



MEETING : AUDIT AND GOVERNANCE COMMITTEE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : WEDNESDAY 26 NOVEMBER 2025
TIME : 7.00 PM

PLEASE NOTE TIME AND VENUE

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

MEMBERS OF THE COMMITTEE

Councillors M Adams (Chair), B Deering, J Dunlop, C Hart, S Nicholls (Vice-Chair), G Williamson, D Willcox, Mr M Poppy and Mr N Sharman

Substitutes

Conservative Group: Councillor J Wyllie
Green Group: Councillors M Connolly and N Cox
Labour Group: Councillor D Jacobs
Liberal Democrat Group: Councillors S Marlow and M Swainston

(Note: Substitution arrangements must be notified by the absent Member to Democratic Services 7 hours before the meeting, i.e. by midday on the day of the meeting)

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- 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;
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AGENDA

1. Apologies

To receive any apologies for absence.

2. Minutes - 30 September 2024 (Pages 6 - 24)

To approve as a correct record the minutes of the meeting held on 30 September 2025.

3. Chair's Announcements

4. Declarations of Interest

To receive any declarations of interest.

5. External Auditors Annual Report 2024/25 (Pages 25 - 68)

6. Shared Anti-Fraud Service - Anti-Fraud Report 2025/26 (Pages 69 - 73)

7. Shared Internal Audit Service - Progress Report (Pages 74 - 84)

8. Section 106 Update Report & 2024/25 Infrastructure Funding Statement (Pages 85 - 149)

9. BEAM Trading Update (Pages 150 - 162)

10. Strategic Risk Register Quarter 2 Monitoring 2025/26 (Pages 163 - 168)

11. Financial Management 2025/26 - Quarter 2 Forecast to Year End (Pages 169 - 179)

12. Treasury Management 2025/26 Mid-Year Review (Pages 180 - 193)

13. Medium Term Financial Plan 2026-2031 (Pages 194 - 218)

14. Update on Statutory Recommendation from External Auditors and Finance Peer Review (Pages 219 - 227)
15. Audit and Governance Committee Work Programme (Pages 228 - 233)
16. Exclusion of the Press and Public

To move that under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting during the discussion of Item 17 on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 and 7 Part 1 of Schedule 12A of the said Act.

17. Cyber Security Update (Page 234)
18. Urgent Items

To consider such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration and is not likely to involve the disclosure of exempt information.

Agenda Item 2

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MINUTES OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER,
WALLFIELDS, HERTFORD ON TUESDAY
30 SEPTEMBER 2025, AT 7.00 PM

PRESENT: Councillors M Adams (Chair), B Deering, M Connolly, S Nicholls, G Williamson, D Willcocks and Mr M Poppy and Mr N Sharman

ALSO PRESENT:

Councillors B Crystall and G McAndrew

OFFICERS IN ATTENDANCE:

Michele Aves	- Committee Support Officer
Kirsten Brown	- Corporate Procurement Manager
Brian Moldon	- Director for Finance, Risk and Performance
Alison Street	- Financial Planning Manager
Stephanie Tarrant	- Assistant Director for Democracy, Elections and Information Governance
Ben Wood	- Director for Regeneration, Customer and Commercial Services

ALSO IN ATTENDANCE:

Darren Bowler	- Shared Anti-Fraud Service (SAFS)
Paul Grady	- Azets
Simon Martin	- Shared Internal Audit Service

164 APOLOGIES

There was an apology for absence from Councillor Hart. It was noted that Councillor Connolly was acting as substitute for the now vacant Green seat on the Committee.

165 MINUTES - 28 MAY 2025

It was moved by Councillor Williamson and seconded by Councillor Nicholls that the Minutes of the meeting of the Committee held on 28 May 2025 be confirmed as a correct record and signed by the Chair.

After being put to the meeting and a vote taken, the motion was declared CARRIED. It was noted that Councillors Deering, Connolly and Willcocks abstained from the vote.

RESOLVED – that the Minutes of the Committee meeting held on 28 May April 2025 be confirmed as a correct record and signed by the Chair.

166 CHAIR'S ANNOUNCEMENTS

The Chair welcomed all to the meeting, including Councillor Connolly who was acting as substitute for the vacant Green seat on the Committee. He reminded participants to use their microphones when speaking, so they could be heard on the webcast.

167 DECLARATIONS OF INTEREST

There were no declarations of interest.

168 EXTERNAL AUDITORS COMPLETION REPORT - 2023/24

The Azets representative introduced the report which set out the external auditors Audit Completion and Annual Auditors Reports for the 2023/24 Statement of Accounts,

which gave an updated review, including value for money work, and considered the progress of recommendations raised. He reiterated that, as previously discussed, the audit opinion would however be disclaimed.

The Azets representative said that with regards to these recommendations (which remained in place), they were not all being labelled as statutory as they had been dealt with. He said that governance arrangements would be strengthened in 2025/26, with the undertaking of a full audit intended. He added that the change in the external environment would be reflected, to include local government reorganisation.

The Chair thanked officers for the reports.

Councillor Nicholls thanked the Azets representative, and said that all of her questions had been answered in his introduction.

It was moved by Councillor Nicholls and seconded by Councillor Willcocks that that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that (A) the external auditor's Completion Report for 2023/24 and the Annual Auditors Report 2023/24 be received and any comments made, and;

(B) that the 2023/24 Statement of Accounts be approved.

169 EXTERNAL AUDITORS AUDIT PLAN 2024/25

The Azets representative introduced the report which set out their plan for the 2024/25 Statement of Accounts. He said that work had already commenced earlier in the year to avoid falling further behind, but that chunks of work would be unachievable due to the backstop.

The Azets representative drew Members attention to

page 19 of the report, which detailed materiality. He referred to the guidance issued by both the Local Audit Reset and Recovery Implementation Guidance (LARRIG) and the government to build back assurance and said that page 15 of the report provided a year-by-year overview of their aims to achieve this.

The Azets representative said that key risks were the Council's assets and the size of its pension fund, adding that the MRP was flagged as something to be looked at - although this would not impact an opinion.

The Chair thanked officers for the report and observed that problems had arisen from issues with resources.

The Azets representative said that barriers were created when records did not exist or took longer to obtain – being too much for the Finance Team to respond.

The Director for Finance, Risk and Performance said that a report would come before the Committee at their November meeting which would give an update on the action points raised by the previous external auditor.

Councillor Nicholls asked if the revised method of working was more costly.

The Azets representative said that it was, but that fees were set by the Public Sector Audit Appointments (PSAA). He said that the government had set aside extra funding for additional costs – as long as authorities produced accounts on time and their audit fees had been paid. He said that the reporting of fees was more complex but was good for transparency – showing any additional work undertaken and the reasons as to why.

The Chair asked how East Herts compared to other local authorities.

The Azets representative said that the complexity of East Herts was less than some of its neighbours, and that

approximately fifty percent of the country currently found itself in a disclaimer position. He said that missing the backstop and receiving statutory recommendations was not so normal, but the thinking and arrangements now in place at East Herts were promising.

Mr Sharman said that the comparability and build back charts were clear and asked if record keeping would support the ability to look back over the past three/four years.

The Director for Finance, Risk and Performance said that the Council was required to keep six years of records – and so this was not a major concern.

Councillor Nicholls thanked the Azets representative for the refreshing ‘critical friend’ style of his report.

It was moved by Councillor Nicholls and seconded by Councillor Connolly that that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that the external auditor’s Audit Plan for 2024/25 be received and any comments made.

170 ANNUAL PROCUREMENT REPORT 2025

The Corporate Procurement Manager introduced the report, which would now come to the Committee annually following an audit recommendation. She said that the report would go before Executive in October and would seek to approve that delegated authority be given to the relevant Director in consultation with the Portfolio Holder, to enable the forthcoming procurement activities to commence.

The Corporate Procurement Manager drew Members attention to the procurement schedule, noting several of the key planned projects.

The Chair thanked the Corporate Procurement Manager for the report.

Mr Poppy asked if procurement training was provided to staff.

The Corporate Procurement Manager said that training courses were run and updated regularly, as were the Council's procurement rules. She added that staff also maintained contact with managers during procurements.

Mr Sharman said that it was good to see the report and expressed that it would be helpful to see how many procurements were delivered to enable Members to assess progress.

Councillor Deering sought clarification of the term 'agency framework extension' as listed in the table at paragraph 2.5 of the report, and if this was the same as temporary staff.

The Corporate Procurement Manager said that the agency framework extension was an agreement to procure gender neutral common goods and services, and that this did include temporary agency staff. She said that this amounted to approximately £1m per year, and that discussion was underway with regards to extending the annual contract to run for between three to five years going forward which would result in a considerable saving.

Councillor Connolly asked if there was enough expertise within the Procurement Team to tackle the subjects on the procurement schedule.

The Corporate Procurement Manager said that procurement was a support service, acting as a 'critical friend', with procurements led on the ground by relevant department officers, i.e. the ground maintenance team for the weed spray project.

It was moved by Councillor Willcocks and seconded by Councillor Nicholls that that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that the report be considered and comments made before it goes forward to the Executive.

- 171 ASSETS OF COMMUNITY VALUE REPORT 2025
The Director for Commercial, Customer and Regeneration introduced the report which updated Members on the current Community Asset register. He said that there had been recent changes to legislation, which would both strengthen communities' rights and widen the definition of an asset.

The Chair thanked the Director for Commercial, Customer and Regeneration for the report.

Councillor Nicholls asked if Local Government Reform would see more buildings at risk from organisations offloading their assets.

The Director for Commercial, Customer and Regeneration said this was a possibility.

Councillor Deering complimented the report. He said that whilst the register did not guarantee an assets' future, he was pleased to see that the land at County Hall had been nominated, which was important for the whole of the County.

It was moved by Councillor Deering and seconded by Councillor Connolly that that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that the Asset Register be reviewed.

172 SHARED ANTI-FRAUD SERVICE - ANTI-FRAUD REPORT 2024/25

The Shared Anti-Fraud Service Manager introduced the report which provided details of the work undertaken by the Council and the Shared Anti-Fraud Service to protect the Council against the risk of fraud, and the delivery of the Council's Anti-Fraud Plan for 2024/2025. He highlighted the main points within the report, including the table at page 280, which showed that all key performance indicators had been met.

The Chair thanked the Shared Anti-Fraud Service Manager for the report.

There were no questions from the Committee.

It was moved by Councillor Nicholls and seconded by Councillor Willcocks that that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that (A) the activity undertaken by the Shared Anti-Fraud Service to deliver the 2024/2025 Anti-Fraud Plan for the Council be noted, and;

(B) that all Anti-fraud activity undertaken by Officers and SAFS to protect the Council against fraud in 2024/25 be noted.

173 SHARED ANTI-FRAUD SERVICE - ANTI-FRAUD PROGRESS REPORT 2025/26

The Shared Anti-Fraud Service Manager introduced the report which detailed the work undertaken by the Shared Anti-Fraud Service and officers to protect against the threat of fraud, and the delivery of the Council's Anti-Fraud Action Plan for 2025/26. He highlighted the key points of the report, including key performance indicators which were on target to be met.

The Chair thanked the Shared Anti-Fraud Service Manager officers for the report.

There were no questions from the Committee.

It was moved by Councillor Connolly and seconded by Councillor Williamson that that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that the progress by officers and the Shared Anti-Fraud Service to deliver the Anti-Fraud Plan for the Council be noted.

174 SHARED INTERNAL AUDIT SERVICE - PROGRESS REPORT

The Shared Internal Audit Service Manager introduced the report. He said that it was the first from internal audit for 2025/26 and set out details of internal audit activity - including any finalised internal audit reports issued between April and the middle of September, and the status of all internal audit work being delivered during the financial year.

The Shared Internal Audit Service Manager highlighted key points of the report, referencing paragraphs 2.2, 2.3, 2.6 and 2.7 to 2.10. He said that although the service was marginally behind schedule, there was currently no risk to delivering an annual assurance opinion at the end of the financial year.

The Chair thanked the Shared Internal Audit Service Manager for the report.

Mr Sharman asked referred to the recommendations within the External Auditors report regarding technology and asked if the service carried out work/gave assurance on cyber security.

The Shared Internal Audit Service Manager said that cyber security was looked at regularly as it was a critical

risk, picking up on gaps, to avoid duplication of audit work already done.

It was moved by Councillor Williamson and seconded by Councillor Nicholls that that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that (A) the Internal Audit Progress Report be noted, and;

(B) that the Implementation Status of High Priority Recommendations be noted.

175 PROVISIONAL OUTTURN 2024/25 AND DRAFT STATEMENT OF ACCOUNTS 2024/25

The Service Manager (Strategic Finance) introduced the report which presented the 2024/25 Provisional outturn and the 2024/25 draft statement of accounts. She highlighted the report's key points, advising that variances had been monitored and reported to Members throughout the year.

The Service Manager (Strategic Finance) referred to Appendix B, which showed the significant variances against net cost of services compared to the amounts reported at Quarter 3. She said that variances not previously reported were shown at the bottom of this appendix.

The Service Manager (Strategic Finance) said that reviews of Minimum Revenue Provision (MRP) and capitalisation of interest were completed in Quarter 4 of 2024/25, adding that the impact of these had resulted in reductions in expenditure against the budgets of £281k and £340k respectively. She said that £4.7m of reserves had been utilised to fund expenditure in 2024/25, and of this £3m was used to fund capital works at BEAM and £1.8m funded the loss in investment in the Lothbury Property fund (which had been funded from a reserve specifically set aside for this purpose).

The Service Manager (Strategic Finance) drew Members attention to Table 3 in the report which showed the capital outturn position. She said that £7m was spent in 2024/25 against a budget of £19.15m giving a variance of just over £12m. She added that carry forward budgets of just under £9m were approved as part of the 2025/26 capital programme in February 2025, with Members asked to approve an additional £358k of carry forwards, required in relation to schemes where expenditure has been reprofiled to 2025/26, or where retentions were still to be paid.

The Service Manager (Strategic Finance) said that the 2024/25 draft statement of accounts were included at Appendix D, which were published in line with the statutory deadlines, and which Members were requested to note. She said that officers were working with Azets to complete the audit of these accounts by the 27 February 2026.

The Chair thanked the Service Manager (Strategic Finance) for the report.

Councillor Deering referred to paragraph 3.3 of the report and sought further clarity in relation to the loss on the Lothbury property fund.

The Service Manager (Strategic Finance) said that the Council had equally invested a total of £20m of surplus income into two property funds in 2015, which gave the best return, with interest above that given elsewhere at that time. She said that the terms of entry for both of these funds had since changed, causing lots of investors to disengage, and assets within the fund to be sold – she added that the interest received from the fund exceeded the ‘loss’, which had been caused by units within the fund decreasing since their purchase.

It was moved by Councillor Willcocks and seconded by Councillor Nicholls that that the recommendations, as

detailed, be approved. After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that (A) the general fund revenue outturn of £132k overspend to be funded from the general reserve, and;

(B) that the capital outturn position and approve carry forward budgets of £358k be noted, and;

(C) that the 2024/25 draft statement of accounts be received.

- 176 ANNUAL GOVERNANCE STATEMENT 2024/25
The Director for Finance, Risk and Performance introduced the report, explaining that it was a statutory requirement to have an Annual Governance Statement that has reviewed the Council's governance arrangements at least once a year as part of the Statutory Statement of Accounts. He said that the draft version had come before Members in May 2025, and had now been updated to reflect the recommendations from the 2023/24 Completion and Annual Audit Reports as seen earlier on the agenda.

The Chair thanked the Director for Finance, Risk and Performance for the report.

There were no questions from the Committee.

It was moved by Councillor Deering and seconded by Councillor Williamson that that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that the Final Annual Governance Statement for 2024/25 be reviewed and any comments given.

- 177 TREASURY MANAGEMENT 2024/25 OUTTURN
The Director for Finance, Risk and Performance

introduced the report which was the last of the three reports which Members receive each year on treasury management, and which provide outturn position against what Members set in the TMSS.

The Director for Finance, Risk and Performance said that the report provided Members with position on Capital Financing Requirement (CFR), Council borrowing - which has increased from £53m to £64m in line with projections, and detailed the investment position, which stood at £39m – a difference from £34m for 23/24.

The Director for Finance, Risk and Performance highlighted the compliance section of the report (from page 215 of the agenda pack) which confirmed that the Council had complied with the treasury management code, and importantly that there had been no breaches.

The Chair thanked the Director for Finance, Risk and Performance for the report.

Mr Sharman asked if there were any indicators which were cause for concern.

The Director for Finance, Risk and Performance said that the Council was in a good position, with it being key that the borrowing limit and operational boundaries had not been breached.

It was moved by Councillor Williamson and seconded by Councillor Nicholls that that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that the Treasury Management Outturn and Prudential Indicators for 2024/25 be examined and any comments given.

- 178 FINANCIAL MANAGEMENT 2025/26 - QUARTER 1
FORECAST TO YEAR END
The Service Manager (Strategic Finance) introduced the

report which presented the forecast outturn position for 2025/26 as at Quarter 1. She said that as of 30 June 2025 a revenue overspend of £789k was forecast, and that of this, £888k related to variances against the net cost of services budget – which was being monitored by Leadership Team on a monthly basis.

The Service Manager (Strategic Finance) said that net £99k favourable variance was forecast against interest received and paid by the council, mainly due to better interest rates being achieved on the Councils investments than was budgeted.

The Service Manager (Strategic Finance) said that savings proposals of £3.4m were built into the net cost of services budgets in 2025/26, with the table in paragraph 1.2 of the report showing the progress made in achieving these savings. She said that of this £3.4m, nearly £3.1m would be achieved in full within in the year, with just under £200k not being realised for the same period (as highlighted in amber), and just under £130k, (highlighted in red) being reviewed for achievability.

The Service Manager (Strategic Finance) said that revised capital programme budget for 2025/26 was £11.25m, with a forecast that there will be an underspend of £637k in 2025/26. She said that this was due to no current requirement forecast for the capital contingency and underspends against the Old River Lane budget and ICT rolling programme.

The Service Manager (Strategic Finance) said that detail regarding debtors included the outstanding debt position as at the end of July, compared to 31 March 2025. She said that this showed a reduction in the debt outstanding of just under £700k between these two dates. She added that whilst outstanding debt was a constantly moving position, she wished to highlight that in line with the Council's debt management policy, just under £510k of debt had been written off, and large aged debts with a single customer of just under £700k had been collected –

with this reduction in the volume of debts outstanding allowing the team to focus their efforts on collectable debts.

The Chair thanked the Service Manager (Strategic Finance) for the report.

Councillor Deering referred to Appendix D of the report and questioned how in excess of £1m of old debt existed and why a large write off of debt had occurred.

The Service Manager (Strategic Finance) said that a review of aged debt had been undertaken, tackling the oldest debt first. She said that this enabled £512k of debts which were uncollectable, i.e. through bankruptcy, to be identified, allowing the team to focus on the £1m of collectable aged debt.

The Director for Finance, Performance and Risk said that much work had been undertaken over the past six months in relation to debt. He said that much of the old debt could not legally be pursued through the Courts, but lessons had been learned, and processes were now in place. He added that the level of debt was like levels seen in other local authorities and had been impacted by the pandemic.

Councillor Deering sought assurance that the Procurement Team had now been formed.

The Director for Finance, Performance and Risk said that there was a Debt Team within the Finance Department, with Procurement Team involvement relating to Parking and Revenue and Benefits debt – which engaged the services of external recovery agents. He said that there may be a possibility to incorporate these different debt collections moving forward. The Service Manager (Strategic Finance) clarified that the parking enforcement contract related to penalty charge notices (PCNs)

Mr Sharman sought further information regarding the savings proposals within the report.

The Director for Finance, Performance and Risk said that he was confident that the proposals shown in amber would come to fruition, but in all probability, these would not materialise until 2026/27. He said that those shown in red would have their achievability revised by the Executive in October as part of the Mid-Term Financial Plan, with any that were removed putting pressure on future years and leaving a funding gap for next year. He said that efforts to mitigate these pressures continued, with Leadership Team monitoring and working to address.

It was moved by Councillor Nicholls and seconded by Councillor Willcocks that that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that the net revenue budget end of year projected overspend of £789k be noted and considered, and;

(B) that the capital programme forecast outturn of £637k be noted and considered.

- 179 STRATEGIC RISK REGISTER MONITORING Q1 2025/26
The Director for Finance, Risk and Performance introduced the report which was the first quarterly update for 2025/26. He said that no new risks had been added to, nor any risks removed from the register – with the only change being the score related to the commencement of the new waste contract as this reduced the position of potential financial loss etc.

The Director for Finance, Risk and Performance said that the report asked members to reapprove the Risk Management Strategy (as at Appendix B), which had not been updated for several years, and now set out the approach the Council took in how it identifies, assesses and managed risks. He added that the only change was the scoring matrix, which had been updated from 3x3 matrix to 4x4 matrix.

The Chair thanked the Director for Finance, Risk and Performance for the report.

There were no questions from the Committee.

It was moved by Councillor Connolly and seconded by Councillor Williamson that that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that the 2025/26 quarter one corporate risk register and actions being taken to control and mitigate risk be noted, and;

(B) that the Risk Management Strategy be reviewed and approved.

180 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

The Director for Finance, Risk and Performance introduced the report, he drew Members attention to Appendix A which detailed the agenda items which would come before the Committee over the rest of the financial year and highlighted that the January 2026 meeting would be a joint Audit and Governance Committee and Overview and Scrutiny Committee to scrutinise the budget. He added that an additional February 2026 Audit and Governance Committee meeting had also been scheduled to pick up the 2024/25 Statement of Accounts approval, bringing the Council back in line with the Government backstop arrangement.

The Director for Finance, Risk and Performance said that the report also included a draft calendar for 2026/27, which proposed that the Committee move back to five meetings a year (plus the joint Audit and Governance Committee and Overview and Scrutiny Committee meeting in January 2027). He said that scheduling a meeting in July 2026 would assist with financial reporting, enabling the sign off the previous year's accounts.

The Chair thanked the Director for Finance, Risk and Performance for the report.

Councillor Williamson thanked the Director for Finance, Risk and Performance for his helpful and productive approach.

Councillor Nicholls noted the slots within the calendar for Member training, and asked if the Director for Finance, Risk and Performance had any suggestions.

The Director for Finance, Risk and Performance said that there were areas which needed to be covered:

- Treasury Management
- Internal Audit
- Anti-Fraud
- Risk Management

Councillor Nicholls said that she would welcome Internal Audit training, and it was agreed that this should be delivered in person as the first item on the relevant meeting agenda.

The Committee Support Officer confirmed that an all-Member SAFS Anti-Fraud session was on the Programme of Training for November, which would be delivered to via Teams.

Mr Sharman suggested that the next Risk Register report be moved higher up the agenda and include more content around cyber security – enabling the Committee opportunity to more robustly scrutinise this area.

The Director for Finance, Risk and Performance said that the Assistant Director for Information Technology was bringing a Cyber Security Update before the Committee at their next meeting in November.

It was moved by Councillor Deering and seconded by

Councillor Williamson that that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that (A) the Finance and Audit Work Programme for the 2025/26 municipal year as outlined in the report be approved, and;

(B) that the proposed meeting schedule for the 2026/27 municipal year be noted and comments provided, and;

(C) that any training requirements to support Members in fulfilling their roles effectively be identified.

181 URGENT ITEMS
There were no urgent items.

The meeting closed at 8.51 pm

Chairman
Date

East Herts Council Report

Audit and Governance Committee

Date of meeting: Wednesday 26 November 2025

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

Report title: External Auditors Annual Report 2024/25

Ward(s) affected: All wards

Summary – The external auditors, Azets will present their Annual Auditors report for the 2024/25 report.

RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:

- a) Receive and make any comments on the external auditor's Annual Auditors Report (Appendix A)

1.0 Proposal(s)

1.1 That members review and comment on the external auditors Annual Auditors Report (Appendix A) for 2024/25.

2.0 Background

2.1 The Government has introduced legislation aimed at bringing local authority audits up to date, with a backstop date of 27 February 2026 for the completion of 2024/25 audits.

2.2 The code of practice requires Azets to issue the Auditors Annual Report no later than 30th November of each year. This report has been issued prior to the completion of the work in relation to the financial statements, this will be completed and presented to the Audit and Governance Committee on 24 February 2026 with the 2024/25 Statement of Accounts.

2.3 This report is presented to Audit and Governance Committee in its role as the body charged with governance and as the designated committee responsible for approving the statement of accounts.

3.0 Reason(s)

3.1 The external auditor is required by auditing standards to present the Committee with their Annual Auditors Report.

4.0 Options

4.1 Members can ask questions and make observations to the external auditor, but they cannot reject their reports.

5.0 Risks

5.1 These are contained within the body of the report.

6.0 Implications/Consultations

Community Safety

None arising from this report

Data Protection

None arising from this report

Equalities

None arising from this report

Environmental Sustainability

None arising from this report

Financial

These are contained in the main body of the report.

Health and Safety

None arising from this report

Human Resources

None arising from this report

Human Rights

None arising from this report

Legal

Statutory requirement to receive the Annual Report by 30 November 2025.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 Appendix A – Auditors Annual Report 2024/25

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A decorative graphic consisting of a grid of grey triangles pointing in various directions, with a few triangles highlighted in blue and green.

East Hertfordshire District Council

Auditor's Annual Report
Year ended 31 March 2025

November 2025

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Headlines from our audit



Headlines from our audit

Purpose of this report

This Auditor’s Annual Report provides a summary of the findings and key issues arising from our audit of the Council for 2024/25. This report has been prepared in line with the requirements set out in the Code of Audit Practice and supporting guidance published by the National Audit Office and is required to be published by the Authority alongside the annual report and accounts.

Our responsibilities

Financial statements

We provide an opinion as to whether the accounts give a true and fair view of the financial position of the Authority and of its income and expenditure during the year. We confirm whether the accounts have been prepared in line with the CIPFA/LASSAC Code of Practice in Local Authority Accounting (‘the Code’).

Due to the challenges of undertaking an audit where the previous 4 years have been disclaimed because of the local authority backstop, it will not be possible to regain full assurance over the financial statements for 2024/25. The audit is currently in progress but there will not be enough time for us to undertake sufficient work to support an unmodified audit opinion ahead of the backstop date of 27 February 2026. This is due to the limitations imposed from the lack of assurance on opening balances and closing balances in key areas. We therefore intend to disclaim our audit report.

Narrative report and Annual Governance Statement

We assess whether the Narrative report and Annual Governance Statement is consistent with our knowledge of the Authority.

We are unable to conclude the other information included in the statement of accounts is consistent with our knowledge of the Council and Group and the draft financial statements. This is because it will not be possible to undertake sufficient audit work to reach a conclusion before the statutory backstop date of 27 February 2026.

Value for money

We are required under Section 20(1)c of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness (value for money) in its use of resources and provide a summary of our findings in the commentary in this report.

We are required to report if we have identified any significant weaknesses as a result of this work.

As reported in previous years, there are significant weaknesses in the arrangements for securing at economy, efficiency and effectiveness in the use of resources at the Council which remained present during 2024/25. Statutory recommendations to address these weaknesses were raised in April 2025. Whilst there will have been insufficient time since then to fully implement these recommendations, we have followed up the Council’s progress to date as part of our work. Further detail is provided in this report.



Headlines from our audit

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Statutory powers

We may exercise other powers we have under the Local Audit and Accountability Act 2014. These powers include issuing a Public Interest Report, issuing statutory recommendations, issuing an Advisory Notice, applying for a judicial review, or applying to the courts to have an item of expenditure declared unlawful.

Public interest report

We may issue a Public Interest Report if we believe there are matters that should be brought to the attention of the public.

If we issue a Public Interest Report, the Authority is required to consider it and to bring it to the attention of the public.

We have not issued a Public Interest Report this year.

Statutory recommendations

We may make written recommendations to the Council under Schedule 7 of the Local Audit and Accountability Act. If we do this, the Authority must consider the matter at a general meeting and notify us of the action it intends to take (if any). We also send a copy of this recommendation to the relevant Secretary of State.

We have rolled forward statutory recommendations from the prior year.

Advisory notice

We may issue an advisory notice if we believe that the Council, or an officer of the Council, has, or is about to, incur an unlawful item of expenditure or has, or is about to, take a course of action which may result in a significant loss or deficiency. If we issue an advisory notice, the Authority is required to stop the course of action for 21 days, consider the notice and then notify us of the action it intends to take and why.

We have not issued an advisory notice this year.

Judicial review

We may make an application for judicial review of a decision of the Council, or of a failure to act by the Council, which it is reasonable to believe would have an effect on the accounts of that body.

We did not make an application for judicial review this year.

Application to the court

We may apply to the courts for a declaration that an item of expenditure the Authority has incurred is unlawful.

We have not applied to the courts this year.



Headlines from our audit

Findings and recommendations

Findings from our financial statements audit

Our financial statements audit is currently in progress and due to conclude by the statutory backstop of 27 February 2026. Detailed findings from our audit of the financial statements, including our consideration of significant risks, will be communicated in the following reports:

- audit opinion on the financial statements for the year ended 31 March 2025
- draft audit completion (ISA 260) report to Those Charged with Governance

Our draft audit completion report will be reported to the Council's Audit Committee in February 2026.

Requests for our audit completion (ISA260) report should be directed to the Council.

Recommendations arising from our financial statements audit

Recommendations relating to internal controls and other matters arising from our financial statements work will be contained in the audit completion (ISA 260) report.

From our work to date, we have not identified any further recommendations relating to the financial statements audit which indicate additional significant weaknesses in the Council's arrangements to secure economy, efficiency and effectiveness in the Council's use of resources and, as such, would not be considered key recommendations. Should any further key recommendations be raised during the remainder of our audit work we will report these in our audit completion report and our auditor's report (opinion) in February 2026.

Key recommendations arising from our value for money work

We provide a summary of our findings in respect of value for money in the commentary in this report.

Where we identify significant weaknesses as part of our review of the Council's arrangements to secure value for money, we make key, or essential, recommendations setting out the actions that should be taken by the Council.

We have followed up on the key recommendations made previously. We have not identified any additional key recommendations this year.

Other recommendations arising from our value for money work

We make other recommendations if we identify areas for improvement which do not relate to identified significant weaknesses

We have raised other recommendations to support the Council's ongoing improvement and followed up on the recommendations raised in the prior year.



Value for money



Value for money

We are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources, as set out in the NAO Code of Practice 2024 and the requirements of Auditor Guidance Note 3 ('AGN 03').

We have completed our value for money work. Our detailed findings are reported in the following commentary in this report.

We have concluded there are significant weaknesses in the Council's arrangements and so are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Our auditor's report will refer to the significant weaknesses in arrangements we have identified.

Reporting criteria	Planning – risk of significant weakness identified?	Final – significant weakness identified?	Recommendations made		
			Statutory	Key	Other
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	No	No	Yes
Governance How the body ensures it makes informed decisions and properly manages risk	Yes	Yes	No	Yes	Yes
Improving economy, efficiency and effectiveness How the body uses information about its costs and performance to improve the way it manages and delivers its services	No	No	No	No	Yes



Councils are responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. This includes managing key operational and financial risks and taking properly informed decisions so that they can deliver their objectives and safeguard public money.

As auditors, we are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We performed risk assessment procedures at the audit planning stage to identify any potential areas of significant weakness which could result in value for money not being achieved. This included considering the findings from other regulators and internal auditors, reviewing records at the Council and performing procedures to gain an understanding of the high-level arrangements in place. The resulting risk areas we identified were set out in our audit plan.

