completion Report. The external auditor presented their report to the Audit & Governance Committee on 22 April 2025 on the Council's financial statement and provided a value for money conclusion.
- 3.2 The report issued a disclaimed audit opinion for the financial years ending 31 March 2022 and 31 March 2023 due to the inability to meet the statutory backstop date of 13 December 2024.
- 3.3 The report highlights significant weaknesses in the Council's arrangements for the preparation and publication of financial statements. This includes delays in providing required information and inadequate quality of the information provided. The Council failed to publish draft financial statements within the regulatory timeframe for the years 2021/22 and 2022/23.

- 3.4 The report identifies risks of significant weaknesses related to governance and improving economy, efficiency and effectiveness arrangements as part of the Value for Money audit undertaken. Specific recommendations include conducting a comprehensive review of the finance function workflow, implementing a thorough review of the quality assurance process for draft accounts, and reassessing roles, responsibilities, and resource requirements for financial reporting.
- 3.5 The three statutory recommendations along with the Council's responses are shown in the appendix on pages 71-74 of the External Auditors (EY) report.

4.0 Options

- 4.1 Members can ask questions and make observations, but they cannot reject the Recommendations.

5.0 Risks

- 5.1 These are contained with the body of the main report.

6.0 Implications/Consultations

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

These are contained in the report.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

Statutory Recommendations under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014 refer to formal advice issued by the External Auditor. These recommendations require the Council to discuss and respond publicly to the report.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

- 7.1 Appendix A – EY Completion Report for Those Charged with Governance for years ended 31 March 2022 and 31 March 2023.

Contact Member

Executive Member for Financial Sustainability

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Contact Officer

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Report Author

Brian Moldon, Head of Finance

brian.moldon@eastherts.gov.uk

East Hertfordshire Council Completion Report for Those Charged with Governance

**Years ended 31 March 2022 and 31
March 2023**

Report issued - April 2025



Audit and Governance Committee
East Hertfordshire Council
Wallfields, Pegs Ln, Hertford SG13
8EQ

14 April 2025

Dear Audit and Governance Committee

Completion Report for Those Charged With Governance

Attached is our Completion Report for Those Charged With Governance. The purpose of this report is to provide the Audit and Governance Committee of East Hertfordshire Council (the Authority) with a detailed complete report covering our approach and outcomes of the 2021/22, 2022/23 audit(s).

Given that Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 13 December 2024 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the years ended 31 March 2022 and 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report for both years.

In completing our work for these audit years we have taken into account the SI, Local Authority Reset and Recovery Implementation Guidance. We have also taken into account the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements, against this backdrop we have also considered the Committee's service expectations.

The Audit and Governance Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Authority's wider arrangements to support the delivery of a timely and efficient audit.

We consider and report on the adequacy of the Authority's external financial reporting arrangements and the effectiveness of the Audit and Governance Committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

We draw the Audit and Governance Committee members and officers' attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly set out what is expected of audited bodies in preparing their financial statements (see Appendix F).

This report is intended solely for the information and use of the Audit and Governance Committee, and management, and is not intended to be and should not be used by anyone other than these specified parties.

Yours faithfully

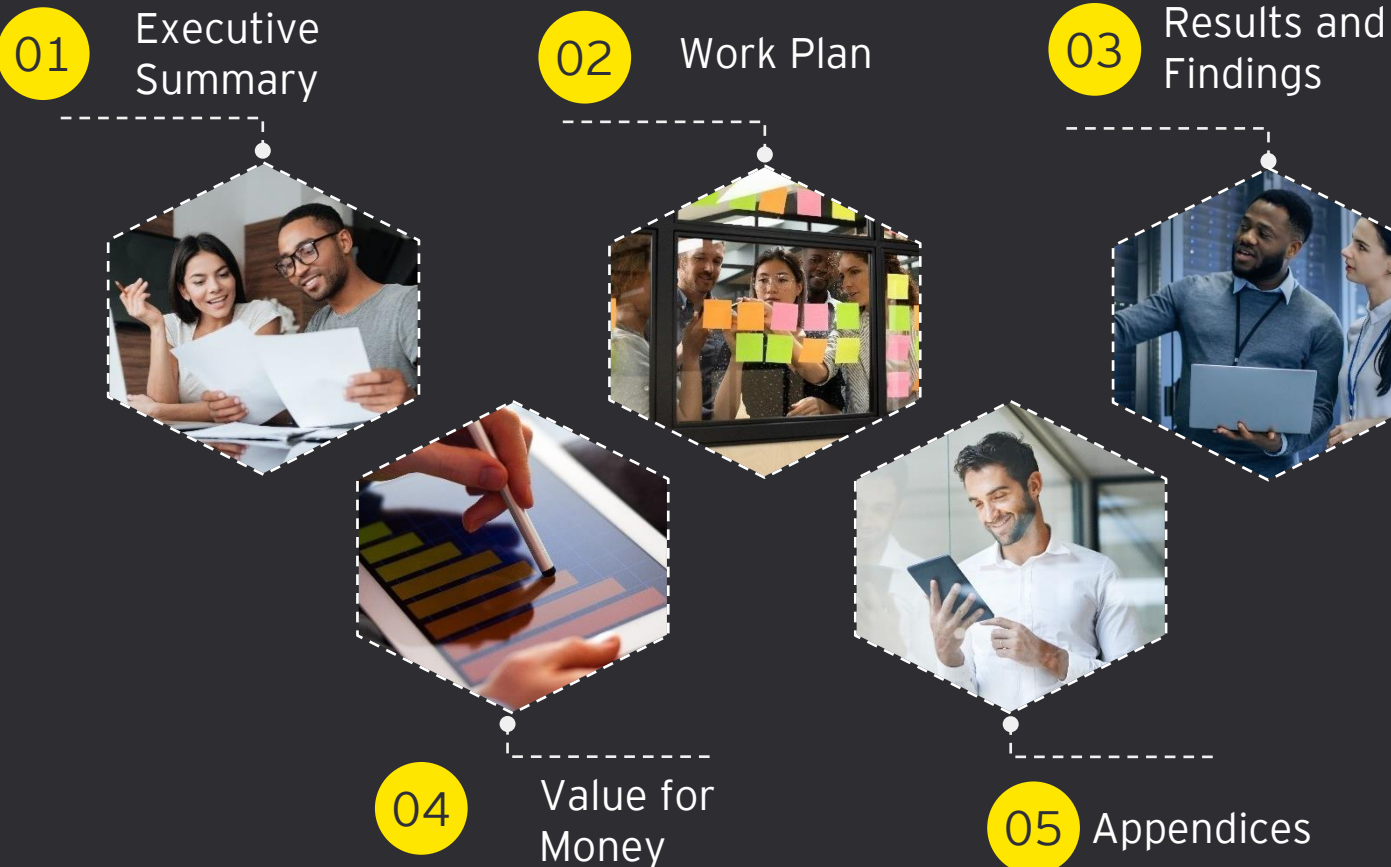
Debbie Hanson

Partner

For and on behalf of Ernst & Young LLP

Enc

Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website. The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.


The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psaa.co.UK/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the **Audit and Governance Committee** of East Hertfordshire Council. Our work has been undertaken so that we might state to the **Audit and Governance Committee** of East Hertfordshire Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the **Audit and Governance Committee** of East Hertfordshire Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Executive Summary



Executive Summary – System wide context

Context for the audit – Department for Levelling-up, Housing and Communities (DLUHC) and Financial Reporting Council (FRC) measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector need to work together to address this. Reasons for the backlog across the system have been widely reported and include:

- ▶ Lack of capacity within the local authority financial accounting professions
- ▶ Increased complexity of reporting requirements within the sector
- ▶ Lack of capacity within audit firms with public sector experience
- ▶ Increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed

DLUHC has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop and implement measures to clear the backlog. Statutory Instrument (2024) No. 907 - “The Accounts and Audit (Amendment) Regulations 2024” (the SI), together with the updated NAO Code of Audit Practice 2024 and the Local Authority Reset and Recovery Implementation Guidance, which have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)), consist of three phases:

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- ▶ Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.
- ▶ Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

As a result of the system wide implementation of backstop dates we anticipate issuing a disclaimed audit opinion on the Authority’s 2021/22 and 2022/23 accounts. The proposed disclaimer of the Council’s 2021/22 and 2022/23 accounts impacts the audit procedures that we have planned and undertaken to gain assurance on the 2021/22 and 2022/23 financial statements and the form of the audit report.

Executive Summary – Local context

Local Background and Context

The position at East Hertfordshire District Council has developed over recent years, resulting in unaudited financial statements for the years ended 31 March 2022 and 31 March 2023.

The main reasons for the Council's financial statements not being prepared, audited and signed to date include:

- ▶ The post pandemic timelines resulted in audit teams trying to move delayed audits on to completion, whilst finance teams were trying to catch up, deal with current priorities and plan for the future. This used a significant amount of our finite audit resource, leading to a lack of capacity to complete the 2021/22 audit and then move on to the 2022/23 audit year.
- ▶ In recent years we have experienced significant delays in completing the financial statements audits. The 2020/21 audit significantly overran with the audit only being completed in March 2023, when an unmodified opinion was issued. The main reason for the delay was the failure of the Council to provide an update to the Going Concern assessment and disclosure in the accounts covering an appropriate period. There were also a large number of audit differences identified through the audit.
- ▶ We commenced the audit of the 2021/22 draft financial statements in March 2023, with the aim of concluding by the end of June 2023. However, there were again significant delays in the receipt of the required information to support the audit and all the required information had still not been received by March 2024. Given these delays, audit resource constraints and the impending backstop dates, it was not possible to complete all the required procedures to conclude the audit. A disclaimed audit opinion was therefore issued for 2021/22.
- ▶ As a result of the delay to the 2021/22 audit, we did not have audit resource available to complete our detailed audit procedures that would be needed to issue an unmodified audit report on those financial statements before the backstop date.
- ▶ In addition, the Council has not published draft statements of account within the regulatory timeframe in recent years. The Council published their draft 2021/22 financial statements on the 11 December 2023, which was significantly after the statutory deadline of 31 July 2022. We also noted that the draft accounts did not include an Annual Governance Statement (AGS), as required, and the Statement of Responsibilities included in the accounts was from the 2020/21 accounts and was dated 26/10/2020. For 2022/23, the Council again did not comply with the requirements of the Accounts and Audit Regulations as they did not prepare and publish the set of draft accounts by the statutory deadline of 31 May 2023, with accounts not prepared and published until 6 November 2024.
- ▶ We also note that for 2023/24 the Council has again failed to produce a set of accounts and has not included the required notices on its website. The 2023/24 accounts are still not published as of the date of this report (18 March 2025).

Executive Summary – Report structure and work completed

Report structure and work completed

This report covers the work we have completed to meet the requirements of the International Standards on Auditing (UK&I), (ISAs) and the Local Audit Reset and Recovery Implementation Guidance (LARRIGs) along with the National Audit Office Value for Money Code (NAO VFM Code). It has been split into the following sections.

Section 01 - Executive Summary - this section setting out the national and local context and the structure of our report.

Section 02 - Work Plan - We have completed the following planning tasks:

- ▶ Required independence procedures.
- ▶ Set a level of materiality.
- ▶ Issued letters of inquiry to Management, Those Charged with Governance, the Head of Internal Audit and the Monitoring Officer.
- ▶ Updated our understanding of the business, including through review of responses to inquiry letters, minute review and in discussion in our internal planning meeting,
- ▶ Identified significant, inherent and other areas of higher risk or focus.
- ▶ Considered any other matters that may require reporting to regulators, or which may result in a modification to the audit report e.g. non-compliance with laws and regulations, objections, significant weaknesses in arrangements for value for money, any matters that may result in the use of the auditor's powers.

Section 03 - Results and findings - Work completed to issue the disclaimer, findings and results:

- ▶ Review of the financial statements.
- ▶ Consideration of any matters that came to light during our planning and review procedures in relation to laws and regulations, fraud, related parties, litigation and claims, significant changes to contracts and systems, service organisations, which we report as appropriate.
- ▶ Reporting on any other matters that may require the use of the auditor's powers, formal reporting or a modification to the auditor's report e.g. non-compliance with laws and regulations, objections, significant weaknesses in arrangements for value for money, any matters that may result in the use of the auditor's powers.

Section 04 - Value for money reporting

- ▶ The value for money report covering the year to 31 March 2022 and 31 March 2023.

Section 05 - Appendices



02 Work Plan

Work Plan – Audit Scope

Audit scope

This Completion report covers the work that we performed in relation to:

- ▶ Our audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2022 and 31 March 2023 and of the income and expenditure for the year then ended; and
- ▶ Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 04.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and,
- ▶ Management's views on all of the above.

Given that Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 13 December 2024 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the years ended 31 March 2022 and 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

Work Plan - Materiality

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Materiality

Planning materiality

£1.53m

Materiality for year ended 31 March 2022 has been set at £1.53 million, which represents 2.0% of 2022 gross expenditure on provision of services.

£1.51m

Materiality for year ended 31 March 2023 has been set at £1.51 million, which represents 2.0% of 2023 gross expenditure on provision of services.

Performance materiality

£0.77m

Performance materiality for year ended 31 March 2022 has been set at £0.76 million, which represents 50% of planning materiality.

£0.76m

Performance materiality for year ended 31 March 2023 has been set at £0.76 million, which represents 50% of planning materiality.

