

## **East Herts Council**

### **Executive**

**Date of Meeting:** Tuesday, 2 June 2026

**Report by:** Report by the Executive Member for Neighbourhoods

**Report title:** Joint Working Agreement between East Herts Council and Sovereign Network Group (SNG)

**Ward(s) affected:** Hertford Sele

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### **Summary**

- Sovereign Network Group (SNG), a provider of affordable housing, has identified Sele Farm in Hertford as one of its key areas for investment within its entire portfolio of affordable housing, stretching from the South West to the East of England.
- SNG are keen to work closely with the council and local residents and stakeholders at Sele Farm on actively promoting local resident and stakeholder engagement and consultation, developing proposals to increase in the overall supply of new and genuinely affordable housing and improving the quality of the local environment, including maximising biodiversity.
- The council and SNG recognise the value of establishing and documenting joint working arrangements, especially as any investment programme is likely to extend beyond the establishment of the new successor unitary authority covering the East Herts area. It is felt that setting in place a Memorandum of Understanding (MoU) regarding joint working that can be transferred to the new unitary authority will minimise any loss of momentum during the period of local government reorganisation.

### **RECOMMENDATIONS FOR THE EXECUTIVE:**

#### **That the Executive:**

- (a) approves in principal the Memorandum of Understanding (included at Appendix A) covering joint arrangements for collaborative working at Sele Farm, Hertford**
- (b) delegates authority to the Director for Communities, acting in consultation with the Executive Member for Neighbourhoods, to sign the finalised Memorandum of Understanding on behalf of East Herts Council.**

### **1.0 Proposal(s)**

- 1.1 It is proposed that the council and SNG adopt a series of overarching objectives to improve the environment and affordable housing supply in the Sele Farm area of Hertford. It is felt important that the council and SNG agree and document a set of shared objectives and a mechanism for joint working in a Memorandum of Understanding that can pass to the new successor unitary authority, thus minimising the risk of any loss of momentum during the local government reorganisation process.

## **2.0 Background**

- 2.1 SNG (formerly Network Homes and before that Riversmead Housing) have a long-standing relationship with the council having received the council's housing stock in the western half of the district as part of the council stock transfer in 2002.
- 2.2 SNG own over 700 affordable homes at Sele Farm and, having conducted a thorough review of the properties and environment using their 'Homes and Place Standard Design Guide', determined that the area and its residents could benefit from investment to improve the quality of the environment and increase the overall supply of genuinely affordable housing.
- 2.3 SNG approached the council in Autumn 2025 with a proposal to work jointly on the improvement of the Sele Farm area. They are keen to work closely with East Herts Council as a key stakeholder in the area given, among other things, the contribution of the area to meeting affordable housing need through relets and the council's ownership and maintenance of some parts of the public realm.
- 2.4 A programme of improvement of and investment in Sele Farm would extend well beyond the establishment of the new successor unitary authority which will incorporate the East Herts area, thus, arguably, a Memorandum of Understanding laying out the shared objectives and mechanism for joint working takes on particular significance at this time. It could guide the work of the new authority and minimise the risk of any disruption, delay or loss of focus on (the former) East Herts Council's priorities during the period of local government reorganisation and embedding of the new authority.

## **3.0 Reason(s)**

- 3.1 Sele Farm has over 2,000 residential properties spanning

affordable housing, owner occupied homes and private rent properties. It has a thriving district shopping parade, a community centre and a range of community facilities and amenity space. In short, Sele Farm is an attractive part of Hertford that serves those looking to rent – across tenures – or buy a home at the slightly more affordable end of the local housing market.

- 3.2 SNG is both a major stockholder and stakeholder in the locality. In 2025, SNG conducted an extensive review of all its properties across its entire area of operation and determined that Sele Farm would benefit from investment to improve the environment and increase the supply of affordable housing.
- 3.3 The council is also a key stakeholder in the area, notably given the council nominates to the affordable homes, owns and maintains land and manages the shops in Fleming Crescent through a long lease of the units from SNG. Thus, it is crucial that any programme to enhance the area combines the efforts of both the council and SNG.