For each identified risk area, we performed further procedures during our audit to consider whether there were significant weaknesses in the processes in place at the Council to achieve value for money.

The NAO Code of Audit Practice requires us to structure our commentary on VFM arrangements under three reporting criteria: financial sustainability, governance and improving economy, efficiency and effectiveness.

We have set out on the following pages our commentary and findings on the arrangements at the Council in each area.

In addition to our financial statements work we performed a range of procedures to inform our value for money commentary, including:

- *Meeting with management and regular meetings with senior officers*
- *Interviews as appropriate with other executive officers and management*
- *Review of Council and committee reports and attendance at audit committee meetings*
- *Reviewing reports from third parties*
- *Considering the findings from our audit work on the financial statements*
- *Review of the Council's Annual Governance Statement and Narrative Report and other publications*
- *Considering the work of internal audit and the counter fraud function*
- *Consideration of other sources of external evidence.*



Value for money

Overview

East Hertfordshire District Council (the Council) is a district council in Hertfordshire. It works with nine other district and borough councils, local parish and town councils and Hertfordshire County Council (which includes Hertfordshire Fire and Rescue Service) in a three-tier local government system. The administrative area also includes the Hertfordshire Police and Crime Commissioner and Hertfordshire Constabulary. The Council serves a population of circa 150,000 residents. The Council faces, over the medium term, growing financial challenge and increasing uncertainty over its longer-term income predictions, particularly in respect of business rates and government funding.

The Council is responsible for a range of local services, including planning, waste collection and environmental health. The Council previously entered into a number of significant capital investment projects, notably the £30m refurbishment of Hertford Theatre, aimed at cultural regeneration and boosting local economic activity, and the Regeneration of Old River Lane and Arts Centre. However, these projects have been problematic: initial budgets have been significantly exceeded (the Theatre was initially budgeted at a cost of £24m in March 2022 but is now forecast to cost £30m to complete), resulting in both projects being curtailed or paused.

A finance peer review undertaken in March 2024 highlighted several challenges, including:

- Low usable reserves, raising concerns about financial resilience.
- Heavy reliance on asset sales (over £10m planned) and ambitious income targets from capital investments.
- A need for improved risk analysis, especially regarding the commercial viability of major projects like Hertford Theatre.
- Delayed financial monitoring, with key reports being reviewed months after the reporting period.
- The need for improvement in a number of areas, including savings and reserves management and strategy

The Council has also faced challenges in meeting its statutory financial reporting obligations. 2020/21 was the last year the Council received an unmodified audit opinion. It did not produce its accounts on time in 2021/22, 2022/23 or 2023/24, resulting in those accounts, when they were produced, being disclaimed under the statutory backstop legislation.

The Council also failed to comply with legal requirements for publishing website notices related to accounts publication and delays. In April 2025 the predecessor auditor (at the conclusion of their 2022/23 audit) reported significant weaknesses in the arrangements to support the Council's statutory financial reporting requirements and raised three statutory recommendations. These significant weaknesses remained in place during the 2024/25 year. As required under statute, the Council considered their response to these recommendations in public at a meeting in May 2025, accepting the recommendations and directing the Audit and Governance Committee to monitor progress and implementation of the Council's response. A new, substantive Chief Finance Officer (CFO) was appointed on 1 April 2025. He is overseeing the Council's response to the recommendations and implementation of actions to mitigate the significant weaknesses.



Under the stewardship of the new CFO, the previously delayed 2023/24 accounts were published on 30 April 2025 and the 2024/25 accounts were published, on time, on 27 June 2025. This latter action meant the Council had returned to producing draft financial statements on time for the first time in 4 years.

With the publication of the delayed 2023/24 accounts on 30 April 2025, two months later than the statutory backstop date for 2023/24 of 28 February 2025, as auditors we concluded our work during July to September 2025, reported the audit to the Audit and Governance committee on 30 September 2025 and issued a disclaimer of opinion for the 2023/24 statements on 1 October 2025. At the same time we reported our value for money findings within our Auditor's Annual Report for 2023/24. During this period we also undertook work on the 2024/25 audit year and financial statements although the lack of assurance from previous years over opening balances, combined with the delays from previous years which reduced audit capacity within the 2024/25 window, means we will not be able to recover sufficient assurance to remove the disclaimer of opinion in 2024/25. We therefore anticipate disclaiming our opinion in line with the forthcoming backstop date of 27 February 2026. This will mean the Council will have fully recovered the previous years' delays and once again be in line with the rest of the sector in terms of the timeliness of reporting.

At the 30 September 2025 Audit and Governance meeting we also reported to Members the plans for recovering the disclaimed position over 2024/25 to 2027/28, in line with the statutory guidance issued by MHCLG. This is an ambitious objective and will require significant resource and capacity investment from the Council, together with the full implementation of responses to the statutory recommendations previously raised. We have considered the progress made in that respect as part of this report.

Like all councils and the wider local government sector, East Hertfordshire District Council also continues to face wider significant challenges. The sector faces high levels of uncertainty over future levels of government funding and, for a number of years, has had to plan on the basis of single-year settlements. This makes it harder to produce comprehensive multi-year plans as part of medium-term financial planning. The government has signalled an intention to return to multi-year settlements in the future and announced a national overhaul of local government, reorganizing multi-tier council areas into a series of unitary authorities with devolved powers at a regional, mayoral level. The changes proposed would impact East Hertfordshire District Council which, like all districts with Hertfordshire, would be absorbed into one or more larger unitary councils from 1 April 2028 according to the current planned timescales. Work is currently ongoing to present options for reorganization in response to government requirements.

High inflation over recent years has increased cost pressures on all councils' revenue and capital expenditure, indicating reduced certainty about what the future may hold, economically. High interest rates have provided the Council with fortuitously higher than expected interest income on cash balances, but the combination of higher inflation – which remains persistently higher than target at 3.8% – and higher interest rates impacts local communities, including the community the Council serves in Hertfordshire. This can lead to increases in demand for council services and impact on council income in areas such as car parking and collection rates for council tax, business rates and rents.

East Hertfordshire District Council has arrangements in place to mitigate the macro-risks posed by the national context and, at present, a reasonable level of general fund reserves. However, these could be significantly depleted over the next few years if macro-economic conditions are unfavourable and the uncertainty inherent in the Council's cost and income assumptions do not crystallise in the Council's favour.



Value for money

Local government reorganisation

On 5 February 2025 the Minister for State for Local Government and English Devolution asked all councils in two-tier areas to develop unitary proposals, which will bring together upper and lower tier local government services in new unitary councils. Hertfordshire is in the third wave of reorganisation. Final detailed proposals are to be submitted in September 2025, with the potential establishment of a shadow Council in May 2027 and the transition to the unitary authority in April 2028, marking the cessation of the existing councils in Hertfordshire.

This means the next few years will be ones of significant change and uncertainty. Councils will need to consider the risk of the loss of key individuals and corporate memory in the lead-up to and transition into the new unitary authority. There may be an incentive for more short-term decision making in respect of the use of reserves and concerns, where reserves have been built up over previous years, either via strong management or for the implementation of a particular redevelopment scheme, that these reserves may end up being repurposed to cover an overspend incurred by a successor body. Whilst Authorities retain powers to make some spending decisions in advance of the reorganisation, it is important to make sure that proper governance arrangements remain in place, and that due consideration is given to any schemes which are likely to run beyond the date of transition to the new body.

Transition and reorganisation on this scale will require significant management time to ensure the benefits are identified and plans are in place to realise them post-transition. It may also require experience and skill-sets outside of the 'business as usual' skills and experience in place at the Council. It will be important for the Council to assess the skills it has in place, identify any gaps and take steps to mitigate those gaps to reduce risks arising during or post transition. Plans and arrangements for reorganisation will utilise increasing capacity of senior officers and this may divert attention from the realisation of savings plans or make the achievement of previously planned savings less likely. Such risks will need to be incorporated into updated medium term financial plans.

Members, and in particular audit committee members, will need to be satisfied that where earmarked reserves are being utilised, they are being utilised for their intended purpose and that reserve balances remain at an appropriate and prudent level, as well as be satisfied that balanced budgets continue to be set up to and including the Council's final period of account, in line with the statutory duties placed on key staff. Effective governance and stewardship will remain key, particularly in the operation of the audit committee, delivery of internal audit and execution of the risk management process.

The Council is also actively looking at asset disposals to reduce borrowing, make MRP savings and strengthen the Council's financial position. Whilst these actions, in isolation, make sense, the Council will now also need to be mindful of the Local Government Reorganisation (LGR) proposals, and in particular ensure significant asset disposals, particularly land disposals, are in the best interests of both the Council and any successor unitary body.



Value for money

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For East Hertfordshire, this reorganisation into unitary authorities could streamline service delivery, reduce duplication and improve long-term financial sustainability. Government believes there are substantial financial benefits and savings to be made, although these would depend on the exact configuration arrived at. However, any reorganisation of this scale brings significant risk and uncertainty. The Council recognises that transformation costs and service continuity risks must be managed effectively. The transition will require careful planning, particularly around the disaggregation of legacy financial systems reserves, and service responsibilities. The complexity of the reconfiguration is compounded with several significant income strip schemes across Hertfordshire and a substantial volume of large and significant ongoing capital investment and regeneration capital schemes.



Value for money: financial sustainability

This relates to how the Council plans and manages its resources to ensure it can continue to deliver its services.

We considered the following areas:

- *how the Council identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into the plans;*
- *how the Council plans to bridge its funding gaps and identifies achievable savings;*
- *how the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;*
- *how the Council ensures that its financial plan is consistent with workforce, capital, investment, and other operational plans, which may include working with other local public bodies as part of a wider system; and*
- *how the Council identifies and manages risks to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.*

General fund

At 31 March 2025 the Council's general fund stood at £3.9m, unchanged from the general fund balance at 31 March 2024 of £3.9m. However, the level of earmarked reserves decreased during the year from £22m to £17.3m, meaning the overall level of usable general fund reserves available to the Council now stands at £21.2m, compared to £26m a year ago. This remains a reasonable level of reserves; the Council's net expenditure on services in 2024/25 was £17.2m and this level of reserves provides a buffer for unexpected short-term shocks.

However, whilst earmarked reserves can be utilised if Members decide to change their use, they are earmarked for specific purposes in anticipation of specific costs. The general fund balance of £3.9m as at 31 March 2025, whilst currently healthy and above the Council's minimum level of £2.2m, is the true reserve for 'unanticipated' cost pressures.

whilst earmarked reserves can be utilised if Members decide to change their use, they are earmarked for specific purposes in anticipation of specific costs. £11m of the £17.3m earmarked reserves are held for two specific purposes: New Homes Bonus priority spend (£5.9m, declining from £8.9m in 2023/24) and the collection fund reserve (£5.1m). The New Homes Bonus priority spend reserve was established from unspent New Homes Bonus monies received from DCLG and the 2014/15 general fund underspend. £3m of this reserve was transferred out in 2024/25. The collection fund reserve was established to smooth the effect on the Council of income volatility following the new business rates funding regime.

This means only £6.3m of the earmarked reserves are available to manage financial risk. Of this, the most significant reserve is the interest equalisation reserve (£1.6m), established to assist the Council in managing the financial implications of adverse interest rate fluctuations. The Council also holds an additional General Reserve of £1m, which supports cash flow management and provides contingency funding. £1.8m of these reserves, collectively, was also utilised in 2024/25, reducing the financial 'cushion' these earmarked reserves provide to the Council's overall financial resilience.

Overall, this means the total combined level of general and earmarked reserves available for managing unexpected financial risk is relatively low, particularly in the context of the financial risks the Council faces. The Council may wish to consider whether this level is sufficient in the context of the current financial and macro-economic risks.



Medium term financial strategy

The Council's assumptions in its financial strategy are not unreasonable, but there is risk attached to them. The strategy assumes pay increases of 3% in 2025/26, and 3% per annum thereafter. It assumes general inflationary increases of 2% in 2025/26 and 2% thereafter. The risk remains that the anticipated reduction in inflationary pressures in the later years fails to materialise. Higher inflation – which has been resistant to falling below 3.8% nationally – would place increased pressure on pay budgets, potentially offsetting the expected moderation in pay inflation from 2025/26 onwards.

The Council's financial planning is guided by its Medium-Term Financial Plan (MTFP), which outlines the strategic approach to managing income, expenditure, inflationary pressures and capital investment over a multi-year horizon. The MTFP focuses on financial sustainability and alignment with corporate priorities. It also shows planned contributions to reserves totalling £4.7m, supporting long-term resilience.

East Hertfordshire District Council has arrangements in place to identify significant financial pressures for its short- and medium-term plans. It sets its annual budget and updates its MTFP annually for the subsequent four years, considering factors such as inflation, service demand and changes in government funding. The finance team collaborates with service heads to identify cost pressures and model various financial scenarios. Significant changes are reviewed by the Leadership Management Team and the Council Executive before being incorporated into the MTFP.

The Council also monitors its budget performance on a quarterly basis to identify and address cost pressures in the upcoming MTFP. This image confirms that monthly monitoring is conducted by senior management, with quarterly reporting to the Executive and further scrutiny by the Audit and Governance Committee.

During the annual budget-setting process, the Council determines the necessary savings to align the expected net cost of services with the available funding. Each service area is required to identify potential savings, which may come from either reducing expenditure or increasing income. Additionally, the Council's finance team may identify savings not directly linked to service delivery. This image breaks down the five key building blocks of the revenue budget: net cost of services, use of reserves, corporate budgets, sources of funding, and Council Tax providing a clear visual of how the budget is structured.

The Council produces the Medium-Term Financial Plan and the Corporate Plan together, treating them as complementary documents. Most of the Council's spending is directed towards statutory services, which are delivered in line with its priorities. Despite reductions in government funding, the Council aims to maintain discretionary services that support its strategic goals. Future forecasts indicate that further cost reductions will be necessary, requiring difficult decisions that align with the Council's priorities.

The Council also has a budget challenge process to review the cost and delivery of its services, assessing both statutory and non-statutory services against the priorities outlined in the Corporate Plan. The Corporate Plan integrates all strategic plans and is discussed in Leadership Team Workshops, feeding into the budget-setting process.



Value for money: financial sustainability

The annual financial plan and budget, presented around February or March time, include revenue, investment and capital planning. Treasury management and capital proposals are reviewed by the Audit and Governance Committee. The budget is allocated across Council services to align with the broader Council strategy, and regular communication between finance staff and directorates is required to maintain continued alignment.

Savings Programme

The Medium-Term Financial Plan (MTFP) for 2025/26 to 2034/35 outlines a structured and proactive approach to achieving financial sustainability through a blend of operational efficiencies and strategic savings. The Council has implemented a series of savings under officer delegation, totalling £1.6m in 2025/26 and increasing to £2.1m annually from 2027/28 onwards. These savings are derived from measures such as senior management restructuring, shared revenues and benefits service reviews, contractual changes, vacancy management and transformation initiatives. In parallel, the Executive has approved additional savings and income generation proposals amounting to £1.8m in 2025/26, which include both previously agreed items and new proposals such as increased garden waste charges, property disposals and reductions in community grants and member training budgets. These strategic savings are essential to addressing the projected budget gaps, particularly the shortfall of £1.7m in 2026/27 and £0.9m in 2027/28, with further pressures anticipated in later years. The plan also includes income generation measures such as a £10 increase in garden waste charges, contributing £300k annually from 2025/26 onwards. The savings programme reflects the Council's commitment to managing financial risks while maintaining core service delivery.

Performance of savings against budget

The Council's savings performance in 2024/25 shows a mixed picture, with some savings successfully delivered and others falling short of expectations. The original budget for the year anticipated a net cost of services of £17.2m. The actual outturn was £18.9m, an overspend of £1.7m. This variance reflects both underachievement of planned savings and emerging cost pressures.

Several savings initiatives were not fully realised. For example, the Senior Management Restructure was expected to deliver £0.25m in savings, but only £0.06m was achieved, a shortfall of £0.2m. Similarly, the ban on overtime payments was overestimated, with only £0.04m saved against a target of £0.2m. Other planned savings, such as avoidable contacts, Wallfields rental income, and advertising on assets, were delayed or not implemented, contributing further to the gap.

On the positive side, some areas did outperform expectations. The waste service delivered a significant underspend of £0.6m, driven by lower-than-expected contract inflation and higher income from recyclable materials. Parking income also exceeded forecasts, contributing an additional £0.2m. Additionally, Housing Benefits and IT services delivered underspends due to budget overstatements and recruitment delays respectively. Transformation-related costs, including staff restructuring, added £0.16m in one-off expenditure, while unexpected liabilities such as NNDR revaluations for Wallfields and car parks added £0.3m in pressure. The BEAM theatre project also incurred a substantial overspend of £1.5m, largely due to delayed opening, underestimated business rates and additional security costs.



Value for money: financial sustainability

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Overall, while some savings were achieved and certain services delivered efficiencies, the Council faced challenges in fully implementing its savings programme. The shortfall against budgeted savings, combined with emerging cost pressures, underscores the importance of robust delivery planning, realistic forecasting, and contingency measures in future financial strategies.

The savings requirements over the next four years are challenging. The Finance Peer Challenge report undertaken in February to March 2024 raised concerns over the Council's financial monitoring processes, both in terms of timeliness and usefulness of the content of the reports in informing decision making. It also noted a number of areas for improvement in relation to savings and reserves management and strategy:

- 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;
- Improving the clarity of explanation in budget reports as to how the savings identified impact on future years and ensuring that all savings figures are fully reconciled;
- Improving the consideration of financial risk in determining a minimum level of reserves to be maintained, as the peer report considered the reserve levels to be comparatively low;
- Publishing an explicit statement on the Council's useable reserves position within the budget report

The review also contained other related recommendations. The Council has made progress in responding to these recommendations to date and with the appointment of a new substantive chief finance officer in early 2025, responding to the recommendations has been prioritised and actions are being actively considered. The Council is reporting 10 out of 14 of the actions as completed. Key areas addressed include budget reporting, where savings figures have been reconciled and their future impact clarified. Risk schedules continue to be embedded in quarterly monitoring and budget reports. Delegated savings and options have been discussed and documented and a comprehensive business case for BEAM commercialisation has been produced and integrated into the Medium-Term Financial Plan (MTFP). Capital programme reviews continue to be conducted quarterly to assess dependencies and reduce reliance on borrowing. However, some actions remain ongoing, including the publication of a statement on usable reserves and the establishment of a performance metrics group involving officers and Executive members.

The MTFP assumes the savings targets will be achieved in full to avoid further reliance being placed on in-year use of general fund and earmarked reserves over the period to 2027/28. Whilst not unachievable, this will require robust monitoring and corrective action to address at an early stage any signs of slippage or changes in the risk profile or achievability of savings. The Council will need to ensure it has arrangements in place to identify and then deliver the substantial savings requirement each year. The Council has started to consider what these actions may require although there has not been sufficient time for these to be finalised or implemented. A new tracking spreadsheet has been created to ensure the details behind the savings plans within the MTFP can be monitored regularly. 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. Additional savings and income are also being included. The planned approach will be shared with Members



Value for money: financial sustainability

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.

To further mitigate financial risks, the capital programme has been adjusted, including pausing the Old River Lane Arts Centre project to save £1.5m in costs annually. Investment will focus on essential property maintenance, ICT upgrades, and invest to save initiatives with a payback period under ten years. Revenue generation will be supported by renting out part of the Council's head office (Wallfields) and selling Council-owned property, aiming to raise £6m for loan repayments. Despite financial constraints, the Council remains committed to protecting services for vulnerable residents and aligning decisions with strategic priorities.

Capital programme

When preparing the Medium-Term Financial Plan (MTFP), the Council also plans its capital programme to ensure that capital investment aligns with service priorities and is financially sustainable. The 2025/26–2034/35 capital programme reflects a more restrained approach compared to previous years, following the completion of major schemes and reflecting the reality of slippage incurred in previous years which meant the budgeted programme was not delivered (see below). The programme has been carefully constructed by the Leadership Team to represent the maximum level of investment that remains affordable within the Council's Capital Financing Requirement, with no scope for additional unfunded schemes. In 2025/26, planned capital expenditure totals £10.5m, with significant allocations for vehicles and equipment (£8.3m), land and buildings (£1.5m), and transformation projects (£0.5m). Funding sources include external borrowing (£7.9m), capital receipts (£1.4m), and Section 106 contributions (£1.2m). The Council has also received a £1.2m Section 31 grant from DEFRA to support the purchase of food waste bins and collection vehicles, with the remaining costs covered by borrowing and receipts. From 2027/28 onwards, capital investment will focus solely on operational assets and IT infrastructure, both of which are under review and will be addressed in future budget cycles. The Council is also actively reviewing asset disposals to reduce borrowing costs and future Minimum Revenue Provision (MRP) charges, noting that each £1m of borrowing incurs a revenue cost of at least 8%.

Capital Outturn for 2024/25

The Council's capital programme for 2024/25 significantly underperformed against its revised budget, which was also the case in previous years. Of the £19.1m allocated only £7.1m was spent, resulting in an underspend of £12.1m and a carry forward of £9.3m into future years. This equates to a delivery rate of just 37%, indicating substantial delays and slippage across multiple projects. The most notable underspend was in the Refuse & Recycling Vehicles and Containers budget, where none of the £9.7m allocation was utilised, accounting for over half of the total underspend and reflecting delays in the procurement and implementation of the new waste contract. Similarly, the full £0.7m budget for Buntingford Depot remained unspent, likely due to the same contract-related issues. Other projects such as Old River Lane and Arts Centre, Hostels, URC Church Hall, and Pinehurst Community Hall also saw no capital activity, contributing to a combined underspend of £1m. Partial delivery was achieved in operational asset investment (£0.25m) and the Hertford Theatre (BEAM) redevelopment (£4.5m), though both fell short of their respective budgets.



Value for money: financial sustainability

On a more positive note, projects funded through the UK Shared Prosperity Fund including Buntingford Public WC, Sports Equipment, Air Quality Website, and Tree Planting were fully delivered, and good progress was made on Bridges, Castle Park, and Hertford Castle Grounds. The large volume of unspent capital, particularly in high-value operational and waste-related projects, suggests challenges in project mobilisation, procurement, or contractor engagement. The Council will need to reassess timelines and delivery mechanisms to ensure the effective utilisation of the £9.3m carried forward into 2025/26. Additionally, the approved but not yet committed capital budget of £4.2m, including the £2.5m Transformation Programme, adds further pressure on future delivery capacity.

The Group position

East Hertfordshire District Council wholly owns Millstream Property Investments Ltd, which was established by the Council in February 2018. There are no minority shareholders, and no restrictions on the Council's ability to access or use the assets or settle the liabilities of the group. Millstream Property Investments Ltd was created to acquire, develop, and refurbish homes to provide rental properties to tenants wishing to live in the private sector, with the assurance that the accommodation is managed by a responsible landlord.

Based on Millstream Property Investments Ltd's financial statements for the year ended 31 March 2024, the company remains in a position to meet its liabilities without requiring intervention from East Hertfordshire District Council, with net assets standing at £2.2m. The audit opinion for the year ended 31 March 2024 was unqualified, with auditors confirming that they had not identified any material uncertainties that would cast significant doubt on the company's ability to continue as a going concern for at least twelve months following the authorisation of the accounts.

Millstream's liabilities include £3.1m in long-term loans and £0.2m in current liabilities. Notably, the shareholder loan component has been significantly reduced to £0.3m (from £2.0m in 2023), with only one property now secured against it. The company also holds £0.1m in current assets, including £0.09m in cash, which is sufficient to meet its short-term obligations. While the company's profitability has declined, its equity position remains positive, supported by £1.7m in share capital and £0.6m in retained earnings. In summary, although Millstream's financial position has weakened slightly due to property market adjustments, it still retains sufficient assets and liquidity to meet its liabilities independently, without immediate need for financial support from the Council.

The company's auditors issued a clean, unmodified opinion in respect of the company's 2023/24 accounts. Their audit report also stated that they had "not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months" following the authorising for issue of the accounts.

The subsidiary financial statements for the year ended 31 March 2025 are yet to be audited, and the Council's group accounts reflect unaudited figures for Millstream for that period.



Value for money: financial sustainability

The Minimum Revenue Provision

The Council is required each year to set a Minimum Revenue Provision (MRP). The MRP refers to the amount charged to the revenue budget for the repayment of debt, based on the underlying need to borrow rather than the actual debt held. This underlying debt is necessary to finance the capital programme. Capital expenditure generally relates to assets with a life expectancy of more than one year, such as buildings, vehicles, and equipment. It is therefore prudent to charge an amount for the repayment of debt over the life of the asset, or a similar proxy, allowing borrowing to be matched to asset life. Setting aside funds for debt repayment in this way enables future borrowing to finance asset replacement without incurring additional cost. The method of spreading these costs is through an annual Minimum Revenue Provision, and it is therefore important that the MRP is sufficiently prudent to mitigate long-term financial sustainability risks. A prudent MRP policy ensures that the Council sets aside adequate resources to repay borrowing over time, thereby reducing future financial pressure.

Following consultation, MHCLG have clarified and updated the regulations and the statutory guidance for minimum revenue provision. Although these take full effect from April 2025, the consultation highlighted that the intention was not to change policy but to clearly set out in legislation the practices that authorities should already be following. This guidance clarifies that capital receipts may not be used in place of a prudent MRP, that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted from the calculation unless exempted by statute.

The Council has a statutory duty under the Local Government Act 2003 to ensure its MRP is prudent. Indicators of prudence can be assessed by comparing the MRP to the Council's Capital Financing Requirement (CFR) and total borrowings and comparing the total borrowings to the CFR. An MRP level below 2% of the CFR and 3% of total borrowings may indicate increased financial risk. Where total borrowings exceed the CFR, this also indicates reduced financial headroom.

In 2024/25, the Council's Minimum Revenue Provision (MRP) remains at 1% of both total borrowing and the Capital Financing Requirement (CFR), below the benchmarks of 3% and 2%, respectively raising concerns about long-term financial resilience. This was also the case in 2023/24. In addition, borrowing is 106% of the CFR, indicating the Council is overextended on its borrowing with minimal financial headroom. These ratios indicate, as at 2024/25, financial strain. In our previous report we recommended the Council consider the appropriateness of the annual charge as it risked being insufficient to negate longer term financial resilience risk.

The Minimum Revenue Provision (MRP) policy for 2025/26 has been updated in consultation with the Council's external advisors. The MRP charge is anticipated to double from its 2024/25 level. The revised MRP for 2025/26 is £1.431m, rising to £1.453m in 2026/27. When considered against the opening CFR for 2025/26, this would result in a ratio of 2.3% (above the prudential benchmark of 2%) and would reflect 2.2% of borrowing as at 31 March 2025 (remaining below the prudential benchmark of 3%). However, if borrowing is repaid and not refinanced, this would improve the position and would also reduce borrowing below the level of the CFR.



Value for money: financial sustainability

We have used the following figures in assessing the prudence of the MRP for 2024/25, taken from the 2024/25 draft financial statements.

- Opening CFR £60.9m
- General Fund borrowing £64.5m
- MRP (2024/25) £0.751m; (2025/26) £1.431m
- Total general fund and earmarked reserves £21.2m
- Net cost of services 24/25 £32.5m
- Gross service revenue expenditure 24/25 £80.4m
- Long term borrowing £64.5m
- Long term assets £131.3m

Overall, whilst MRP as a percentage of the opening CFR will increase above 2% in 2025/26, further action may be needed to further strengthen longer term financial resilience, primarily the repayment of debt so total borrowing no longer exceeds the CFR. This would improve ‘headroom’ for financial resilience purposes and reduce the risk the Council is over indebted.

Management should continue to review the MRP annually to ensure it remains adequate and prudent in relation to both the CFR and borrowing levels, helping to mitigate long-term financial risks. In particular, management should ensure the MRP charge is sufficiently prudent and ensure MRP is being provided on assets over a period that does not exceed, on average, a period of 50 years.

	Council’s ratios	Expectation	Evaluation
MRP as % of total borrowing	1.2% (24/25) 2.2% (25/26)	< 3% then this may indicate a higher risk of MRP being insufficient to secure longer term financial resilience	● ●
MRP as % of Capital Financing Requirement (CFR)	1.2% (24/25) 2.3% (25/26)	< 2% then this may indicate a higher risk of MRP being insufficient to secure longer term financial resilience.	● ●
Debt as a proportion of CFR	106%	>50% then this may indicate a higher risk of the Council being over-indebted	●
Total general fund and earmarked reserves as a proportion of net cost of services	65%	the lower the proportion, the greater the risk to financial resilience	●
General fund and earmarked reserves as a percentage of gross service revenue expenditure	26%	the lower the percentage, the greater the risk to financial resilience	●
Long term borrowing as a proportion of long term assets	49%	the higher the proportion, the greater the risk the council is over indebted	●



Value for money: financial sustainability

Local government reorganisation

With local government reorganisation planned to take place in just over two years, but with little certainty over what the future reorganisation will look like, there is a growing uncertainty over the long-term plans. This makes it harder for the Council to consider the longer-term financial position. In the short term, members will need to ensure that their current decisions take into account, as far as possible, the needs of the future unitary body into which East Hertfordshire will be absorbed and ensure that, on transition, the Council's financial resilience is as strong as possible to ensure the emerging organisation commences its life on a robust financial footing. We have raised recommendations this year focused on this aspect, to support the Council in its journey to reorganisation.

Progress on Prior year recommendations

Recommendations were raised in our previous report, issued in September 2025, and in the predecessor report issued in April 2025. As part of the 'catch-up' process to return the Council to the national statutory timelines, reports covering 2021/22, 2022/23, 2023/24 and 2024/25 have all been issued during 2025. Due to the short passage of time between the previous Auditor's Annual Reports and this current one, there is not an expectation that the Council would have had an opportunity to fully address the recommendations raised. However, work has begun in these areas against all the recommendations, and this is set out in more detail in the "Follow up of prior recommendations" section later in this report.

Summary

We have not identified any significant weaknesses in the arrangements in place to support financial sustainability. However, short-term financial risks remain, which could potentially introduce significant weaknesses in future years. The Council has made commendable progress in addressing prior year recommendations, and progress is where we would have expected, given the timeframes.

The Council has arrangements in place to plan and manage its resources to ensure it can continue to deliver its services. It has a good understanding of its financial position and the risks inherent in the forward-looking MTFP. It has a capable, experienced and informed management team who demonstrate a good understanding of the current position and future financial challenge. Arrangements in respect of financial planning, budget setting and control are in place and operating effectively.

However, there are indicators of financial strain and financial risks present which, if not managed effectively over the short term, could introduce significant weakness in future years. The scale of savings required to continue to set a balanced budget and maintain reserves at an appropriate level does significantly increase in future years. The Council is cognisant of the fact it will need to strengthen the arrangements in place to monitor, deliver and report on savings requirements and ensure the reserves strategy is fully aligned with financial risk. Reducing the current high levels of borrowing is also important to provide additional financial headroom for any unforeseen financial pressures to come.



Value for money: governance

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This relates to the arrangements in place for overseeing the Council's performance, identifying risks to achievement of its objectives and taking key decisions.

We considered the following areas:

- how the Council monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;*
- how the Council approaches and carries out its annual budget setting process;*
- how the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;*
- how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and*
- how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests) and for example where it procures or commissions services.*

Risk Management and Governance

The Council has arrangements in place to assess risk and gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud.

The Council considers fraud and counters risk across a broad range of areas. The Council has a Risk management strategy in place that is reviewed quarterly by the audit and governance committee.