Audit differences

£0.08m

We will report all uncorrected misstatements relating to the primary statements greater than £0.08 million for year ended 31 March 2022 and £0.08m for year ended 31 March 2023. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit Committee.

£0.08m

In order to ascertain the significance of issues in the draft financial statements we have set materiality based on the draft financial statements for 2021/22 and 2022/23. We determined that our audit procedures would be performed using the materiality level noted above. This level of materiality remains appropriate for the actual results for the financial year.

These materiality levels have been set based on the Council financial statements - we have not considered group materiality. These levels are being used to assess our response to any issues identified in the Council's financial statements.

Work Plan – Significant, inherent and other risk areas

The following 'dashboard' summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the years.

Audit risks and areas of focus

Risk/area of focus	Applicable years	Risk identified	Change from PY	Details
Misstatement due to fraud or error	All years covered by this report	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure	All years covered by this report	Fraud Risk	No change / increase in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.
Recognition of grant income associated with Covid-19 (includes sales fees and charges and other Covid-19 funding streams)	2021/22	Inherent risk	No change in risk or focus	The Authority received a series of grants from the UK government during 2021/22 in support for the pandemic crisis management. We identified the accounting treatment of those grants as an area of focus.
Pension liability valuation	All years covered by this report	Inherent risk	No change in risk or focus	The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body. The Council's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the Actuary. Accounting for this scheme involves significant estimation and judgement. Small changes in assumptions when valuing the assets and liabilities can have a material impact on the financial statements.
Valuation of property, plant and equipment and investment properties	All years covered by this report	Inherent risk	No change in risk or focus	The value of property, plant and equipment (PPE) and investment properties (IP) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

Work Plan – Significant, inherent and other risk areas

The following 'dashboard' summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the years.

Audit risks and areas of focus

Risk/area of focus	Applicable years	Risk identified	Change from PY	Details
Minimum revenue provision	All years covered by this report	Inherent risk	New risk for 2021/22	<p>Linked to the risk of 'misstatements due to fraud and error', we consider specific areas where management makes significant judgements that impact charges to the General Fund balance.</p> <p>Local authorities are required to charge Minimum Revenue Provision (MRP) to the General Fund in each financial year if borrowing. The calculation of this charge is based on the Capital Financing Requirement. Local authorities have flexibility in how they calculate MRP but need to ensure the calculation is 'prudent'. In calculating a prudent provision, local authorities are required to have regard to statutory guidance.</p> <p>In prior years, the Council has not charged any MRP because the opening capital financing requirement (CFR) was negative. In 2021/22, the CFR balance is positive, hence, the Council is required to make a provision.</p> <p>The Council's draft statement of accounts for 2012/22 and 2022/23 however note that <i>'following the disposal of the Council's Housing stock the Council has a negative capital financing requirement and so the calculated MRP is nil'</i>.</p> <p>There is therefore a risk that the Council may not be setting aside sufficient MRP for the future repayment of debt.</p>
Going concern disclosure	All years covered by this report	Area of focus	No change in risk or focus	<p>The Council is required to carry out a going concern assessment that is proportionate to the risks it faces. The unpredictability of the current economic environment and the volatility of the markets due to the ongoing impact of Covid as well as the Ukraine-Russia conflict also gives rise to a risk that the Council may not appropriately disclose the impact of these issues on its going concern assessment. The disclosure should be underpinned by the management's assessment based on the Council's forecast year end financial position for the going concern period of 12 months from the auditor's report date.</p>

Work Plan - Independence

The FRC Ethical Standard 2019 and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence
- ▶ The IESBA Code requires EY to provide an independence assessment of any proposed non-audit service (NAS) to the PIE audit client and will need to obtain and document pre-concurrence from the audit committee/those charged with governance for the provision of all NAS prior to the commencement of the service (i.e., similar to obtaining a "pre-approval" to provide the service).
- ▶ All proposed NAS for PIE audit clients will be subject to a determination of whether the service might create a self-review threat (SRT), with no allowance for services related to amounts that are immaterial to the audited financial statements.

Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit/additional services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Work Plan - Independence

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Debbie Hanson, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in your company. Examples include where we have an investment in your company; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately 1:5. No additional safeguards are therefore required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your company. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.



03 Results and findings

Status of the audit

Our audit work in respect of the Council's accounts to support our disclaimed opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- ▶ Completion of subsequent events procedures to the date of our audit report;
- ▶ Receipt of signed and approved financial statements and Annual Governance Statements;
- ▶ Receipt of a signed management representation letter.

Given that the audit process is still ongoing, we will continue to consider existing and new information which could influence our final audit opinion, a current draft of which is included in this report.

Value for Money

Our value for money (VFM) work is complete and reported in Section 04 of this report. We identified risks of significant weaknesses related to governance and improving economy, efficiency and effectiveness arrangements as part of our risk assessment procedures. Having updated and completed the planned procedures to address these risks we did identify a significant weakness in governance in relation to the Council's procedures supporting the production of its financial statements. See Section 04 of the report for further details.

Audit differences

We identified a number of differences in our review of the draft 2021/22 and 2022/23 financial statements which are summarised here:

- ▶ Casting and consistency differences between the balance sheet and supporting notes and within individual tables.
- ▶ differences between 2020/21 signed accounts and the 2020/21 comparatives in the 2021/22 accounts in a large number of notes as well as in all the Group Primary statements.
- ▶ differences between 2021/22 draft accounts and the 2021/22 comparatives in the 2022/23 accounts in a large number of notes as well as in all the Group Primary statements.

These have now been corrected by management in March 2025 but these errors do however again indicate a lack of adequate quality assurance arrangements in relation to the financial statements and we have included a recommendation related to this as part of the statutory recommendations included in our audit report and set out in Appendix E of this report.



Results and findings

Other Reporting Issues

We have reviewed the information presented in the Annual Governance Statement (AGS) for consistency with our knowledge of the Council. We asked the Council to update the AGS for both 2021/22 and 2022/23 to reflect the significant weaknesses identified and included in this report in relation to the financial statements processes. These changes have been made.

We have completed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts. We have no matters to report as a result of this work.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We have not identified any issues which require reporting in the public interest

We have however identified significant weaknesses in the Council's arrangements for the preparation and publication of financial statements. As a result of the weaknesses identified, we have made Statutory Recommendations under Schedule 7(2) of section 24 of the Local Audit and Accountability Act 2014 (as amended).

Results and findings

Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of East Hertfordshire District Council. We concluded we would disclaim the audits for 2021/22 and 2022/23 and therefore have not completed detailed audit testing on these areas but instead have reported any matters that came to light from the work we did complete.

We request that you review these and other matters set out in this report to ensure:

- ▶ There are no further considerations or matters that could impact these issues
- ▶ You concur with the resolution of the issue
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit and Governance Committee or Board of Directors.

Control observations

During the audit, we did not identify any significant deficiencies in internal control.

We did however note significant weaknesses in the Council's arrangements for the production and publication of the Statements of Accounts and have reported this as a significant governance weakness in our audit report as part of our value for money reporting. We have also made a statutory recommendation in relation to these issues.

Independence

Further to our review of independence in Section 02 of this report we have not identified any issues to bring to your attention..

Results and findings

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- ▶ Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- ▶ Any significant difficulties encountered during the audit;
- ▶ Any significant matters arising from the audit that were discussed with management;
- ▶ Written representations we have requested;
- ▶ Expected modifications to the audit report;
- ▶ Any other matters significant to overseeing the financial reporting process;
- ▶ Findings and issues around the opening balance on initial audits (if applicable);
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern;
- ▶ Consideration of laws and regulations; and
- ▶ Group audits.

We wish to bring the following other matters to your attention.

Minimum Revenue Provision

Although we did not complete our planned procedures on the financial statements, we noted that the financial statements for both 2021/22 and 2022/23 include the following statement in relation to Minimum Revenue Provision (MRP) *'Following the disposal of the Council's Housing stock the Council has a negative capital financing requirement and so the calculated MRP is nil.'* Our high-level review of the accounts and of the Section 151 Officer's Report on the *'Capital Strategy and MRP 22/23 onwards'* issued in March 2022, identified that this statement is incorrect and that the Council's Capital Financing Requirement (CFR) became positive in 2020/21, thus requiring the Council to calculate and set aside MRP. If the Council is not charging MRP on the positive CFR balance, this may have an impact on the level of useable reserves available to the Council. As it is not clear from the reports provided and we are issuing a disclaimed opinion, we have not undertaken any further work on this area. We do however recommend that the Council review its MRP policy as a matter of urgency. We have included this recommendation as part of our vfm reporting in Section 04 of this report.

Financial Statement Processes

We have also identified and reported on significant weaknesses in the Council's arrangements for the production and publication of its financial statements as part of our value for money reporting in Section 04 of this report.

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST HERTFORDSHIRE DISTRICT COUNCIL

Disclaimer of Opinion

We were engaged to audit the financial statements of East Hertfordshire District Council ('the Council') for the year ended 31 March 2022. The financial statements comprise the:

- Council and Group Movement in Reserves Statement,
- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement,
- the related notes 1 to 37 including material accounting policy information,
- Collection Fund and the related notes 1 to 4.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We do not express an opinion on the accompanying financial statements of the Group and the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13 December 2024. This requirement meant that we were unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion as we had insufficient resources in the time available to perform all necessary procedures to support the local government audit reset.

We were not able to complete the audit of the 2020/21 financial statements and issue our audit opinion until 16 March 2023, due to delays in the provision of information by the Council.

We commenced our audit of the 2021/22 financial statements in March 2023, based on draft accounts provided for audit but not published, but were unable to complete all of our procedures on the financial statements due to delays in the provision of information.

Results and findings – Draft Audit Report (cont'd)

Our opinion on the financial statements

In addition, the Council did not publish their draft 2021/22 Statement of Accounts until the 11 December 2023, which was significantly after the statutory publication deadline of 31 July 2022. We also noted the following in relation to the published unaudited accounts:

- the accounts were not accompanied by an Annual Governance Statement
- the Statement of Responsibilities for the Statement of Account was from the 2020/21 Statement of Accounts and was dated 26 October 2020
- they included the signed audit report from the 2019/20 accounts.

As a result of the above, the Council had to re-advertise the period for the public inspection of the accounts and this period ran until 18 December 2024.

These issues are referred to in the significant weaknesses in arrangements section of our report.

These matters combined with the backstop date, meant that we were unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion in advance of the backstop date of 13 December 2024. Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements we have nothing to report in respect of whether the Annual Governance Statement is misleading or inconsistent with other information forthcoming from the audit, performed subject to the pervasive limitation described above, or our knowledge of the Group and the Council.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended); and/or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects.

We report to you if we are not satisfied that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023. We are making written recommendations to the Council under Section 24, Schedule 7 (2) of the Local Audit and Accountability Act 2014 (as amended). We may designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

Report on the Council's proper arrangements for securing economy, efficiency and effectiveness in the use of resources

On the basis of our work, having regard to the Code of Audit Practice 2024 and the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weaknesses in the Council's arrangements for the year ended 31 March 2022.

Results and findings – Draft Audit Report (cont'd)

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Our opinion on the financial statements

Significant weaknesses in arrangements

Our judgement on the nature of the weaknesses identified:

The Council did not publish its 2021/22 draft financial statements by 31 July 2022 as required by the Accounts and Audit Regulations 2015. The unaudited financial statements were published on 11 December 2023. The draft accounts, when published, were not appropriately certified by the Section 151 Officer and were not published alongside an Annual Governance Statement.

In addition, the Council was unable to adequately support the external audit process. Capacity issues within the finance team and weaknesses in quality control related to audit evidence led to delays in receipt of information to support the audit and that information, when provided, being of inadequate quality. These issues were also experienced during the 2020/21 audit process which was not completed until March 2023.

We note that the 2023/24 draft financial statements were not published by the statutory deadline of 31 May 2024.

The evidence on which our view is based:

- Publication date of the 2021/22, 2022/23 and 2023/24 draft financial statements
- The Council has not been able to provide timely, sufficient and appropriate audit evidence to support the external audit

The impact on the Council:

Failure to improve the Council's processes to report financial information on a timely basis impacts the Council's ability to meet statutory financial reporting deadlines and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) Regulations 2024.

The action the body needs to take to address the weakness:

As a result of the weaknesses identified, we make Statutory Recommendations under Schedule 7(2) of section 24 of the Local Audit and Accountability Act 2014 (as amended).

1. **Finance Function Workflow Review:** Conduct a comprehensive review of the finance function workflow to identify bottlenecks in the flow of information and the completion of key finance tasks. Use the findings to redefine roles and responsibilities within the finance team, ensuring an equitable distribution of workload and preventing any single individual from being overburdened.
2. **Quality Assurance Function Review:** Implement a thorough review of the quality assurance process for draft accounts and underlying workpapers. Establish clear timelines for the closedown process, ensuring appropriate segregation of duties between those preparing and those reviewing the draft accounts and workpapers. Monitor adherence to this process and report performance to the Audit and Governance Committee.

Results and findings – Draft Audit Report (cont'd)

Our opinion on the financial statements

3. **Finance Team Capacity:** Re-assess roles, responsibilities and resource requirements for financial reporting across the Council, including an assessment of the support required from other functions within the organisation for the financial reporting function to meet its objectives and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) Regulations 2024.

This issue is evidence of significant weaknesses in proper arrangements for governance, specifically that the Council does not have effective processes and systems in place to support its statutory financial reporting requirements.