### ***Proposed shared objectives for collaborative working at Sele Farm***

- 3.4 Council and SNG officers have together identified the following proposed shared objectives that would underpin all investment and improvement activities in Sele Farm led by SNG. These being:
- active promotion of local resident and stakeholder engagement and consultation, creating opportunities for involvement to develop proposals which have the support of local residents
  - an increase in the overall supply of new and genuinely affordable housing and
  - improvement in the quality of the local environment including maximising biodiversity.
- 3.5 These proposed objectives accord with the following council priorities:
- the development of more genuinely affordable housing – prioritised in the council's Corporate Plan and Housing Strategy
  - promotion of high standards of new and existing housing – prioritised in the council's Housing Strategy and District Plan
  - environmental sustainability and biodiversity – prioritised in the Climate Change Strategy and District Plan
  - promotion of resident involvement and engagement in decision-making – prioritised in the council's Corporate Plan, Listening Council statement and Thriving Together Wellbeing Strategy.

## **Potential future use of the council's assets at Sele Farm**

- 3.6 The draft Memorandum of Understanding recognises that the council has some small landholdings at Sele Farm which were retained at the time of the stock transfer, largely to enable the council to play a proactive role in future improvement and investment activities.
- 3.7 The MoU is *not* a legally binding agreement between the council and SNG although the wording of the document envisages that at suitable and regular intervals, the council would assess the case for offering plots of land at Sele Farm to SNG. There could be a case for disposing or transferring council land for any one of several possible reasons including better maintenance of open spaces currently split between council and SNG ownership, enabling environmental projects and improvements and bringing forward new affordable homes.
- 3.8 Although there are currently no proposals to dispose of or transfer land, consultation with residents and stakeholders is likely to generate new ideas for meeting local need and improving the local environment. Advice has been sought, therefore, from Hertfordshire County Council's Legal team to ensure that the document is drafted to enable members to make legally sound decisions in the future about any land disposals or transfers to SNG.
- 3.9 The legal advice provides that assurance. In summary, the council could:
- dispose of land to SNG without needing to market it more widely
  - dispose of land to SNG at less than full market value (so long as discount was less than £2 million) to enable new affordable housing or other thing to improve local wellbeing because the government has already given all councils consent to do this
  - could use the Housing Streamlined Subsidy Scheme to help SNG provide new affordable homes, without needing to justify any reduction in the land value under the Subsidy Control Act 2022, so long as the discount was no greater than that necessary to ensure the financial viability of building the new homes.

## **4.0 Options**

- 4.1 Do not approve the draft Memorandum of Understanding. NOT

#### RECOMMENDED as:

- this could signal that the council is uncertain about working with SNG and thus undermine future joint working and SNG's investment in Sele Farm
- there is a risk that without a clear, agreed mechanism for working together, the collaboration could founder or become delayed while East Herts Council becomes part of the new, larger unitary authority. This, in turn, would risk delaying or losing SNG's ability to access Homes England funding and/or internal resources for new genuinely affordable homes in the area.

#### 4.2 Seek substantive amendments to the Memorandum of Understanding. NOT RECOMMENDED as:

- council and SNG officers have engaged in much work to date in drafting and refining the wording of the version of the MoU here presented to the Executive
- external legal advice has supported the framing of the MoU and so officers can assure members as currently worded the MoU enables but does not oblige the council to work closely with SNG to further the council's corporate goals and objectives.

### 5.0 Risks

5.1 Officers have identified a series of risks and mitigations.

5.2 Risk 1: as consultation with residents and stakeholders and further investigatory work proceed, viable proposals for increasing the supply of affordable homes or improving the environment may prove more difficult to deliver for any number of reasons, thus leading to few, if any, beneficial outcomes for residents and other stakeholders. The MoU seeks to mitigate this risk of abortive work for no appreciable gain by taking as wide a view as possible of how both parties could, in effect, pool consideration of land, funding and powers to enable opportunities for new affordable housing development and environmental improvement.