The Strategic Risk Register outlines the most significant business risks that could hinder the Council from achieving its objectives. The Leadership Team has established a defined risk tolerance level; any risks exceeding this threshold are actively managed and reviewed on a regular basis to ensure appropriate mitigation and contingency measures are in place. Risks that fall below the tolerance level are typically managed by Heads of Service, who are responsible for ongoing monitoring and implementing actions to reduce their potential impact. A visual summary of these risks, including the tolerance threshold, is presented in a matrix. Risks positioned in the red zone of this matrix are those that require active oversight by the Leadership Team, in line with the Council's Risk Management Strategy

The Council welcomes constructive challenge from scrutiny by internal and external audit activity, the work programme of the Overview and Scrutiny Committee (which reviews reports and updates that may include risk related content and requesting further investigation or clarification on issues that might pose significant risk to service delivery or public trust), and other external inspection agencies.

The Council promotes informed decision-making by establishing committees with distinct responsibilities. These committees hold regular meetings to address significant matters in accordance with their terms of reference. Details of these meetings, including agendas, are published on the Council's website to foster transparency and facilitate stakeholder engagement. Reports are distributed well in advance of meetings to enable members to contribute effectively and raise challenges.



Value for money: governance

The Council's governance processes are reviewed by the Audit and Governance Committee. At the start of each committee meeting members are required to declare any disclosable pecuniary interests or other registrable interests they may have in relation to items on the agenda, in line with the Council's Code of Conduct. The Council's Monitoring Officer holds overall responsibility for ensuring that the Council, its officers and elected Councillors act lawfully and has a statutory duty to report any legal non-compliance. Procedures for report preparation are in place to ensure legal compliance is considered. Individual service managers bear the operational responsibility for legal compliance and staff training. Training needs are identified through job specifications and considered during the annual appraisal process. These processes are incorporated within the Council's appraisal system and are published in the "Our Values and Behaviours" document and the Employee handbook, which has been disseminated to all staff.

Staff members are periodically reminded about the declaration of interests and hospitality. The Council has a whistleblowing policy and a separate email address for this purpose. Additionally, the Shared Anti-Fraud Service (SAFS) has conducted team talks to help staff identify potential fraud and understand how to report it.

Procurement and Partnerships

Procurement at East Hertfordshire District Council is governed by clear procedures that ensure compliance with the Procurement Act 2023, internal policies, and relevant legislation. Defined thresholds guide public sector purchasing, with procurements above these thresholds advertised via the Find a Tender service. The Council is committed to transparency, fairness, and achieving value for money, with procurement performance monitored through regular budget reviews and reported quarterly to the Leadership Team. Officers receive training to support compliance, and services across the Council can access specialist support from the Procurement Team. Sustainability, social value, and risk management are embedded throughout the procurement cycle, alongside efforts to engage local suppliers and encourage innovation. These principles align with the Council's corporate priorities and reflect its ongoing commitment to continuous improvement in procurement practices.

Contracts are actively reviewed to enhance service delivery and explore insourcing opportunities. A partnership register is also maintained, with annual reviews conducted for informal partnerships.

The ability to identify and assimilate new technologies is an integral part of the Council's approach to achieving its strategic objectives. The Council has a Shared ICT service with Stevenage Borough Council. The shared ICT service is responsible for developing the shared ICT platform as well as delivering ICT services.

A joint Stevenage / East Herts ICT Partnership Board meets every month to consider the strategic direction of the service. A Joint (Member led) Committee Board meets quarterly to review the ICT Improvement Programme. The ICT service is committed to embracing new digital opportunities to better meet the needs of residents, achieve savings and transform services. A secure, resilient, effective, and forward-looking Technology Service is critical in delivering these aims. Access to all IT systems is strictly defined according to role. Password access is controlled according to best practice. Specific Council policies exist (whistleblowing, anti-money laundering for example) and training offered to Officers and Councillors in these areas to encourage early detection and investigation of any suspicious activity.



Value for money: governance

Internal Audit opinion

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In compliance with the requirements of the Accounts and Audit Regulations 2015, the Council relies on the Shared Internal Audit Service (SIAS), which undertakes a programme of work to review the effectiveness of the Council's risk management, control environment, and governance processes. An annual operational audit plan is presented to the Audit and Governance Committee for approval. Progress against this plan is reviewed at Audit and Governance Committee (AGC) meetings, where members also monitor the implementation of audit recommendations through quarterly reports presented by SIAS.

The overall internal audit assurance opinion is 'Reasonable assurance' on financial systems, meaning there is a generally sound system of governance, risk management and control in place. While some issues, instances of non-compliance, or areas for improvement were identified, they are not considered significant enough to undermine the overall control environment. The opinion is based on 21 audits conducted during the year, with 13 receiving Substantial Assurance, 5 Reasonable Assurance, and 1 Limited Assurance. The Limited Assurance finding was specific to premises licensing and did not materially affect the overall conclusion. The internal audit function was confirmed to be independent, adequately resourced, and compliant with the Global Internal Audit Standards (GIAS), with no high-priority recommendations outstanding. Minor areas for improvement were identified through a self-assessment and will be addressed in the following year.

In the prior year, we carried forward a recommendation from the predecessor auditor advising the Council to ensure that actions are taken promptly to address weaknesses identified by Internal Audit, to provide assurance over the adequacy of its governance arrangements. In response, the Director of Finance has implemented a few measures to strengthen governance. These include regular meetings between the Chief Finance Officer (CFO) and the Chief Internal Auditor to review audit findings and address any identified issues; monthly Finance meetings with the Leadership Team to discuss key financial and governance matters; oversight by the Operational Council comprising the Chief Executive, Deputy Chief Executive, CFO, and Monitoring Officer, to ensure timely action on governance risks; and regular reporting to the Audit and Governance Committee to facilitate effective member scrutiny and oversight. The latest internal audit report does not note any high-priority recommendations outstanding.

Local government reorganisation

The next few years are expected to bring considerable change and uncertainty. Councils will need to carefully manage the potential loss of key personnel and institutional knowledge as they prepare for and transition into the new unitary authority. This period may also encourage more short-term decision-making, particularly regarding the use of financial reserves. There is a risk that reserves accumulated through prudent financial management or earmarked for specific redevelopment projects could be redirected to cover overspending by the successor authority. Although councils retain the authority to make certain spending decisions ahead of the reorganisation, it is essential that robust governance arrangements remain in place. Any initiatives likely to extend beyond the transition date must be thoroughly evaluated to ensure continuity and accountability.

Managing a transition of this scale will demand significant leadership capacity to identify potential benefits and develop strategies to realise them after the reorganisation. It may also require expertise beyond the council's usual operational capabilities. Therefore, it is crucial for the council to assess its current skill set, identify any gaps, and take proactive steps to address them, thereby minimising risks during and after the transition. Additionally, the demands of planning and implementing the reorganisation will place increasing pressure on the capacity of senior officers, potentially diverting focus from delivering existing savings plans. This could jeopardise the achievement of previously forecasted savings. These risks should be reflected in updated medium-term financial plans.



Value for money: governance

Governance weaknesses in financial reporting compliance

In April 2025 significant weaknesses were reported in the Council's arrangements for the preparation and publication of financial statements. This was due to the non-preparation and delayed publication of the financial statements for 2021/22, 2022/23 and 2023/24 and the absence of the 2021/22 Annual Governance Statement, as well as the absence of statutory notices on the Council's website informing the public of the delays. These delays constituted non-compliance with several provisions of the Accounts and Audit Regulations 2015.

Statutory recommendations were raised in three key areas: Finance function workflow; Quality Assurance; and Finance team capacity. Whilst there was never an expectation that such significant recommendations would have been completed and embedded within a six month time period, the Council has responded to these recommendations and continues to take steps to identify and implement appropriate mitigation strategies. We set out in more detail progress to date in the "Follow up of prior recommendations" section later in this report.

The Council is currently undertaking a finance function workflow review to identify bottlenecks in the flow of information and the completion of key financial tasks. The findings will be used to redefine roles and responsibilities within the finance team, ensuring a fair distribution of workload and preventing any single individual from becoming overburdened.

Whilst this review is taking place, capacity within the finance team is limited and, whilst the Council successfully produced the 2024/25 accounts on time, it is not yet in a position to be able to adequately facilitate and respond to the audit of these accounts in terms of capacity and availability of resources. The workforce review will need to ensure it encompasses consideration of tasks required not just to produce the accounts, but also to respond to the detailed and often rigorous requirements of the external audit, whilst simultaneously continuing to deliver the wider requirements of the finance function. Compounding this, additional capacity will be required to facilitate the extra work necessary to build back assurance and return the Council to clean opinions by 31 March 2028.

The recommendations were reported in April 2025 and therefore the significant weaknesses to which they relate were present during the 2024/25 audit year. We will follow up progress in our 2025/26 work and assess the extent to which these significant weaknesses have been addressed.

Summary

There are significant weakness in governance in relation to the Council's procedures supporting the production of its financial statements.

The Council has started responding to the recommendations made in April 2025 in respect of the significant weaknesses but there has, to date, been insufficient time for these to have been developed, actioned and implemented in full. The Council will also need to ensure it can restructure the finance team such that there is sufficient capacity to facilitate annual external audit reviews and the building back of assurance over the disclaimed audit years.

We have raised one new recommendation in respect of the preparation of financial statements and one in respect of the forthcoming local government reorganisation.



Value for money: improving economy, efficiency and effectiveness

This relates to how the Council seeks to improve its systems so that it can deliver more for the resources that are available to it.

We considered the following areas:

- *how financial and performance information has been used to assess performance and identify areas for improvement;*
- *how the Council evaluates service quality to assess performance and identify areas for improvement;*
- *how the Council ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, to assess whether it is meeting its objectives; and*
- *where the Council commissions or procures services, how it assesses whether it is realising the expected benefits.*

The Council monitors its performance through key performance indicators (KPIs), quarterly financial and performance reports and both internal and external audits. These reports, reviewed by the Audit and Governance Committee, compare actual performance against the budget, explain any variances, and outline mitigating actions. Resident and customer feedback, benchmarking against other local authorities, and regular reviews of progress against the Corporate Plan also contribute to service evaluation. A risk management strategy supports continuous improvement by identifying and addressing potential risks.

The East Hertfordshire District Council Corporate Plan (2024–2027) sets out the Council’s strategic direction, focusing on four priorities: transparency and responsiveness, environmental sustainability, community collaboration, and fairness in service delivery. It aims to strengthen public engagement, improve air quality and green infrastructure, support local housing and high streets, and promote inclusive cultural and wellbeing initiatives. The plan also includes governance reforms and updates to Council Tax support to foster a more connected and equitable district.

To achieve efficiencies, the Council collaborates with Stevenage Borough Council and North Hertfordshire District Council to jointly deliver services such as IT, Revenues and Benefits, Procurement and Waste. These partnerships are overseen by various boards to ensure effective performance management and service delivery.

Procurement is governed by procedures to ensure compliance with legislation, standards, and internal policies. The Council follows the Procurement Act 2023, which sets thresholds for public sector purchasing. Services can access specialist support from the Procurement Team, and performance is monitored through regular budget reviews. Training is provided to officers, and compliance is reported quarterly to the Leadership Team.

Capital and investment projects

The Council had previously entered into a number of significant capital and investment projects. This included the regeneration of Old River Lane in Bishop’s Stortford, the continued redevelopment of Hartham Leisure Centre and the Hertford Theatre Development.

There have been significant delays and / or cost overruns on two of these projects, as set out on the next page



Value for money: governance

- **Hertford Theatre Development:** The initial contract was awarded in March 2022 for £18.9m. The project has encountered a series of budgetary challenges due to rising inflation and increases in costs of labour and materials. This resulted in an increased budget for the development, which stood at £24.1 million at March 2022. The project is now 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.
- **Old River Lane and Arts Centre:** The Council purchased the Old River Lane site in 2015, after a private sector scheme failed to be delivered. 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. 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, and a decision to pause the Old River Lane & Arts centre project and rephasing of IT capital spend.

These challenges indicate weaknesses in the arrangements for overseeing and delivering the capital programme and call into question the wisdom of some of the decisions made in earlier years and the efficacy of corrective action during that period.

The Council has now significantly reduced its capital programme and paused £9.6m of capital spend. Management's recent responses have been appropriate and the latest forecast for the leisure centre is that the Council hopes to generate circa £0.26m in income per annum from the current arrangement. The Council acknowledges the previous Theatre business case was 'optimistic' and is revisiting it to arrive at a more realistic position. The Old River Lane and Arts centre development is subject to an ongoing review to ensure any monies committed in the future (if any) are prudent and economical.

The Council is also actively looking at asset disposals to reduce borrowing and make MRP savings. Whilst these actions, in isolation, make sense, the Council will now also need to be mindful of the Local Government Reorganisation (LGR) proposals, and in particular ensure significant asset disposals, particularly land disposals, are in the best interests of both the Council and any successor unitary body.

Summary

We have not identified any significant weaknesses in the Council's arrangements. However, there are risks present which, if not managed effectively, could introduce significant weakness in future years, particularly in relation to future capital programmes and asset disposals.



Recommendations



Value for money: Key recommendations

The significant weaknesses and key recommendations we made in the previous year are set out below, together with progress and actions taken by the Authority in 2024/25 to address them. Our detailed commentary is set out in this Auditor’s Annual Report. As the recommendations were only raised formally in April 2025 there is insufficient time for any of the responses to have been fully implemented at this date. Notwithstanding this, management has been proactive in responding to the recommendations. Recommendations are numbered from 1 to 15 before each recommendation for ease of reference.

Observation previously reported	Criteria	Recommendation previously made	Auditor update 2024/25
<p>Statutory financial reporting There are significant weaknesses in the Council’s arrangements for the preparation and publication of financial statements. In 2023/24, the Council did not produce its financial statements in line with the Accounts and Audit regulations and did not include the required notices on its website. The Council has started responding to the statutory recommendations made in April 2025 by the previous auditor in respect of the significant weaknesses but there has, to date, been insufficient time for these to have been developed, actioned and implemented in full.</p>	<p>Financial sustainability</p>	<p>Finance function workflow review 1. 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. Although the finance structure is still under</p>	<p>A review of the finance structure is currently underway, aimed at reducing dependency on specific individuals and addressing operational bottlenecks. Input has been provided by the Interim CFO (in March), the current CFO, Brian Moldon, and the Interim Group Accountant to inform the process with insights into effective working practices and structures from comparable authorities. The distribution of roles and responsibilities is being clarified within the proposed structure.</p> <p>This work remains in progress and as such the recommendation remains open.</p> <p style="text-align: right;"><i>continued.....</i></p>



Value for money: Key recommendations

Observation previously reported	Criteria	Recommendation previously made	Auditor update 2024/25
<p>Statutory financial reporting <i>continued from previous page</i></p>	<p>Financial sustainability</p>	<p>Quality assurance function review 2. 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>The quality assurance process has commenced. A timetable for the 2025/26 closedown process is in place and will be reviewed by the end of January to ensure it remains fit for purpose. Further enhancements to the review process are being considered, including the introduction of formal review checks to ensure appropriate segregation of duties; specifically, that working papers prepared by one individual are independently reviewed by another. Weekly meetings will be held throughout the closedown period to monitor progress and maintain oversight. The 2024/25 financial statements were published on time and in line with the Accounts and Audit (Amendment) Regulations 2024.</p> <p>Work remains in progress and as such the recommendation remains open.</p> <p style="text-align: right;"><i>continued.....</i></p>



Value for money: Key recommendations

Observation previously reported	Criteria	Recommendation previously made	Auditor update 2024/25
<p>Statutory financial reporting <i>continued from previous page</i></p>	<p>Financial sustainability</p>	<p>Finance team capacity</p> <p>3. 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 Council will also need to ensure it can restructure the finance team such that there is sufficient capacity to facilitate annual external audit reviews and the building back of assurance over the disclaimed audit years.</p>	<p>Monthly meetings have been established between the Chief Finance Officer, Deputy Chief Finance Officer and the Leadership Team to focus on the Council’s financial requirements. Roles within the Finance Team are currently under review as part of a broader restructure. This review aims to distribute workload more evenly across the team and ensure that high-risk areas are appropriately resourced, allowing sufficient capacity to concentrate on key priorities during critical periods.</p> <p>There is progress; however, implementing this recommendation is key if the Council is to continue to produce accounts on time and, moreover, have sufficient capacity to facilitate the annual audit and the additional audit work required to build back assurance and lift the disclaimer by 2028. During 2025 we continued to experience delays in obtaining information to support audit progress.</p> <p>Work remains in progress and as such the recommendation remains open.</p>



Value for money: Other recommendations

The other recommendations made this year are set out below. Our detailed commentary is set out in this Auditor’s Annual Report.

Observation	Criteria	Other recommendation
<p>Financial resilience and local government reorganisation</p> <p>With local government reorganisation planned to take place in just over two years, Members should ensure their plans are in the best interests of the new council(s) and the residents of the reorganised area, and do not undermine or diminish the benefits or savings anticipated as a result of unitarization.</p>	<p>Financial sustainability</p>	<ol style="list-style-type: none"> 4. Members should ensure their plans are in the best interests of the new council(s) and the residents of the reorganised area, and do not undermine or diminish the benefits or savings anticipated as a result of unitarization. Members will need to ensure that their current decisions take into account, as far as possible, the needs of the future unitary body and ensure that, on transition, the Council’s financial resilience is as strong as possible to ensure the emerging organisation commences its life on a robust financial footing. 5. Members should consider whether there are further actions that could strengthen the position to ensure the new unitary body commences its life in as strong a position as possible to support the residents and businesses of the unitary area. 6. Members, and in particular audit committee members, will need to be satisfied that where earmarked reserves are being utilised, they are being utilised for their intended purpose and that reserve balances remain at an appropriate and prudent level, as well as be satisfied that balanced budgets continue to be set up to and including the Council’s final period of account, in line with the statutory duties placed on key staff



Value for money: Other recommendations

Observation	Criteria	Other recommendation
<p>Local government reorganisation: capacity and skills</p> <p>The next few years will be ones of significant change and uncertainty. Councils will need to consider the risk of the loss of key individuals and corporate memory in the lead-up to and transition into the new unitary authority. Transition and reorganisation on this scale will require significant management time to ensure the benefits are identified and plans are in place to realise them post-transition. It may also require experience and skill-sets outside of the ‘business as usual’ skills and experience in place at the Council. It will be important for the Council to assess the skills it has in place, identify any gaps and take steps to mitigate those gaps to reduce risks arising during or post transition. Plans and arrangements for reorganisation will utilise increasing capacity of senior officers and this may divert attention from the realisation of savings plans or make the achievement of previously planned savings less likely. Such risks will need to be incorporated into updated medium term financial plans.</p>	Governance	7. The Council should assess the skills and capacity it has in place to support local government reorganisation, identify any gaps and take steps to mitigate those gaps to reduce risks arising during or post transition.
<p>Capital programme</p> <p>The Council’s capital programme for 2024/25 significantly underperformed against its revised budget. Of the £19.1m allocated only £7.1m was spent, resulting in an underspend of £12m and a carry forward of £9.3m into future years. This equates to a delivery rate of just 37%, indicating substantial delays and slippage across multiple projects This slippage indicates potential weaknesses in the capital planning arrangements, resulting in a reprofiling of large project spend carried forward into the 2025/25 financial year.</p>	Financial sustainability	8. The Council should ensure it understands the reason for this slippage in the capital programme and implement actions to strength capital programme and budget forecasting and implementation.



Value for money: follow up of prior recommendations

The other recommendations we made in our 2023/24 report are set out below, together with progress and actions taken by the Authority in 2024/25 to address them. Our detailed commentary is set out in this Auditor’s Annual Report. Given the limited amount of time between our previous report and this report, it would be unreasonable to expect all recommendations would have been addressed in the five-month window. Notwithstanding this, management has been proactive in responding to the recommendations.

Observation previously reported	Criteria	Recommendation previously made	Auditor update 2024/25
<p>Financial resilience risks There are financial risks present which, if not managed effectively over the short term, could introduce significant weakness in future years. 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. The Council is cognisant of the fact it will need to respond in full to the recommendations set out in the Finance Peer Review from 2024, strengthen the arrangements in place to monitor, deliver and report on savings requirements and ensure the reserves strategy is fully aligned with financial risk. Work has already begun in these areas.</p> <p style="text-align: right;"><i>continued....</i></p>	<p>Financial Sustainability</p>	<p>Reserves 9. Officers should consider the minimum level of reserves and the current available levels of reserves in the context of the financial risks currently faced by the Council and the scale of the savings requirements. The total combined level of general and earmarked reserves available for managing unexpected financial risk is relatively low, particularly in the context of the financial risks the Council faces. The Council may wish to consider whether this level is sufficient in the context of the current financial and macro-economic risks.</p>	<p>The latest Medium Term Financial Plan (MTFP) presented to the Executive in October initiated a comprehensive review of all reserves. This includes identifying the purpose and necessity of each reserve to ensure alignment with the Council’s financial strategy and risk profile. In parallel, further work is underway to assess the minimum level of balances required to manage ongoing financial risks. This assessment is being led by the Chief Finance Officer (CFO), who has provided an initial view within the MTFP. This will be further reconsidered as part of the budget report to determine the adequacy of current reserve levels in light of the Council’s financial risks and the scale of savings required. The outcome of this review will be incorporated into the forthcoming budget report, alongside a formal position on reserves. This will also form part of the CFO’s Section 25 report, ensuring that Members are fully informed of the financial resilience of the Council and the sufficiency of reserves to manage unexpected pressures.</p> <p>Work remains in progress and as such the recommendation remains open.</p>



Value for money: follow up of prior recommendations

Observation previously reported	Criteria	Recommendation previously made	Auditor update 2024/25
<p>Financial resilience risks <i>continued from previous page</i></p>	<p>Financial Sustainability</p>	<p>Savings plans 10. Officers should 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 Leadership Team has reviewed all savings plans for 2025/26 and future years, which were incorporated into the February 2025 MTFP. An updated position on in-year savings has been assessed and included in the Quarter 1 monitoring report. Where savings could not be justified for the current year or across the MTFP period (to 2030/31) these have been removed and reflected in the MTFP presented to the Executive in October 2025. In Quarter 1 of 2025/26 the Council reported a forecast overspend of £0.9m against a net cost of services budget of £15.9m. The savings performance presents a mixed picture, with some savings achieved—such as underspends in ICT Shared Services (£0.07m), Housing Services (£0.08m) and Legal Services (£0.05)—primarily due to staffing vacancies and rental income surpluses. However, pressures remain in key areas including car parking (£0.4m), the Beam Theatre (£0.3m), and Improvement & Insight (£0.05m), where income targets and operational costs have not aligned with expectations. Savings from the Leadership Team restructure have been realised as the restructured Leadership Team is now in place. The outcome of the Tier 3 review is currently being discussed. While some savings are on track, the overall position highlights the need for continued monitoring and timely delivery of planned initiatives to maintain budgetary control hence the recommendation has been rolled forward.</p> <p>Work remains in progress and as such the recommendation remains open.</p>



Value for money: follow up of prior recommendations

Observation previously reported	Criteria	Recommendation previously made	Auditor update 2024/25
<p>Financial resilience risks <i>continued from previous page</i></p>	<p>Financial Sustainability</p>	<p>Financial management 11. 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>For 2025/26, Quarter 1 monitoring identified financial pressures, which the Leadership Team is actively reviewing in order to implement mitigation measures. The Medium-Term Financial Plan (MTFP) has been updated with the latest assumptions, incorporating these pressures. A funding gap of £0.5m has been identified and the Leadership Team is developing options to achieve a balanced budget for 2026/27. Work is also underway to address future funding gaps early, thereby reducing reliance on reserves. In Quarter 1 of 2025/26, the Council reported a forecast overspend of £0.9m against a net cost of services budget of £15.9m.</p> <p>Work remains in progress and as such the recommendation remains open.</p>
	<p>Financial Sustainability</p>	<p>Finance peer review 12. 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 is reporting 10 out of 14 of the actions being reported as completed. Key areas addressed include budget reporting, where savings figures have been reconciled and their future impact clarified. Risk schedules are now embedded in quarterly monitoring and budget reports. Delegated savings and options have been discussed and documented and a comprehensive business case for BEAM commercialisation has been produced and integrated into the Medium-Term Financial Plan (MTFP). Capital programme reviews are now conducted quarterly to assess dependencies and reduce reliance on borrowing. However, some actions remain ongoing, including the publication of a statement on usable reserves and the establishment of a performance metrics group involving officers and Executive members.</p> <p>Work remains in progress and as such the recommendation remains open.</p>



Value for money: follow up of prior recommendations

Observation previously reported	Criteria	Recommendation previously made	Auditor update 2024/25
<p>Financial resilience risks <i>continued from previous page</i></p>	<p>Financial Sustainability</p>	<p>Minimum revenue provision 13. The Council should undertake a review of its Minimum Revenue Provision (MRP) policy and calculation to ensure it is fully compliant with the statutory requirements and guidance and that sufficient set asides are being made. Management should ensure the annual MRP adjustment is adequate and prudent, considering the Council's CFR and borrowing levels, and ensure longer term financial risks are contained.</p>	<p>MRP in 2024/25 was £0.751m. This is only 1.2% of the opening CFR (compared to a prudential benchmark of 2% minimum) and 1.2% of total borrowing (compared to a prudential benchmark of 3% minimum). In addition, borrowing is 106% of the CFR, indicating the Council is overextended on its borrowing with minimal financial headroom. These ratios indicate, as at 2024/25, financial strain.</p> <p>The Minimum Revenue Provision (MRP) policy for 2025/26 has been updated in consultation with the Council's external advisors. Whilst this would increase MRP to a level above the 2% benchmark it would still remain below 3% of borrowing and, unless repaid, total borrowing will continue to exceed the CFR.</p> <p>Updated recommendation 13. Management should continue to review the MRP annually to ensure it remains adequate and prudent in relation to both the CFR and borrowing levels, helping to mitigate long-term financial risks. In particular, management should ensure the MRP charge is sufficiently prudent and ensure MRP is being provided on assets over a period that does not exceed, on average, a period of 50 years. Further action may be needed to further strengthen longer term financial resilience, primarily the repayment of debt so total borrowing no longer exceeds the CFR. This would improve 'headroom' for financial resilience purposes and reduce the risk the Council is over indebted.</p>



Value for money: follow up of prior recommendations

Observation previously reported	Criteria	Recommendation previously made	Auditor update 2024/25
<p>Implementation of internal audit recommendations</p> <p>The previous auditor raised a recommendation for the Council to 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. The income Chief Finance Officer has implemented actions to address this recommendation which, due to the short passage of time, are currently in their infancy. We have therefore rolled forward this recommendation to 2024/25.</p>	Governance	14. 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 Director of Finance has implemented a number of measures to strengthen governance. These include regular meetings between the Chief Finance Officer (CFO) and the Chief Internal Auditor to review audit findings and address any identified issues; monthly Finance meetings with the Leadership Team to discuss key financial and governance matters; oversight by the Operational Council comprising the Chief Executive, CFO, and Monitoring Officer, to ensure timely action on governance risks; and regular reporting to the Audit and Governance Committee to facilitate effective member scrutiny and oversight. The latest internal audit report does not note any high-priority recommendations outstanding.</p> <p>Recommendation closed</p>



Value for money: follow up of prior recommendations

Observation previously reported	Criteria	Recommendation previously made	Auditor update 2024/25
<p>Asset disposals and LGR The Council is actively looking at asset disposals to reduce borrowing and make MRP savings. Whilst these actions, in isolation, make sense, the Council will now also need to be mindful of the Local Government Reorganisation (LGR) proposals, and in particular ensure significant asset disposals, particularly land disposals, are in the best interests of both the Council and any successor unitary body.</p>	<p>Improving economy, efficiency and effectiveness</p>	<p>15. In making significant asset disposals or entering into significant long term contracts, the Council should ensure new agreements will be in the best interests of the new council(s) or the residents of the area, and do not undermine or diminish the benefits or savings anticipated as a result of unitarisation, or which may have an effect on the financial position of the new council(s).</p>	<p>As part of the disposal programme, the Council's Property Services will undertake a thorough review and carry out appropriate due diligence before proposing or agreeing to any asset sale. This process will ensure that decisions reflect not only what is in the best interests of East Herts but also consider the implications for any future council arrangements. The aim is to safeguard anticipated benefits and savings from unitarisation and avoid any adverse impact on the financial position of successor authorities or the wider community.</p> <p>Work remains in progress and as such the recommendation remains open.</p>





East Herts Council

Audit & Governance Committee

November 2025

Anti-Fraud Progress Report 2025/2026

Purpose

1. This mid-year report provides details of the work undertaken by the Shared Anti-Fraud Service (SAFS) and Council Officers to protect the Council against the threat of fraud and the delivery of the Council's Anti-Fraud Plan for 2025/26.
2. Further reports will be provided during this financial year and a final report covering all anti-fraud work in 2025/26 will be provided to this Committee in June 2026.

Recommendations

Members are asked to:

- a) **Note the progress by officers and the Shared Anti-Fraud Service to deliver the Anti-Fraud Plan for the Council.**

The Anti-Fraud Plan

3. The Anti-Fraud Plan for the current financial year was approved by this Committee at its February 2025 meeting ([Public Pack](#))[Agenda Document for Audit and Governance Committee, 18/02/2025 19:00](#) . The Plan covers all areas recommended by CIPFA and the *Fighting Fraud and Corruption Locally Strategy for the 2020s*. The Plan also provides assurance that the council continues to benefit from a positive return on its investment in the SAFS Partnership.

Anti-Fraud Prevention

4. The Council has in place Anti-Fraud, Bribery & Corruption Policies and these are kept under constant review to ensure compliance with current best practice and the impact of any changes required by legislation. These policies were last reviewed in 2021, and an officer review is planned for later this year.
5. SAFS provided alerts on new and emerging fraud trends through its Board members and directly with officers working in our Partners. These alerts come from a variety of sources including the National Anti-Fraud Network (NAFN), Credit Industry Fraud Avoidance Service (CIFAS), National Fraud Intelligence Bureau (NFIB) at the City of London Police, and others.
6. Between April and October 2025 SAFS issued 3 Fraud Alerts including a reminder about fake documents, email spoofing, false ID and guidance on the 'Failure to Prevent Fraud' offence. SAFS also provide regular Fraud Threat Reports that summarise new and emerging risks and provide officers with guidance to assist with prevention and reporting. SAFS has issued 15 such reports this year including areas such as multiple employment, housing applications, blue badges misuse, mandate fraud, purchase cards, discretionary payments, grants and council tax liability.
7. A training plan to build on staff awareness and fraud reporting, along with publicity campaigns to inform the public and encourage fraud reporting has been developed with officers in HR and Comms teams for 2025/26. Four training sessions have

been delivered in the first half year, with three further sessions planned for Q3 including one for this Committee.