Responsibility of the Chief Financial Officer

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 109, the Chief Financial Officer is responsible for the preparation of the 2021/22 Statement of Accounts, which includes the Group and Council financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and for being satisfied that they give a true and fair view and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Group and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and the Council either intends to cease operations, or has no realistic alternative but to do so.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Group and the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group and Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Results and findings – Draft Audit Report (cont'd)

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Our opinion on the financial statements

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether East Hertfordshire District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether East Hertfordshire District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether East Hertfordshire District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of East Hertfordshire District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of East Hertfordshire District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
21 April 2025

Results and findings – Draft Audit Report

Draft audit report 2022/23

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST HERTFORDSHIRE DISTRICT COUNCIL

Disclaimer of Opinion

We were engaged to audit the financial statements of East Hertfordshire District Council ('the Council') for the year ended 31 March 2023. The financial statements comprise the:

- Council and Group Movement in Reserves Statement,
- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement,
- the related notes 1 to 37 including material accounting policy information,
- Collection Fund and the related notes 1 to 4.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Group and the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13 December 2024.

The audit of the 2021/22 financial statements for East Hertfordshire District Council was not completed for the reasons set out in our opinion on those financial statements dated 21 April 2025. As a result of the delays to the previous year's audit together with the wider requirements of the local audit system reset, we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements before the 13 December 2024 backstop date.

In addition, the Council did not publish their draft 2022/23 Statement of Accounts until the 6 November, which was significantly after the statutory publication deadline of 31 May 2023, and the period for the public inspection of the accounts did not conclude until 18 December 2024.

These issues are referred to in the significant weaknesses in arrangements section of our report.

Therefore, we are disclaiming our opinion on the financial statements.

Results and findings – Draft Audit Report (cont'd)

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Our opinion on the financial statements

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements we have nothing to report in respect of whether the Annual Governance Statement is misleading or inconsistent with other information forthcoming from the audit, performed subject to the pervasive limitation described above, or our knowledge of the Group and the Council.

We report to you if:

- we issue a report in the public interest under Schedule 7 (1) of section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended); and/or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects.

We report to you if we are not satisfied that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023. We are making written recommendations to the Council under Section 24, Schedule 7 (2) of the Local Audit and Accountability Act 2014 (as amended). We may designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

Report on the Council's proper arrangements for securing economy, efficiency and effectiveness in the use of resources

On the basis of our work, having regard to the Code of Audit Practice 2024 and the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weaknesses in the Council's arrangements for the year ended 31 March 2023.

Significant weaknesses in arrangements

Our judgement on the nature of the weaknesses identified:

The Council did not publish its 2022/23 draft financial statements by 31 May 2023 as required by the Accounts and Audit Regulations 2015. The unaudited financial statements were published on 6 November 2023. This is the second year the publication date has not been met. The draft accounts, when published, were not appropriately certified by the Section 151 Officer and were not published alongside an Annual Governance Statement.

In addition, the Council was unable to adequately support the external audit process. Capacity issues within the finance team and weaknesses in quality control related to audit evidence led to delays in receipt of information to support the audit and that information, when provided, being of inadequate quality. These issues were also experienced during the 2021/22 audit process which was not completed until March 2024.

We note that the 2023/24 draft financial statements were not published by the statutory deadline of 31 May 2024.

Results and findings – Draft Audit Report (cont'd)

Our opinion on the financial statements

The evidence on which our view is based:

- Publication date of the 2021/22, 2022/23 and 2023/24 draft financial statements
- The Council has not been able to provide timely, sufficient and appropriate audit evidence to support the external audit

The impact on the Council:

Failure to improve the Council's processes to report financial information on a timely basis impacts the Council's ability to meet statutory financial reporting deadlines and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) Regulations 2024.

The action the body needs to take to address the weakness:

As a result of the weaknesses identified, we make Statutory Recommendations under Schedule 7(2) of section 24 of the Local Audit and Accountability Act 2014 (as amended).

1. **Finance Function Workflow Review:** Conduct a comprehensive review of the finance function workflow to identify bottlenecks in the flow of information and the completion of key finance tasks. Use the findings to redefine roles and responsibilities within the finance team, ensuring an equitable distribution of workload and preventing any single individual from being overburdened.

2. **Quality Assurance Function Review:** Implement a thorough review of the quality assurance process for draft accounts and underlying workpapers. Establish clear timelines for the closedown process, ensuring appropriate segregation of duties between those preparing and those reviewing the draft accounts and workpapers. Monitor adherence to this process and report performance to the Audit and Governance Committee.
3. **Finance Team Capacity:** Re-assess roles, responsibilities and resource requirements for financial reporting across the Council, including an assessment of the support required from other functions within the organisation for the financial reporting function to meet its objectives and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) Regulations 2024.

This issue is evidence of significant weaknesses in proper arrangements for governance, specifically that the Council does not have effective processes and systems in place to support its statutory financial reporting requirements.

Results and findings – Draft Audit Report (cont'd)

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Our opinion on the financial statements

Responsibility of the Chief Financial Officer

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 90, the Chief Financial Officer is responsible for the preparation of the 2022/23 Statement of Accounts, which includes the Group and Council financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Group and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and the Council either intends to cease operations, or has no realistic alternative but to do so.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Group and the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group and Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Results and findings – Draft Audit Report (cont'd)

Our opinion on the financial statements

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether East Hertfordshire District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether East Hertfordshire District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether East Hertfordshire District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of East Hertfordshire District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.


Use of our report

This report is made solely to the members of East Hertfordshire District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
21 April 2025



04 Value for Money



VFM - Executive Summary

Purpose

Auditors are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor's Annual Report. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

The purpose of this commentary is to explain the work we have undertaken during the period 01 April 2021 to 31 March 2023 and highlight any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit years 2021/22 and 2022/23. The NAO has confirmed that where VFM reporting is outstanding for more than one year, the auditor can issue one report covering all years.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the Financial Reporting Council (FRC), as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. As part of the NAO consultation issued on 8 February 2024, there is a proposal to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. However, the consultation states that where auditors have begun or already undertaken work that no longer falls under the reduced scope (if agreed once the consultation closes), they may still report on it in accordance with Schedule 4. We are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

The report sets out the following areas which have been assessed up to the point of issuing this report:

- Any identified risks of significant weakness, having regard to the three specified reporting criteria;
- An explanation of the planned responsive audit procedures to the significant risks identified; and
- Findings to date from our planned procedures.

We provided a detailed summary of arrangements over the period covered by this report in our Interim Value for Money report presented to the Audit and Governance Committee in October 2024.

VFM - Executive Summary (continued)

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Risks of Significant Weakness

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with key officers;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team.

In our Provisional Audit Plan for 2021/22 we noted that we had yet to complete our detailed VFM planning. However, one area of focus would be on the arrangements that the Council has in place in relation to financial sustainability. We completed our VFM planning and identified risks of significant risk as set out in the table on the following page. These were also reported in our Interim VFM Commentary in October 2024.

VFM - Executive Summary (continued)

Reporting

Our commentary for 2021/22 and 2022/23 is set out over pages 27 to 35. The commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2021/22 and 2022/23. We include within the VFM commentary below the associated recommendations we have made to the Council.

The detailed arrangements and processes underpinning the reporting criteria were reported in our 2020/21 Auditor's Annual Report and have been updated for 2021/22 and 2022/23. These updates were included in our Interim VFM Commentary in October 2024.

In accordance with the NAO's 2020 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this report, we have concluded that there is a significant weakness in the Council's arrangements.

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	Non preparation and publication of the financial statements for 2021/22 and 2022/23 and the 2021/22 Annual Governance Statement	Yes, non-compliance with the Accounts and Audit Regulations 2015 in a number of areas.
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	Delays and/or significant cost over runs on major projects	No significant weakness identified.

Value for Money Commentary

Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services for 2021/22 and 2022/23

No significant weakness identified

The Council is required to have arrangements in place to ensure proper resource management and the primary responsibility for these arrangements, and reporting on the design and operation of these arrangements via the Annual Governance Statement, rests with management. In accordance with the National Audit Office (NAO)'s Code the focus of our work should be on the arrangements that the Authority is expected to have in place during the years ended 31 March 2022 and 2023.

Our risk assessment did not identify any risk of significant weakness in arrangements to secure financial sustainability, but we did identify a number of areas for improvement which are noted in this report.

Budget setting and monitoring

The Council has adhered to its governance processes for setting a balanced budget and Medium Term Financial Plan (MTFP). The budget and MTFP are underpinned by assumptions that we deemed reasonable and supported. The Council's budget is monitored on a monthly basis by senior management and reported quarterly to the Executive. The Council's revenue budget was put under pressure in 2021/22 due to losses in income and increased costs.

The 2021/22 and 2022/23 revenue budgets were approved by Council in March 2021 and 2022 respectively, and a balanced budget was set each year. The outturn and pressures identified in the previous year are considered as part of the budget process to ensure that these are adequately addressed in the next years' budget.

The 2021/22 revenue budget and MTFP was based on the following assumptions;

- salary inflation of 2%
- 2.5% increase to fees and charges
- additional budget savings/efficiencies required over the next four years totalling £8.89 million to 2024/25, with use of reserves of £5.47 million over the period to bridge the budget gap.
- increase in the provision for bad debts by £1.034 million has been forecast as well as an increase in the appeals provision of £3.4 million.

The 2022/23 budget and Medium-Term Financial Plan (MTFP) was based on the following assumptions:

- contract inflation up to 4%.
- no inflation in other goods and services budgets.
- provision for the national pay award (up to 3%).

The 2021/22 budget and MTFP included a savings target of £2.39 million, to be achieved from new savings proposals, the transformation programme and infrastructure investment. For 2021/22, the Council reported an overall underspend position of £91k. In 2022/23, the final general fund revenue outturn reported in September 2023 was a £195k overspend, which was funded from the General Fund Reserve. This compared to the forecast outturn as of 30 June 2022 of an overspend of £229k.

Value for Money Commentary (continued)

Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services for 2021/22 and 2022/23

No significant weakness identified

Medium term financial plans and savings

The Council faces real-term reductions in government grants and increases in costs due to inflation and other pressures. These challenges created a budget shortfall of £1.179 million for 2022/23 and an additional £3.5 million for 2023/24.

For 2022/23, the following savings proposals were identified;

- Reduction in payment to the Hertfordshire Emergency Planning / Resilience Partnership from £26k per year to £16k to reflect the reduction in hours devoted by the Partnership to East Herts
- Removal of £21k from the 2022/23 budget relating to the community public transport schemes
- Increase the charge from single people in bed and breakfast from £110.40 per week to £129.33
- Reduction of 25% in the combined revenue and capital grants budget of £31k
- Introduce standard car park tariff charges on Sundays across Council managed car parks
- To reduce the number of audit days purchased from SIAS whilst still ensuring appropriate assurance is received
- Gilston Planning Costs Pressure reduction from £247,000 to £207,000

For 2023/24, the Council approved a net revenue budget of £12,113 million in March 2023 with a forecast net revenue overspend of £220k. Assumptions built into the 2023/24 revenue budget and MTFP were:

- a council tax increase of 2.99%
- pay inflation originally set at 2% for 2023/24 was increased to 4% in 2023/24 but remaining at 2% in future years.
- contract inflation was set at 4% in 2022/23 and 2.5% thereafter.
- net income stream for the theatre has been moved back to 2025/26 due to delays in Hertford Theatre
- the Elizabeth Road redevelopment will be progressed only as far as planning permission
- capital receipts will be used to replace borrowing thus reducing revenue costs

The 2023/24 MTFP projections were reported to Council in March 2023 and required the Council to make savings of at least £6.9 million in the next four years. Proposals to close the budget gap for 2023/24 amounted to £866k compared to a target of £822k. The 2023/24 MTFP projections were reported to Council in March 2023 and required the Council to make savings of at least £6.9 million in the next four years. Proposals to close the budget gap for 2023/24 amounted to £866k compared to a target of £822k. The 2025 Budget 2025/26 & Medium Term Financial Plan 2025-2035 reported to the Council in February 2025 shows a balanced budget for 2025/26.

The savings targets over the next four years are challenging and a recent Finance Peer Challenge report based on a desktop review undertaken in February to March 2024 noted a number of areas for improvement in relation to savings. These included, the need to incorporate comprehensive risk assessments related to the proposed savings measures, including detailing the likelihood and potential impact of not achieving the targeted savings. It also found that the budget report would benefit from clear explanations as to how the savings identified impact on future years and ensuring that all savings figures are fully reconciled.

Value for Money Commentary (continued)

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Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services for 2021/22 and 2022/23

No significant weakness identified

The Council has earmarked reserves which can be used to balance the budget in the medium term. Earmarked reserves at 31 March 2022 were £21.3 million and the general fund balance of £3.8 million was above the min recommended level of £2.2 million set by the Section 151 officer. The level of earmarked reserves had reduced to £18.7 million at 31 March 2023.

The annual savings requirements to deliver a balanced budget in the March 2023 MTFP are set out below and the cumulative impact of these is a savings requirement of £7.49 million by 2027/28:

- 2023/24: £0,822 million
- 2024/25: £2.170 million
- 2025/26: £2.146million
- 2026/27: £1.758 million
- 2027/28: £0.594 million

Savings requirements as per the 2024/25 MTFP are:

- 2024/25: Gross savings requirement of £1.186 million
- 2025/26: Gross savings requirement of £5.606 million.
- 2026/27: Gross savings requirement of £5.606 million.
- 2027/28: Gross savings requirement of £6.132 million.