5.3 Risk 2: the successor authority to East Herts Council may wish to adopt a different view to working jointly with SNG leading to abortive work and potentially missed opportunities. Arguably, the risk of this is minimised by signing a MoU in the first place as it lays out the benefits of and the mechanism for joint working which it is hoped the successor authority would be keen to maintain. That said, the MoU is not a legally binding agreement and so the successor body could wish to amend it or, if it so wished, withdraw

from it.

## **6.0 Implications/Consultations**

6.1 Officers sought high level legal advice on key aspects of the MoU from Hertfordshire County Council's Legal team. This advice has informed the drafting of this report and is referred in earlier sections.

### **Community Safety**

None arising directly from this report.

### **Data Protection**

The draft MoU covers the treatment of intellectual property and the use or disclosure of the council's information.

### **Equalities**

SNG shall lead on resident and stakeholder consultation and they have engaged professional consultants on this. The commissioning of these consultants included assessment against equalities criteria.

Any projects or activities arising from the collaborative working would be subject equalities impact assessments in due course.

### **Environmental Sustainability**

One of the three objectives of the collaborative working governed by the MoU is the seeking of ways to improve the local environment, including biodiversity, at Sele Farm. Thus, it is envisaged that the council's continued involvement, triggered by signing the MoU, will have a positive impact in due course on environmental sustainability.

### **Financial**

None arising directly from this report. That said, signing the MoU will enable proposals to be brought forward to the Executive in due course covering land disposal. Each proposal would lay out the financial and other benefits, such as enablement of genuinely affordable housing, of the proposed transaction to enable members to come to an informed decision on a case-by-case basis.

### **Health and Safety**

None arising directly from this report.

### **Human Resources**

None arising directly from this report.

## Human Rights

None arising directly from this report.

## Legal

None arising directly from this report save that external legal advice, referred to at various points in this report, has been sought regarding the legal aspects of any future disposal of land. Future proposals brought to the Executive would be accompanied by a detailed discussion of the legal instruments the council would be able to rely on when using its land to support affordable housing development.

With regard to any future proposed land disposals, the external legal advice provides assurance that, subject to more detailed legal scrutiny of any actual forthcoming land disposal proposals:

- the council would be able to dispose of land to SNG without the transaction being subject to the Procurement Act 2023 as the nature of any such disposal would constitute a contract for sale of land (which would fall outside of the Procurement Act) rather than a works contract (which would fall within the ambit of the Procurement Act)
- the council could rely on the general disposal consent granted by the Secretary of State in *Circular 06/03: Local Government Act 1972 general disposal consent (England) 2003* to dispose of land at below full market value (subject to the discount being less than £2 million) as the purpose of enabling affordable housing would come under the key criterion of the general consent that a reduced value will help the council ‘*secure the promotion or improvement of the economic, social or environmental well-being of its area*’
- it appears that a case could readily be made that any land disposal at less than best consideration would be compliant with the Subsidy Control Act 2022 given it is widely accepted that the construction of affordable housing requires subsidy. Of course, a detailed evidential case for subsidy would be required for any actual disposal to proceed. Of particular note, in April this year, central government introduced the Housing Streamlined Subsidy Scheme which, in essence, removes the need for public subsidy for affordable housing to meet the full definition of compliance under the Procurement Act 2022 so long as, among other things, the subsidy is limited to that required to bring forward affordable housing that otherwise would not be viable.

## Specific Wards

Hertford Sele

## **7.0 Background papers, appendices and other relevant material**

- 7.1 Appendix A – DRAFT Memorandum of Understanding relating to collaboration at Sele Farm between East Herts Council and Sovereign Network Group (SNG).

### **Contact Member**

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