8. Across all partners SAFS provides Executive Reports (ER) to senior management and internal audit where investigations identify that fraud or attempted fraud occurred due to system/process weaknesses, SAFS also provides recommendations for management to consider the removal/reduction/mitigation of any ongoing fraud risk. No ERs have been issued so far this year for East Herts Council.
9. A new offence of 'Failing to Prevent Fraud' introduced by the *Economic Crime and Corporate Transparency Act 2023* took effect from September this year. SAFS have recently issued a briefing paper for all senior leadership teams in each of our Partners to advise on the impact of this legislation and ensure appropriate action plans are in place. We have meetings planned with senior management at the Council to discuss the Councils compliance with the Act.
10. Earlier this year SAFS Officers worked with the National Anti-Fraud Network to develop a survey for local government to collect data nationally about the counter fraud response across the sector. This survey was then used to deliver the NAFN Counter-Fraud Report 2025- [Counter Fraud Report - National Anti Fraud Network](#)

Reactive Work

11. Between April and September this year, 50 allegations of fraud had been received affecting service areas such as housing, council tax, and Blue Badge misuse- 21 referrals were made by Council officers.
12. SAFS currently have 27 cases under investigation, or at referral stage (13), with estimated losses of **£151K** recorded in this caseload. Of 7 investigations closed so far 6 identified fraud with **£55k** in fraud loss identified for recovery, with a further **£31k** loss prevented. Several cases are under investigation from previous years, and these have reported fraud loss/savings combined of **£122k**. SAFS have also conducted compliance reviews of 16 low value cases, identifying **£36k** of additional revenue in council tax.
13. Our work with the Department for Work and Pensions to investigate fraud linked to awards of national benefits such as Universal Credit has identified £47k in loss that the DWP are recovering. This work has also resulted in two cases where the DWP and Crown Prosecution Service are considering criminal prosecution which will include charges for fraud committed against the Council for offences related to Council Tax and/or Housing Benefit.
14. SAFS continues to work closely across the Council Housing services, working with officers to assist in the review of housing and homelessness applications and a number of investigations have been raised since April.

15. SAFS also works with housing providers across the District and we are still in discussion with Clarion Housing to assist with their tenancy fraud work in 2025/26, several cases are pending a decision from Clarion at the end of September, with one property awaiting recovery.

Proactive Work

16. SAFS and Council officers ensured that all data required for submission as part of the Cabinet Office ‘National Fraud Initiative’ (NFI) was uploaded in late 2024. The output from this exercise produced 843 general matches, creditors and council tax reports. Officers from SAFS and the Council have been reviewing the various reports/matches prioritising high-risk areas, this work has identified 5 potential frauds, with savings through prevention of **£33k** reported so far.
17. The Council is signed up the Herts Fraudhub for 2025/26. The FraudHub works in a similar fashion to the main NFI exercise with data being submitted along with the other SAFS partners to help identify fraud through data-analysis/matching. We suspended activity on the FH until Q3 to focus on clearing the matches from the main NFI exercise, but early reports in October show that 116 matches have been identified for review.
18. The Council has access to the county-wide Council Tax Review Framework this year, and discussions are ongoing with the providers within the Framework to deliver that work in the current financial year as this is the last year of the current contract.
19. The Shared Revenue and Benefit Service, hosted by the Council, also makes use of the AnalyseLocal contract that identifies fraud and error in its Business Rates (NDR) data. This project has identified 23 matters for review by Council officers, and this work is still ongoing at present.
20. SAFS KPIs were agreed in the Anti-Fraud Plan and progress is reported below.

Key

Met/ Complete		On Target	Part Met	Not Met
KPI	Measure	Objectives		Performance for Q1/Q2
1	Return on investment from SAFS Partnership.	Demonstrate that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution. A. Regular meetings to take place with the Councils Head of Strategic Finance and Property at least quarterly or as required by Council officers. B. Head of Strategic Finance and Property will be the SAFS Board representative for the Council and attend its quarterly meetings.		A. Meetings have been planned with the Head of Strategic Finance and Property B. Head of Strategic Finance and Property is a member of the SAFS Board and is invited to its quarterly meetings. SAFS meet with other service leads across the Council as and when required with a focus on the highest risk areas.

2	Provide an investigation service.	<p>A. Target to deliver at least 95% of the funded 298 Days of counter fraud activity including proactive and reactive investigations, data-analytics, staff training and fraud risk management. (Supported by SAFS Intel/Management).</p> <p>B. 3 Reports to Audit and Governance Committee. (Annual Report, Updates, 25/26 AF Plan)</p>	<p>A. To the end of June 2025 SAFS had provided 121 days (41%) of those planned for the year. We are monitoring performance against this KPI in Q3.</p> <p>B. SAFS reports agreed for September/ November / March Committees as part of the Fwd Plan.</p>
3	Action on reported fraud.	A. All cases to be reviewed within 2 Days of receipt, on Average.	A. In Q1/Q2 referrals were triaged within 0.4 days on average.
4	Allegations of fraud received. & Success rates for cases investigated.	<p>A. 100% of all reported fraud (referrals) will be logged by type & source.</p> <p>B. 100% of all cases investigated will be recorded and the financial value, including loss/recovery/ savings of each will be reported to officers.</p>	<p>A. All referrals, from all sources are logged on SAFS CMS.</p> <p>B. All cases investigated are recorded and managed on the SAFS CMS.</p> <p>Reports on referrals and investigations including status/source/value/outcomes are available.</p>
5	Making better use of data to prevent/identify fraud.	<p>A. Ensure output from NFI 2024/25 is resolved as required by legislation.</p> <p>B. Ensure membership of the Herts FraudHub in 2025/26 and that the ROI from this is reported to Council officers.</p>	<p>A. The NFI reports/matches have been reviewed with SAFS support and this project is now closed.</p> <p>B. The Council has a contract in place for the FHUB and data is being uploaded and output to commence in Q3.</p>
6	Added value of SAFS membership.	<p>A. Membership of NAFN & PNLD for 2025/26</p> <p>B. 5 fraud awareness/prevention sessions for staff/Members in year. (To be agreed with Service leads and HR)</p>	<p>A. The Council is a member of both NAFN and PNLD via SAFS licences. Council officers have access and SAFS provide training/awareness.</p> <p>B. We have delivered 4 training sessions in Q1/Q2, with 3 more planned for delivery in Q3.</p>

Further Reading

21. List of Background Papers - Local Government Act 1972, Section 100D

- (a) *Councillors Workbook on Bribery & Fraud Prevention (LGA 2017)*
- (b) *Fighting Fraud and Corruption Locally - A Strategy for the 2020's (CIPFA/CIF9AS/LGA 2020)*
- (c) *Code of Practice - Managing the Risk of Fraud and Corruption (CIPFA 2014)*
- (d) *Lost Homes, Lost Hope (Fraud Advisory Panel 2023)*
- (e) *Tackling fraud and corruption against government (NAO 2023)*
- (f) *National Fraud Initiative Report 2022 – 2024 (HMG March 2025)*



East Herts Council Audit & Governance Committee

26 November 2025
Shared Internal Audit Service –
Progress Report

Recommendations

Members are recommended to:

- a) Note the Internal Audit Progress Report
- b) Note the Implementation Status of High Priority Recommendations

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background

- 2 Audit Plan Update
 - 2.1 Delivery of Internal Audit Plan and Key Findings
 - 2.4 Internal Audit Plan Changes
 - 2.5 High Priority Recommendations
 - 2.7 Performance Management

Appendices:

- A Progress against the 2025/26 Internal Audit Plan
- B Implementation Status of High Priority Recommendations
- C Internal Audit Plan Items (April 2025 to March 2026) - Indicative start dates agreed with management
- D Assurance Definitions / Priority Levels

1 Introduction and Background

Purpose of Report

- 1.1 To provide Members with:
- a) The progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2025/26 Internal Audit Plan to 7 November 2025.
 - b) The findings for the period 13 September 2025 to 7 November 2025.
 - c) Details of any changes required to the approved Internal Audit Plan.
 - d) The implementation status of previously agreed audit recommendations.
 - e) An update on performance management information to 7 November 2025.

Background

- 1.2 Internal Audit's Annual Plan for 2025/26 was approved by the Audit & Governance Committee at its meeting on 22 April 2025. The Audit & Governance Committee receive periodic updates against the Internal Audit Plan. This is the second update report for 2025/26.
- 1.3 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit function is fulfilling its statutory obligations. It is considered good practice that progress reports also include details of changes to the agreed Annual Internal Audit Plan.

2 Audit Plan Update

Delivery of Internal Audit Plan and Key Audit Findings

- 2.1 As of 7 November 2025, 35% of the 2025/26 Internal Audit Plan days have been delivered (the calculation excludes any contingency days that have not yet been allocated).
- 2.2 The following final report has also been issued since 12 September 2025:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Parks & Open Spaces	Oct 2025	Substantial	One Low Priority, One Advisory Action

See definitions for the above assurance levels and recommendation priorities at Appendix D.

- 2.3 The table below summarises the position regarding delivery of the 2025/26 approved projects to 7 November 2025. Appendix A provides a status update on each individual project within the 2025/26 Internal Audit Plan.

Status	No. of Audits at this Stage	% of Total Audits
Final Report Issued	4	17%
Draft Report Issued	0	0%
In Fieldwork/Quality Review	10	41%
In Planning/Terms of Reference Issued	6	25%
Allocated	4	17%
Not Yet Allocated	0	0%
Cancelled/Deferred	0	0%
Total	24	100%

Internal Audit Plan Changes

- 2.4 There has not been any Internal Audit Plan changes since it was approved by this Committee on 22 April 2025.

Critical and High Priority Recommendations

- 2.5 Members will be aware that a Final Audit Report is issued when it has been agreed (“signed off”) by management; this includes an agreement to implement the recommendations that have been made.
- 2.6 The schedule attached at Appendix B details any outstanding Critical and High priority audit recommendations. No new Critical or High Priority recommendations are shown in the schedule.

Performance Management

- 2.7 The 2025/26 annual performance indicators were approved at the SIAS Board meeting in March 2025.
- 2.8 The actual performance for East Herts Council against the targets that can be monitored in year is set out in the table overleaf:

Performance Indicator	Performance Target for 31 March 2026	Profiled Performance 7 Nov 2025	Actual Performance 7 Nov 2025	Notes
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	45%	35%	86 days delivered out of the current 245 days planned
2. Planned Projects * – percentage of actual completed projects to draft report stage against planned completed projects by 31 March 2026	90%	30%	17%	4 projects to draft or final report from the 24 planned
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	90%	90%	100%	Based on the results of the 2 completed questionnaire received (from the 4 issued)
4. Number of High and Critical Priority Audit Recommendations agreed as a percentage	95%	N/A	N/A	No High Priority recommendations have been made during 2025/26

* Based on Audit Plan 'deliverables' at draft and final stage, and items carried forward from 2024/25 that were not at draft report stage by 31 March 2025.

2.9 In addition, the performance targets listed below are annual in nature. Members will be updated on the performance against these targets within a separate Annual Report:

- **5. Annual Plan** – prepared in time to present to the March meeting of each Audit & Governance Committee. If there is no March meeting, then the Plan should be prepared for the first meeting of the financial year. This indicator was achieved for 2025/26 as the audit plan for the financial year 2025/26 was presented to the Audit & Governance Committee in April 2025.
- **6. Planned Projects** - percentage of actual completed projects to final report stage against planned completed projects. This was reported to the committee in May 2025
- **7. Chief Audit Executive's Annual Report** – presented at first available 2025/26 meeting of the Audit & Governance Committee. This indicator was achieved for 2025/26 as the Client Audit Manager's Annual Report (for 2024/25) was presented to the May 2025 meeting of this committee.

2.10 We currently report no risks to the delivery of a robust annual assurance opinion. However, it should be noted that EHC Plan delivery is currently behind the planned profile. This is a service wide performance issue which was reported to the SIAS Board with the following reasons:

- a) Recruitment to two existing trainee auditor vacancies during quarter one, with both not starting until quarter two.
- b) Some audits being pushed back at client request, thereby altering the profile of delivery.
- c) Sickness absence of one of our Client Audit Managers, thereby impacting on the pace of delivery of some audits.
- d) Delays in our external co-sourced partner being able to commence some of their allocated audits.
- e) Some low-level anecdotal evidence of senior staff at partners experiencing capacity challenges linked to LGR. This is a known risk talking to Heads of Internal Audit who have already been through this process.

The current EHC deficit against the profile is largely attributable to delays in delivering the Homelessness, Premises Licensing Follow Up and BEAM audits. The audit sponsors for these audits are aware of this position.

APPENDIX A - PROGRESS AGAINST THE 2025/26 INTERNAL AUDIT PLAN

2025/26 Internal Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS *				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Key Financial Systems – 60 days									
Business Rates (shared with SBC)						60	Yes	11	In Fieldwork
Council Tax (shared with SBC)							Yes		In Fieldwork
Housing Benefits (shared with SBC)							Yes		In Fieldwork
Treasury Management							Yes		In Planning
Accounts Receivable							Yes		Allocated
Accounts Payable							Yes		Allocated
Payroll							Yes		Allocated
Insurance	Substantial	0	0	0	1		Yes		Final Report Issued
Cash & Banking							Yes		In Fieldwork
Operational Services – 50 days									
BEAM						15	Yes	9.5	In Fieldwork
Premises Licensing Follow Up Audit						5	Yes	1	In Fieldwork
Park & Open Spaces	Substantial	0	0	0	2	10	Yes	10	Final Report Issued
Waste & Recycling						10	Yes	3	In Fieldwork
Old River Lane						10	Yes	1.5	ToR Issued
Corporate Services/Themes – 68 days									
On Demand Grant Audits						6	No	0	Not Yet Allocated
Transformation Project Assurance						10	Yes	0.5	In Planning
Business Support						10	Yes	0	Allocated
Corporate Governance						6	Yes	0.5	In Planning
Equality, Diversity & Inclusion						10	Yes	0.5	In Planning
Procurement Act						10	Yes	3.5	In Fieldwork
Risk Management						6	Yes	0.5	In Planning

APPENDIX A - PROGRESS AGAINST THE 2025/26 INTERNAL AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS *				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Social Media	Reasonable	0	0	2	4	10	Yes	10	Final Report Issued
IT Audits – 6 days									
Cyber Security – Reliance on Alternative Assurance						6	Yes	2	In Fieldwork
Completion of Deferred Projects – 10 days									
Homelessness						9	Yes	4.5	In Fieldwork
IT Hardware Inventory	Reasonable	0	0	2	0	1	Yes	1	Final Report Issued
Contingency – 5 days									
Contingency						5		0	Through Year
Strategic Support – 51 days									
Head of Internal Audit Annual Report						3	Yes	3	Complete
Audit & Governance Committee & Recommendation Follow Up						12	Yes	7	Through Year
Client Engagement & Adhoc Advice						8	Yes	6	Through Year
2026/27 Audit Planning						6	Yes	0	Allocated
SIAS Service Development						10	Yes	5	Through Year
Plan & Progress Monitoring						12	Yes	6	Through Year
SBC TOTAL		0	0	4	7	250		86	
* C = Critical Priority, H = High Priority, M = Medium Priority, LA = Low/Advisory Priority									

APPENDIX B: IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

The following appendix provides Audit & Governance Committee Members with a summary of the most recent update provided by management in respect of any outstanding critical and high priority recommendations.

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Nov 2025)
1.	Premises Licensing (issued Oct 2024)	<p>High Priority Recommendation: <u>To address audit findings that relate to fee administration and collection.</u></p> <p>We recommend that a full business process review is completed to allow the annual maintenance fee to be administered and fees collected in an efficient and effective manner. Any review should address weaknesses in:</p> <ul style="list-style-type: none"> • Inter-departmental communication. • Aged debt monitoring and recovery. • Accuracy and completeness of records relating to premises licencing. • Arrangements for suspending licenses. • Defining the roles and responsibilities of the Licensing Officers. • Accuracy and completeness of procedure notes, including those relating to annual maintenance fees. <p>Agreed Management Actions(s):</p> <p>A cross service working group will be formed, chaired by OR. Including licensing, finance, and the transformation team.</p> <p>Transformation will support the preprocess re-engineering. Group to be tasked with addressing all the issues in the audit by the end of September 2025.</p> <p>The group will initially draw up a timetabled action plan to be signed off by JG. Quarterly updates to JG. Any barriers to improvement or issues requiring corporate input will be escalated by JG to leadership team to ensure all the identified issues are addressed.</p>	<p>Responsible Officer: Oliver Rawlings (OR) / Jonathan Geall (JG).</p> <p>Original Due Date: September 2025.</p> <p>Revised Due Date: December 2025.</p>	<p>Nov 2025. Significant progress has been made with implementing the agreed management actions and there are no barriers to completing them. However, re-engineering business processes has been a bigger undertaking than originally anticipated, hence the revised due date.</p>	Partially implemented.

APPENDIX C: INTERNAL AUDIT PLAN 2025/26 – PLANNED AUDIT START DATES

April	May	June	July	August	September
IT Hardware Inventory c/f from 2024/25 Final Report Issued	Social Media Final Report Issued	Parks & Open Spaces b/f from July Final Report Issued	Follow Up Audit (Premises Licensing) b/f from August In Fieldwork	BEAM c/f from July In Fieldwork	Cyber Security In Fieldwork
Insurance Final Report Issued				Homelessness c/f from April In Fieldwork	
October	November	December	January	February	March
Waste & Recycling c/f from September In Fieldwork	Business Rates In Fieldwork	Equality, Diversity & Inclusion In Planning	Accounts Receivable Allocated	Accounts Payable Allocated	
Procurement Act c/f from June In Fieldwork	Housing Benefits In Fieldwork	Treasury Management In Planning	Transformation Project Assurance In Planning	Business Support Allocated	
Council Tax In Fieldwork	Cash & Banking In Fieldwork	Risk Management In Planning	Corporate Governance In Planning	Payroll Allocated	
	Old River Lane ToR Issued				

APPENDIX D - ASSURANCE / RECOMMENDATION PRIORITY LEVELS

Audit Opinions		
Assurance Level	Definition	
Assurance Reviews		
Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	
Not Assessed	This opinion is used in relation to consultancy or embedded assurance activities, where the nature of the work is to provide support and advice to management and is not of a sufficient depth to provide an opinion on the adequacy of governance or internal control arrangements. Recommendations will however be made where required to support system or process improvements.	
Grant / Funding Certification Reviews		
Unqualified	No material matters have been identified in relation the eligibility, accounting and expenditure associated with the funding received that would cause SIAS to believe that the related funding conditions have not been met.	
Qualified	Except for the matters identified within the audit report, the eligibility, accounting and expenditure associated with the funding received meets the requirements of the funding conditions.	
Disclaimer Opinion	Based on the limitations indicated within the report, SIAS are unable to provide an opinion in relation to the Council's compliance with the eligibility, accounting and expenditure requirements contained within the funding conditions.	
Adverse Opinion	Based on the significance of the matters included within the report, the Council have not complied with the funding conditions associated with the funding received.	
Recommendation Priority Levels		
Priority Level	Definition	
Corporate	Critical	Audit findings which, in the present state, represent a serious risk to the organisation, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
Service	High	Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
	Medium	Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	Low	Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.

East Herts Council Report

Audit & Governance Committee

Date of Meeting: Wednesday 26 November 2025

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

Report title: Section 106 Update Report & 2024/25 Infrastructure Funding Statement

Ward(s) affected: (All Wards);

Summary – This report provides an update on East Herts Section 106 contribution identification, collection and allocation, plus information on the additional work undertaken by the Section 106 Programme Manager, along with the ‘2024/25 Infrastructure Funding Statement’ prior to its publication.

RECOMMENDATIONS FOR Audit & Governance Committee:

- a) To note and comment on the contents of this report and the ‘2024/25 Infrastructure Funding Statement’ (Appendix A).

1.0 Proposal(s)

- 1.1 To note and comment on the contents of this report and the ‘2024/25 Infrastructure Funding Statement’ (Appendix A)

2.0 Background

- 2.1 Since September 2019, an annual update report has been prepared to provide information on East Herts Council Section 106 financial contributions identification, collection and allocation, including any changes to legislative and reporting requirements, and the required annual Infrastructure Funding Statement prior to its publication on the East Herts Council website. Copies of these previous reports can be found on the council’s website and are listed as background papers at the end of this report.
- 2.2 This report, which is presented annually to the Audit & Governance Committee in November, provides this year’s update

along with the '2024/25 Infrastructure Funding Statement' (attached as Appendix A).

3.0 Reason(s)

- 3.1 To ensure transparency, and compliance with current Legislation, information is provided on the ongoing work of the Section 106 Programme Manager and the '2024/25 Infrastructure Funding Statement' prior to its publication on the council's website.

Update on Legislation and Section 106 new contribution requirements

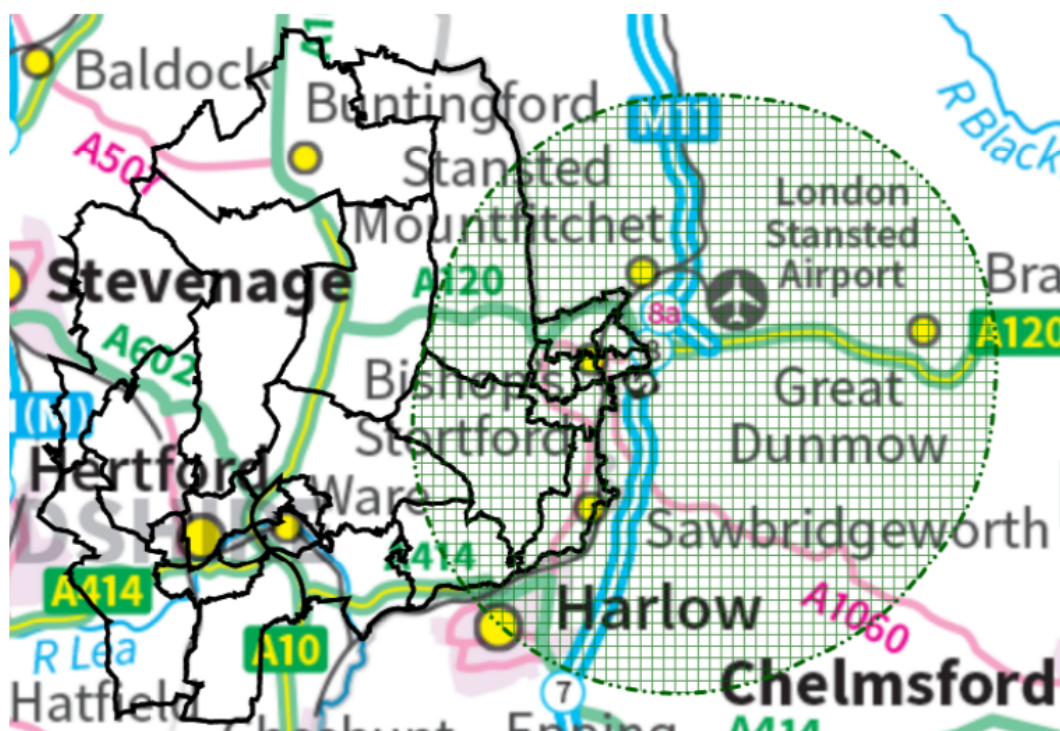
- 3.2 Detailed information on Section 106 legislation and the legal tests was provided in previous reports – copies of these can be found on the council's website and are listed as background papers at the end of this report.
- 3.3 To ensure that the council secures financial contributions obligations from forthcoming major developments, the Section 106 Programme Manager continues to work pro-actively with Planning Officers and developers. This can involve significant negotiations and there may be instances in which proposed contributions do not meet the legal tests or where they are not allowed by Planning Inspectors or are amended through negotiations with developers due to the development being financially unviable.
- 3.4 Members should note that work is also ongoing with community groups and organisations, as well as the Town and Parish Councils, to identify any current and future contributions available to them. Detailed information, including bespoke spreadsheets, is shared with potential recipients and collaboration continues to identify future funding requirements and help inform new Section 106 agreements.
- 3.5 Changes to Planning Legislation - the Government published a revised National Planning Policy Framework (NPPF) in December 2024 and introduced the Planning and Infrastructure Bill 2025. These include a number of changes to legislation aiming to reform the planning system to increase housing and infrastructure

delivery.

- 3.6 The NPPF (2024) sets out the Government's national policy guidelines in order to work towards the ambitious goal of delivering 1.5 million new homes this Parliament, and the vital infrastructure needed to grow the economy and support public services.
- 3.7 The NPPF (2024) also introduces a requirement to ensure faster delivery of other public service infrastructure such as health, blue light, library, adult education, university and criminal justice facilities. Local planning authorities are required to work proactively and positively with promoters, delivery partners and statutory bodies to plan for required facilities and resolve key planning issues before applications are submitted. The NPPF (2024) states that significant weight should be placed on the importance of new, expanded or upgraded public service infrastructure when considering proposals for development.
- 3.8 The Planning and Infrastructure Bill is now subject to consultation before any legislative changes are enacted. Members will be updated on this new legislation or any changes affecting Section 106 as and when these are known.
- 3.9 However, it should be noted that currently all East Herts Section 106 contributions and obligations are sought and calculated in accordance with the current Legislation, East Herts District Plan and specific Supplementary Planning Documents (SPD's) requirements. Detailed information on current Section 106 Legislative requirements and the identification and calculation of East Herts financial contributions was provided in the previous reports to this committee – these are listed as background papers at the end of this report.
- 3.10 Information is given below on recent Biodiversity Net Gain Legislation and the associated new contribution requirements, along with the new locally agreed new Hatfield Forrest Mitigation Tariff, along with details on how contributions and obligations from the new Gilston area development will be monitored.
- 3.11 Biodiversity Net Gain obligation contributions and monitoring fees

- Members should note that Biodiversity Net Gain (BNG) is now mandatory for most planning applications under the Environment Act 2021 and requires developers to deliver a measurable, 10% increase in biodiversity through habitat creation or enhancement on all new developments. BNG is a way of creating and improving natural habitats and makes sure that any new development has a measurably positive impact on biodiversity. Detailed information on BNG in East Herts can be found on the council's website - <https://www.eastherts.gov.uk/planning-and-building/planning-policy/mandatory-biodiversity-net-gain-bng>

- 3.12 The council can also collect a financial contribution in lieu of onsite BNG provision or the purchase of offsite BNG credits by the developer. A 'BNG Monitoring Fee' can also be requested by the council to help cover the council's costs of monitoring compliance with on-site BNG improvements requirements.
- 3.13 To date a single 'Off-site Biodiversity Net Gain Contribution' of £18,989.17 has been collected from the Mangrove Road (HERT5) development in Hertford (3/20/1563/FUL & S106 dated 24/06/2021). This will be allocated towards the creation and maintenance of neutral grassland and woodland in East Hertfordshire.
- 3.14 In this financial year (2025/26) one BNG Monitoring Fee contribution (£65,617.21) has been collected by the council from the development on Land at Walkern Road development in Watton-at-Stone (3/23/2108/FUL – S106 dated 16/08/2024). This contribution is to be used towards the costs of monitoring compliance with the development's Habitat Management and Monitoring Plan and reviewing the Monitoring Reports provided over a thirty-five-year period.
- 3.15 Hatfield Forest Mitigation Tariff – East Herts Council is now required to collect a 'Hatfield Forrest' financial tariff contribution from all new residential development consented within the 11.1km Zone of Influence of the ancient woodland to mitigate the impact of increased visitor numbers.
- 3.16 The map below shows the extent of the Zone of Influence as it affects East Herts.



- 3.17 The draft 'Governance Agreement' to implement this new arrangement has been approved and agreed between the four local planning authorities, (East Herts Council, Uttlesford District Council, Harlow District Council and Epping Forest District Council), and Natural England and the National Trust as landowners. The full background to this and details of the tariff can be found in the ['Hatfield Forrest Mitigation Strategy and Governance Arrangements'](#) report taken to Council on 23/07/2025.
- 3.18 The tariff differs for each local authority dependent on the number of homes planned within the Zone of Influence and the likely impact generated. The tariff for East Herts is calculated at **£540.07 per new dwelling** and will be applicable on all new residential development consented within the Zone of Influence. It should be noted that Gilston development is excluded from the tariff due to the extensive greenspace proposed in the new villages.
- 3.19 Delegated authority has been given to the Director for Legal Policy and Governance to work on the final version of the Governance Agreement with an expectation that this is signed and sealed in Autumn 2025. The Section 106 Programme

Manager is working with Planning Officers to finalise the implementation procedure and associated paperwork.

- 3.20 Going forward, the monitoring and collecting of the Hatfield Forrest Mitigation Tariff contributions due from all new consented development within the Zone of Influence will be undertaken by the Section 106 Programme Manager. Collected tariff contributions will be transferred to Uttlesford District Council, as the lead collection authority, on a bi-annual basis or as agreed in the governance arrangements.
- 3.21 Gilston Area Development Section 106 Agreement & Monitoring Contributions – Members will be aware of the outline planning permission granted for 10,000 new homes and associated infrastructure in the ‘Harlow and Gilston Garden Town: Gilston Area Villages 1-7’ area development as per 3/19/1045/OUT (Villages 1-6) and 3/19/2124/OUT (Village 7).
- 3.22 A single Section 106 Agreement has been created for the two granted planning permissions. This was signed and sealed on 09/01/2025 - a copy of the agreement is available on the planning website and a link is provided at the end of this report.
- 3.23 The ‘Harlow and Gilston Garden Town: Gilston Area Villages 1-7’ Section 106 Agreement sets out the financial contributions and the non-financial obligations due from the whole development (10,000 dwellings across seven villages). However, Members should note the only financial contributions identified directly for East Herts Council are the maximum monitoring contribution amounts of £926,750.00 for Villages 1-6 and £239,400.00 for Village 7. These monitoring contributions are to cover the ongoing monitoring of the development over the construction period and phased occupation of the whole development. As such, these monitoring contributions payments will also be phased, with £30,892 due prior to the implementation of the Villages 1-6 development and on each anniversary of the implementation date for 29 years, plus £23,940 due prior to the implementation of the Village 7 development and on each anniversary for 9 years, or earlier dates if agreed – this is based on the delivery trajectory of each development. Officers are required to maintain a record of

hours spent and issue a time sheet report to the developers every six months after commencement of development. The sums above are therefore ‘up to’ costs, ensuring the cost of monitoring the development is paid but no more.

- 3.24 Reporting on the progress of the Gilston area development will be as per the ‘Gilston Area Monitoring Framework’ which was reported to and endorsed by Council on 23 July 2025 – see [The Gilston Area Monitoring Framework Report](#)
- 3.25 The Gilston Area Monitoring Framework outlines the objectives of monitoring the development over time, describing the various monitoring activities to be undertaken, and the way these will come together in the form of a Gilston Area Monitoring Report. The Gilston Area Monitoring Report will be produced annually and published on the council’s website from January 2026 onwards to provide detailed information on the progress of these developments and the draw down of the monitoring contributions.

2024/25 Infrastructure Funding Statement – see Appendix A

- 3.26 Members are invited to comment on the ‘2024/25 Infrastructure Funding Statement’ attached as Appendix A.
- 3.27 This is the sixth annual ‘Infrastructure Funding Statement’ produced by East Herts Council and covers the financial year 2024/25. The ‘2024/25 Infrastructure Funding Statement’ and the three associated CSV files are in line with the Legislation requirements of the Community Infrastructure Levy (Amendment) (England) (No 2) Regulations 2019) and will be published on the dedicated [Infrastructure Funding Statement webpage](#) in December 2025. It should be noted that the three CSV files are not mandatory but will continue to be updated annually for information only.
- 3.28 The ‘2024/25 Infrastructure Funding Statement’ provides a summary of new Section 106 legal agreements signed, along with detailed information on financial contribution income and expenditure, and projects funded in the financial year 2024/25. In line with the Legislation, it also includes information on Section 106 financial contribution collection and allocation for previous

financial years.

- 3.29 Detailed information has been provided on the thirty-three individual projects and uses funded in 2024/25 and the contributions used for this. To provide more clarity on these projects and the Section 106 contributions used, a new Appendix in the '2024/25 Infrastructure Funding Statement' lists the individual projects and uses funded in alphabetical order with an specific table listing the developments and contributions which financed them.
- 3.30 Members should note that Hertfordshire County Council produce their own Annual Infrastructure Funding Statement which provides information on the Section 106 contributions due directly to them - this is available on the [Hertfordshire County Council website](#).