Levels of reserves

The Council has earmarked reserves which can be used to balance the budget in the medium term. Earmarked reserves at 31 March 2022 were £21.3 million and the general fund balance of £3.8 million was above the min recommended level of £2.2 million set by the Section 151 officer. The level of earmarked reserves had reduced to £18.7 million at 31 March 2023.

The Finance Peer Challenge report referred to above, also noted that the useable reserves were comparatively low, and recommended that the Council should consider financial risks in determining a minimum level of reserves to be maintained. Additionally, it recommends publishing an explicit statement on the Council's usable reserves position within the budget report. The most recent published accounts cover the period up to 2021/22 and show usable reserves of £21.3 million as of March 2022. However, after discounting specific reserves, the Peer Review noted that the sum of usable earmarked reserves is only £4.7 million. We also noted as part of our work that it was difficult to establish the projected level of useable reserves through review of the Council's various budgeting reports. We did however note that the Budget Report in October 2024, included projections of reserves to 2027/28, which reported a projected general fund balance of £3.8 million, a general reserve of £1 million and earmarked reserves of £14.7 million.

Value for Money Commentary (continued)

Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services for 2021/22 and 2022/23

No significant weakness identified

Minium Revenue Provision (MRP)

We note that the Council moved to a position of having a positive Capital Financing Requirement in 2020/21, having previously been debt free. The Council's reported MRP policy is to *'repay internal borrowing incurred on capital expenditure between 2011/12 and 2021/22 from the set aside balance in order that no MRP is required to be set aside. For external borrowing from 2021/22 and future years the Council will assess MRP in accordance with the main recommendations contained within the guidance issued by the Secretary of State'*. It is unclear from our reading of the Council's Policy whether the Council has fully considered the impact of not setting aside MRP in relation to capital spend between 2011/12 and 2021/22 in terms of any impact on its future financial resilience. As we are issuing disclaimer opinions on the 2021/22 and 2022/23 financial statements, we have not undertaken any audit work in relation to the MRP policy and calculation, but recommend that the Council undertakes a review of this area.

Overall conclusion

Despite the pressures noted we have not identified any significant weakness in the financial management arrangements for 2021/22 and 2022/23. The Council has mitigating actions in place which have enabled a balanced budget to be set in each year and for reserves to be maintained above the minimum recommended level. The scale of savings required to continue to set a balanced budget and maintain reserves at an appropriate level does however significantly increase in future years.

Our work and that of the Finance Peer Challenge has however noted a number of areas for improvement in financial management and reporting.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 and 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services

Recommendations:

1. Officers need to ensure robust savings plans are put in place and delivered to ensure spend is contained within budget and planned savings are delivered on a timely basis.
2. The Council should ensure that it mitigates the further use of reserve balances to support the revenue budget in the medium term, by taking steps to ensure that both in-year overspends are minimised and future savings gaps are identified early with schemes put in place, without compromising front line service delivery.
3. The Council should ensure it takes action to address the findings and recommendations from the Finance Peer Challenge as a matter of urgency.
4. The Council should undertake a review of its MRP policy and calculation to ensure it is fully compliant with the statutory requirements and guidance and that sufficient set asides are being made.

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

Significant weakness identified for 2021/22 and 2022/23

The Council is required to have arrangements in place to ensure proper risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the Annual Governance Statement rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the audited body is expected to have in place during the years ended 31st March 2022 and 2023.

Financial statements

Our risk assessment identified a risk of significant weakness in arrangements in governance in relation to the Council's failure to comply with the Audit and Accounts regulations in relation to the failure to prepare and publish accounts on a timely basis along with appropriate inspection notices.

Under the Accounts and Audit Regulations 2015, the Council is required to publish a set of draft accounts for a public inspection period of 30 working days, during which time any interested person may inspect the accounts and ask questions to the external auditor. For 2021/22, this public inspection period should start no later than the first working day of August (per a 2021 amendment to the regulations) and the accounts should also include an Annual Governance Statement.

The Council published their draft 2021/22 financial statements for audit on the 11 December 2023 and advertised and held an inspection period for members of the public. For 2021/22, the Council have therefore not complied with the requirements of the Accounts and Audit Regulations, as the inspection period did not start until 12 December 2023. We also noted the following:

- the accounts published for inspection did not include an Annual Governance Statement (AGS).
- the Statement of Responsibilities for the Statement of Account included in the 2021/22 Accounts was from the 2020/21 accounts and was dated 26/10/2020.
- the auditor's report included in the 2021/22 Accounts was the audit report for the 2019/20 accounts.

For 2022/23, the Council have again not complied with the requirements of the Accounts and Audit Regulations as they;

- did not prepare and publish the set of draft accounts until 6 November 2024.
- did not publish a notice stating that the Council has not been able to publish the statement of accounts and its reasons for this.

We also note that for 2023/24 the Council has again failed to produce a set of accounts and has not included the required notices on its website.

We have therefore concluded that appropriate arrangements for financial reporting were not in place during 2021/22 and 2022/23. As the statement of accounts are an important document and provide members of the public and other stakeholders with information regarding the Council's financial position, we have concluded that the continued failure to prepare and publish accounts represents a significant weakness in governance arrangement and will be modifying our audit report, to refer to this. We are also issuing a statutory recommendation in this regard as part of our formal reporting.

Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

Significant weakness identified for 2021/22 and 2022/23

Other arrangements

The Council has an established risk management process including a Risk Management Strategy that is reviewed quarterly by the audit and governance committee. The Council's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent and accountable to local people. Areas of potential change are identified, and the Constitution is amended accordingly, which has been evidenced by the recent updating of its constitution on in January 2024.

The Shared Internal Audit Service's (SIAS) have given reasonable assurance for 2021/22 and 2022/23 over the adequacy and effectiveness of the Council's framework of governance, risk management and control. In 2021/22, ten projects all received substantial assurance opinions and contributed to the overall assurance opinion. There were also three projects with an opinion of 'not assessed', two "not complete" and one "limited" For 2022/23, there were two incomplete projects, one unqualified and one not assessed.

The 2022/23 AGS includes all the areas required by the Cipfa Code, including information relating to review of effectiveness and reports on the key governance areas where Internal Audit work has identified further improvements needed. These are:

- The Communications Strategy requires revision to reflect changes in technology, social media and the further decline of printed media and to separate consultation from communication.
- The Council would benefit from a separate Consultation Strategy which sets out how and when the Council will consult. This accords with the priorities of the new Joint Administration.
- Member Officer Protocol for working in a no overall control council. At the elections in May 2023, the Council moved to being under no overall control by a single political party. There is a need to set out expectations concerning information, briefings and policy development that more appropriately meet the needs of the political groups in a no overall control council.
- Contract Procedure Rules are in need of review and updating, particularly as they reflect the transition under Brexit and not the final position under the Procurement Bill, which is in its final stage before anticipated Royal Assent and amendments introduced under the Public Procurement (International Trade Agreements) (Amendment) Regulations 2023. This will be undertaken alongside the development of the Procurement Strategy to ensure that they are properly aligned.

We did however note that the AGS does not include reference to the delays in the production and publication of the financial statements and have therefore asked management to update the AGS to include reference to these issues.

Value for Money Commentary (continued)

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Governance: How the Council ensures that it makes informed decisions and properly manages its risks

Significant weakness identified for 2021/22 and 2022/23

Conclusion: Based on the work performed, we have identified a significant weakness in the arrangements in relation to the production and publication of the accounts that we will be reporting by exception in relation to the non-compliance with Audit and Accounts regulations 2015. We are also issuing a statutory recommendation in this regard as part of our formal reporting.

Recommendations:

- 1. The Council should take immediate action to strengthen the arrangements for the preparation and publication of its accounts and relevant associated notices in line with the requirements of the Accounts and Audit Regulations.*
- 2. The Council should ensure actions are taken to address weaknesses identified by Internal Audit, as reported in the AGS, on a timely basis in order for the Council to be assured regarding the adequacy of its governance arrangements.*

Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified for 2021/22 and 2022/23 but work remains in progress

The Council is required to have arrangements in place to ensure economy, efficiency and effectiveness, and the responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the audited body is expected to have in place during the years ended 31st March 2022 and 2023.

Our risk assessment has identified a risk of significant weakness in arrangements in place to ensure economy, efficiency and effectiveness, as noted below. We have now concluded our work in this area following the provision of additional information from the Council regarding the procurement arrangements and the supplier evaluation process and have not identified a significant weakness in arrangements.

The five-year capital spending programme totals over £90 million. During 2021/22, the Council spent £31.5 million on capital projects, compared with a budget of £64.6 million. The underspend of £33 million was due to schemes not commencing or progressing in line with initial expectations and was carried forward into 2022/23. The capital programme was re-profiled as part of the budget report to Council in March 2022 and the majority of these underspends were captured in this re-profiling and a further £4.1 million was carried forward to the 2022/23 capital programme.

The capital programme included the regeneration of Old River Lane in Bishop's Stortford and the continued redevelopment of Hartham Leisure Centre. We have noted significant delays and/or cost overruns on these major projects which could indicate a weakness in procurement arrangements or contract management and could have a negative impact on the Council's financial position. In response to this risk, we have considered these projects in more detail as noted below.

1. Hertford Theatre Development:

The initial contract was awarded in March 2022 for £18.881 million. The project has encountered a series of budgetary challenges due to rising inflation and unprecedented increase in costs of labour and materials. This has resulted in an increased budget for the development, which stood at £24.1 million at March 2022. As of that date, the cost verification has indicated that the project is expected to cost £30.2 million to complete in its entirety and at the current date the forecast outturn is a projected overspend of £2.6 million, which officers are working to reduce. The Council has engaged external advisors to undertake an assessment of costs and advise the Council on an appropriate guaranteed maximum price to be agreed with the contractor following the continued increases.

2. Old River Lane Regeneration and Arts Centre:

The Council purchased the Old River Lane site in 2015, after a private sector scheme failed to be delivered. The site offers a prime development opportunity in the heart of Bishop's Stortford town centre. The Council selected Cityheart as their development partner via an OJEU compliant Competitive Dialogue process in 2018. The aims were to create an arts and entertainment centre, residential, retail and leisure uses to drive transformational change in Bishop's Stortford.

Since the project was initially started it has been revisited and updated. The project is currently postponed until the borrowing to construct the building becomes affordable. We note that the Development Agreement with CityHeart has not yet been signed as a result of additional details having to be worked through, including planning and assembly, the boundary of the development, existence of power sub-stations and culverts and restrictive covenants.

Value for Money Commentary (continued)

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Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified for 2021/22 and 2022/23

Spend to date on the Old River Lane project is £4 million. The 2023/24 budget outturn report includes a forecasted £500k further spend. From 2023/24 onwards, there is no forecasted budget spend due to:

- A £2.0 million saving which arose from delay to the likely commencement of the Arts Centre.
- A decision to pause the Old River Lane & Arts centre project and rephasing of IT capital spend.

Financing of the capital programme

The March 2023 MTFS notes that the capital programme will be largely funded by external borrowing going forward. The Council has previously been debt free, and this new borrowing will impact the revenue account through the requirement to pay interest and also from the requirement to set aside Minimum Revenue Provision (MRP) to meet the repayment of the principal amount of loans. As part of the completion of our value for money work in this area we will assess the appropriateness and adequacy of the Council's MRP policy and calculation.

The latest MTFS, notes that priority has been given to the following and, as a result of the prioritisation exercise, £9.560 million of capital expenditure has been paused until such time as it is affordable for the Council to start a number of capital projects again:

- completing the major projects;
- essential maintenance only on operational assets;
- essential investment for the new waste contract;
- continuing to deliver means-tested statutory housing improvement loans

Other matters

The Council was not subject to any inspections. The Council partners with a range of external organisations to consult on and deliver services to the local area. These partnerships are managed using boards, committees and other forums either under statutory or locally determined arrangements to agree and monitor performance against targets.

We have not undertaken a detailed review of the Council's MRP policy and calculation, as noted earlier in this report. We note however that the Council's plans for its capital programme are now reliant on external borrowing and it is therefore important that the Council ensures its policy and calculation is appropriate and compliance with stator requirements.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 and 2022/23 to ensure economy, efficiency and effectiveness



05 Appendices

Page 3

Appendix A – Management representation letter

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Management representation letter 2021/22

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young

**400 Capability Green
Luton
LU1 3LU**

This letter of representations is provided in connection with your audit of the consolidated and Council financial statements of East Hertfordshire District Council ("the Group and Council for the year ended 31 March 2022. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and Council financial statements give a true and fair view of the of the Group and Council financial position of East Hertfordshire District Council as of 31 March 2022 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our consolidated and Council financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with for the Group and Council the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

2. We acknowledge, as members of management of the Group and Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and are free of material misstatements, including omissions. We have approved the financial statements.
 3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
 4. As members of management of the Group and Council, we believe that the Group and Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), that are free from material misstatement, whether due to fraud or error.
 5. There have been no significant errors or misstatements, or changes in accounting policies, other than the matters described above, that would require a restatement of the comparative amounts in the current year's consolidated and Council financial statements. Other differences in the amounts shown as comparative amounts from the amounts in the consolidated and Council financial statements for the year ended *31 March 2022* are solely the result of reclassifications for comparative purposes.
 6. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.
 7. We confirm the Group and Council does not have securities (debt or equity) listed on a recognized exchange.
- B. Non-compliance with law and regulations, including fraud**
1. We acknowledge that we are responsible to determine that the Group and Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

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Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Group and Council (regardless of the source or form and including, without limitation, allegations by “whistleblowers”) including non-compliance matters:
 - involving financial improprieties;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Group and Council’s financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group and Council’s activities, its ability to continue to operate, or to avoid material penalties;

- involving management, or employees who have significant roles in internal controls, or others; or

in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

3. We have made available to you all minutes of the meetings of the Group and Council/ and committees including the Cabinet and Audit and Governance Committee (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 18 March 2025.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
6. We have disclosed to you, and the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From 16 March 2023 (the date of our last management representation letter) through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount

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Management representation letter 2022/23

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note xx to the financial statements all guarantees that we have given to third parties.