East Herts Section 106 financial highlights

- 3.31 A snapshot of the financial highlights from the '2024/25 Infrastructure Funding Statement' is provided below.
- 3.32 Total Section 106 income & expenditure – As noted in previous reports, detailed information on the collection and allocation of East Herts Council Section 106 financial contributions has been collected since April 1996 in the Section 106 Master Spreadsheet – an internal document for Officer use only.
- 3.33 Information from the Section106 Master Spreadsheet is used to inform the annual Infrastructure Funding Statement and the ongoing work in the collection and allocation of financial contributions payable to East Herts Council. The Master Spreadsheet informs the information on identified and collected contributions which is shared with potential recipients, including bespoke spreadsheets for the Town Councils, as well as other council departments.
- 3.34 In order to assist the identification of future funding requirements and help inform new Section 106 agreements, internal and external collaboration is ongoing. Members are advised to use the 'Expressions of Interest' form on the Section 106 webpage to put forward any funding suggestions or requests. All received

Expressions of Interest forms are responded to and if funding is not currently available the information is kept on file for potential future inclusion in new Section 106 Agreements from any new major developments in their specific area.

3.35 Information on the total East Herts Council Section 106 contribution collection and allocation - from 01/04/1996 up to 31/03/2025 the following total financial amounts have been collected and allocated:

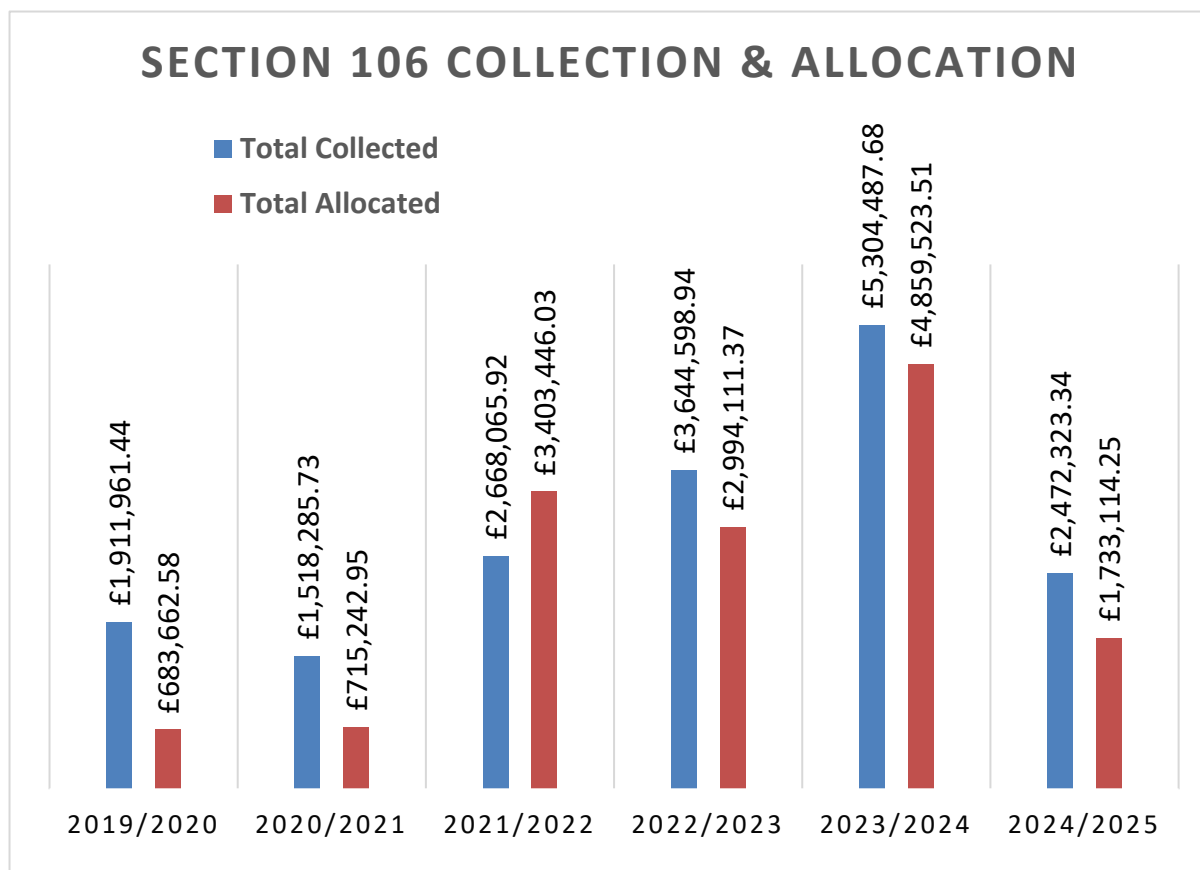
- Received contributions - £26,192,014.86
- Spent contributions - £18,427,663.68
- Unspent contributions - £7,764,378.18
 - Allocated contributions* - £7,709,512.99
 - Unallocated contributions** - £54,865.19

3.36 *Allocated contributions include contributions identified for future allocation/transfer to Revenue Budgets for ongoing maintenance, to Capital Budgets for major projects, to specific named uses / projects and for transfer to external bodies (e.g., health contributions collected for the NHS Hertfordshire and West Essex Integrated Care Board).

3.37 **Unallocated contributions are classed as unallocated because they do not have a specific project named in the contribution wording. Work is ongoing to identify projects to fit with these contributions and these are available for internal and external funding application bids with certain caveats.

3.38 Details on the unallocated Section 106 contributions are given on page 10 of the 2024/25 Infrastructure Funding Statement (attached as Appendix A).

3.39 Section 106 contribution collection & allocation over the last six financial years - The graph below provides information on the total Section 106 contributions collected and allocated by over the last six financial years:



3.40 Members should note that the 2024/25 figures include:

- £2,472,323.34 collected from thirty-two contributions triggered from nine individual Section 106 Agreements.
- £1,733,114.25 allocated to thirty-three individual projects or uses from sixty-one individually held contributions from thirty-eight separate Section 106 Agreements.

3.41 The 2024/25 collected and allocated contribution totals are significantly less than those of the previous financial year. This is explained by a single contribution collection and transfer in the previous financial year (2023/24) - the council collected and transferred £3.4m on behalf of Hertfordshire County Council in 2023/24 as per the legal requirements concerning collecting Section 106 contributions from a development on HCC land.

Details on this specific contribution are available in the published '2023/24 Infrastructure Funding Statement' reported to the Audit & Governance Committee in November 2024 and available on the council's website.

- 3.42 Further detailed information on the collected and allocated Section 106 contributions in the current and previous financial year is available in the '2024/25 Infrastructure Funding Statement', along with details of the uses and projects funded in 2024/25 (attached as Appendix A).
- 3.43 Members are reminded that legal advice has confirmed that all Section 106 contributions can only be allocated in accordance with the specified contribution use wording in the individual legal agreement and within the vicinity of the associated development. Any deviation or non-conforming use may be subject to challenge and potential reclaim by the developer.
- 3.44 Current Section 106 contribution collection and allocation in 2025/26 – to date the Section 106 contributions collected and allocated for spend / transfer in this financial year (01/04/2025 to end of September 2025) include:
- £1,972,930.94 in total from twenty-nine triggered contributions from five separate developments.
 - £1,242,532.04 has been identified to date for allocation / transfer in 2025/26*.
- 3.45 *This figure includes contributions identified for internal transfer to help fund council operations and projects, approved funding of community projects and the transfer of contributions collected by the council to repay forward funding of capital projects and contributions collected on behalf of other external organisations.
- 3.46 These are interim figures and detailed information on the individual Section 106 contributions collected and allocated in the current financial year will be provided in the '2025/26 Infrastructure Funding Statement' and the Section 106 Update Report which will be presented to the Audit & Governance Committee in November 2026.

Section 106 income generation and information requests

3.47 Monitoring Fee Income - following a change in the legislation in 2019, the inclusion of a Monitoring Fee contribution in new Section 106 Agreements has generated significant income totalling £51,103.51 to date. This is transferred internally at the end of each financial year into the planning budget to help fund the council's monitoring costs.

3.48 This Monitoring Fee income is itemised per financial year below:

- 2019/20 - £3,100.00 (one contribution payment)
- 2020/21 - £9,336.99 (three contribution payments)
- 2021/22 - £14,513.82 (six contribution payments)
- 2022/23 - £0.00 (no contribution payments triggered)
- 2023/24 - £8,543.65 (four contribution payments)
- 2024/25 - £10,231.53 (three contribution payments)
- 2025/26 - £5,377.52 received from one monitoring contribution to date

3.49 Section 106 Contribution Status Confirmations - Income continues to be generated from the provision of Section 106 status confirmation letters to solicitors for house moves and to housing associations to confirm compliance with the legal agreements.

3.50 A total of £19,989.90 has been collected to date from 2019/20 when the Section 106 Programme Manager took over this role. The fee charged for this increased to £98.70 per enquiry response in April 2025.

3.51 This income is itemised per financial year below:

- 2019/20 – £2,229.00 (25 confirmations)
- 2020/21 – £2,693.00 (31 confirmations)
- 2021/22 - £4,809.30 (54 confirmations)
- 2022/23 – £3,290.00 (35 confirmations)
- 2023/24 – £1,786.00 (19 confirmations)
- 2024/25 - £3,572.00 (38 confirmations)

- 2025/26 - £1,776.60 (18 enquiries to date)

3.52 Section 106 information requests - In the previous 12 months the Section 106 Programme Manager has responded to twelve Freedom of Information (FOI) requests and four Member inquiries (via “Infreemation”) relating to Section 106.

4.0 Options

4.1 Members are invited to note and comment on the contents of this report and on the ‘2024/25 Infrastructure Funding Statement’ prior to its publication.

5.0 Risks

5.1 The ‘2024/25 Infrastructure Funding Statement’ must be published on the East Herts Council website before 31/12/2025. Not to do so would be in contravention of the Community Infrastructure Levy (Amendment) (England) (No 2) Regulations 2019 and would be a reputational and legal risk for the council. As the ‘2024/25 Infrastructure Funding Statement’ has been written and is ready to be published this is a minor risk and the likelihood is unlikely.

5.2 The main risk of non-allocation of received Section 106 contributions, within the timescale set out in the individual legal agreements, is reputational as it could result in public challenge and potential reclaim by the developer.

5.3 Significant work continues to be undertaken to ensure that this will not happen and that all contributions payable to the council are identified, collected, RAG rated and allocated to be used within the period stated within the individual Section 106 agreements. This allocation period is usually 10 years from the date of actual receipt of the financial contribution, but some new agreements now stipulate allocation within five years of receipt.

6.0 Implications/Consultations

6.1 Feedback on this report and the ‘2024/25 Infrastructure Funding Statement’ was sought from Director for Place, Service Manager for Development Management and Enforcement, Planning Officers, and the Executive Member for Planning & Growth.

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. All funding allocations go through a fair and proper process and an Equalities Impact Assessment (EqIA) will be carried out in accordance with The Equality Act 2010 as required.

Environmental Sustainability

All Section 106 funding allocations consider the environmental sustainability of the proposed contribution use to contribute to meeting the Council's key environmental and sustainability objectives.

Financial

All Section 106 financial contributions collected by East Herts Council are allocated and used in accordance with the individual contribution wording requirements of the associated Legal Agreement.

Regular meeting with Finance ensures that all Section 106 contributions for East Herts Council's own use are identified and allocated as per the associated contribution wording. These identified contributions support specific named projects and help repay the council's capital project borrowing costs for forward funded projects.

In addition, Revenue contributions are used to support existing maintenance budgets, refuse and recycling contributions contribute to covering the costs to the council for container provision in new developments and monitoring contributions are used to support Officer costs.

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

All Section 106 contributions are identified, collected, and allocated in accordance with Section 106 of the Town & Country Planning Act 1990 and Regulation 122 of the Community Infrastructure Levy Regulations 2010.

The Infrastructure Funding Statement is produced in accordance with the Community Infrastructure Levy (Amendment) (England) (No 2) Regulations 2019.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

- 7.1 24/09/2019 - Performance, Audit and Governance Scrutiny Committee - [Section 106 Agreements Update Report](#)
- 7.2 17/11/2020 - Audit & Governance Committee – [Section 106 Policy and Financial Contributions Update Report](#)
- 7.3 09/11/2021 – Audit & Governance Committee – [Section 106 Update Report](#)
- 7.4 15/11/2022 - Audit & Governance Committee – [Section 106 Update Report](#)
- 7.5 29/11/2023 – Audit & Governance Committee – [Section 106 Update Report](#)
- 7.6 27/11/2024 – Audit & Governance Committee – [Section 106 Update Report](#)
- 7.7 23/07/2025 – Council – [Hatfield Forrest Mitigation Strategy and Governance Arrangements](#)’ report

- 7.8 23/07/2025 – Council - [The Gilston Area Monitoring Framework Report](#)
- 7.9 Harlow and Gilston Garden Town: Gilston Area Villages 1-7 – Section 106 Agreement dated 09/01/2025:
- Part 1 - https://publicaccess.eastherts.gov.uk/online-applications/files/5A5E3FFFFEB1D3B7227BC9B7D826DF76/pdf/3_19_2124_OUT-S106_PART_1-2204525.pdf
 - Part 2 - https://publicaccess.eastherts.gov.uk/online-applications/files/FB379D9E296B19EFF235AA24EAD532D9/pdf/3_19_2124_OUT-S106_PART_2-2203962.pdf
 - Part 3 - https://publicaccess.eastherts.gov.uk/online-applications/files/C5A4903FE50E0209781E0BB049860698/pdf/3_19_2124_OUT-S106_PART_3-2203963.pdf

Appendix A - Infrastructure Funding Statement 2024/25.

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Annual Infrastructure Funding Statement - 2024 – 2025

Reporting Period: From 01 April 2024 to 31 March 2025
(Published December 2025)

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Annual Infrastructure Funding Statement for Financial Year 2024/25

As part of recent changes to legislation Community Infrastructure Levy (Amendment) (England) (No 2) Regulations 2019) East Herts Council is required to produce and publish an Annual Infrastructure Funding Statement.

This report is the sixth Annual Infrastructure Funding Statement produced by East Herts Council and provides a summary of the collection and use of the financial contributions East Herts Council has secured through Section 106 Agreements for the financial year 2024/25.

Further detailed information on the individual new Section 106 Agreements signed and the contributions received in the financial year 2024/25, along with information on the allocation and expenditure of historic contributions is also provided in this report.

However, the report does not include information on contributions and obligations listed within these new Section 106 Agreements that are payable directly to Hertfordshire County Council or on infrastructure delivered under Section 78 agreements or directly by developers.

Information on the previous East Herts Infrastructure Funding Statements, can be found on the dedicated [Infrastructure Funding Statements](#) webpage on the East Herts Council website, which also has further Developer contributions data in three separate CSV files, created as per the [legislation](#).

All the information provided in this report is the most robust available at the time of publication. The annual Infrastructure Funding statement will be published on the council's website, along with the required CVS files, before the end of December each year in accordance with the CIL Legislation.

Hertfordshire County Council Infrastructure Funding Statements

Please note that Hertfordshire County Council (HCC) produce their own Annual infrastructure Funding Statement – further information and copies of the HCC Infrastructure Funding Statements are available on the [Hertfordshire County Council](#) website.

Section 106 Agreements

Under Section 106 of the Town and Country Planning Act 1990, East Herts Council can seek contributions and obligations, both on-site and off-site, to mitigate the impacts of development and ensure that the council's planning policy requirements are satisfied.

These contribution obligations can be financial and non-financial and are set out in legal agreements between the developer and the council. They support the funding and development of new infrastructure and services to benefit the community and to mitigate the impacts of the proposed development.

East Herts Council has set out its infrastructure needs in its Infrastructure Delivery Plan (IDP) and in its District Plan. Further information on these and Section 106 can be found on the planning pages of the [council website](#).

Section 106 contributions and obligations can vary on a site-by-site basis depending on a range of factors such as the viability of the development and site-specific considerations.

Section 106 contributions and obligations can include:

- Site-specific financial contributions – these contributions are secured for specific purposes as per the individual agreement wording and Community Infrastructure Levy (CIL) guidance. E.g., education facilities, health services, transport / highway works, community facilities, and leisure, arts, sport, and open spaces provision.
- Provision of on-site affordable housing (or financial contribution in lieu of on-site provision if applicable).
- Non-financial obligations such as employment strategies and travel plans.
- Refuse and recycling contributions.
- Monitoring fees, including Bio-diversity monitoring fees.

However, they must comply with the requirements of [Regulation 122](#) of the Community Infrastructure Levy Regulations 2010 and be:

- a) necessary to make the development acceptable in planning terms.
- b) directly related to the development; and
- c) fairly and reasonably related in scale and kind to the development.

Further information on contribution thresholds and requirements is provided on the council's [Typical Section 106 Requirements](#) webpage. The council has also created a [template section 106 agreement](#), which provides full details of what is normally required, along with details on indexation of contributions and triggers, for payment.

Historic Section 106 Contributions

East Herts Council has collected information on all Section 106 Agreements to which it was a party and has monitored the receipt and allocation of Section 106 financial contributions from the financial year 1996/97 to the present date.

The council is required by the Community Infrastructure Levy (Amendment) (England) (No 2) Regulations 2019) Legislation to report on the historic collection and allocation of the total amounts of Section 106 contributions for a minimum of the three previous financial years to the financial year this report covers (2024/25).

For the 2024/25 Infrastructure Funding Statement (this report), and in line with the requirements of the CIL Legislation, the council has provided an overview on Section 106 receipt and spend information for the last six financial years – details below:

- 2019/20 received - £1,911,961.44 spent - £683,662.58
- 2020/21 received - £1,518,285.73 spent - £715,242.95
- 2021/22 received - £2,668,065.92 spent - £3,403,446.03
- 2022/23 received - £3,644,598.94 spent - £2,994,111.37
- 2023/24 received - £5,304,487.68 spent - £4,859,523.51
- 2024/25 received - £2,472,323.34 spent - £1,733,114.25

Total Section 106 contribution collection and allocation totals – 1996/97 to 2023/24

The CIL Legislation also requires the council to provide more details on total Section 106 receipts and allocations for the previous financial year (2023/24) to this report.

Historically from 01/04/1996 to 31/03/2024, a total of **£23,719,718.52** in Section 106 financial contributions was received by East Herts Council. Of this **£16,692,700.17** has been used or transferred, with **£7,027,018.35** identified as unspent. But of this unspent amount, **£6,857,789.49** has been identified and allocated, leaving **£169,228.86** classed as unallocated.

Further information on the breakdown of the unallocated individual contributions making up the £169,228.86 was provided in the [2023/24 Infrastructure Funding Statement](#). See the council's website for previous IFS reports – [East Herts Annual Infrastructure Funding Statements | East Herts District Council](#)

An update on the total Section 106 contributions collected and allocated from 01/04/1996 up to 31/03/2025 (the end of the 2024/25 financial year) can be found from page 9 onwards.

Overview of Section 106 in 2024/25

This section provides information on the Section 106 Agreements signed in the financial year 2024/25, with details on the total amount of financial contributions and the number of affordable housing units listed within each agreement.

Further detailed information is given on the contributions triggered for payment in the financial year 2024/25, along with details on the allocation and spends of these and any historic contributions held up by East Herts Council up to 31/03/2025.

Since July 2019, the collection and allocation of Section 106 contributions payable to East Herts Council has been monitored by the Section 106 Programme Manager.

The Section 106 Programme Manager continues to collaborate with developers, fellow Officers and local groups and organisations to ensure compliance with the requirements of the individual agreements regarding payment triggers, funding allocations to named recipients and to identify projects for future funding and inclusion in new Section 106 Agreements.

New Section 106 Agreements signed in 2024/25

Eleven new Section 106 Agreements were signed and sealed by East Herts Council in 2024/25 – this includes any Supplemental Agreements, Deed of Variations and Unilateral Undertakings also agreed and confirmed during this period.

These agreements have a total of **£4,212,989.11 in financial contributions** payable to East Herts Council, either as the beneficiary of the contribution or as the collection authority - further information is provided later in this report on the breakdown of these financial contributions. These agreements also contain provision for the developers to provide **2,534 affordable housing units** as part of the individual development planning permissions.

Further information in the [Affordable Housing obligations](#) SPD and the requirements for Section 106 financial contributions can be found on the Council's [Planning Policy web pages](#). The individual Supplementary Planning Documents (SPD's) on the Planning Policy web pages provide more detail on the thresholds for contributions and the financial calculations of the individual contribution requirements.

The table below lists all the Section 106 Agreements to which East Herts Council was a signatory in the financial year 2024/25. Information on and copies of the individual Section 106 agreements can be found on the public [planning website](#) by using the planning application reference for the development to search for the documents.

Planning application reference:	Location:	Date of Section 106:	Total funding for East Herts Council:
3/23/1447/OUT Allowed on Appeal - APP/J1915/W/24/3340497	Land East of The A10 Buntingford	S106 dated 13/08/2024	£1,404,730.00
3/23/2108/FUL	Land at Walkern Road, Watton at Stone	S106 dated 16/08/2024	£531,503.00
3/23/2034/VAR	HERT2 - Land East of Marshgate Drive, Hertford	Supplemental S106 dated 14/10/2024	£14,584.41
3/19/1237/FUL	Land at Hazel End & Farnham Road, B.S. (St Michaels Hurst - Phase E)	S106 dated 05/11/2024	£362,728.00
3/13/0804/OP	Land at Bishop's Stortford North (Stortford Fields)	Deed of Variation dated 24/12/2024	Deed of Variation to Original S106 Agreement
3/23/0681/FUL	Land at Thorley House, Thorley St, Thorley, B.S.	S106 dated 31/12/2024	£100,600.00
3/24/0743/FUL	Willow Paddocks, Little Berkhamsted Lane, Little Berkhamsted	Unilateral Undertaking 21/11/2024	£300.00
3/19/1045/OUT	Gilston Villages 1 - 6	S106 dated 09/01/2025	£926,750.00
3/19/2124/OUT	Gilston Village 7	S106 dated 09/01/2025	£239,400.00
3/23/1642/FUL	Land West of Wadesmill Road, Hertford (HERT4)	S106 dated 20/02/2025	£557,826.70
3/23/0440/FUL	55 - 61 South Street And 2-4 Station Road, B.S.	S106 dated 13/03/2025	£74,567.00
3/18/2764/OUT	Hertfordshire County Council Depot, Station Road, Watton at Stone	S106 dated 14/03/2025	No EHDC Contributions
Total financial contributions payable to East Herts Council			£4,212,989.11*

* All stated figures quoted are subject to indexation when triggered for payment and will therefore increase in value.

Breakdown of Section 106 contribution uses

The table below provides a breakdown of the contribution uses and total amounts listed in the eleven new agreements signed in the financial year 2024/25:

Breakdown of Section 106 Contribution uses from New S106 Agreements signed in 2024/25:	Amount listed in New S106 Agreements
Affordable housing - financial contribution received in lieu of on-site affordable housing provision	£100,000.00
Amenity greenspace contributions (including allotments contributions)	£42,686.00
Biodiversity net gain contributions (including Off-site Biodiversity Net Gain contribution)	£123,500.00
Children & young people contributions	£29,200.60
Community facilities contributions (including village halls)	£402,445.30
Health services contributions - collected on behalf of the Hertfordshire & West Essex Integrated Care Board	£934,730.45
Monitoring contributions (including Gilston monitoring)	£1,183,850.00
Outdoor sports contributions (including contributions for Bowls & pitches)	£554,368.00
Parks & gardens contributions	£146,165.10
Recycling contributions for the provision of waste and recycling receptacles	£42,308.00
Sports facilities contributions (including contributions for indoor sports facilities)	£653,735.66
TOTAL	£4,212,989.11*

*All stated figures quoted are subject to indexation when triggered for payment and will therefore increase in value.

Affordable Housing figures

Seven of the new Section 106 Agreements signed in 2024/25 included a provision to provide affordable housing on site as part of the development planning consent, giving a total of **2,534 units** – see table below for information on numbers per development:

Planning application reference:	Location of development:	Affordable Housing units:
3/23/1447/OUT Allowed on Appeal - APP/J1915/W/24/3340497	Land East of The A10 Buntingford	140
3/23/2108/FUL	Land At Walkern Road, Watton at Stone, Hertfordshire	22
3/19/1237/FUL	Land at Hazel End & Farnham Road, B.S. (St Michaels Hurst - Phase E)	20
3/19/1045/OUT	Harlow & Gilston Garden Town: Gilston Villages 1 - 6	1955
3/19/2124/OUT	Harlow & Gilston Garden Town: Gilston Village 7	345
3/23/1642/FUL	Land West of Wadesmill Road, Hertford (HERT4)	47
3/18/2764/OUT	Hertfordshire County Council Depot, Station Road, Watton at Stone	5
Total units of Affordable Housing listed within the above listed Section 106 Agreements:		2,534

Monitoring fees

The Community Infrastructure Levy (Amendment) (England) (No 2) Regulations 2019 allows Local Authorities to charge a monitoring fee through Section 106 planning obligations. These fees are to cover the costs of monitoring and reporting on the delivery of Section 106 obligations over the lifetime of the agreement, but they must be proportionate and reasonable and reflect the actual cost of monitoring. Currently East Herts Council charges £300 per contribution to be collected by the council plus £300 – index linked when triggered for payment. Hertfordshire County Council charges and collects their own monitoring fees.

The table below lists the East Herts Council Monitoring Fee contributions from agreements signed in 2024/25:

Planning application reference	Location of development:	Monitoring Fee Contribution payable:
3/23/1447/OUT Allowed on Appeal - APP/J1915/W/24/3340497	Land East of The A10 Buntingford	£3,000.00
3/23/2108/FUL	Land At Walkern Road, Watton at Stone, Hertfordshire	£3,900.00
3/23/2034/VAR	HERT2 - Land East of Marshgate Drive, Hertford, SG137AG	£2,700.00
3/19/1237/FUL	Land at Hazel End & Farnham Road, B.S. (St Michaels Hurst - Phase E)	£3,600.00
3/23/0681/FUL	Land at Thorley House, Thorley Street, Thorley, B.S.	£600.00
3/24/0743/FUL	Willow Paddocks, Little Berkhamsted Lane, Little Berkhamsted	£300.00
3/19/1045/OUT	Harlow & Gilston Garden Town: Gilston Villages 1 - 6	£926,750.00*
3/19/2124/OUT	Harlow & Gilston Garden Town: Gilston Village 7	£239,400.00*
3/23/1642/FUL	Land West of Wadesmill Road, Hertford (HERT4)	£3,600.00
Total amount of Monitoring Fee Contributions listed within the above agreements -		£1,183,850.00

Gilston Area Monitoring * The Monitoring Contributions listed for the Gilston Villages 1-6 and Village 7 are bespoke and are the maximum amounts agreed to cover the costs involved for the inspection, monitoring and enforcement of the planning conditions and Section 106 obligations over the construction period and phased occupation of all the village developments. The monitoring contributions payments will be phased and reported in the Gilston Area Monitoring Report. This report will be produced annually and published on the council's website from January 2026 onwards to provide detailed information on the progress of these developments and the draw down of the monitoring contributions.

For further information see July 2025 [The Gilston Area Monitoring Framework Report](#)

Total Section 106 contribution income and expenditure up to 31/3/2025

As previously explained East Herts Council has collected information on the receipt and allocation of Section 106 contributions payable directly to the council from the financial year 1996/97 to date and has detailed information on these contributions.

The table below highlights the total amounts collected and spent from 01/04/1996 to 31/03/2025 (the start of the financial year 1996/97 to the end of the financial year 2024/25), along with information on the unspent amounts currently held:

Section 106 Contributions from 01/04/1996 to 31/03/2025:	Amount:
Received contributions - total to 31/03/2025	£26,192,041.86
Spent contributions - total to 31/03/2025	£18,427,663.68
Unspent contributions - total to 31/03/2025	£7,764,378.18
Unspent Section 106 Contributions:	Amount allocated:
Allocated to Revenue Budget for maintenance - total to 31/03/2025	£103,105.75
Allocated for Affordable Housing (payment in lieu) - total to 31/03/2025	£1,896,734.06
Allocated to named uses - total to 31/03/2025	£3,790,128.04
Allocated to Health Services - total to 31/03/2025	£1,919,545.14
UNALLOCATED - total to 31/03/2025	£54,865.19*

* **Unallocated Contributions** - The unallocated balance of **£54,865.19** is made up of contributions listed as 'unallocated' because they do not have a specific project named in the individual contribution wording – see below for further information on these.

Unallocated Section 106 Contributions

Unallocated contributions are available for use only as per the specific contribution obligation within the individual Section 106 agreements, and any potential funding bid for these funds is only approved by the council if it conforms with the individual contribution use wording.

The unallocated funding listed below is funding from historic contributions that do not have a specific project identified in the contribution wording. New Section 106 contributions now require an identified use or project in the contribution use wording to comply with Legislative requirements.

Further details on the £54,865.19 identified as 'unallocated' are provided below:

Highcross, Ware - a total of £26,238.90 is available for identified uses in the vicinity of Highcross as detailed below.

- **£9,382.15** - Outdoor Sports Facilities Contribution to be used towards the provision of outdoor sports.
- **£16,856.75** - Parks & Gardens Contribution to be used towards the improvement of parks & public gardens facilities.

Thundridge Parish Council are aware of these two contributions, and the council is working to identify projects for the contributions before the repayment date of 2026/27.

Terlings Park / Gilston - a total of £63,626.29 remains from the Outdoor Sports & Community Uses Contribution from the Terlings Park development - the council is working to identify projects to be funded from this contribution before the repayment date of 2028/29.

Terlings Management Company and Gilston Parish Council have been allocated funding from this contribution for their future identified projects, which leaves £28,626.29 available for other potential projects in the vicinity of the development:

- **£28,626.29** - Outdoor Sports Contribution (as amended) - Towards the cost of outdoor sports facilities including sports and community uses and facilities serving the development.

Further information on how local groups and organisations can apply for Section 106 funding is available later in this report and on the [Section 106 webpage](#) on the council's website.

Section 106 contributions triggered for payment in 2024/25

In the financial year 2024/25, payment was triggered from **nine** individual Section 106 Agreements, resulting in receipt of **£2,472,323.34** in financial contributions payable to the council. The table below provides a breakdown by development – the received amounts include indexation added on to the original individual contribution amounts when triggered for payment. As payments are often phased over the construction period there may be additional contributions due from the individual developments listed that have not yet reached their payment trigger points:

Planning application reference:	Location of development:	Section 106 Contributions received:
3/20/0245/FUL	Manor Links, Dunmow Road, BS - BISH9	£5,822.64
3/20/0897/FUL	Hertford Mill, Tamworth Road, Hertford	£449,507.14
3/16/1228/FUL	Lancaster House, Pegs Lane, Hertford (Elbert Wurlings)	£50,381.45
3/19/0118/OUT	Land East of Gresley Way, Stevenage (EOS1)	£2,911.04
3/13/0886/OP & 3/18/0652/OUT	St Michaels Hurst ASR5 - Land Between Hazel End Road and Farnham Road	£104,119.45 & £538,197.23
3/18/2253/OUT	St James Park - Land at Bishop's Stortford South off Whittington Way, Bishop's Stortford	£990,284.99
3/18/2465/OUT & 3/23/2034/VAR	HERT2 - Land East of Marshgate Drive Hertford (5 additional units)	£2,700.00
3/19/1237/FUL	St Michaels Hurst PHASE E - Land Between Hazel End Road and Farnham Road	£64,620.49
3/14/2144/OP	Patmore Close - Land to the South of Hadham Road, Bishop's Stortford	£263,778.91
Total contributions received in 2024/25		£2,472,323.34

Individual contribution uses categories

The financial contributions triggered and received in 2024/25 from the above developments have been broken down into individual use categories in the table below.

These categories reflect the standard Section 106 contribution requirements of the East Herts Local Plan and the associated Supplementary Planning Documents.

Section 106 Contribution use:	Amount received 2024/25
Affordable housing - financial contribution received in lieu of on-site affordable housing provision	£405,811.93
Amenity greenspace contributions (including allotments contributions)	£148,850.32
Biodiversity net gain & monitoring (including Off-site Biodiversity Net Gain contribution in lieu of on-site provision)	£60,000.00
Children & young people contributions (including maintenance contributions)	£2,014.77
Community facilities contributions (including village halls)	£184,289.40
Health services contributions - collected on behalf of the Hertfordshire & West Essex Integrated Care Board	£684,152.05
Monitoring contributions	£10,231.53
Outdoor sports contributions (including maintenance contributions)	£507,808.82
Parks & gardens contributions (including maintenance contributions)	£15,793.66
Recycling contributions for the provision of waste and recycling receptacles	£44,205.91
Sports facilities contributions (including contributions for indoor sports facilities)	£409,164.95
TOTAL	£2,472,323.34

More information on the individual East Herts Council Section 106 contribution requirements is set out in the Local Plan and the specific Supplementary Planning Documents (SPD's), copies of which can be found on the [Planning Policy Supplementary Planning Documents](#) webpages.

In addition, the ['Making a Planning Application'](#) webpage has further information for developers on planning obligations and contribution requirements and has a template Section 106 Agreement.

Section 106 expenditure in 2024/25:

East Herts Council is the body accountable for the spending and allocation of its received Section 106 financial contributions and therefore must ensure that:

- The Section 106 funding is spent on facilities / projects that conform with the individual contribution wording and are in the locality of the development.
- The process is transparent and fair to all and follows a consistent procedure.
- The projects supported are necessary, viable, will deliver the required social and community benefits, and will be well managed and sustainable.

In the financial year 2024/25 a total of **£1,733,114.25** was allocated to **thirty-three** individual projects or identified uses from **sixty-one** individually held contributions from **thirty-eight** Section 106 Agreements.

Detailed information is given below on the specific contribution uses and the individual projects making up the **£1,733,114.25** total of Section 106 funding allocated in the 2024/25 financial year.

This is split into sections to provide detailed information on the contributions used by East Herts Council to support Capital projects and for Revenue uses, contributions collected and transferred by East Herts Council to Hertfordshire & West Essex Integrated Care Board and to Hertfordshire County Council, and a separate section on the external projects and organisations supported with Section 106 funding.

Appendix 1 provides specific details of the sixty-one individual contributions used in 2024/25 and a new **Appendix 2** provides information on the specific contributions allocated to each thirty-three individual use or projects in 2024/25.

East Herts Council Section 106 Capital & Revenue

Contributions use in 2024/25:

The internal allocation of Section 106 contributions identified for funding of East Herts Council Capital and Revenue budgets is undertaken at the end of each financial year. These contributions help fund specific council capital projects, ongoing grounds maintenance, recycling and refuse container provision, along with the monitoring of the developments with Section 106 Agreements.

Details are provided below on the specific projects and uses funded by these Section 106 contributions in 2024/25.

Buryfields Open Space, Ware - £970.84 was transferred internally to help fund the final landscape costs of the previous improvements to the park in Ware. This was the remaining amount from the Open Space contribution received from the development of the Cintel Site (new Asda Store), which has been used to fund open space improvements in Ware.

Castle Park, Bishop's Stortford - £4,385.48 was transferred internally to help fund the final costs of the landscape improvements to Castle Park in Bishop's Stortford as part of the Big Lottery funded project. This was the remainder of the Section 106 funding identified to support the 2023/24 Big Lottery funded project.

East Herts Employment Strategy - £10,000.00 was transferred internally from the Employment Contribution received from the Meadow Vale development in Buntingford to support the costs of work to devise a new East Herts Employment Strategy and to help identify and market employment land and buildings in Buntingford.

Grange Paddocks New Leisure Centre – a total of **£622,011.33** was transferred internally from four triggered indoor sports contributions which are specifically to support the development of the council's new Leisure Centre in Bishop's Stortford – these contributions were used to help repay the council's capital projects borrowing.

Grange Paddocks 3G Pitch – **£25,130.35** transferred internally from a Section 106 contribution specifically identified to support the Council's costs of the new artificial 3G football pitch at Grange Paddocks Leisure Centre, which was installed in 2023/24.

Hertford Bridge Project – **£11,799.84** was allocated and transferred internally to support the Hartham Bridge Project – this was the remaining amount from the contributions previously identified and used for the project in 2023/24 and which was used in 2024/25 for the final parts of the project.

Hertford Skate Project – **£33,001.03** was allocated and transferred internally from the remainder of the Hertford Police Station Outdoor Sports contribution. This funding is to be used to support the consultation, design and implementation of the Hartham Skate Project which aims to improve and expand the current facilities - the project is expected to be completed in late 2026.

Hertford Parking Signage Project – **£19,023.91** previously identified for this project was transferred internally to help fund the installation of the 'Hertford Variable Messaging Signage' indicating the number of parking spaces available in the council's car parks in Hertford. This is a joint project with Hertfordshire County Council Highways Department and Hertford Town Council, and the installation is expected to be completed in late 2025/26.

Grounds Maintenance Contributions – a total of **£66,055.21** was transferred internally to cover the council's ongoing maintenance costs from **eleven** held Revenue Contributions identified for Open Space & Grounds Maintenance, as per the agreed programme of drawdowns over ten years from the date of receipt of the individual contributions. These contributions help fund the ongoing maintenance of the open spaces previously adopted by the council as part of larger developments.

Note: East Herts Council no longer adopts open spaces and play areas on new developments – all future maintenance of these is the responsibility of the developer or a management company specifically set up for this purpose.

King George V Playing Field Outdoor Fitness Project - **£9,536.76** was transferred internally to help fund the costs of the outdoor sports improvements and new fitness equipment installed in the open space in Ware in 2024/25.

Monitoring Contributions – A total of **£10,231.53** was collected from **three** developments and transferred internally to the Planning Monitoring budget – this helps to fund the planning monitoring work undertaken by the council.

Parking Strategy – A total of **£73,055.81** collected from **three** developments was transferred internally to support the development of a new Parking Strategy for East Herts, including specialist consultants commissioned by the Parking Service to undertake specific survey work to support this project.

Recycling & Refuse Contributions – A total of **£44,205.91** was collected from **three** developments and transferred to the Recycling & Refuse Budget to help the council cover the costs of providing wheelie bins and recycling boxes to the new homes on these developments. Note: Council Tax covers the refuse and recycling collection costs.

Collected Health Contributions

East Herts Council acts as the collection authority for the Hertfordshire & West Essex Integrated Care Board (H&WE ICB). The H&WE ICB are responsible for the identification, amount required and use of health Section 106 contributions. These contributions are allocated by the H&WE ICB as per the requirements of the individual contribution wording in the associated Section 106 Agreements.

Transfer of collected Health Contributions - a total of **£104,005.57** from **two** individual contributions was transferred to help fund the H&WE ICB work on improving general practice infrastructure within Hertford. These contributions are allocated as per the requirements of the individual contribution wording in the associated Section 106 Agreements.

Collection & Transfer of Hertfordshire County Council Section 106 Contributions

East Herts Council acts as the collection authority where Hertfordshire County Council is the landowner of the development providing the Section 106 contributions. Hertfordshire County Council is responsible for the identification, financial amount required and use of these specific contributions. Details of the HCC Section 106 contribution requirements can be found on the HCC website – see [Infrastructure Requirements and Developer Infrastructure Contributions](#)

Please note that Hertfordshire County Council produce their own **Annual infrastructure Funding Statement** which provides detailed information on the allocation and use of these contributions – further information and copies of the HCC Infrastructure Funding Statements are available on the [Hertfordshire County Council](#) website.

Two transfers of collected contributions were undertaken in 2024/25 – details below:

Indoor Sports & Recreation Contributions – a total of **£119,973.66** was transferred to Hertfordshire County Council having been collected by the council from the St James Park development in Bishop's Stortford for the for the enhancement of the sports hall provided as part of the Secondary School on the site.

Sustainable Transport Contributions – **£65,971.08** was transferred to Hertfordshire County Council for their use towards sustainable transport, having been collected by the council as the final 50% of the Sustainable Transport contribution from the Patmore Close development in Bishop's Stortford.

Individual external projects supported with Section 106 Funding in 2024/25:

The **seventeen** projects listed below highlight the Section 106 funding awarded or transferred to specific external organisations for identified projects in the financial year 2024/25:

Aspenden Parish Council - Drainage Works on the Village Green – a total of **£5,846.50** was transferred to Aspenden Parish Council as a named recipient of the Parks & Open Spaces contribution from the development on land east of Aspenden Road in Buntingford. This funded the first three phases of the planned drainage works project to alleviate the flooding on the Village Green – Phase 1 - £3,071.50, Phase 2 - £ 1,175.00 and Phase 3 - £1,600.00.

Bengeo 2nd Scout Group - Scout Hut Fencing – a total of **£10,759.00** was transferred to Bengeo 2nd Scout Group to help fund the repairs to the fencing at the Scout Hut in Bengeo. This was funded from the Community Facilities contribution received from the development of the former Bengeo Nursery (HERT4).

Buntingford Town Council – Hare Street MUGA Project – a total of **£31,789.00** was transferred to Buntingford Town Council to help fund the installation of LED lighting at the MUGA (Multi-Use Games Area) at Norfolk Road Playing Fields. This project was part of the Section 106 funded Outdoor Sports Projects undertaken by Buntingford Town Council and was funded from contributions from the Meadow Vale development in Buntingford.

Buntingford Bowls Club - £7,066.04 was awarded and transferred to Buntingford Bowls Club to help fund the repairs to the bowls green and replace the water pump. This was funded from the Bowls contribution received from the development on 'Land east of Aspenden Road in Buntingford' as Buntingford Bowls Club was a named recipient.

Buntingford Cougars (youth football) - new changing rooms project – a total of **£54,887.00** was transferred to Buntingford Cougars Youth Football Club to help fund the replacement of double changing room structure at the Cougar's London Road playing pitch. This was funded from contributions from the Meadow Vale development in Buntingford.

High Wych Play Area Project – a total of **£49,950.00**, historically allocated to High Wych Parish Council, was transferred to help fund their project to revamp the childrens play area in High Wych. This project was funded from the amended Outdoor Sports contribution from the Terlings Park development, which is to be used "towards the cost of outdoor sports facilities including sports and community uses and facilities serving the development."

Hertford Cricket Club – a total of **£38,345.99** was awarded to Hertford Cricket Club to help fund the purchase of a new mower (£12,000) and secure storage (£26,345.99). Hertford Cricket Club and this project was identified in the Grass Pitches Contribution from the HERT5 Mangrove Road development in Hertford. The photo shows the new secure storage container.



Hertford Town Council – Iron Drive Play Area - **£11,699.23** was awarded and transferred to Hertford Town Council to help fund their project to refurbish the play area off Iron Drive in Hertford using the Children & Young People Contribution from the Hertford Police Station development.

Much Hadham Village Hall - **£750.00** was awarded to Much Hadham Village Hall Committee as a named recipient to fund a professional survey of the roof areas of the hall to inform the works required as part of a larger project to improve the sustainability and energy efficiency.

Terlings Park Green Flag Project - **£18,692.00** was awarded to Terlings Park Management Company to help fund design and installation of bespoke signage and new flagpoles for the Green Flag Award winning park. This project was funded from the amended Outdoor Sports contribution from the Terlings Park development, to be used "towards the cost of outdoor sports facilities including sports and community uses and facilities serving the development."

Thorley Cricket Club - **£20,232.00** was awarded and transferred to Thorley Cricket Club to fund the purchase of a new mower and the replacement of the screens around the cricket pitch. Thorley Cricket Club was one of the named recipients of the Playing Pitch contribution from the St James Park development in Bishop's Stortford.

Thundridge Parish Council – a total of **£16,980.00** was awarded to Thundridge Parish Council to fund the purchase and installation of new play equipment in the play area, along with the new fencing and gates, at Wodson Pavillion Fields from the High Road development in High Cross.

Standon & Puckeridge Community Centre Extension Project – a total of **£32,820.29** was awarded to Standon Parish Council to help fund the refurbishment and extension of the entrance area of the Standon & Puckeridge Community Centre to conform with newly required safety standards (Martyn's Law). The funding also included the canopy extension of the entrance area. The Community Centre was a named recipient of the Community Centre contributions from the two local developments which provided the funding for this project – The Chestnuts and the Western part of Café Field in Puckeridge.

Standon & Puckeridge New MUGA Project – a total of **£111,516.49** was awarded to Standon Parish Council to help fund the new MUGA project to provide an all-weather sports facility and the associated bio-diversity landscaping improvements at Puckeridge recreation Ground. The project was funded using Outdoor Sports Facilities Contributions and Parks & Public Gardens Contribution from three local developments in Puckeridge – The Chestnuts, the Western part of Café Field and Land east of Cambridge Road.

Sele Community Centre – a total of **£23,402.40** of Section 106 funding was awarded to Sele Community Centre as a named recipient of the Community Centre contribution from the Thieves Lane development in Hertford. Two projects at the Community Centre below used the remainder of this received Community Centre contribution.

The **Internal Acoustics Project** was awarded and used a total of **£9,092.40** to upgrade the internal acoustics of the community centre with the installation of specialist acoustic ceiling panels. The photos show the Acoustic panels in place in the main hall and the meeting room.



The **Entrance Area Refurbishment Project** used **£14,310.00** from the Community Centre contribution to redecorate and refurbish the entrance area of the community centre.

The work included painting the walls in the main hall, kitchen, entrance & lobby, small meeting room, large meeting room, and toilets. As well as replacing the carpet in the entrance & lobby, new vinyl flooring in the toilets and replacement of the internal shutters in the hall. The photos below show the refurbished entrance area.

Walkern Parish Council - £79,020.00 was transferred to Walkern Parish Council to help fund the refurbishment of the play area off the High Street in Walkern. This project was specifically identified in the 'Off-site Play Area Contribution' from the Midsummer Vale development in the village.

Appendix 2 provides detailed information on the individual contributions allocated to each of the thirty-three uses or projects listed above (listed alphabetically by project name).

Applying for Section 106 Funding

The [Section 106 Agreements & Funding for Projects](#) webpage on the East Herts Council website provides further information on how organisations and groups can let the council know of their funding needs and apply for Section 106 funding. Since 2019 all Section 106 Agreement contributions are required to have a named recipient or project use for the specific funding to be allocated to. Therefore, all organisations and groups are encouraged to let the council know of their future project plans to potentially enable them to be included in any new agreements from developments in their area by completing and submitting the online "[Expressions of Interest Form](#)".

The Section 106 Programme Manager uses the information provided in the Expressions of Interest forms received to identify projects for inclusion in new Section 106 Agreements and to allocate held contributions, and automatically contacts any organisation or group specifically named as a recipient of the Section 106 contributions when they are received by the council. To enable the transparent transfer of Section 106 funding, all potential recipients are asked to complete a Section 106 Funding Application form which, once received, will be checked against the identified Section 106 Agreement contribution wording to confirm compliance with and the appropriate use of the funding. Having been reviewed, approved, and signed off by the Section 106 Programme Manager, Senior Officers and the Executive Member for Planning & Growth, the funds are transferred by BACs on receipt of a signed [Use Agreement Form](#). This confirms allocated the funding can only be used as per the Section 106 contribution wording requirements and enables the council to reclaim the funding if it is unspent or miss-used, enabling a full audit trail for the transfer of the funds.

Transfer of specific S106 contributions collected by the council - Where a specific Section 106 contribution is collected on the behalf of an external organisation by the council, they will be contacted directly once the contribution has been triggered for payment and received. They will then be asked to complete the relevant paperwork to enable the council to transfer the funding directly to them.

Potential projects for new Section 106 Contributions

All East Herts groups and organisations are encouraged to contact the Section 106 Programme Manager to let the council know of any planned projects or future funding needs. The [Section 106 Agreements & Funding for Projects webpage](#) provides further information on Section 106 funding and how you can let the council know of your future projects and funding requirements by completing and submitting the online "[Expressions of Interest form](#)".

Appendix 1 – Details of Individual Section 106

Contributions allocated in 2024/25:

The table below lists the Section 106 contributions allocated in the financial year 2024/25 in order of year of receipt.

Information is provided on the individual contribution, the development and planning application reference, as well as the total contribution amount received, previously used, allocated in 2024/25 and any balance left, along with brief details on the project or use funded.

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Residents Parking Contribution - McMullen's Brewery Hertford (New Sainsburys Store), Hertford - 3/08/1528/FP	2010/11	£25,000.00	£5,976.09	£19,023.91	£0.00	Allocated to the Hertford Town Centre Variable Messaging Signage (VMS) Parking Project.
Pedestrian Bridge Contribution - Mill Road, Hertford - 3/04/2309/FP	2012/13	£50,000.00	£38,200.16	£11,799.84	£0.00	Remainder of contribution allocated to the new bridge across the River Lea project.
Children & Young People Contribution - Hertford Police Station - 3/09/1728/FP	2012/13	£11,699.23	£0.00	£11,699.23	£0.00	Allocated Hertford Town Council for improvements at Iron Drive Play Area, Hertford.
REV - Open Space Contribution Maintenance - Trinity Centre, Ware - 3/11/0384/FP	2013/14	£31,946.61	£28,755.00	£3,191.61	£0.00	Revenue contribution for open space & grounds maintenance

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
REV - Off Site Improvements maintenance - Sacombe Road, Hertford - 3/10/1198/FP	2014/15	£53,772.00	£48,332.00	£5,440.00	£0.00	Revenue contribution for open space & grounds maintenance
Outdoor Sports Facilities Contribution - Hertford Police Station - 3/13/1497/FP	2014/15	£66,437.89	£33,436.86	£33,001.03	£0.00	Allocated to the Hartham Skate Park Project - consultation & installation of new skate equipment
Open Space Contribution - Cintel Site, New Road, Ware - 3/10/0386/FP	2014/15	£75,064.12	£74,093.28	£970.84	£0.00	Allocated to final landscape costs of Buryfield Open Space improvements
Children & Young People Contribution - High Road, High Cross, Ware - 3/13/2223/FP	2014/15 & 2016/17	£10,523.28	£0.00	£6,240.00	£4,283.28	Allocated to Thundridge Parish Council for new play equipment at Wodson Recreation Field
Outdoor Sports Facilities Contribution - High Road, High Cross, Ware - 3/13/2223/FP	2014/15 & 2016/17	£71,252.15	£60,000.00	£1,870.00	£9,382.15	Allocated to Thundridge Parish Council for new play equipment installation
Parks and Gardens Contribution - High Road, High Cross, Ware - 3/13/2223/FP	2014/15 & 2016/17	£25,726.75	£0.00	£8,870.00	£16,856.75	Allocated to Thundridge Parish Council for new gates at Wodson Recreation Field
Residents Parking Contribution - Cintel Site, New Road, Ware - 3/10/0386/FP	2014/15	£27,300.81	£0.00	£27,300.81	£0.00	Allocated to the East Herts New Parking Strategy Project

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
REV - Public Open Space maintenance - Herts & Essex Hospital, Bishop's Stortford - 3/02/1545/FP	2015/16	£195,707.08	£156,566.00	£19,570.00	£19,571.08	Revenue contribution for open space & grounds maintenance
Car Parking Space Contribution - Longmead, Buntingford - 3/10/2040/OP	2015/16	£25,755.00	£0.00	£25,755.00	£0.00	Allocated to the East Herts New Parking Strategy Project
Controlled Parking Zone Contribution - Marshgate Drive, Hertford - 3/10/1147/FN	2015/16	£20,000.00	£0.00	£20,000.00	£0.00	Allocated to the East Herts New Parking Strategy Project
Community Centre & Village Hall Contribution - Home Farm, Moor Place, Kettle Green, Much Hadham - 3/12/1075/FP	2015/16	£3,421.11	£0.00	£750.00	£2,671.11	Allocated to Much Hadham Village Hall - Roof Survey costs
REV - Open Space maintenance contribution - Sanville Gardens, Stanstead Abbots - 3/04/18/92/FP	2015/16	£25,482.76	£20,385.60	£2,548.20	£2,548.96	Revenue contribution for open space & grounds maintenance
Outdoor Sports Facilities Contribution (amended by Second DofV) - Terlings Park - 3/11/0554/OP	2016/17	£57,220.95	£29,316.49	£27,904.46	£0.00	Allocated to High Wych revamped play area project.

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
REV - Trinity Play Area adoption maintenance contribution - Lady Margaret Gardens, Ware - 3/11/0384/OP	2016/17	£307,043.64	£245,632.00	£30,704.00	£30,707.64	Revenue contribution for open space & grounds maintenance
Open Space Contribution - Regents Court, Bishop's Stortford - 3/14/0978/FP	2017/18	£134,723.39	130,337.91	£4,385.48	£0.00	Allocated towards the final landscape costs of the Castle Park Project in Bishop's Stortford
REV - Open Space play area maintenance contribution - Ware Garage, Hertford - 3/15/1118/FUL	2017/18	£2,734.00	£820.20	£273.40	£1,640.40	Revenue contribution for open space & grounds maintenance
Outdoor Sports Facilities Contribution (amended by Second DofV) - Terlings Park - 3/11/0554/OP	2018/19	£123,552.83	£19,189.00	£40,737.54 (£22,045.54 & £18,692.00)	£63,626.29	Allocated to High Wych revamped play area project (£22,045.54) & Terlings Park Green Flag Signage Project (18,692.00).
Employment Contribution - Meadow Vale - Area 2 - Land South of Hare Street - 3/14/0528/OP	2019/20	£29,942.86	£0.00	£10,000.00	19,942.86	Allocated £10,000 to the East Herts New Employment Strategy Development Project
Outdoor Sports Contribution - Meadow Vale - Area 2 - Land South of Hare Street - 3/14/0528/OP	2019/20	£40,863.01	£10,684.87	£30,178.14	£0.00	Buntingford Cougars Youth Football - New Changing Rooms Project

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Outdoor Sports Contribution - Land East of Cambridge Road, Puckeridge - 3/14/1627/OP	2019/20	£27,799.60	£0.00	£27,799.60	£0.00	Allocated to Standon & Puckeridge Parish Council - New MUGA Project
Community Centre Contribution - The Chestnuts, Puckeridge - 3/16/1218/FUL	2019/20	£7,614.27	£0.00	£7,614.27	£0.00	Allocated to Standon & Puckeridge Community Centre - Entrance improvements and Extension
Parks & Public Gardens Contribution - The Chestnuts, Puckeridge - 3/16/1218/FUL	2019/20	£10,306.11	£.00	£10,306.11	£0.00	Allocated to Standon & Puckeridge Parish Council - New MUGA Project
Community Centre & Village Hall Contribution - Café Field, Puckeridge - 3/17/1055/OUT	2019/20	£12,678.70	£0.00	£12,678.70	£0.00	Allocated to Standon & Puckeridge Community Centre - Entrance improvements and Extension
Outdoor Sports Facilities Contribution - Café Field, Puckeridge - 3/17/1055/OUT	2019/20	£47,472.12	£20,966.63	£26,505.49	£0.00	Allocated to Standon & Puckeridge Parish Council - New MUGA Project
REV - Children & Young People Maintenance - Walden Court, Bishop's Stortford - 3/17/0223/FL & 3/20/0573/VAR	2020/21	£3,269.13	£981.00	£327.00	£1,961.13	Revenue contribution for open space & grounds maintenance

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
REV - Outdoor Sports Facilities Maintenance - Walden Court, Bishop's Stortford - 3/17/0223/FL & 3/20/0573/VAR	2020/21	£28,959.37	£8,688.00	£2,896.00	£17,375.37	Revenue contribution for open space & grounds maintenance
Outdoor Sports Contribution - Meadow Vale - Area 2 - Land South of Hare Street - 3/14/0528/OP	2020/21	£41,383.29	£0.00	£41,383.29 (£24,708.86 & £16,674.43)	£0.00	Buntingford Cougars Changing Rooms (£24,708.86) & Buntingford Town Council MUGA Lighting (£16,674.43)
Community Hall Contribution - Land West of Thieves Lane Hertford - 3/19/1024/FUL	2020/21	£42,664.00	£37,505.11	£5,158.89	£0.00	Allocated to Sele Community Centre - Internal Acoustics Project
Off-site Play Area Contribution - Midsummer Vale - Land south of Froghall Lane Walkern - 3/14/2200/OP	2020/21	£90,437.45	£0.00	£79,020.00	£111,417.45	Allocated to Walkern Parish Council - High Street Play Area Revamp Project
REV - Amenity Space Maintenance - 20 Amwell Road, Ware - 3/15/0561/FUL	2020/21	£3,159.98	£948.00	£316.00	£1,895.98	Revenue contribution for open space & grounds maintenance
REV - Children & Young Persons Maintenance - 20 Amwell Road, Ware - 3/15/0561/FUL	2020/21	£2,069.86	£621.00	£207.00	£1,241.86	Revenue contribution for open space & grounds maintenance

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
REV - Parks & Public Gardens Maintenance - 20 Amwell Road, Ware - 3/15/0561/FUL	2020/21	£5,820.19	£1,746.00	£582.00	£3,492.19	Revenue contribution for open space & grounds maintenance
Outdoor Sports Contribution - Meadow Vale - Area 2 - Land South of Hare Street - 3/14/0528/OP	2020/21	£21,225.99	£0.00	£15,114.57	£6,111.42	Allocated to Buntingford Town Council - MUGA Lighting Project
Community Facilities Contribution - Community Facilities Contribution - HERT4 - North of Hertford (Former Bengoe Nursery) - 3/19/1826/FUL	2021/22	£13,689.33	£0.00	£10,579.00	930.33	Allocated to Bengoe Scout Group Hut - Replacement Fencing Project
Community Facilities Contribution - Café Field, Puckeridge - 3/17/1055/OUT	2021/22	£12,527.32	£0.00	£12,527.32	£0.00	Allocated to Standon & Puckeridge Community Centre - Entrance improvements and Extension
Outdoor Sports Facilities Contribution - Café Field, Puckeridge - 3/17/1055/OUT	2021/22	£46,905.29	£0.00	£46,905.29	£0.00	Allocated to Standon & Puckeridge Parish Council - New MUGA Project
Playing Pitches Contribution -St James Park - Bishop's Stortford South - 3/18/2253/OUT	2022/23	£174,341.78	£124,450.35	£20,232.00 (£8,832.00 & £11,400.00)	£29,659.43	Allocated to Thorley Cricket Club as a named recipient (£8,832.00 Mower & £11,400 Screens)

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Outdoor Sports Contribution - 4-18 Amwell End, Ware - 3/17/2052/FUL	2022/23	£10,850.47	£0.00	£9,536.76	£1,313.71	Allocated to King George V Playing Fields, Ware - new outdoor fitness equipment
HCC Sustainable Transport Contribution - Patmore Close - Application C - Land to The South of Hadham Road, Bishop's Stortford- 3/14/2145/OP	2023/24	£65,971.08	£0.00	£65,971.08	£0.00	Transferred to HCC as per the Section 106 dated 27/06/2017 (Sustainable Transport Contribution).
Bowls Contribution (first 50%) - Aspenden Road Phase 2, Buntingford - 3/20/1950/FUL	2023/24	£3,518.45	£0.00	£3,518.45	£0.00	Allocated to Buntingford Bowls Club as named recipient - repairs to the bowls green & new water pump
Bowls Contribution (final 50%) - Aspenden Road Phase 2, Buntingford - 3/20/1950/FUL	2023/24	£3,547.59	£0.00	£3,547.59	£0.00	Allocated to Buntingford Bowls Club as named recipient - repairs to the bowls green & new water pump
Parks & Open Space Contribution (first 50%) - Aspenden Road Phase 2, Buntingford - 3/20/1950/FUL	2023/24	£5,070.63	£0.00	£5,070.63	£0.00	Allocated to Aspenden PC Drainage Project Phase 1 £3,071.50 & Phase 2 £1,175.00 & Phase 3 £824.13

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Parks & Open Spaces Contribution (final 50%) - Aspenden Road Phase 2, Buntingford - 3/20/1950/FUL	2023/24	£5,112.63	£0.00	£775.87	£4,336.76	Allocated to Aspenden PC Drainage Project Phase 3 £775.87
Community Hall Contribution (final 1/third) - Thieves Lane, Hertford - 3/19/1024/FUL (HERT3)	2023/24	£49,286.48	£0.00	£3,933.51 & £14,310.00	£31,042.97	Allocated to Sele Community Centre - Acoustics Project £3,547.59 & Entrance Area Refurbishment £14,310.00
Healthcare Contribution - Mangrove Road, Hertford - 3/20/1563/FUL (HERT5)	2023/24	£60,310.36	£0.00	£60,310.36	£0.00	Transferred to Hertfordshire & West Essex Integrated Care Board for Wallace House Surgery in Hertford.
Grass Pitches Contribution - Mangrove Road, Hertford - 3/20/1563/FUL (HERT5)	2023/24	£41,469.53	£0.00	£12,000.00 & £26,345.99	£3,123.54	Allocated to Hertford Cricket Club as the named recipient - Mower £12,000 & Secure Storage £26,345.99.
Refuse & Recycling Contribution - St Michaels Hurst - Land at Farnham Road & Hazel End Road, Bishop's Stortford - 3/13/0886/OP	2024/25	£25,523.67	£0.00	£25,523.67	£0.00	Transferred to East Herts Council recycling & refuse budget

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Local Sports Contribution - St Michaels Hurst – Land at Farnham Road & Hazel End Road, Bishop's Stortford – 3/13/0886/OP	2024/25	£266,998.01	£0.00	£200,000.00	£66,998.01	Allocated £200,000 to Grange Paddock Leisure Centre as per the requirements of S106 Agreement
Recycling Contribution - Patmore Close (Site B), Bishop's Stortford - 3/14/2144/OP	2024/25	£17,282.21	£0.00	£17,282.21	£0.00	Transferred to East Herts Council recycling & refuse budget
Indoor Sports & Recreation Contribution - St James Park - Land at Bishop's Stortford South off Whittington Way, Bishop's Stortford – 3/18/2253/OUT	2024/25	£304,995.95	£0.00	£304,995.95 (£185,022.29 & £119,973.66)	£0.00	Allocated as named projects £185,022.29 to Grange Paddocks Leisure Centre & transfer £119,973.66 to Hertfordshire County Council
Playing Pitches Contribution - St James Park - Land at Bishop's Stortford South off Whittington Way, Bishop's Stortford – 3/18/2253/OUT	2024/25	£221,271.79	£0.00	£157,950.39 (£25,130.35 & £132,820.04)	£63,321.40	Allocated as named projects to Grange Paddocks Leisure Centre 3G Pitch £25,130.35 & Changing Rooms £132,820.04
Health & Fitness Contribution - St James Park - Land at Bishop's Stortford South off Whittington Way, Bishop's Stortford – 3/18/2253/OUT	2024/25	£104,169.00	£0.00	£104,169.00	£0.00	Allocated as a named recipient to Grange Paddocks Leisure Centre