E. Ownership of Assets

1. Except for assets capitalised under finance leases, the Group and Council has satisfactory title to all assets appearing in the balance sheets, and there are no liens or encumbrances on the Group and Council's assets, nor has any asset been pledged as collateral to the financial statements. All assets to which the Group and Council has satisfactory title appear in the balance sheets.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.

3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. We have no other line of credit arrangements.

F. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of land and buildings and investment property, defined benefit pension scheme and business rates appeals provision and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

G. Estimates

Valuation of land and buildings included in property plant and equipment and investment properties

1. We confirm that the significant judgments made in making the valuation of land and buildings included in property, plant, and equipment and investment property estimate have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the valuation of land and buildings and investment properties estimate.
3. We confirm that the significant assumptions used in making the valuation of land and buildings and investment properties estimate appropriately reflect our intent and ability to continue to use the assets in the provision of services or generation of income behalf of the Group and Council.
4. We confirm that the disclosures made in the consolidated and Council entity financial statements with respect to the accounting estimates, including those describing estimation uncertainty are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

5. We confirm that appropriate specialized skills or expertise has been applied in making the valuation of land and buildings and investment properties estimate.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated and Council entity financial statements.

Defined benefit pensions scheme

1. We confirm that the significant judgments made in making the defined benefit pensions scheme estimate have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the defined benefit pensions scheme.
3. We confirm that the significant assumptions used in making the defined benefit pensions scheme estimate appropriately reflect our intent and ability to continue to participate in the Essex Pension Fund.

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Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

4. We confirm that the disclosures made in the consolidated and Council entity financial statements with respect to the accounting estimates, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
5. We confirm that appropriate specialized skills or expertise has been applied in making the defined benefit pensions scheme estimate.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated and Council entity financial statements.

Business rates appeals provision

7. We confirm that the significant judgments made in making the business rates appeals provision estimate have taken into account all relevant information of which we are aware.
8. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the business rates appeals provision estimate.

9. We confirm that the significant assumptions used in making the business rates appeals provision estimate appropriately reflect our intent and ability to continue to use the assets in the provision of services or generation of income behalf of the Group and Council.
10. We confirm that the disclosures made in the consolidated and Council entity financial statements with respect to the accounting estimates, including those describing estimation uncertainty are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
11. We confirm that appropriate specialized skills or expertise has been applied in making the business rates appeals provision estimate.
12. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated and Council entity financial statements.

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

H. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

I. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

J. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the consolidated or Council entity financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the consolidated or Council entity financial statements).
2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.

K. Going Concern

1. Note xx to the consolidated and Council financial statements discloses all the matters of which we are aware that are relevant to the Group and Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

L. Subsequent Events

1. Other than events described in Note xx to the consolidated and Council financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

M. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Statement of Accounts 2021/22 including the Narrative Report and Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

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Management Rep Letter

3. We confirm that the Annual Governance Statement for 2021/22 is a true reflection, in all material respects, of the governance arrangements and the effectiveness of those arrangements in 2021/22 and includes disclosure of all significant governance issues and findings relating to that financial year, through to the date of this letter.

N. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered in the consolidated and Council financial statements.

G. Group audits

Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst the Council, subsidiary undertakings and associated undertakings.

Yours faithfully,

(Chief Financial Officer/Finance Director)

(Chair of the Audit & Governance Committee)

Appendix A – Management representation letter

Management representation letter 2022/23

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young

**400 Capability Green
Luton
LU1 3LU**

This letter of representations is provided in connection with your audit of the consolidated and Council financial statements of East Hertfordshire District Council ("the Group and Council for the year ended 31 March 2023. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and Council financial statements give a true and fair view of the of the Group and Council financial position of East Hertfordshire District Council as of 31 March 2023 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We understand that the purpose of your audit of our consolidated and Council financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with for the Group and Council the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

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Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

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2. We acknowledge, as members of management of the Group and Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and are free of material misstatements, including omissions. We have approved the financial statements.
 3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
 4. As members of management of the Group and Council, we believe that the Group and Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), that are free from material misstatement, whether due to fraud or error.
 5. There have been no significant errors or misstatements, or changes in accounting policies, other than the matters described above, that would require a restatement of the comparative amounts in the current year's consolidated and Council financial statements. Other differences in the amounts shown as comparative amounts from the amounts in the consolidated and Council financial statements for the year ended 31 March 2023 are solely the result of reclassifications for comparative purposes.
 6. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.
 7. We confirm the Group and Council does not have securities (debt or equity) listed on a recognized exchange.
- B. Non-compliance with law and regulations, including fraud**
1. We acknowledge that we are responsible to determine that the Group and Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
 2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.

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Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Group and Council (regardless of the source or form and including, without limitation, allegations by “whistleblowers”) including non-compliance matters:
 - involving financial improprieties;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Group and Council’s financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group and Council’s activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or

- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

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Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

3. We have made available to you all minutes of the meetings of the Group and Council and committees including the Cabinet and Audit and Governance Committee (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 18 March 2025.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
6. We have disclosed to you, and the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From 16 March 2023 (the date of our last management representation letter) through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount

Appendix A – Management representation letter

Management representation letter

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Management Rep Letter

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note xx to the financial statements all guarantees that we have given to third parties.

E. Ownership of Assets

1. Except for assets capitalised under finance leases, the Group and Council has satisfactory title to all assets appearing in the balance sheets, and there are no liens or encumbrances on the Group and Council's assets, nor has any asset been pledged as collateral to the financial statements. All assets to which the Group and Council has satisfactory title appear in the balance sheets.

2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. We have no other line of credit arrangements.

F. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of land and buildings and investment property, defined benefit pension scheme and business rates appeals provision and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

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Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

G. Estimates

Valuation of land and buildings included in property plant and equipment and investment properties

1. We confirm that the significant judgments made in making the valuation of land and buildings included in property, plant, and equipment and investment property estimate have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the valuation of land and buildings and investment properties estimate.
3. We confirm that the significant assumptions used in making the valuation of land and buildings and investment properties estimate appropriately reflect our intent and ability to continue to use the assets in the provision of services or generation of income behalf of the Group and Council.
4. We confirm that the disclosures made in the consolidated and Council entity financial statements with respect to the accounting estimates, including those describing estimation uncertainty are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

5. We confirm that appropriate specialized skills or expertise has been applied in making the valuation of land and buildings and investment properties estimate.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated and Council entity financial statements.

Defined benefit pensions scheme

1. We confirm that the significant judgments made in making the defined benefit pensions scheme estimate have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the defined benefit pensions scheme.
3. We confirm that the significant assumptions used in making the defined benefit pensions scheme estimate appropriately reflect our intent and ability to continue to participate in the Essex Pension Fund.

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Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

4. We confirm that the disclosures made in the consolidated and Council entity financial statements with respect to the accounting estimates, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

5. We confirm that appropriate specialized skills or expertise has been applied in making the defined benefit pensions scheme estimate.

6. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated and Council entity financial statements.

Business rates appeals provision

7. We confirm that the significant judgments made in making the business rates appeals provision estimate have taken into account all relevant information of which we are aware.

8. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the business rates appeals provision estimate.

9. We confirm that the significant assumptions used in making the business rates appeals provision estimate appropriately reflect our intent and ability to continue to use the assets in the provision of services or generation of income behalf of the Group and Council.

10. We confirm that the disclosures made in the consolidated and Council entity financial statements with respect to the accounting estimates, including those describing estimation uncertainty are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

11. We confirm that appropriate specialized skills or expertise has been applied in making the business rates appeals provision estimate.

12. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated and Council entity financial statements.

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Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

H. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

I. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

J. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the consolidated or Council entity financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the consolidated or Council entity financial statements).
2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.

K. Going Concern

1. Note xx to the consolidated and Council financial statements discloses all the matters of which we are aware that are relevant to the Group and Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

L. Subsequent Events

1. Other than events described in Note xx to the consolidated and Council financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

M. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Statement of Accounts 2022/23 including the Narrative Report and Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.
3. We confirm that the Annual Governance Statement for 2022/23 is a true reflection, in all material respects, of the governance arrangements and the effectiveness of those arrangements in 2022/23 and includes disclosure of all significant governance issues and findings relating to that financial year, through to the date of this letter.

N. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered in the consolidated and Council financial statements.

G. Group audits

Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst the Council, subsidiary undertakings and associated undertakings.

Yours faithfully,

(Chief Financial Officer/Finance Director)

(Chair of the Audit & Governance Committee)

Appendix B – Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

The original fees for these years were based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.

Due to the reset, the above clearly will not be achieved and we will be liaising with PSAA Ltd to discuss and agree fees.

	2022/23	2021/22	2020/21
	Scale fee	Scale fee	fee
	£	£	£
Scale Fee - Code Work	55,440	40,295	40,295
Scale Fee variation - Note 1	TBD	TBD	51,789
Total audit	TBD	TBD	92,094
Other non-audit services not covered above (Housing benefits - Note 2)	TBB	TBD	TBD
Total other non-audit services	TBD	TBD	TBD
Total fees	TBD	TBD	TBD

All fees exclude VAT

Note 1: As set out in the joint statement on update to proposals to clear the backlog and embed timely audit issued by DHLUC, PSAA will use its fee variation process to determine the final fee the Council have to pay for the 2021/22 and 2022/23 audits. PSAA have already determined the additional fee for 2020/21 as set out above.

Note 2: Our work on the certification of the Council's housing benefit claim has not yet been completed. The fees for this work will be finalised and agreed with management on completion of this work

Appendix C – Required communications with the Audit Committee

We have detailed the communications that we must provide to the audit committee.

Our Reporting to you		
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> ▶ The planned scope and timing of the audit ▶ Any limitations on the planned work to be undertaken ▶ The planned use of internal audit ▶ The significant risks identified <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team</p>	This Completion report for Those Charged with Governance
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process ▶ Findings and issues regarding the opening balance on initial audits (delete if not an initial audit) 	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Audit Committee (cont'd)

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Our Reporting to you

Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	This Completion report for Those Charged with Governance
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	This Completion report for Those Charged with Governance
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud, relevant to Audit Committee responsibility 	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Audit Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	This Completion report for Those Charged with Governance
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence</p> <ul style="list-style-type: none"> ▶ Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Audit Committee (cont'd)

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Our Reporting to you

Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	This Completion report for Those Charged with Governance
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	This Completion report for Those Charged with Governance
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	This Completion report for Those Charged with Governance
Group audits	<ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements 	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Representations	Written representations we are requesting from management and/or those charged with governance	This Completion report for Those Charged with Governance
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	This Completion report for Those Charged with Governance
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	This Completion report for Those Charged with Governance
Auditors report	<ul style="list-style-type: none">▶ Key audit matters that we will include in our auditor's report▶ Any circumstances identified that affect the form and content of our auditor's report	This Completion report for Those Charged with Governance

Appendix D - Non-Compliance with Laws and Regulations (NOCLAR)

Non-Compliance with Laws and Regulations includes:

Any act or suspected act of omission or commission (intentional or otherwise) by the entity (including any third parties under the control of the entity such as subsidiaries, those charged with governance or management or an employee acting on behalf of the company), either intentional or unintentional, which are contrary to the prevailing laws or regulations

Management Responsibilities:

"It is the responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements."

ISA 250A, para 3

"The directors' report must contain a statement to the effect that... so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information."

ISA 250A, para 3

"Management is responsible for communicating to us on a timely basis, to the extent that management or those charged with governance are aware, all instances of identified or suspected non-compliance with laws and regulations ..."

Audit Engagement Letter

Management's responsibilities are also set out in the International Ethics Standard Board of Accountants' International Code of Ethics (IESBA Code) Para 360.08

Auditor Responsibilities

[The International Ethics Standard Board of Accountants' International Code of Ethics](#) (IESBA Code) section 360 sets out the scope and procedures in relation to responding to actual or suspected non-compliance with laws and regulations.

Professional accountancy organisations who are members of the International Federation of Accountants (IFAC), such as the Institute of Chartered Accountants in England and Wales (ICAEW) are required to adopt the IESBA Code of Ethics.

We as your auditor are required to comply with the Code by virtue of our registration with ICAEW.

"If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall obtain:

An understanding of the nature of the act and the circumstances in which it has occurred; and Further information to evaluate the possible effect on the financial statements

The auditor shall evaluate the implications of the identified or suspected non-compliance in relation to other aspects of the audit, including the auditor's risk assessment and the reliability of written representations, and take appropriate action."