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Monitoring Fee Contribution - St Michaels Hurst (Phase E) - Land at Farnham Road & Hazel End Road, Bishop's Stortford - 3/13/0886/OP	2024/25	£4,620.49	£0.00	£4,620.49	£0.00	Transferred to East Herts Council Planning Monitoring budget
Refuse & Recycling Contribution - Lancaster House, Pegs Lane, Hertford - 3/16/1228/FUL & 3/20/1110/VAR	2024/25	£1,400.03	£0.00	£1,400.03	£0.00	Transferred to East Herts Council recycling & refuse budget
Monitoring Fee Contribution - HERT2 - Land East of Marshgate Drive Hertford (5 additional units) - 3/23/2034/VAR	2024/25	£2,700.00	£0.00	£2,700.00	£0.00	Transferred to East Herts Council Planning Monitoring budget
NHS Contribution - Hertford Mill, Tamworth Road, Hertford - 3/20/0897/FUL	2024/25	£43,695.21	£0.00	£43,695.21	£0.00	Transferred to Hertfordshire & West Essex Integrated Care Board for Wallace House Surgery in Hertford.
Monitoring Fee Contribution - Land East of Gresley Way, Stevenage (EOS1) - 3/19/0118/OUT	2024/25	£2,911.04	£0.00	£2,911.04	£0.00	Transferred to East Herts Council Planning Monitoring budget
Total amount allocated in financial year 2024/25					£1,733,114.25	

Appendix 2 – Details of the Section 106 Contributions allocated to thirty-three individual projects / uses in 2024/25:

The tables below provide details on the specific Section 106 Contributions allocated and transferred to the thirty-three identified projects and uses funded in 2024/25 – the projects and uses funded are listed in alphabetical order below:

1. Aspenden Parish Council - Drainage Works on the Village Green – £5,846.50

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Parks & Open Space Contribution (first 50%) - Aspenden Road Phase 2, Buntingford - 3/20/1950/FUL	2023/24	£5,070.63	£0.00	£5,070.63	£0.00	Allocated to Aspenden PC Drainage Project Phase 1 £3,071.50 & Phase 2 £1,175.00 & Phase 3 £824.13
Parks & Open Spaces Contribution (final 50%) - Aspenden Road Phase 2, Buntingford - 3/20/1950/FUL	2023/24	£5,112.63	£0.00	£775.87	£4,336.76	Allocated to Aspenden PC Drainage Project Phase 3 £775.87

2. Bengoe 2nd Scout Group - Scout Hut Fencing – £10,759.00

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Community Facilities Contribution - HERT4 - North of Hertford (Former Bengoe Nursery) - 3/19/1826/FUL	2021/22	£13,689.33	£0.00	£10,579.00	£2,930.33	Allocated to Bengoe Scout Group Hut Fencing Replacement Project

3. Buntingford Bowls Club - £7,066.04

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Bowls Contribution (first 50%) - Aspenden Road Phase 2, Buntingford - 3/20/1950/FUL	2023/24	£3,518.45	£0.00	£3,518.45	£0.00	Allocated to Buntingford Bowls Club as named recipient - repairs to the bowls green & new water pump
Bowls Contribution (final 50%) - Aspenden Road Phase 2, Buntingford - 3/20/1950/FUL	2023/24	£3,547.59	£0.00	£3,547.59	£0.00	Allocated to Buntingford Bowls Club as named recipient - repairs to the bowls green & new water pump

4. Buntingford Cougars (youth football) - new changing rooms project - £54,887.00

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Outdoor Sports Contribution - Meadow Vale - Area 2 - Land South of Hare Street - 3/14/0528/OP	2019/20	£40,863.01	£10,684.87	£30,178.14	£0.00	Buntingford Cougars Youth Football - New Changing Rooms Project
Outdoor Sports Contribution - Meadow Vale - Area 2 - Land South of Hare Street - 3/14/0528/OP	2020/21	£41,383.29	£0.00	£24,708.86 (& £16,674.43)	£0.00	Buntingford Cougars Youth Football - New Changing Rooms £24,708.86 (£16,674.43 to Buntingford MUGA Lighting)

5. Buntingford Town Council – Hare Street MUGA Project – £31,789.00

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Outdoor Sports Contribution - Meadow Vale - Area 2 - Land South of Hare Street - 3/14/0528/OP	2020/21	£41,383.29	£0.00	£16,674.43 (& £24,708.86)	£0.00	Buntingford Town Council MUGA Lighting £16,674.43 (& £24,708.86 to Buntingford Cougars Changing Rooms Project)
Outdoor Sports Contribution - Meadow Vale - Area 2 - Land South of Hare Street - 3/14/0528/OP	2020/21	£21,225.99	£0.00	£15,114.57	£6,111.42	Buntingford Town Council MUGA Lighting £15,114.57

6. Buryfields Open Space, Ware - £970.84

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Open Space Contribution - Cintel Site, New Road, Ware - 3/10/0386/FP	2014/15	£75,064.12	£74,093.28	£970.84	£0.00	Allocated to final landscape costs of Buryfield Open Space improvements

7. Castle Park, Bishop's Stortford - £4,385.48

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Open Space Contribution - Regents Court, Bishop's Stortford - 3/14/0978/FP	2017/18	£134,723.39	130,337.91	£4,385.48	£0.00	Allocated towards the final landscape costs of the Castle Park Project in Bishop's Stortford

8. East Herts Employment Strategy - £10,000.00

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Employment Contribution - Meadow Vale - Area 2 - Land South of Hare Street - 3/14/0528/OP	2019/20	£29,942.86	£0.00	£10,000.00	£19,942.86	Allocated £10,000 to fund the Employment Strategy development & consultancy work

9. Grange Paddocks New Leisure Centre Contributions- total **£622,011.33**

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Local Sports Contribution - St Michaels Hurst -, Bishop's Stortford - 3/13/0886/OP	2024/25	£266,998.01	£0.00	£200,000.00	£66,998.01	Allocated £200,000 to Grange Paddock Leisure Centre as per the requirements of S106 Agreement
Indoor Sports & Recreation Contribution - St James Park - Bishop's Stortford South- 3/18/2253/OUT	2024/25	£304,995.95	£0.00	£185,022.29 (& £119,973.66)	£0.00	Allocated as named projects £185,022.29 to Grange Paddocks Leisure Centre (& £119,973.66 transferred to Hertfordshire County Council)
Playing Pitches Contribution - St James Park - Bishop's Stortford South- 3/18/2253/OUT	2024/25	£221,271.79	£0.00	£132,820.04 (& £25,130.35)	£63,321.40	Allocated to named projects - Grange Paddocks Leisure Centre - Changing Rooms £132,820.04 & £25,130.35 to the 3G Pitch

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Health & Fitness Contribution - St James Park - Bishop's Stortford South-3/18/2253/OUT	2024/25	£104,169.00	£0.00	£104,169.00	£0.00	Allocated as a named recipient to Grange Paddocks Leisure Centre

10. Grange Paddocks 3G Pitch – £25,130.35

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Playing Pitches Contribution - St James Park - Bishop's Stortford South-3/18/2253/OUT	2024/25	£221,271.79	£0.00	£25,130.35 (& £132,820.04)	£63,321.40	Allocated as named projects to Grange Paddocks Leisure Centre - 3G Pitch £25,130.35 & £132,820.04 to Changing Rooms

11. Grounds Maintenance Contributions – total £66,055.21

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
REV - Open Space Contribution Maintenance - Trinity Centre, Ware - 3/11/0384/FP	2013/14	£31,946.61	£28,755.00	£3,191.61	£0.00	Revenue contribution for open space & grounds maintenance
REV - Off Site Improvements maintenance - Sacombe Road, Hertford - 3/10/1198/FP	2014/15	£53,772.00	£48,332.00	£5,440.00	£0.00	Revenue contribution for open space & grounds maintenance

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
REV - Public Open Space maintenance - Herts & Essex Hospital, Bishop's Stortford - 3/02/1545/FP	2015/16	£195,707.08	£156,566.00	£19,570.00	£19,571.08	Revenue contribution for open space & grounds maintenance
REV - Open Space maintenance contribution - Sanville Gardens, Stanstead Abbots - 3/04/18/92/FP	2015/16	£25,482.76	£20,385.60	£2,548.20	£2,548.96	Revenue contribution for open space & grounds maintenance
REV - Trinity Play Area adoption maintenance contribution - Lady Margaret Gardens, Ware - 3/11/0384/OP	2016/17	£307,043.64	£245,632.00	£30,704.00	£30,707.64	Revenue contribution for open space & grounds maintenance
REV - Open Space play area maintenance contribution - Ware Garage, Hertford - 3/15/1118/FUL	2017/18	£2,734.00	£820.20	£273.40	£1,640.40	Revenue contribution for open space & grounds maintenance
REV - Children & Young People Maintenance - Walden Court, Bishop's Stortford - 3/17/0223/FL & 3/20/0573/VAR	2020/21	£3,269.13	£981.00	£327.00	£1,961.13	Revenue contribution for open space & grounds maintenance

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
REV - Outdoor Sports Facilities Maintenance - Walden Court, Bishop's Stortford - 3/17/0223/FL & 3/20/0573/VAR	2020/21	£28,959.37	£8,688.00	£2,896.00	£17,375.37	Revenue contribution for open space & grounds maintenance
REV - Amenity Space Maintenance - 20 Amwell Road, Ware - 3/15/0561/FUL	2020/21	£3,159.98	£948.00	£316.00	£1,895.98	Revenue contribution for open space & grounds maintenance
REV - Children & Young Persons Maintenance - 20 Amwell Road, Ware - 3/15/0561/FUL	2020/21	£2,069.86	£621.00	£207.00	£1,241.86	Revenue contribution for open space & grounds maintenance
REV - Parks & Public Gardens Maintenance - 20 Amwell Road, Ware - 3/15/0561/FUL	2020/21	£5,820.19	£1,746.00	£582.00	£3,492.19	Revenue contribution for open space & grounds maintenance

12. Hertford Bridge Project – £11,799.84

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Pedestrian Bridge Contribution - Mill Road, Hertford - 3/04/2309/FP	2012/13	£50,000.00	£38,200.16	£11,799.84	£0.00	Remainder of contribution previously allocated to the new bridge across the River Lea project.

13. Hertford Cricket Club - £38,345.99

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Grass Pitches Contribution - Mangrove Road, Hertford - 3/20/1563/FUL (HERT5)	2023/24	£41,469.53	£0.00	£38,345.99 (£12,000.00 & £26,345.99)	£3,123.54	Allocated to Hertford Cricket Club as the named recipient - Mower £12,000 & Secure Storage £26,345.99.

14. HCC – Indoor Sports & Recreation Contributions Transfer – £119,973.66

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Indoor Sports & Recreation Contribution - St James Park - Land at Bishop's Stortford South off Whittington Way, Bishop's Stortford - 3/18/2253/OUT	2024/25	£304,995.95	£0.00	£119,973.66 (& £185,022.29)	£0.00	Allocated as named projects & transferred £119,973.66 to Hertfordshire County Council (& £185,022.29 to Grange Paddocks Leisure Centre)

15. HCC – Sustainable Transport Contributions Transfer – £65,971.08

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
HCC Sustainable Transport Contribution - Patmore Close - Application C - Land to The South of Hadham Road, Bishop's Stortford- 3/14/2145/OP	2023/24	£65,971.08	£0.00	£65,971.08	£0.00	Transferred to HCC as per the Section 106 dated 27/06/2017 (Sustainable Transport Contribution).

16. H&WE ICB - Transfer of collected Health Contributions - £104,005.57

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Healthcare Contribution - Mangrove Road, Hertford - 3/20/1563/FUL (HERT5)	2023/24	£60,310.36	£0.00	£60,310.36	£0.00	Transferred to Hertfordshire & West Essex Integrated Care Board for Wallace House Surgery in Hertford.
NHS Contribution - Hertford Mill, Tamworth Road, Hertford - 3/20/0897/FUL	2024/25	£43,695.21	£0.00	£43,695.21	£0.00	Transferred to Hertfordshire & West Essex Integrated Care Board for Wallace House Surgery in Hertford.

17. Hertford Skate Project – £33,001.03

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Outdoor Sports Facilities Contribution - Hertford Police Station - 3/13/1497/FP	2014/15	£66,437.89	£33,436.86	£33,001.03	£0.00	Allocated to the Hartham Skate Park Project – consultation & installation of new skate equipment.

18. Hertford Town Council – Iron Drive Play Area - £11,699.00

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Pedestrian Bridge Contribution - Mill Road, Hertford - 3/04/2309/FP	2012/13	£50,000.00	£38,200.16	£11,799.84	£0.00	Remainder of the contribution allocated to the new bridge across the River Lea project.

19. Hertford Parking Signage Project - £19,023.91

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Residents Parking Contribution - McMullen's Brewery Hertford (New Sainsburys Store), Hertford - 3/08/1528/FP	2010/11	£25,000.00	£5,976.09	£19,023.91	£0.00	Allocated internally to the Hertford Parking Signage Project for new town centre Variable Messaging Signage (VMS)

20. High Wych Play Area Project – £49,950.00

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Outdoor Sports Facilities Contribution (amended by Second DoFV) - Terlings Park - 3/11/0554/OP	2016/17	£57,220.95	£29,316.49	£27,904.46	£0.00	Allocated to High Wych revamped play area project.
Outdoor Sports Facilities Contribution (amended by Second DoFV) - Terlings Park - 3/11/0554/OP	2018/19	£123,552.83	£19,189.00	£22,045.54 (& £18,692.00)	£63,626.29	Allocated to High Wych revamped play area project (£22,045.54) & Terlings Park Green Flag Signage Project (18,692.00).

21. King George V Playing Field Outdoor Fitness Project - £9,536.76

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Outdoor Sports Contribution - 4-18 Amwell End, Ware - 3/17/2052/FUL	2022/23	£10,850.47	£0.00	£9,536.76	£1,313.71	Allocated to King George Recreation Ground for new outdoor fitness equipment

22. Monitoring Contributions – £10,231.53

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Monitoring Fee Contribution - St Michaels Hurst (Phase E) - Bishop's Stortford - 3/13/0886/OP	2024/25	£4,620.49	£0.00	£4,620.49	£0.00	Transferred to East Herts Council Planning Monitoring budget
Monitoring Fee Contribution - HERT2 - Land East of Marshgate Drive Hertford (5 additional units) - 3/23/2034/VAR	2024/25	£2,700.00	£0.00	£2,700.00	£0.00	Transferred to East Herts Council Planning Monitoring budget
Monitoring Fee Contribution - Land East of Gresley Way, Stevenage (EOS1) - 3/19/0118/OUT	2024/25	£2,911.04	£0.00	£2,911.04	£0.00	Transferred to East Herts Council Planning Monitoring budget

23. Much Hadham Village Hall - £750.00

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Community Centre & Village Hall Contribution - Home Farm, Moor Place, Kettle Green, Much Hadham - 3/12/1075/FP	2015/16	£3,421.11	£0.00	£750.00	£2,671.11	Allocated to Much Hadham Village Hall Committee - Roof Survey

24. Parking Strategy – £73,055.81

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Residents Parking Contribution - Cintel Site, New Road, Ware – 3/10/0386/FP	2014/15	£27,300.81	£0.00	£27,300.81	£0.00	Allocated to the new East Herts Parking Strategy Project
Car Parking Space Contribution - Longmead, Buntingford – 3/10/2040/OP	2015/16	£25,755.00	£0.00	£25,755.00	£0.00	Allocated to the new East Herts Parking Strategy Project
Controlled Parking Zone Contribution - Marshgate Drive, Hertford – 3/10/1147/FN	2015/16	£20,000.00	£0.00	£20,000.00	£0.00	Allocated to the new East Herts Parking Strategy Project

25. Recycling & Refuse Contributions – £44,205.91

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Recycling & Refuse Contribution - St Michaels Hurst, Bishop's Stortford – 3/13/0886/OP	2024/25	£25,523.67	£0.00	£25,523.67	£0.00	Transferred to East Herts Council recycling & refuse budget
Recycling & Refuse Contribution - Lancaster House, Pegs Lane, Hertford – 3/16/1228/FUL & 3/20/1110/VAR	2024/25	£1,400.03	£0.00	£1,400.03	£0.00	Transferred to East Herts Council recycling & refuse budget

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Recycling & Refuse Contribution - Patmore Close (Site B), Bishop's Stortford - 3/14/2144/OP	2024/25	£17,282.21	£0.00	£17,282.21	£0.00	Transferred to East Herts Council recycling & refuse budget

26. Sele Community Centre Internal Acoustics Project - £9,092.40

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Community Hall Contribution - Land West of Thieves Lane Hertford - 3/19/1024/FUL (HERT3)	2020/21	£42,664.00	£37,505.11	£5,158.89	£0.00	Allocated to Sele Community Centre - Internal Acoustics Project
Community Hall Contribution (final 1/3rd) - Thieves Lane, Hertford - 3/19/1024/FUL (HERT3)	2023/24	£49,286.48	£0.00	£3,933.51 (& £14,310.00)	£31,042.97	Allocated to Sele Community Centre - Internal Acoustics Project £3,547.59 (& £14,310.00 to Entrance Area Refurbishment Project)

27. Sele Community Centre Entrance Area Refurbishment - £14,310.00

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Community Hall Contribution (final 1/3rd) - Thieves Lane, Hertford - 3/19/1024/FUL (HERT3)	2023/24	£49,286.48	£3,933.51	£14,310.00 (& £3,933.41)	£31,042.97	Allocated to Sele Community Centre - £14,310.00 to Entrance Area Refurbishment (& Internal Acoustics Project £3,547.59)

28. Standon & Puckeridge Community Centre Project – £32,820.29

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Community Centre Contribution - The Chestnuts, Puckeridge - 3/16/1218/FUL	2019/20	£7,614.27	£0.00	£7,614.27	£0.00	Allocated to Standon & Puckeridge Community Centre Entrance improvements and Extension
Community Centre & Village Hall Contribution - Café Field, Puckeridge - 3/17/1055/OUT	2019/20	£12,678.70	£0.00	£12,678.70	£0.00	Allocated to Standon & Puckeridge Community Centre Entrance improvements and Extension
Community Facilities Contribution - Café Field, Puckeridge - 3/17/1055/OUT	2021/22	£12,527.32	£0.00	£12,527.32	£0.00	Allocated to Standon & Puckeridge Community Centre Entrance improvements and Extension

29. Standon & Puckeridge New MUGA Project – £111,516.49

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Outdoor Sports Contribution - Land East of Cambridge Road, Puckeridge - 3/14/1627/OP	2019/20	£27,799.60	£0.00	£27,799.60	£0.00	Allocated to Standon & Puckeridge Parish Council - New MUGA Project
Parks & Public Gardens Contribution - The Chestnuts, Puckeridge - 3/16/1218/FUL	2019/20	£10,306.11	£.00	£10,306.11	£0.00	Allocated to Standon & Puckeridge Parish Council - New MUGA Project

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Outdoor Sports Facilities Contribution - Café Field, Puckeridge - 3/17/1055/OUT	2019/20	£47,472.12	£20,966.63	£26,505.49	£0.00	Allocated to Standon & Puckeridge Parish Council - New MUGA Project
Outdoor Sports Facilities Contribution - Café Field, Puckeridge - 3/17/1055/OUT	2021/22	£46,905.29	£0.00	£46,905.29	£0.00	Allocated to Standon & Puckeridge Parish Council - New MUGA Project

30. Terlings Park Green Flag Project - £18,692.00

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Outdoor Sports Facilities Contribution (amended by Second DofV) - Terlings Park - 3/11/0554/OP	2018/19	£123,552.83	£19,189.00	£18,692.00 (& £22,045.54)	£63,626.29	Allocated to Terlings Park Green Flag Signage Project (£18,692.00). & High Wych revamped play area project (£22,045.54)

31. Thorley Cricket Club - £20,232.00

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Playing Pitches Contribution -St James Park - Land at Bishop's Stortford South off Whittington Way, Bishop's Stortford - 3/18/2253/OUT	2022/23	£174,341.78	£124,450.35	£20,232.00 (£8,832.00 & £11,400.00)	£29,659.43	Allocated to Thorley Cricket Club as a named recipient (£8,832.00 Mower & £11,400 Screens)

32. Thundridge Parish Council – £16,980.00

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Children & Young People Contribution - High Road, High Cross, Ware - 3/13/2223/FP	2014/15 & 2016/17	£10,523.28	£0.00	£6,240.00	£4,283.28	Allocated to Thundridge Parish Council for new play equipment at Wodson Recreation Field
Outdoor Sports Facilities Contribution - High Road, High Cross, Ware - 3/13/2223/FP	2014/15 & 2016/17	£71,252.15	£60,000.00	£1,870.00	£9,382.15	Allocated to Thundridge Parish Council for new play equipment installation at Wodson Recreation Field
Parks and Gardens Contribution - High Road, High Cross, Ware - 3/13/2223/FP	2014/15 & 2016/17	£25,726.75	£0.00	£8,870.00	£16,856.75	Allocated to Thundridge Parish Council for new gates at Wodson Recreation Field

33. Walkern Parish Council - £79,020.00

Contribution obligation:	Financial year received	Section 106 Receipt	Previously allocated	Amount allocated 2024/25	Balance left	Allocation Details
Off-site Play Area Contribution - Midsummer Vale - Land south of Froghall Lane Walkern - 3/14/2200/OP	2020/21	£90,437.45	£0.00	£79,020.00	£11,417.45	Allocated to Walkern Parish Council for use at a specific play area – High Street Play Area Revamp Project

Agenda Item 9

Audit and Governance Committee

Date: 26th November 2025

Report by: Councillor Sarah Hopewell, Executive Member for Wellbeing

Report title: BEAM Trading Update

Ward(s) affected: Hertford Castle

Summary

- This paper covers the main achievements and challenges facing BEAM.

RECOMMENDATIONS FOR DECISION: That Audit and Governance Committee Members:

(A) Review BEAM's position and make any recommendations to the Executive Member for Wellbeing in regards to BEAM's performance

1.0 Proposal(s)

1.1 That Audit and Governance Members review BEAM's progress since opening

2.0 Background

2.1 Since January 2025, BEAM has undergone a significant transformation that has seen us implement a raft of strategies and tactics to unlock financial sustainability. The approach we have taken has been to deliver sustainable growth across and work at a pace that builds financial success and resilience whilst mitigating financial risk.

2.2 In many regards, BEAM can be viewed as a new business and a fairly complex one at that. As with any new business, the path towards profitability can be challenging, but it is clear that our balanced approach to operating BEAM is working well and the

growth we are currently reporting is testament to that. Key areas of progress since January include:

Implementation of a new Programming Strategy

- 2.3 The programme is at the core of everything BEAM does and how the venue is programmed has an enormous impact on the overall performance of the business. Our updated Programming Strategy is built around four core objectives:
- Deliver a balanced and diverse calendar of professional theatre, independent and mainstream film, live music, comedy, dance, and community events as well as other types of event where applicable.
 - Attract broad audiences through a range of accessible and high-quality content that has inclusion at its core.
 - Develop long-term financial sustainability through a considered mix of commercially viable events and artistically ambitious work.
 - Support local artists and companies, understanding the transformational power of self-expression.
- 2.4 This approach is working well and has seen BEAM achieve commercialisation across the programme, whilst protecting BEAM as a community asset and continuing to embrace cultural and artistic development. It is this approach that has seen BEAM successfully programme large-scale Musical Theatre work, mainstream comedy and world-class live music, all of which is performing very well.
- 2.5 This programming approach has delivered 28% growth in average daily ticket sales from Q1 to Q2 of this year and, coupled with a new Marketing strategy has also seen us grow our reach and increase the % of customers who travel into East Herts from further afield. This is bolstering BEAMs local economic impact, which is currently estimated at around £3.7m for the year.
- 2.6 Built into this approach is also a longer-term passive income plan whereby BEAM uses our in-house equipment and expertise to support professional producers with the creation of new touring shows. This approach will see BEAM credited as Co-Producers for these productions and, as well as generating revenue from the

space use during the production period, we will receive royalty payments from subsequent sales.

The opening of Stage 2

- 2.7 The opening of our smaller, flexible space in April 2025 marks BEAM being fully open to the public and we have spent recent months embedding a programme approach for this space that maximises its accessibility within the broader context of BEAMs operation. We also wish to acknowledge the support of Hertford Town Council who provided a £325k grant towards the opening of Stage 2.
- 2.8 The flexibility of Stage 2 has unlocked a host of opportunities across rehearsal, live performance, film and non-cultural activities which is informing how we best achieve the potential of this space.

Embedding a culture of Entrepreneurialism across all business units

- 2.9 As part of our strategic working, we have embedded an approach that centres entrepreneurialism. This has seen all business units within BEAM tasked with maximising revenue from their individual areas and contributing to combined revenue generation across the building.
- 2.10 Within this approach, departments that would not traditionally be seen as 'revenue generating' such as backstage and technical have a responsibility to be entrepreneurial in their work, increasing revenue into BEAM that accelerates our journey towards profitability.
- 2.11 It's important to note that this approach is centred around our commercial programme, rather than community activity, where we aim to work as supportively as possible with local community groups.

Launching a Food Offer

- 2.12 Starting a food offer is a huge undertaking, not least within the context of a highly busy cultural venue and balancing financial risk with potential return. This has been key to how we have

approached the creation of this brand new business unit.

- 2.13 We designed a menu that is excellent value and combines universally loved flavour combinations with seasonality whilst ensuring we're minimising waste across the operation.
- 2.14 Although the food offer is still in its infancy, we have received outstanding feedback and are seeing growth in the popularity of the offer, which will continue to develop with business needs.
- 2.15 Having the kitchen staffed also means we're in a position to capitalise on meetings and conferencing opportunities, which will be an important aspect of our continued business growth from next year.
- 2.16 Across the broader Food & Beverage (F&B) offering we have worked hard to maximise revenue generation and have seen a 24% increase in Spend Per Head compared to last Financial Year, whilst maintaining strong gross profit % across the offer.

Commercialisation of our Digital presence

- 2.17 BEAM is an extraordinary venue with a large number of technologically advanced and integrated systems which allow us to be innovative in our work, however it was clear that our previous website wasn't keeping up with the pace of transformation at BEAM. The previous website (which was subcontracted out by the previous branding company) had very high abandonment rates and was extremely limiting in what it could provide us as an e-commerce platform.
- 2.18 As a result of the challenges we were facing, we took time to re-interrogate our needs, identifying a set of key priorities and weaving them into a new approach to our digital presence. At the core of this new approach will be a totally re-developed website which will make it easier than ever for customers to find out about BEAM and book tickets. After a comprehensive tender process, we partnered with an industry leading web developer (Grandad Digital) who are working with us to build innovative new tools which will transform the experience of using our website and support our broader financial growth. This developer has an outstanding track record of working with Arts & Culture

organisations on websites that increase revenue.

2.19 Implementing a new website is a complex process and includes a number of phases. In order to make the process as smooth as possible and to improve overall cyber resilience, we have now implemented an 'interim' website, which will be live until the full website is delivered in early 2026.

2.20 Measuring our progress is key to understanding the business and ensuring that the decisions we make are aligned with our broader strategy. As we are now well into our first full financial year, we're in a good position to share some key statistics.

2.22 To the end of October, BEAM has:

- Presented 156 stage performances
- Presented 1935 film screenings
- Welcomed around 60,000 audience members for ticketed events
- Achieved 58% occupancy across the Stage programme
- Achieved 21% occupancy across the Screen programme
- Achieved a combined spend per head of £4.84

2.23 During Q1 and Q2 our most popular Stage Genres were:

- Comedy which achieved 87.04% occupancy
- Musical Theatre which achieved 79.7% occupancy
- 'Audience With' events, which achieved 63.46% occupancy

2.24 These metrics will be reported to the BEAM Board going forward, who meet on a quarterly basis to oversee BEAM performance. BEAM Board Members are:

- Councillor Sarah Hopewell, Executive Member for Wellbeing (Chair)
- Councillor Carl Brittain, Executive Member for Financial Sustainability
- Councillor Vicky Glover-Ward, Executive Member for Planning and Growth
- Councillor Mione Goldspink, Executive Member for Communities
- Steve Sargeant, BEAM Venue Director
- Benjamin Wood, Director for Regeneration, Customer and Commercial

- Alison Street, Deputy Section 151 Officer

- 2.25 As BEAM is a seasonal business, the above metrics includes summer which is by far our quietest period. Despite this, the figures provide strong indication that the financial future for BEAM is very positive indeed. By way of comparison, we understand that the national benchmarks for Stage attendance are c54% for established regional theatres and c65% for established large commercial theatres. For cinema, the national benchmark is around 15%-20% for established independent multi-screen cinemas.
- 2.26 Looking ahead to the future, there is much to be excited about as the team at BEAM continues to work tirelessly to deliver for our audiences, visitors and residents alike. For our family Pantomime, *Beauty & The Beast*, we have partnered with commercial producer Imagine Theatre to ensure that we're presenting the highest quality production to our audiences. Looking ahead to next year, the programme continues to develop and we're delighted to be welcoming the national touring production of *Blood Brothers* to BEAM, as well as a host of other world-class performers and productions to our spaces. Our Film programme continues to flourish with a diverse and growing range of cinema events on offer and we continue to host myriad classes, workshops and smaller events in our other spaces right across the year.
- 2.27 As with any new business there are always inherent risks, but we have worked hard to mitigate these through our balanced approach to delivering sustainable growth across BEAM. During the current financial year, we are holding risk in two specific areas, namely the commercial performance of our Pantomime and the forecast performance of our food offer.
- 2.28 Regarding *Beauty & The Beast*, we took the strategic decision to commercialise the approach, delivering exceptional quality and targeting ambitious sales. At present we are tracking slightly behind where we had hoped to be, but understand this is in line with other regional pantomimes this year and the marketing campaign is now accelerating in line with forecast booking patterns.

2.29 Regarding the food offer, we are seeing signs of healthy sales growth, but it is too early to measure trends. This area, therefore, has too many unknowns to be able to confidently predict commercial success in the short-term.

BEAM financial position

2.30 The last iteration of the business case, agreed in January 2025, indicated total revenues of £4.29m over 2024/25. Operating costs, including costs of sales, payroll and overheads were forecast to be £4.09m, providing a surplus of 0.2m. This was built into the Councils’ Medium Term Financial Plan for 2025/26 and beyond.

2.31 The revenue mix (ie. % of where income would come from) in the business plan was based upon the following splits:

	2025/20 26
Cinema	24.9%
Theatre	29.4%
Conferences, meetings and business events	1.7%
Events and functions Hire	10.0%
Food and beverage	32.3%
Retail	0.6%
Memberships	1.3%
Grants	
Total	100.0%

2.32 It should be noted that while income split gives a useful indication of the spread of activity across BEAM, costs of sales are also key, hence the relatively small surplus anticipated. This is common across the industry where margins are very tight, even in larger well established venues in London and elsewhere. It’s also true to say that the trading landscape for arts and culture venues is exceptionally challenging and has changed dramatically in the post-lockdown years. According to a study released in Summer 2024, there has been a 24% fall in the number of live events in comparable venues to BEAM across the UK compared to 2018 and ticket prices were down 22% in real terms. Given the challenges of

operating with such slim margins it is therefore commonplace for Cultural venues of this scale to receive core funding (eg. from the Arts Council) or a subsidy (eg. from a Local Authority) or both.