ISA 250A, paras 19 and 22

Examples of Non-Compliance with Laws and Regulations (NOCLAR)

Matter

- ▶ Suspected or known fraud or bribery
- ▶ Health and Safety incident
- ▶ Payment of an unlawful dividend
- ▶ Loss of personal data
- ▶ Allegation of discrimination in dismissal
- ▶ HMRC or other regulatory investigation
- ▶ Deliberate journal mis-posting or allegations of financial impropriety
- ▶ Transacting business with sanctioned individuals

Implication

- ▶ Potential fraud/breach of anti-bribery legislation
- ▶ Potential breach of section 2 of the Health and Safety at Work Act 1974
- ▶ Potential breach of Companies Act 2006
- ▶ Potential GDPR breach
- ▶ Potential non-compliance with employment laws
- ▶ Suspicion of non-compliance with laws/regulations
- ▶ Potential fraud / breach of Companies Act 2006
- ▶ Potential breach of sanctions regulations

Appendix D - Non-Compliance with Laws and Regulations (NOCLAR) (cont'd)

What are the implications of NOCLAR matters arising?

Depending on the nature and significance of the NOCLAR matter the following steps are likely to be required, involving additional input from both management and audit.

This can have an impact on overall achievability of audit timeline and fees.

Across our portfolio of audits we have seen a steady increase in NOCLAR matters that need to be addressed as part of the audit over the past 3 years



Management response:

Timely communication of the matter to auditors (within a couple of days)

Determine who will carry out any investigation into the matter - in-house or external specialists or mix of both

Scope the investigation, in discussion with the auditors

Evaluate findings and agree next steps

Determine effect on financial statements including disclosures

Prepare a paper, summarising the outcome of the investigation and management's conclusions

Communicate the outcome to Those Charged With Governance (TCWG) and to us as your auditors. Report to regulators where required.

Key Reminders:

- ▶ Make sure that all areas of the business are aware of what constitutes actual or potential non-compliance and associated requirements
- ▶ Communicate with us as your auditors on a timely basis - do not wait for scheduled audit catch-ups
- ▶ Engage external specialists where needed
- ▶ Ensure that your investigation assesses any wider potential impacts arising from the matter, not just the matter itself.
- ▶ Plan upfront and consider any impact on overall accounts preparation and audit timeline - discuss the implications with us as your auditor

Audit response:

Initial assessment of the NOCLAR matter and its potential impact

Initial consultation with risk team to determine responsive procedures and the involvement of specialists

Understand and agree scope of management's investigation with support from specialists as needed

Evaluate findings and undertake appropriate audit procedures

Determine audit related impact including accounting and disclosure and audit opinion implications

Document and consult on the outcome of our procedures

Communicate the outcome with management, TCWG and where necessary other auditors within the group or regulators

Appendix E – VFM – Summary of recommendations

Recommendations

The table below sets out the recommendations arising from the value for money work in the year(s) covered in this report, 2021/22 to 2022/23.

All recommendations have been agreed by management.

Issue	Recommendation	Management response
Financial sustainability	<p>Officers need to ensure robust savings plans are put in place and delivered to ensure spend is contained within budget and planned savings are delivered on a timely basis.</p> <p>The Council should ensure that it mitigates the further use of reserve balances to support the revenue budget in the medium term, by taking steps to ensure that both in-year overspends are minimised and future savings gaps are identified early with schemes put in place, without compromising front line service delivery.</p> <p>The Council should ensure it takes action to address the findings and recommendations from the Finance Peer Challenge as a matter of urgency.</p> <p>The Council should undertake a review of its MRP policy and calculation to ensure it is fully compliant with the statutory requirements and guidance and that sufficient set asides are being made.</p>	<p>The following actions are in place:</p> <ol style="list-style-type: none"> 1. A new tracking spreadsheet has been created to ensure the details behind the savings plans within the MTFP are monitored regularly 2. This now includes a phasing of when savings are likely to materialise - which month they start to occur in and any that will not fully materialise in the current financial year - but will continue to materialise in 26/27 3. Additional savings and income are also being included - in separate sections - so that the overall position is reviewed and monitored more frequently (Monthly) by the leadership team <ol style="list-style-type: none"> i. This gives a better visual 'overview' of what is materialising, where issues are arising and when savings might not deliver ii. Which allows plans to be re-looked at and mitigation steps to be started sooner rather than later iii. This will then be shared with members so they have a clearer picture of which is and should be achieved 4. Monthly reports to Leadership Team identifying (early) where overspends are projected so that mitigation can be taken. 5. Confirm that the MRP policy for 2025/26 has been updated, liaising with our External Advisors

Appendix E – VFM – Summary of recommendations

Recommendations

The table below sets out the recommendations arising from the value for money work in the year(s) covered in this report, 2021/22 to 2022/23.

All recommendations have been agreed by management.

Issue	Recommendation	Management response
Financial sustainability (continued)		<ol style="list-style-type: none">6. This includes undertaking an exercise to look at MRP calculations which has produced a new calculated MRP charge for all recent years considering the negative CFR as the starting position and only charging MRP from the year after construction was completed. This new calculation shows that a relatively small MRP charge of £42,519 would have been chargeable in 2022/23 – as a lot of the schemes were still under construction in 21/22 and 22/23.7. g. The new S151 Officer to consider and put in place actions to address the findings of the Finance Peer Review.8. h. The Council's Asset Management Group is reviewing all assets to determine suitability for disposal, further investigation, or retention based on criteria like use value and strategic fit. The disposal program started in October 2024, with revenue benefits expected in the 2025/26 budget, reducing the need for reserves and optimizing asset value.

Appendix E – VFM – Summary of recommendations

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Recommendations (continued)

Issue	Recommendation	Management response
<p>Governance: Non preparation and publication of the financial accounts for 2022/23 and 21/22 Annual governance statement</p> <p>(Statutory Recommendations under Schedule 7(2) of section 24 of the Local Audit and Accountability Act 2014 (as amended)).</p>	<p>The Council should take immediate action to address the following statutory recommendations:</p> <p>Finance Function Workflow Review: Conduct a comprehensive review of the finance function workflow to identify bottlenecks in the flow of information and the completion of key finance tasks. Use the findings to redefine roles and responsibilities within the finance team, ensuring an equitable distribution of workload and preventing any single individual from being overburdened.</p> <p>Quality Assurance Function Review: Implement a thorough review of the quality assurance process for draft accounts and underlying workpapers. Establish clear timelines for the closedown process, ensuring appropriate segregation of duties between those preparing and those reviewing the draft accounts and workpapers. Monitor adherence to this process and report performance to the Audit and Governance Committee.</p> <p>Finance Team Capacity: Re-assess roles, responsibilities and resource requirements for financial reporting across the Council, including an assessment of the support required from other functions within the organisation for the financial reporting function to meet its objectives and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) Regulations 2024.</p>	<p>The following actions are in place:</p> <ol style="list-style-type: none"> 1. The 2021/22 and 2022/23 Statements of Accounts are going to the Audit & Governance on 22 April for sign off. 2. It is anticipated that the 2023/24 accounts will be completed and published on the Council's website by the end of April 2025. 3. Plans have been put in place by the new S151 Officer to ensure that the 2024/25 Statement of Accounts are completed and published on time. 4. The new S151 Officer(started on 1 April) will look to put more controls in place to ensure adequate time is given for reviews to be undertaken prior to publication. 5. A review of the Finance team will be undertaken in their first six months to propose a new structure that will address: <ol style="list-style-type: none"> a) potential 'single point of failure'; b) capability and capacity of the team to ensure it is fit for purpose; c) Individuals have the necessary skills needed to deliver in line with all deadlines. d) Tasks are clearly defined and delivered on time.

Appendix E – VFM – Summary of recommendations

Recommendations (continued)

Issue	Recommendation	Management response
Governance: Response to Internal Audit recommendations	The Council should ensure actions are taken to address weaknesses identified by Internal Audit, as reported in the AGS, on a timely basis in order for the Council to be assured regarding the adequacy of its governance arrangements.	<p>The following actions are in place:</p> <ol style="list-style-type: none">1. The CFO to have regular meetings with the Chief Internal Auditor to discuss audit findings where there are weaknesses identified.2. These will also be discussed with Leadership Team as part of the Monthly meeting specifically set aside for Finance matters.3. These will be monitored by the Operation Council (consisting of CEO, CFO and Monitoring Officer) to quickly identify any weaknesses in its governance arrangements and take necessary actions.4. These will also be reported to Audit & Governance, where members will have an opportunity to review

Appendix F – PSAA Statement of Responsibilities

As set out in this report, our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;*
- ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.*
- assign responsibilities clearly to staff with the appropriate expertise and experience;*
- provide necessary resources to enable delivery of the plan;*
- maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;*
- ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;*
- ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and*
- during the course of the audit provide responses to auditor queries on a timely basis.*

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

Appendix G – Other Communications

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2023

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 30 June 2023 and can be found here: [EY UK 2023 Transparency Report](#).

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ED None

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EAST HERTS COUNCIL

Date of Meeting: 14th May 2025

Report by: Ben Crystall, Leader of the Council

Report title: UK Shared Prosperity Fund and Rural Prosperity Fund 2025-26

Ward(s) affected: All

Summary

This paper outlines East Herts Council's approach to the 2025/25 UK Shared Prosperity and Rural Prosperity funding

RECOMMENDATIONS FOR COUNCIL

- A) Rural Prosperity Funding of up to £141,828 is allocated to support rural businesses and infrastructure projects, with decisions on funding delegated to the Head of Communications, Strategy and Policy in consultation with the Executive Member for Planning and Growth
- B) Up to £60,000 is allocated to the Arts in East Herts programme, with decisions on funding delegated to the Head of Housing and Health in consultation with the Executive Member for Communities
- C) Up to £130,000 is allocated to the improvement of community facilities, with decisions on funding delegated to the Head of Housing and Health in consultation with the Executive Member for Financial Sustainability
- D) Up to £390,075 to sustainability, with individual decisions to be delegated to the Head of Housing and Health in consultation with the Executive Member for Environmental Sustainability

1.0 Proposal(s)

- 1.1 Council Members are asked to support the recommendations in order for East Herts to confirm spending plans with the Ministry for Housing, Communities and Local Government. Thereafter, funding can be released.

2.0 Background

- 2.1 East Herts Council recently concluded its UK Shared Prosperity Fund (UKSPF) and Rural Prosperity Fund (RPF) project. Details on achievements can be found in the report to Overview and Scrutiny on 4th March, 2025: [Agenda for Overview and Scrutiny Committee on Tuesday 4th March, 2025, 7.00 pm - East Herts District Council](#)
- 2.2 A full evaluation of the project is underway with a view to reporting all outcomes to central government in May. The £2.2m of funding benefitted a wide variety of public, private and voluntary organisations across the district and East Herts welcomes the announcement of further funding for the 2025/26 financial year.
- 2.3 It should be noted that the government have not committed to any funding beyond this financial year and have described this year's allocation as "transitional funding". This is perhaps understandable given their plans around local government re-organisation and the likely changes to funding models that will follow.
- 2.4 In December the Ministry for Housing, Communities and Local Government announced a total fund of £900m for 2025/26 (the allocation for 2024/25 was around £1.5bn). East Hertfordshire's allocation is confirmed as £580,075 (made up of £472,975 revenue and £107,100 capital). A further £141,828 is allocated through the Rural Prosperity Fund (all capital).

- 2.5 The fund is designed to ultimately support delivery of the government's 5 missions:
- Mission 1: Kickstart economic growth
 - Mission 2: Make Britain a clean energy superpower
 - Mission 3: Take back our streets
 - Mission 4: Break down barriers to opportunity
 - Mission 5: Build an NHS fit for the future
- 2.6 There are then three further "investment priorities" underneath this which the UKSPF is expected to focus on. These are unchanged from the previous scheme:
- Communities and Place
 - Supporting Local Business
 - People and skills
- 2.7 A further set of specific outcomes and outputs sits underneath these priorities. These are also largely unchanged, save for some rationalisation and can be found in Appendix A. It should be noted that RPF funding is ringfenced specifically for rural businesses and infrastructure only (the origin of this funding is from EU grants to support agricultural business diversification).
- 2.8 These outcomes and outputs are to be thought of as a menu of options that local areas wish to prioritise rather than a comprehensive framework where we have to deliver against everything. The starting point for identifying priorities is to see which outcomes align with The Council's LEAF priorities.
- 2.9 The only other requirements are that any projects have to be in addition to existing activity. This means we cannot

use UKSPF to replace core spending or activity already budgeted for. This includes existing staff costs (however the fund can be used to cover additional hours of existing staff for new activity). Funds can also be used to deliver contracted works provided The Council's financial procedures are followed and can also be given out in grants provided the end recipient is a separate legal entity (ie. Not an individual).

- 2.10 The same arrangements will be in place as per the previous scheme in that East Herts Council is the accountable body for spending. The government also stated, "*Whilst 2022-25 allocations are separate from 2025-26, this transitional year should be treated as a continuation of the Fund. With that in mind, you may continue to fund existing projects, deliver the same types of activity supported to date, shift to entirely different ones, or a combination of these options*".
- 2.11 The view of East Herts Executive Members has been that given the reduced amount, there can be no assumption that the scheme would continue with the same priorities previously agreed by Council in January 2023. However, aspects of the previous scheme that were highly successful should continue where possible and in conjunction with The Council's LEAF priorities.
- 2.12 Overview and Scrutiny Members reviewed the previous scheme at their meeting in March. Feedback was positive about many of the projects delivered and the wide dispersal of funds to different localities across the district. Committee Members made the following recommendations as strategic priorities for 2025/26, as noted in the draft minutes:
- active travel
 - climate change
 - town and village centres
 - empowering the voluntary community

2.13 Taking into account these views Executive Members have agreed to direct funding towards four priority areas

- Business support and infrastructure (focusing on business support programmes, town centres, skills and employment)
- Arts in East Herts (continuing the legacy of the previous scheme)
- Community facilities
- Sustainability (focusing on air quality, carbon reduction, active travel and energy efficiency)

2.14 Individual projects are being developed and will be progressed throughout the 2025/26 year. Once these spending priorities are confirmed by Council, this will be shared with the Ministry of Housing, Communities and Local Government for approval so funding can be released.

3.0 Reason(s)

3.1 In order for East Herts to obtain its allocation of UKSPF and RPF funds, priorities need to be agreed and shared with central government.

4.0 Options

4.1 Agree the recommendations

4.2 Do not agree the recommendations. This option is not preferred as it means East Herts Council will be unable to access the funding from central government.

5.0 Risks

- 5.1 The only risk to The Council is that we do not agree spending priorities with central government and are therefore unable to access funding. As all funds have to be spent by 31 March 2026, the longer we do not have agreement the shorter timeframe there is to spend the funds.

6.0 Implications/Consultations

- 6.1 No specific consultations are planned.

Community Safety

Not directly however it is likely that some of the actions and projects that are delivered may be focused on supporting community safety

Data Protection

No

Equalities

All new actions and projects delivered will need impact assessments alongside them to understand the impact they may have on individuals or communities with protected characteristics. These will be published alongside delegated decision notices.

Environmental Sustainability

Sustainability is a key strand of the recommendations so the expectation is that the UKSPF and RPF will deliver many of The Council's sustainability priorities.

Financial

East Herts is due to receive £580,075 and £141,828 from central government, subject to agreeing spending priorities.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

No

Specific Wards

No

7.0 Background papers, appendices and other relevant material

Appendix A: List of outputs and outcomes

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Appendix A: Outcomes and Outputs

Output Code	Output Indicator for Reporting	Unit of Measurement	Definition
Business and Community Assets			
OP1	Amount of commercial space completed or improved	Square metres (M2)	<p>The total square meterage of new commercial floorspace completed or improved. Commercial space includes, but is not limited to: retail, hospitality, office and industrial space.</p> <ul style="list-style-type: none"> - A retail space means a fixed location for the display or retail sale of goods or services. Examples include, but are not limited to: supermarkets, shops selling clothing, electronics, furniture, books, etc. - A hospitality space means a space whose primary purpose is for accommodation or food service. Examples include, but are not limited to: restaurants, cafes, pubs, bars, catering, hotels, campsites and other accommodation. - Office space means a fixed location where the primary activities are concerned with financial services, professional services (other than health or medical services), or any other appropriate services in a commercial, business or service locality. - Industrial space means space used for industrial processes, storage or distribution. - Other commercial space means non-public or community spaces that do not fall into the categories above. - Completed means physical completion of the facilities and space is ready for occupancy immediately. A building should be classified as complete once it is on the non-domestic rating list. - Improvement means adding, renovating or repairing facilities with the aim of creating a better space. It does not include maintenance of existing facilities.

OP2	Amount of green or blue space created or improved	Square metres (M2)	<p>The total square meterage of green or blue space completed or improved.</p> <ul style="list-style-type: none"> - Green or blue space means any vegetated land, or water, within an urban area or public space. This includes: parks, public gardens, playing fields, children's play areas, woods and other natural areas, grassed areas, cemeteries, allotments, as well as green corridors like paths. It does not include paved spaces between or around buildings; for this, see indicators relating to "public realm". - Created means physical creation of a green or blue space that did not exist previously and the space is open to the public. - Improved means adding, renovating or repairing facilities and landscaping. It does not include maintenance of existing greenspace, such as grass cutting, pruning, and cleaning.
OP3	Amount of public realm created or improved	Square metres (M2)	<p>The total square meterage of public realm that is created or improved.</p> <ul style="list-style-type: none"> - Public realm means the spaces between and around buildings that are publicly accessible, including squares, courtyards and streets. - Created means new public realm, 'improved' means adding, renovating or repairing facilities with the aim of creating better public space. It does not include maintenance of existing facilities. - Improved means adding, renovating or repairing facilities with the aim of creating better public space. It does not include maintenance of existing facilities. - This indicator should not include parks and green/blue space, for which there is a distinct and separate indicator.
OP4	Amount of rehabilitated land	Square metres (M2)	<p>The total square meterage of derelict land that has been rehabilitated.</p> <ul style="list-style-type: none"> - Derelict land means land that has become damaged by industrial or other development and is beyond beneficial use without treatment. - Rehabilitated means remediated to a point of beneficial use.

OP5	Number of amenities/facilities created or improved	Number of amenities or facilities	<p>The number of new amenities/facilities created or improved.</p> <ul style="list-style-type: none"> - Amenity/facility means any service contained within a physical structure, including, but not limited to, magistrates courts, police stations, town halls, sports facilities, hospitals and public toilets. - Created means the amenity/facility did not previously exist. - 'Improved' means adding, renovating or repairing facilities with the aim of creating better public space. It does not include maintenance of existing facilities. <p>If amenities/facilities are counted as being improved or created in another output indicator (e.g. number of cultural assets supported/created) they should not be counted through this indicator as well. The Local Authority should select where they feel it would best fit with the definition.</p>
OP6	Number of low or zero carbon energy infrastructure installed	Number of units	<p>Number of low or zero carbon energy infrastructure units installed/completed. This may be within existing residential units, non-domestic buildings or other.</p> <ul style="list-style-type: none"> - A residential unit means a home to a 'household', defined in the 2011 Census as being: 'one person living alone; or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area'. This includes houses, bungalows, flats, and maisonettes. - A non-residential building means any building that is not used permanent or semi-permanent accommodation. This includes, but is not limited to, hospitals, universities, hostels, hotels, retail, and offices. - Low or zero carbon energy infrastructure means any improvements to the units that reduce energy demand, promote the diversification of energy sources, or drive more appropriate use of energy. - Completed means physical completion of the low or zero carbon energy infrastructure and the space is ready for occupancy immediately.
OP7	Total length of new or improved cycle ways or foot paths	KM	<p>"The km of new or improved cycle ways or foot paths completed.</p> <ul style="list-style-type: none"> - New means a cycle way or foot path has been built where it previously did not exist. Constructing cycle ways on existing roads counts as new cycle ways. - Improved means the capacity or quality of the cycle way or foot path (including beautification and illumination) was improved. This excludes routine maintenance of cycle ways or foot paths.

			- Completed means the cycle way or foot path is fully operational and open to the public, and all planned improvements have been fully implemented and operationalised."
OP8	Number of tourism, culture or heritage assets created or improved	Number of assets	<p>Number of new tourism, cultural or heritage assets completed or improved.</p> <ul style="list-style-type: none"> - Cultural assets mean permanent public buildings or sites for the exhibition or promotion of arts and culture, including, but not limited to museums, arts venues, exhibition centres, theatres, libraries, and film facilities. - Heritage assets mean any buildings on an appropriate heritage list, for example the National Heritage List for England (NHLE). - Tourism assets mean permanent public buildings or sites that act as an attraction for visitors to the location. - Created means the tourism, cultural or heritage asset did not previously exist. - Improved/renovated means adding, renovating or making significant repairs to facilities. It does not include maintenance of existing facilities. <p>If assets are counted as being improved or created in another output indicator (e.g. number of facilities supported/created) they should not be counted through this indicator as well. The Local Authority should select where they feel it would best fit with the definition.</p>
Enterprises			
OP9	Number of enterprises receiving grants	Number of enterprises	<p>Number of enterprises that have received grants.</p> <ul style="list-style-type: none"> - Enterprise means a sole trader, micro business, small and medium-sized enterprise, or large business. It also includes social enterprises where these engage in economic activity. - Grant means a cash payment by the project that is not repaid.

OP10	Number of enterprises receiving non-financial support	Number of enterprises	<p>Number of enterprises that have received non-financial support with the intention of improving performance.</p> <ul style="list-style-type: none"> - Enterprise means a sole trader, micro business, small and medium-sized enterprise, or large business. It also includes social enterprises where these engage in economic activity - Non-financial support means business advice, guidance, mentoring and training. This must involve some form of direct interaction with members of the enterprises, in other words it cannot be broadcasted advice. - Improved performance means reductions in costs or increases in turnover/profit. - Support may be ongoing.
OP11	Number of potential entrepreneurs assisted to be enterprise ready	Number of entrepreneurs	<p>Number of entrepreneurs having been assisted to be enterprise ready.</p> <ul style="list-style-type: none"> - Entrepreneurs mean individuals aged 16 and over currently in employment, unemployed or economically inactive with an interest in exploring creating their own business. - Assistance means business advice, guidance, mentoring and training. This must involve some form of direct interaction with members of the entrepreneurs, in other words it cannot be broadcasted advice.
Events and Activities			
OP12	Number of local events or activities supported	Number of events/activities	<p>Number of local events or activities supported. An event refers to planned activities. These should fall into the below categories:</p> <ul style="list-style-type: none"> - Those related to: (1) Film, TV, Music, Radio (2) Heritage (3) Arts, Museums and Libraries. - Other activities and events include, for example but not limited to, sports, volunteering, tourism and social action.
OP13	Number of tournaments supported	Number of tournaments	<p>Number of tournaments, leagues and teams supported.</p> <ul style="list-style-type: none"> - A tournament is a series of contests between a number of competitors, competing for an overall prize. - A sports league is a group of sports teams or individual athletes that compete against each other and gain points in a specific sport. - A sports team is a group of individuals who play sports on the same team. - Support means provision to aid the regeneration, creation or maintenance of sport facilities.

People and Users			
OP14	Number of economically inactive people engaging with keyworker support services	Number of people	<p>Number of economically inactive people engaging with keyworker support services.</p> <ul style="list-style-type: none"> - Economically inactive individuals are those not in work and not actively seeking work (unlike unemployed individuals who are actively seeking work). Not all economically inactive individuals claim benefits. For those that do, this would include those claiming either “legacy” benefits or those within specific conditionality regimes in Universal Credit (UC). The former includes Employment Support Allowance (ESA), Incapacity Benefit (IB) and Income Support (IS). The latter includes claimants within the Preparation Requirement or Work Focused Interview Requirement conditionality regimes (or equivalent for all of the above). There is no length of time on inactivity required. - Keyworkers are frontline staff supporting residents as part of the UKSPF's intervention. - Additional services include but are not limited to: local training in life, maths and digital skills, employment support, health support groups, counselling, mental health and advice services, financial support, specialised support, enrichment activities and housing support.
OP15	Number of people participating in adult numeracy provision	Number of people	Number of people participating in courses designed to improve numeracy skills (numeracy skills are the ability to recognise and apply maths concepts in all areas of life).
OP16	Number of adults participating in maths qualifications and courses up to, and including, Level 2 equivalent (numerical value)	Number of adults participating in maths qualifications and courses up to, and including, Level 2 equivalent	Number of adults
OP17	Number of people reached	Number of people	<p>Number of people directly impacted by the UKSPF intervention. The definition of direct impact will vary across interventions e.g.:</p> <ul style="list-style-type: none"> - Energy efficiency improvements - those living or working within the treated premise. - Engagement schemes - those directly engaging (e.g. reading, viewing, attending). - Direct impact should only be recorded where it can be done so robustly.

OP18	Number of people receiving support to gain employment	Number of people	<p>Economically inactive people, or people who have been unemployed, who are receiving support to be in employment, including self-employment, for at least a 2 week of a four week period following support.</p> <p>- Economically inactive individuals are those not in work and not actively seeking work (unlike unemployed individuals who are actively seeking work). Not all economically inactive individuals claim benefits. For those that do, this would include those claiming either “legacy” benefits or those within specific conditionality regimes in Universal Credit (UC). The former here includes Employment Support Allowance (ESA), Incapacity Benefit (IB) and Income Support (IS). The latter here includes claimants within the Preparation Requirement or Work Focused Interview Requirement conditionality regimes (or equivalent for all of the above). There is no length of time on inactivity required. People count if they are 16+.</p> <p>Unemployed as defined by the International Labour Organisation (ILO) are those:</p> <ul style="list-style-type: none"> - Without a job, have been actively seeking work in the past four weeks, and are available to start in the next two weeks. - Out of work, have found a job and are waiting to start it in the next two weeks. <p>Not all unemployed persons claim unemployment-related benefits. This is due to either not being entitled to claim unemployment-related benefits or choosing not to do so. Here, unemployment-related benefits is defined as those in receipt of Job Seekers Allowance (JSA) or are in the Intensive Work Search Regime within Universal Credit (UC).</p> <p>Employed individuals are people aged 16 and over who do one hour or more of paid work per week, or are temporarily away from work (e.g. because are temporarily sick or on holiday). This includes:</p> <ul style="list-style-type: none"> - Employees (permanent and temporary workers, the latter including those on fixed period contracts, agency temping etc.) - Self-employed persons - People on government-supported training programmes, engaging in any form of work, work experience or work-related training. - Persons on maternity or paternity leave
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OP19	Number of people receiving support to sustain employment	Number of people	<p>Number of people receiving support to sustain employment.</p> <ul style="list-style-type: none"> - Support includes courses targeting skills, counselling, personalised support and other activities. - People sustaining employment are those aged 16 and over who do one hour or more of paid work per week, or are temporarily away from work (e.g. because they are temporarily sick or on holiday). This can also include people being retrained to increase their job sustainability in specific sectors, e.g., high carbon sectors. <p>This includes:</p> <ul style="list-style-type: none"> - Employees (permanent and temporary workers, the latter including those on fixed period contracts, agency temping etc.). - Self-employed. - People on government-supported training programmes, engaging in any form of work, work experience or work-related training. - Persons on maternity or paternity leave.
OP20	Number of people retraining	Number of people	Number of people training in a different area after having already obtained a qualification or developing experience in a specific role.
OP21	Number of people supported to access basic skills courses	Number of people	<p>Number of people receiving support to attend courses aimed at improving their basic skills.</p> <ul style="list-style-type: none"> - Basic skills include, but are not limited to: skills in English, Maths, Digital and ESOL (English to Speakers of Other Languages).

OP22	Number of people supported to participate in education	Number of people	<p>"People who have received support to engage in education (lifelong learning, formal education) or training activities (off-the-job/in-the-job training, vocational training, etc.).</p> <p>Education or training is a structured and agreed programme of:</p> <ul style="list-style-type: none"> - Lifelong learning - Formal education - Educational and/or vocational training activities (this may include on the job and/or off the job vocational training or a combination of the approaches listed). <p>Mandatory training (e.g. job-search related / CV writing) and other non-vocational / non-educational support such as confidence building, life-skills and personal effectiveness support cannot be considered as education or vocational training in this context (even though such activities may , of course, be useful and important support measures)."</p>
Other			
OP23	Number of households receiving support	Number of households	<p>Number of households receiving support to reduce the cost of living.</p> <ul style="list-style-type: none"> - A 'household', as defined in the 2011 Census is: 'one person living alone; or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area', includes houses, bungalows, flats, and maisonettes. - Support is provision that helps reduce the burden of the cost of living.
OP24	Number of households supported to take up energy efficiency measures	Number of households	<p>Number of households that have received support to take up energy efficiency measures.</p> <ul style="list-style-type: none"> - A 'household' as defined in the 2011 Census is: 'one person living alone; or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area', includes houses, bungalows, flats, and maisonettes. - Energy efficiency means any measures which could improve a household Energy Performance Certificate rating. It is not required to shift the letter rating, only to make progress towards this.

OP25	Number of organisations receiving grants	Number of organisations	<p>Number of organisations receiving grants.</p> <p>Organisations here will either be:</p> <ul style="list-style-type: none"> - The end beneficiary is the recipient of the award itself, for example, a local authority, higher education institute or an organisation representing specific sector who may be undertaking a feasibility study. - An organisation that is an end beneficiary and does not fit into the above description nor can be classified under the business output indicators, for example, a charitable organisation. - Grant means a cash payment by the project that is not repaid.
OP26	Number of organisations receiving non-financial support	Number of organisations	<p>Number of organisations receiving non-financial support with the intention of improving performance.</p> <p>Organisations here will either be:</p> <ul style="list-style-type: none"> - The end beneficiary is the recipient of the award itself, for example, a local authority, higher education institute or an organisation representing specific sector who may be undertaking a feasibility study. - An organisation that is an end beneficiary and does not fit into the above description nor can be classified under the business output indicators, for example, a charitable organisation. - Non-financial support means business advice, guidance, mentoring and training. This must involve some form of direct interaction with members of the enterprises - in other words it cannot be broadcasted advice. Support may be on-going. - Improved performance means reductions in costs or increases turnover/profit.
OP27	Number of volunteering opportunities supported	Number of opportunities	<p>Number of organised volunteering roles supported as a direct result of the intervention. This includes opportunities for people to volunteer on a regular basis, and opportunities for one-off volunteering.</p> <ul style="list-style-type: none"> - Formal volunteering refers to those who have given unpaid help via a group, club, or organisation: for example, leading a group, administrative support or befriending or mentoring people.

OP28	Number of feasibility studies developed as a result of support	Number of studies	An organisation as a result of support produces a feasibility study in relation to the investment priorities of the UKSPF. Funding for projects does not need to be sourced from UKSPF to be eligible.
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Agenda Item 17

East Herts Council

Date of Meeting: 14th May 2025

Report by: Executive Member for Environmental Sustainability

Report title: Warmer Homes : Local Grant funding

Ward(s) affected: All

Summary

RECOMMENDATIONS FOR COUNCIL, that:

- (a) Council accepts central government's allocation of £1.5m Warmer Homes : Local Grant funding, thus adding it to the council's capital budget and enabling officers to contract with a suitably experienced organisation to distribution home energy efficiency grants to qualifying households.**

1.0 Proposal(s)

- 1.1 That Council accepts the £1.5m capital allocation of Warmer Homes : Local Grant funding from central government, thus enabling officers to put in place the necessary arrangements to use the funding, over the coming three years, to make up to 102 individual grants for vital energy efficiency works, based on the stated understanding of the Department for Energy Security and Net Zero (DESNZ) that the average grant would be £12,500, when administrative overheads from the total allocation are netted off.

2.0 Background

- 2.1 Warmer Homes: Local Grant (WH:LG) is a UK government initiative designed to improve the energy efficiency of homes, specifically for low-income households.
- 2.2 East Herts Council has been allocated £1.5 million under the WH:LG initiative to fund energy efficiency retrofit measures to eligible homes in the district across the coming three years.
- 2.3 Given the significant size of the allocation, Council is being asked to accept the allocation and, in doing so, allow it to be added to the council's capital budget. This will in turn enable officers to contract with a suitably experienced

organisation to distribute home energy efficiency grants to qualifying households.

- 2.4 Officers are looking to use an existing framework agreement developed by Watford Borough Council to engage the National Energy Foundation (NEF) to deliver this scheme. The council has a good working relationship with NEF, an independent charity focused on improving the use of energy in buildings, with regard to the delivery of other energy efficiency schemes.

3.0 Reason(s)

- 3.1 WH:LG is a key government-funded scheme in England, designed to improve energy efficiency in homes, particularly those occupied by low income households. It replaces previous schemes such as Home Upgrade Grant (HUG) and Local Authority Delivery (LAD), both of which the council promoted to the benefit of local residents.
- 3.2 Taking advantage of this scheme will contribute to the council's efforts to promote net zero carbon across the whole district.
- 3.3 The council submitted an expression of interest for WH:LG funding last November and we have been allocated £1.5 million
- 3.4 The scheme will target:
- both properties that are on- and off-gas, unlike some previous schemes which focused on one or the other
 - properties that have an energy performance certificate (EPC) below C, that is, D to G
 - owner occupiers, private tenants and private landlords. Note: social housing can be only be included if it is incidental to a whole group of properties receiving works at the same time
 - £15,000 per home for energy performance upgrades and £15,000 per home for low carbon heating with it being possible to average the costs for individual properties across all those receiving works.

- 3.5 The council does not have capacity nor specialist knowledge to deliver this scheme. Therefore, a delivery partner is required. Should Council agree the recommendation to accept the grant allocation, officers will contract with a suitably experienced organisation to distribute home energy efficiency grants to qualifying households. To this end, officers are looking to use an existing framework agreement developed by Watford Borough Council to engage NEF to deliver this scheme.
- 3.6 Of the £1.5m allocation, up to 15% can be put towards administration and ancillary (A&A) costs, such as publicity, retrofit supplier administration and the processing of payments. Discussions between NEF and the council to date on the respective roles of both would see the A&A proportion split 2/3 to NEF and 1/3 to the council.
- 3.7 Of particular importance and relevance is the fact that the government's grant conditions dictate that the A&A monies taken from the grant cannot be higher than 15% of the *money actually paid out to grant recipients*. Thus, upfront publicity and applicant processing administration costs, for example, must be borne by NEF and/or the council prior to knowing how many successful grant applications, and their associated value, will be generated. There is therefore a risk that sums could be spent on advertising and administration, planned to be balanced over the entire scheme, that do not lead to a sufficient value of grants being made. This could result in insufficient funds from central government to cover the upfront costs incurred by NEF and/or the council.
- 3.8 To mitigate the impact of this, officers are negotiating with NEF that they would (a) fund the initial costs of publicity, (b) share with the council their spend monitoring and reporting processes, so that both parties can minimise any abortive costs and/or expenditure which would appear unrecoverable and (c) absorb any unrecoverable costs they incur. At the same time, the council would limit its exposure to unrecoverable costs by only conducting low-cost activities, for example, promoting grant availability on our website and through social media, in advance of more certainty about uptake.

- 3.9 Based on the average grant being between the government's estimate of £12.5k and the maximum allowable of £15k, the council's allocation minus the A&A overhead would yield between 85 and 102 individual grants. It is possible that the same property could receive a grant for energy performance upgrades and a separate grant for low carbon heating. If, say, a quarter of households benefitting from the programme received both grants, this would result in around 75 individual households benefitting.
- 3.10 The overall carbon emission reduction that could be achieved by the programme is hard to gauge at the outset as this will depend on the number of properties upgraded, each participating property's original carbon emissions and the actual works carried out at each property. Based on average carbon reductions from three modelled interventions – better loft installation, better wall insulation and a switch to lower carbon heating – the combined impact of the whole programme could be between a 1.5 and 3 tonne annual reduction.

4.0 Options

- 4.1 Do not accept the WH:LG allocation of £1.5m from government. NOT RECOMMENDED as this would act against the council's stated aim to promote domestic retrofit in its Climate Change Strategy and Climate Emergency Declaration. As noted above, officers have taken significant steps to insulate the council from the risk of unrecoverable expenditure.
- 4.2 Accept a place on the WH:LG programme but assume and plan for far lower grant expenditure than £1.5m. NOT RECOMMENDED as the council has one of the best track records in the county in enabling uptake of previous government grants for domestic energy efficiency and by contracting with NEF, officers believe that effective publicity and resident 'hand-holding' through the process can be put in place to maximise grant take-up.
- 4.3 Accept the £1.5 WH:LG allocation offered. RECOMMENDED for the reasons given in this report.

5.0 Risks

- 5.1 Officers have identified a series of risks and mitigations.
- 5.2 Risk 1: monies are spent on advertising and administering the scheme which cannot then be recovered through the A&A percentage because of low grant uptake by residents. As discussed above, officers would mitigate this risk by negotiating with NEF that they would (a) fund the initial costs of publicity, (b) share with the council their spend monitoring and reporting processes, so that both parties can minimise any abortive costs and/or expenditure which would appear unrecoverable and (c) absorb any unrecoverable costs they incur. At the same time, the council would limit its exposure to unrecoverable costs by only conducting low-cost activities, for example, promoting grant availability on our website and through social media, in advance of more certainty about uptake.
- 5.3 Risk 2: demand cannot be met by local suppliers, leading to reputational risk. Officers proposed to mitigate this by contracting NEF as the delivery partner. The council has previously engaged NEF to provide advice and assistance regarding domestic energy efficiency to East Herts residents and certification of contractors operating under the Energy Company Obligation. NEF thus have insight into demand and supply in our district and have already secured supplier resources to be able to match the two.

6.0 Implications/Consultations

- 6.1 The implications of accepting the WH:LG allocation have been discussed above with specific implications highlighted below.

Community Safety

Yes/No

Data Protection

Yes/No

Sensitive data relating to, for example, a household's income would be collected and processed as part of this scheme. The council would rely on its current well-developed data protection protocols and would

require its data handler, that is, NEF, to meet data protection standards as part of the contract.

Equalities

Yes/No

National evidence has found that many people with protected characteristics under the Equality Act 2010 are likely to experience lower incomes than others. It is thus to be expected that individuals with protected characteristics would form a notable proportion of retrofit grant recipients. The council and the appointed delivery partner will monitor the characteristics and accessibility requirements of recipients throughout programme delivery to ensure equitable grant-making, with steps taken to handle any under-representation identified.

Environmental Sustainability

Yes/No

The WH:LG grants to individual householders would have a direct beneficial impact on the reduction of carbon emissions across the whole district.

Financial

Yes/No

The monies would be made as a capital grant to the council, with the administrative and ancillary (A&A) costs equating to 15% of the total spend being able to be capitalised. The maximum A&A costs claimable by the council would amount to £75,000, with another maximum of £150,000 payable to the delivery partner.

The full grant has been split by DESNZ across the three years of the programme in the following way.

	Award Total
	£1,500,000
2025/26	£375,000
2026/27	£562,500
2027/28	£562,500

The grant conditions specify the triggers and mechanisms for drawing down the grant, which the council would then pay over to the delivery partner, except to cover its own A&A costs.

The financial risk to the council of expending money on A&A which is ultimately unrecoverable is low as much of the risk would be passed to the delivery partner – as discussed in the body of this report – and any

abortive costs that the delivery partner may seek to recover from council would be minimised by (a) maximising the proportion of abortive costs they would absorb and (b) ensuring they phase their spend to minimise potentially unrecoverable costs from arising in the first place, while the council would not commit to any significant spend until grant uptake rates have been established.

Health and Safety

Yes/No

Human Resources

Yes/No

Human Rights

Yes/No

Legal

Yes/No

Acceptance of the WH:LG allocation would require the council to accept DESNZ's grant conditions. This is standard practice regarding government funding and officers have not identified any issues with this.

While outside the scope of this report, it is worth noting that should Council approve acceptance of the grant, this will trigger the appointment of a suitably experience delivery partner. Officers are looking to use an existing framework agreement developed by Watford Borough Council to engage the National Energy Foundation (NEF) to deliver this scheme. The council has a good working relationship with NEF, an independent charity focused on improving the use of energy in buildings, with regard to the delivery of other energy efficiency schemes.

Specific Wards

Yes/No

7.0 Background papers, appendices and other relevant material

7.1 None.

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