2.33 Stage events often have bespoke arrangements for income share, depending on performer's overheads and costs alongside risk appetite for share of ticket sales. Cost of sales can vary from 60%-95%. Cinema sales tend to operate on more fixed formulas across different film distribution agencies and we tend to assume cost of sales at around 55%. Food and beverage can range from 15% - 40%, with revenue, of course directly related to ticket sales (ie. we only make money if people are attending shows). Staff at BEAM work hard on researching the offer and negotiating commercial deals with producers, promoters and suppliers right across the operation. Since opening, a set of clear performance objectives have been implemented in order to drive focus on achieving maximum financial success and these are working to accelerate the journey towards profitability.

2.34 As the January 2025 business plan made clear when it was agreed, it would need to be revisited to reflect operational realities. After one year of being open we are able to make adjustments based on true operating costs and demand. BEAM is now in the process of making some key revisions, including the following:

- Income from food service at the bar and catering for events was assumed to start straight away and at significant scale, however the staffing structure wasn't set up to support this. We have had to build the food offer from scratch alongside being conscious of location given Hertford has a very competitive food offering. This means getting to the original food related income targets will take much longer than anticipated.
- Assumptions around the use of stage 2 were optimistic (512 separate events in one year). Although there is reasonable demand for stage 2, it is taking time to grow audiences and secure regular bookings. Events suited for a small capacity tend to be less mainstream or have a smaller profile, so demand is lower. Similarly the small scale is providing some hurdles to local community groups. The space itself is flexible with the ability to change it from a 150 seated auditorium to a completely flat floor, catering for different types of events. However the preparation time for this is immense, taking 4 members of staff

up to 8 hours to support a change around. The likelihood of supporting 512 separate events over 364 days is therefore unlikely.

- Cinema occupancy figures have proved to be optimistic. The business plan assumed 30 – 36% occupancy. Actual occupancy to date is around 21% and the Independent Cinema Office latest benchmark is 15% - 20%.
- Spend per head figures have also proved to be optimistic. The business plan assumed £6 per head for film screenings. Our data indicates it is closer to £3.50, although this is above the Independent Cinema Office latest benchmark of £1.50.

2.35 The impact of these operational realities meant that by the end of September (Q2) BEAM was reporting to be some £267k off target. In other words, rather than making a £200k surplus it would be making a £67k loss. We have also revised the forecast revenue mix to reflect a more realistic split of income across the business, as follows:

	2025/20 26
Cinema	15.2%
Theatre	54.6%
Conferences, meetings and business events	1.3%
Events and functions Hire	6.1%
Food and beverage	22.5%
Retail	0.0%
Memberships	0.2%
Grants	
Total	100.0%

2.36 A number of mitigating actions have already been put in place to address the challenges (see 2.2 – 2.20). Other actions to note include:

- Introduction of new Ticketing Fee structures, which have generated more income than expected
- Pulled back on expenditure in a number of key areas and implemented stronger financial controls in-venue
- Implemented new strategies right across the organisation which have facilitated an overall commercialisation of BEAM without losing sight

of the importance of being a community asset. These strategies include:

- A Programming strategy that targets more commercially profitable, high-profile shows.
- Audience Development Strategy designed to extend our reach across the region
- Full review of F&B and implementation of enhanced tariffs on certain events
- New approach to recharging across Marketing and Backstage (which has seen a 30% increase in revenue from recharges)
- Targeting co-production opportunities, which will see BEAM generate passive revenue from touring productions

2.37 These tactics are working and we've seen average daily sales grow by almost 30% for Q2, compared to Q1. We expect the position to continue to improve over Q3, especially as move through panto season where pre-sales are performing strongly.

2.38 Given the number of unknowns as a brand new business, it is challenging to accurately forecast the year-end position, so we are taking a cautious approach. But the growth that has been achieved since the implementation of new strategies gives us cause for reassurance and mitigates against the issues outlined in (2.34).

2.38 We also need to be conscious of emerging challenges. As BEAM moves towards a full programme of activity across stage, screen and social, the staff structure will need revisiting. Currently it consists of a core team 22.82 FTE with casual staff brought in to support events where additional capacity is needed (eg. in the Welcome Team or Technical Team). This has worked so far, but we are at the absolute limit of what we can deliver with current resource and will need to prepare for continued activity growth, as well as the legislative changes that will impact minimum safe operating requirements and compliance as defined by the Terrorism (Protection of Premises) Act 2025.

The Business Plan

2.39 Now that we have a detailed understanding of BEAMs operation and the opportunities and challenges therein, we have spent some time modelling for the future and ensuring that BEAM is operating in line with a realistic business plan that combines excellence

across our programme and efficiency across our operation, with the central requirement to deliver a financial surplus.

- 2.40 The intention is to revise the business plan early in the new year. This will then need to be agreed and ready to be built into the Medium Term Financial Plan for 2027/28 and beyond. Where possible, revisions will be included in the 2026/27 budget.

3.0 Reason

- 3.1 Audit and Governance Committee have asked for an update on BEAM's position. It has now been open for a full year which provides a good basis for understanding its potential.

4.0 Options

- 4.1 N/A – no recommendations made other than for Audit and Governance Members to make recommendations to the BEAM Board or Executive Member for Wellbeing

5.0 Risks

- 5.1 The paper covers key areas of risk facing BEAM (see sections 2.28 – 2.29 and 2.34).

- 5.1 The paper covers key areas of risk facing BEAM (see

6.0 Implications/Consultations

- 6.1 N/A

Community Safety

N/A

Data Protection

N/A

Equalities

BEAM is a fully accessible building. In addition the BEAM Board have recently agreed an overall programming framework which sets out the principles behind programming. Ordinarily the venue will not programme events that are designed primarily to promote political parties, ideologies, or candidates, religious beliefs, contain extremist content or pose a risk to public safety, community cohesion, or are inconsistent with the Equality Act 2010 or any UK laws prohibiting discrimination or hate speech.

Environmental Sustainability

Beam recently won the sustainability prize at the UK Theatre Awards.

Financial

See sections 2.31 – 2.35

Health and Safety

N/A

Human Resources

N/A

Human Rights

N/A

Legal

N/A

Specific Wards

Yes – Hertford Castle

7.0 Background papers, appendices and other relevant material

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East Herts Council Report

Audit and Governance Committee

Date of meeting: Wednesday 26 November 2025

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

Report title: Strategic Risk Register Quarter 2 Monitoring 2025/26

Ward(s) affected: All Wards

Summary – This report provides the Committee with the corporate risk register for quarter two of 2025/26 and details how East Herts manage these risks to the Council.

RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:

- a) The 2025/26 quarter two corporate risk register and actions being taken to control and mitigate risk be considered and noted.

1. Background

- 1.1. The Leadership Team reviews the content of the corporate risk register quarterly and provides updates that are relayed within this monitoring report to Audit & Governance Committee.
- 1.2. The Corporate Risk Register is attached at Appendix A. The format concentrates on key risks and is very focussed on control and mitigation actions.

2. Risk Register results for quarter 2

- 2.1. Leadership Team has set a risk tolerance level. Risks above the tolerance level are actively managed and regularly reviewed to ensure that contingency and mitigation action is being taken. Risks below the tolerance line are managed by Services. Services are responsible for keeping all risks under review and taking action to reduce the impact of the risk on the Council.

Impact	Likelihood			
	1	2	3	4
A				
B		9	2	1, 6
C		3, 4, 7	8	
D		5		

Table 1 Risk Score

2.2. Details of how risks are scored can be found below. Appendix A shows the comprehensive breakdown of each risk.

Likelihood	Score	Description	Likelihood of occurrence	Probability of occurrence	
	4	High	Monthly	The event is expected to occur or occurs regularly	
	3	Medium	Annually	The event will probably occur	
	2	Low	1 in 5 years	The event may occur	
	1	Very Low	Less frequently than 1 in 5 years	The event may occur in exceptional circumstances	

Impact	Score	Description	Financial	Reputation	Service / operation
	A	Critical	> £1m p.a.	Serious negative media	Catastrophic fall in service quality or long-term disruption to services
	B	Significant	£400,000 to £1m p.a.	Adverse national media	Major fall in service quality or serious disruption to services
	C	Marginal	£100,000 to £400,000 p.a.	Adverse local media	Significant fall in service quality
	D	Minor	< £100,000	Public concerns restricted to local complaints	Little impact to service quality

Table 2 Methodology of corporate risk scoring

- 2.3. The risk scores reflect control and mitigation measures (Residual scores) rather than the Inherent (before any action is taken to control) scores.
- 2.4. Leadership has recommended the inclusion of a new risk, 'Lack of Election Candidates' (Risk 9), on the corporate risk register. This reflects concerns as the Local Government Reorganisation (LGR) programme approaches its conclusion and elections are held for the shadow authority.
- 2.5. East Herts currently operates on an all-out election cycle every four years, with the next elections scheduled for May 2027. However, as this would fall only one year before the anticipated LGR implementation, it is likely that the Government may decide these elections do not proceed, allowing existing councillors to continue in their roles for an additional year. Despite this possibility, there remains a risk of reduced engagement or willingness among members to continue for the extended period, particularly as the council nears the end of its term. While the likelihood of having no representation is considered low, the potential impact on governance and continuity of representation warrants proactive monitoring and engagement with political groups to ensure stability.
- 2.6. All other risks on the corporate risk register remain unchanged following this review. However, Risk 8 – 'Staff and Skills' has undergone a thorough reassessment. While the overall risk scores remain the same, the description has been updated to reflect current challenges, particularly around recruitment and retention difficulties, which could lead to increased costs, service backlogs and failures. The risk also continues to recognise the need for staff to adapt to digital and agile ways of working to ensure that investment in systems and digital access channels is fully realised.
- 2.7. Mitigation measures have also been strengthened. These now include ongoing monitoring of recruitment activity and retention rates, a review of the corporate learning and development programme in light of Local Government Reorganisation (LGR), and the introduction of targeted training opportunities to

address skills gaps. The revised approach aims to reduce vacancies and agency costs, improve staff satisfaction and wellbeing, and ensure that the organisation maintains service delivery capability through a skilled and resilient workforce.

3. Implications / Consultations

Community Safety

No

Data Protection

The topic features within the corporate risk register.

Equalities

The topic features within the corporate risk register.

Environmental Sustainability

Climate change features within the corporate risk register.

Financial

Not specific but risk management can provide protection of budgets from unexpected losses. Better governance can be demonstrated, and the annual audit plan is risk based.

Health and Safety

Not specific but risk management can provide a safer environment across the District and all services for the benefit of the public, staff and our contractors.

Human Resources

No

Human Rights

No

Legal

Not specific but legal matters feature within the corporate risk register.

Specific Wards

No

4. Background papers, appendices and other relevant material

4.1. Appendix A Corporate Risk Register

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Reference	Risk Title	Impact	Likelihood	Likelihood reduction	LR Target Date	Impact Mitigation	IM Target Date	Residual Impact	Residual Likelihood	Progress Update	Risk Owner
1 - Financial Resources	Expenditure is likely to exceed the resources available to the council triggering a report in the public interest by the s.151 officer under section 114 (3) of the Local Government Finance Act 1988.	A	4	Updated Medium Term Financial Plan (October 2025) which plans for further reductions in net expenditure to reflect real terms reduction in council funding from Fair Funding 2.0 Annual savings plan been updated and new target over the medium term. Transforming East Herts Programme to deliver efficiencies and enable customers to access services 24/7 on the web site Reductions in non-essential capital expenditure and agreement to sell assets to realise capital receipt which will be applied to pay down debt. Revised BEAM business plan aims to support the MTFP with £200k per year		s.114 Report leading to appointment of Commissioners but also access to Government support Requesting CIPFA support prior to reaching s.114 threshold Requesting Government support although flexibility on capital receipts and further borrowing would be counter-productive BEAM business plan kept under review	On-going	B	4	Savings schedule been reviewed and updated as part of the MTFP October 2025 Monthly budget meetings with Leadership Team Updated MTFP went to October Executive Expedited asset disposal programme commenced	Brian Moldon
2 - Climate Change	Lack of mitigation of and adaptation to climate changes adversely impacts of service delivery	B	4	Declaration of Climate Emergency by Council Reducing carbon emissions from council operations - Climate Change Action Plan Seeking to influence residents to reduce carbon footprint for the district		Adaption Plan Business Continuity Plan Severe Weather section Emergency Plan including specific response plans to flooding etc. Health and Safety Policy details severe weather response Works to Great Amwell depot site taking account of flood risk assessment.		B	3	Adaption risk assessment substantially complete. Producing offsetting strategy and business case for carbon credits. All vehicles in council fleet now BEVs and in waste contract management that came in effect in May is using electric smaller vehicles and switching from diesel to hydrogenated vegetable oil (HVO) later in 2025/26 for the larger vegicles. Depot works due to go to Development Management Committee in autumn 2025. Council's carbon emissions report, which includes a discussion of routes to net zero carbon, set to be published by end of October 2026	Jonathan Geall
3 - District Plan	District Plan not up to date leading to a developer led system, resulting in unsustainable, unplanned, piecemeal development across the district without the required supporting infrastructure such as roads, schools, healthcare facilities etc.	A	2	By Executive / Council Budget for evidence studies in place, including reserve. Evidence base updated in line with the National Planning Policy Framework and Planning Practice Guidance. Legal requirements including the Duty to Co-operate met.	Mar-26	Programme of work agreed for the preparation on the new District Plan. Resources in place to progress the new District Plan. Duty to Co-operate complied with. New District Plan is legally compliant and in conformity with the NPPF.	Mar-26	C	2	Formal work on the new District Plan will start in 2026 under the new planning system. In the meantime, we have undertaken the following preparatory work: •Agreed a revised timetable for the preparation of the new District Plan in the form of a Local Development Scheme (LDS). The LDS sets out the key plan-making stages and timetable for the new District Plan and takes account of the Government's plan-making reforms. •Undertaken 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. •Produced an updated Statement of Community Involvement. •Developed a Strategic Vision 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. Community Engagement on the Vision was planned to take place in September/October 2025, however, this has been postponed pending publication of the secondary legislation which will implement the LURA's plan-making provisions. •Commenced work on a District Design Code. •Started work on updating our evidence base including – Green Belt Review, Employment Land Review, Buntingford Employment Study 2025, Open Space and Sports Facilities Assessment, Village Hierarchy Study, and LCWIP.	Sara Saunders
4 - Key Contractor	A key major contractor of the council fails meaning that services stop altogether e.g the refuse contractor fails and streets are not swept and bins are not emptied	C	3	Monitoring of major contractors for risks of business failure Parent Company Guarantee/Performance Bond Contract compliance procedure should note issues locally such as recruitment freeze or other issues that may indicate financial health issues with company		Local Authority Trading Company ready to activate to take over service provision Business Continuity Plans Performance Bonds or parent company guarantee	On-going	C	2	Continued monitoring of positions. The new waste contract with Veolia is currently in mobilisation, and the Council will continue to monitor this as the new service is rolled out.	James Ellis
5 - Governance	There is a governance failure caused by a lack of policies, procedures and internal controls leading to loss of legal cases on process and/or loss of assets	B	4	All Executive, Committee and Council reports require sign off by legal and finance to ensure Compliance with budget and policy framework and current legislation. List of policies maintained with review dates. Information Governance function strengthened to ensure compliance with data protection and Freedom of Information. Ensuring Equalities Impact Assessments are completed for all policies		In house legal staff in place with few vacancies therefore capacity available to address issues that arise unexpectedly. Internal audit provided by Shared Internal Audit Service using assurance mapping methodology which allows for all assurance levels to be seen and assessed. Monitoring Officer and s.151 officer work closely together and horizon scan for potential issues		D	2	Minor amendments to Constitution to reflect legislation changes made. HR policies have been amended for legislative change.	James Ellis
6 Ransomware attack deletes data	A successful ransomware attack would render the council's IT systems completely inoperative for an extended period. This would paralyze all council operations, preventing it from collecting revenues, calculating and paying benefits, paying staff and suppliers, and executing any regulatory or enforcement actions.	A	4	We patch all systems and have updated firewalls and anti-virus software for the network. Databases are moved, operating systems use support releases, and laptops are protected with AV and firewall systems. System access requires 2-factor authentication. Staff complete mandatory data protection and cyber security training.	WiFi - completed July 2025	Rubrik backs up our on-premises systems for a duration of 42 days. The most recent three backups are retained on the Rubrik appliance located in Daneshill, and all backups, including these three, are stored in the Rubrik Cloud Vault. Rubrik identifies indicators of compromise in our backups, allowing us to either revert to a clean backup (up to 42 days old) or recover the latest backup to an isolated network environment, remove the compromise, and then restore from the backup. We also maintain snapshots on the Pure arrays. A snapshot is created on the array volume every four hours, with all snapshots retained on the array volume for one week. Additionally, we keep a consolidated snapshot per day for an additional five days. This results in six snapshots per day, which are kept for five extra days beyond the current setup, totaling 42+5 (consolidated) snapshots.	On-going	B	4	Our systems are presently undergoing scheduled updates as we transition business platforms to the New Vision system. Office Wi-Fi networks have been upgraded to deliver enhanced coverage and strengthened security. As part of our IT restructuring initiative, a dedicated cybersecurity team has been established to bolster our protective measures; nevertheless, it should be acknowledged that ransomware threats cannot be entirely eliminated. In 2024/2025, a total of 588 cyberattacks were detected and prevented, with 371 incidents successfully intercepted to date this year.	Helen Standen
7 - Major Data Breach	A major data breach of sensitive personal data occurs causing reputational damage and the Information Commissioner to fine the Council	A	3	Mandatory staff training Laptop/mobile device security Confidential waste shredded		Mandatory staff training Data Protection and Privacy Statements Culture of reporting all breaches and learning from each breach		C	2	The Cyber Police training course has been well received and uptake has been very high. IT will provide a half yearly update on any non compliance.	James Ellis
8 - Staff and skills	Recruitment and retention difficulties result in the lack of the right staff to deliver services leading to increased costs, service backlogs and failures. Staff are not necessarily skilled up to perform work in a digital environment and to work in an agile ways means that investment in systems and digital access channels is wasted.	B	4	Monitor recruitment activity, retention rates and impact on service delivery. Review of corporate learning and development programme in light of LGR. Commercial skills training requirements identified. Annual learning and development opportunities identified as part of the annual review process.	Ongoing to March 2026.	Reduction of vacancies and reduced agency costs. Targetted learning and development opportunities resulting in increased staff satisfaction and well being.	On-going	C	3	A revised Leadership Team structure has been taken forward to ensure decision making is taken at the most efficient and cost effective level. New structure has been implemented and a further review is underway to apply the findings further down the organisation.	Helen Standen
9 - Lack of election candidates	As LGR reaches a conclusion, and elections are held for the shadow authority, that the District Council experiences a scarcity of people willing to stand for election and serve as councillors at the District level, especially since the District Council would only have a limited time left until it ceased to exist.	A	2	There has not been any suggestion that standing for election for the shadow authority would preclude a councillor from remaining as a councillor at District level. The risk would be reduced if the government were to legislate to do away with the need for elections at District level in 2027, which is when East Herts would next be going out to election. It is also unlikely that there would be no candidates at all willing to stand for election.	Unknown, will be for the government to decide.	So long as the council is quorate, then a scarcity of candidates would not impact on the council's ability to conduct its business per se. Senior officers could speak with group leaders to ensure that they are identifying suitable candidates for any upcoming elections.	Early 2027	B	2	Continued monitoring of position as the LGR programme reaches its conclusion.	Helen Standen

East Herts Council Report

Audit and Governance Committee

Date of meeting: Wednesday 26 November 2025

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

Report title: Financial Management 2025/26 - Quarter 2 Forecast to Year End

Ward(s) affected: (All Wards); All

Summary –

- The net revenue budget for 2025/26 is £ 20.134m as set out in Table 1. The forecast yearend outturn as of 30th September 2025 predicts an overspend of £509k.
- The revised capital budget for 2025/26 is £11.485m, as set out in Appendix C. The forecast outturn is £10.763m giving a variance of £722k.

RECOMMENDATIONS FOR Audit and Governance:

- a) Note and consider the net revenue budget end of year projected overspend of £509k.
- b) Accept the additional Heritage Lottery capital fund grant of £238k for Hertford Castle Greenspace renewal and reflect this additional resource in the capital programme.
- c) Note and consider the capital programme forecast outturn underspend of £722k.

1. General Fund

1.1. The 2025/26 Medium Term Financial Plan (MTFP), revenue budget and capital programme were approved by Council on 26th February 2025. The 2025/26 net revenue budget is £20.134m, the table below shows the budget alongside the 2025/26 forecast outturn as at quarter 1. A full breakdown of the revenue budget and forecast can be found in **Appendix A** and an explanation of key variances in **Appendix B**.

Table 1: Revenue Budget and End of Year Forecast Outturn	2025/26 Budget	2025/26 Forecast Outturn	Variance
	£'000	£'000	£'000
Net Cost of Services (NCS)	15,920	16,731	811
Total corporate budgets	4,377	4,005	(372)
Total reserve movements	(164)	(94)	70
Net Revenue Budget	20,133	20,642	509
Total funding	(7,008)	(7,008)	-
Funded by Council Tax	(13,131)	(13,131)	-
Overspend/Underspend	(6)	503	509

- 1.2. The forecast position for the Net Cost of Services has improved since Quarter 1 by £77k, and by £280k across the Net Revenue Budget. There have been modest gains in the Place Directorate (£47k) and Regeneration (£21k), while Finance and Risk Performance has improved by £131k. However, Communities has deteriorated by £208k, primarily due to ongoing pressures at Rapier House following the need to rehouse the grounds maintenance contractor from Buntingford Depot as a result of the new waste services contract.
- 1.3. Legal Policy and Governance are also showing a net pressure of £58k. It should also be noted that the Waste service previously reported under Communities in quarter 1 has been moved to Legal Policy and Governance.
- 1.4. There has also been an improvement in the Minimum Revenue Provision estimate which shows under corporate budgets of £203k and a net improvement of £70k across interest payment on loans and interest receivable. It is proposed that this improvement is contributed to reserves.

1.5. The Net Cost of Services (NCS) budget of £15.921m includes the saving proposals of £3.409m that were approved as part of the budget. The table below shows “RAG” rating of the savings as at quarter 2.

RAG Rating	Numbers of Measures	£'000s
Red	6	129
Amber	2	93
Green	37	3,187
Total	45	3,409

1.6. A red rating is where the saving cannot be achieved and the value of that is shown in the table. Amber is where savings have in part been achieved and the value represents what is forecast to not be achieved in the current year, but most likely to be fully achieved in the following financial years due to timing, and green is where the savings have been achieved. Appendix B shows the key variances and picks up on where there are more significant savings variances.

1.7. Where savings are rated red, the service are reviewing whether they can be delivered. The savings that were deemed unachievable, were presented as part of the Medium Term Financial Plan presented to Executive in October.

2. Capital Programme

2.1. The capital budget has been revised and increased to £11.485m for 2025/26. This now reflects the new capital grant resource from the Heritage Lottery Fund which was a successful bid for additional monies for the design phase of the project’s final development of £238k. The forecast outturn shows a variance of £722k underspend on the year. A summary of the Capital Programme is provided below, with further detail available within Appendix C.

	Revised Budget 2025/26	Forecast Outturn 2025/26	Variance 2025/26
	£'000s	£'000s	£'000s
Land and Buildings	2,019	1,887	(132)

Infrastructure	38	33	(5)
Vehicles, Equipment and Intangible Software	8,760	8,175	(585)
Community Assets	349	349	0
Revenue Expenditure funded as Capital under Statute (REFCUS)	319	319	0
Current Capital Programme Total	11,485	10,763	(722)

2.2. An underspend of £722k is forecast, these are:

- Old River Lane project there is no further expenditure for the main scheme, and an underspend of £70k is being reported.
- There is a revised Q2 forecast underspend of £297k against the ICT rolling programme. The marginal movement is due to changes in hardware costs. This budget will be reviewed as part of the 2026/27 budget setting.
- There is an underspend on Pinehurst Community Hall due to the Councils contribution of £62k no longer being required. The remaining budget of £118k is a time sensitive S106 contribution that is to be used for play equipment.
- A small underspend on the Bridges programme of £5k.
- There is a reported underspend on the Transformation Programme of £288k. The forecast expenditure of £212k for this programme is for Customer Relationship Management system (CRM) upgrades the underspend is likely to be a carry forward request later in the year.

3. Debtors

- 3.1. The outstanding debt as at the end of September was £1.967m which is a reduction on the position reported in quarter 1 that was £2.515m. Debt greater than 180 days is £1.054m 54% of the total, an increase of £2k. The debt when compared to the position at the end of July has decreased by £547k.
- 3.2. Chasing of the aged debts continues to be worked on. Appendix D shows the profile of the aged debt.

4. Reason(s)

- 4.1. Section 28 of the Local Government Act 2003 requires the council to monitor the budget and monitor and assess the adequacy of

reserves and balances during the year. East Herts Council's financial management framework requires quarterly reports to Audit and Governance Committee and the Executive with forecasts to year end.

- 4.2. The Executive is required to consider the budget forecasts and ensure that action is taken in relation to any expenditure overspends or any underachievement of income so that the council's financial resources are not exceeded.

5. Options

- 5.1. Not applicable.

6. Risks

- 6.1. The finance implications are contained within the report.

Community Safety

None arising from this report.

Data Protection

None arising from this report.

Equalities

None arising from this report.

Environmental Sustainability

None arising from this report.

Financial

All financial implications are included in this report.

Health and Safety

None arising from this report.

Human Resources

None arising from this report.

Human Rights

None arising from this report.

Legal

Section 28 of the Local Government Act 2003 requires the council to monitor the budget and monitor and assess the adequacy of reserves and balances during the year. East Herts Council's financial management framework requires the quarterly reports to Audit and Governance Committee and the Executive with forecasts to year end.

Specific Wards

No

6.0 Background papers, appendices and other relevant material

6.1

Appendices	
A	2025/26 Revenue Budget & Forecast Outturn
B	2025/26 Significant variances
C	2025/26 Capital Programme and Forecast Outturn
D	Quarter 2 Debtors position

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2025/26 Revenue budget - Qtr 2 Forecast outturn position

Appendix A

		2025/26 budget	Forecast outturn	Q2 Variance	Notes	Q1 Variance (Memo item)
		£'000	£'000	£'000		£'000
Net Cost of Services	Chief Exec & Corp Support Team	305	267	(37)		(34)
	Communities	2,253	2,666	413	1	205
	Centrally Managed Costs	760	692	(68)		61
	Legal Policy & Governance	5,062	5,120	58	1	11
	Place	4,655	4,634	(20)	2	27
	Regeneration Customer & Commercial Services	(2,179)	(1,471)	708		729
	Finance, Risk Performance	5,065	4,824	(242)		(111)
	Total Net Cost of Services	15,921	16,731	811		888
Corporate Budgets	Fees & charges annual review	(100)	(100)	-		-
	Minimum Revenue Provision	1,634	1,431	(203)		-
	Interest Payments on loans	3,269	3,071	(198)		(174)
	Interest & Investment income	(1,000)	(971)	29		75
	Pension Fund Deficit contribution	637	637	-		-
	Executive Savings approved 2024/25 budget round	(63)	(63)	-		-
	Corporate Budgets Total:	4,377	4,005	(372)		(99)
Use of Reserves	Contributions to Earmarked reserves	-	70	70		-
	Contributions from Earmarked reserves	(164)	(164)	-		-
	Net Use of Reserves:	(164)	(94)	70		-
Net Cost of Services Total:		20,133	20,642	509		
Funding	Retained Business Rates - Business Rates	(5,092)	(5,092)	-		-
	Retained Business Rates - Section 31 Grants	-	-	-		-
	Council Tax Demand on the Collection Fund	(13,131)	(13,131)	-		-
	(Surplus)/Deficit on collection fund	-	-	-		-
	General Government Grants	(582)	(582)	-		-
	New Burdens Funding - food waste collection	-	-	-		-
	Revenue Support Grant	(141)	(141)	-		-
New Homes Bonus Grant	(1,193)	(1,193)	-		-	
Non Departmental Budgets Total:		(20,139)	(20,139)	-		-
Total:		(6)	503	509		789

Notes

- 1 Waste services have been moved from Communities Directorate to Legal Policy & Governance
- 2 HR has been moved to the Place Directorate

Appendix B - Summary of Significant Variances - Quarter 2 2025-2026

Budget Area	2025-2026 Budget £ 000's	Forecast Outturn £ 000's	Variance £ 000's	Reason for Variance
Chief Exec & Corp Support Team	305	267	(37)	Minor Staffing Variances
Communities	2,253	2,666	413	
Strategic Property	1,163	1,567	404	Strategic property is reporting a pressure of £404k, of which £211k of this relates to Rapier House for the loss of rent £115k plus a £106k pressure for security costs and £14k on utilities, this is due to the temporary re-location of the grounds maintenance contractor from the Buntingford Depot as a result of the new Waste Contractor changes. There is also a £114k pressure on Northgate end flats, due to required security costs and council tax. In addition 14-16 Water Lane is currently void giving a £35k pressure on unachieved rent. There are also a range of other smaller pressures, including a salary pressure £21k in part due to sickness.
Housing Service	518	515	(3)	Although Housing is close to a balanced forecast, it is worth noting that Temporary Accommodation which is grant funded is running at a higher rate than last year with a current forecast spend of £847k, the prior year was £607k. There have also been some increased costs on Hostels however this still remains with budget.
Licensing & Enforcement	64	128	64	There is a £14k pressure on licence fees and £36k shortfall on a recharge for a staffing to another council where the arrangement is no longer active, a net 14k cost pressure on markets, plus a £14k pressure on agency workers due to vacancies.
Community & Well being Partnership	450	375	(76)	This is due staff vacancies that are being held.
Other Variances	58	81	23	minor variances
Centrally Managed Costs	760	692	(68)	
Legal Policy & Governance	5,062	5,120	58	
Improvement and Insight	292	354	62	An income target of £60k for staff recharges to other councils for project work which is no longer achievable in full for 2025-2026 as the arrangement has now finished
Legal Services	427	399	(28)	The underspend is due to a vacant planning solicitor and a trainee post. minor variances - Final "True Up" of contract costs are still being discussed North Herts District Council is leading on this.
Waste Services	3,312	3,321	9	Staffing pressure which is being supported the underspend on staffing in Legal services.
Democratic Services	944	982	38	minor variances
Other Variances	88	64	(24)	minor variances
Place	4,655	4,634	(20)	
Planning and Gilston Garden Town	2,357	2,181	(176)	There is a forecast overachievement of planning income of £99k plus a reduction in the previously forecast Gilston judicial review costs that are likely to land in the current year. However it is worth noting that there is still a large net pressure on staffing costs due to the use of agency. Whilst there has been successful recruitment in other areas of planning, the use of agency is due to a shortage of experienced planners at a principal level in Development Management. Recruitment continues in this area, but in the interim the work is covered by agency staff similar to the position at the end of 2024-2025.
Landcharges	(19)	37	56	Landcharge income is now showing a pressure based on performance to date. Uncertainty in the housing market is having an impact activity due to speculation of what the November budget will bring forth in relation to further tax changes, plus the dampening effect of the SDLT implemented last April.
Parks & Open Spaces	1,457	1,409	(48)	Forecast underspend on grounds maintenance budgets, and a reduction in grants paid by the Council.
Leisure Services	(888)	(748)	140	Pressure on the profit share budget target plus additional costs relating to vat agency advice £14k, unbudgeted NNDR of £30k relating to the Ward Freeman Pool, as this has yet to be transferred due to the Community Pool issue.
Environmental Health	1,062	1,058	(4)	Minor variances - staffing
Other Variances	685	698	12	Minor variances
Regeneration Customer & Commercial	(2,179)	(1,471)	708	
Carparking	(3,353)	(2,976)	376	Although the net movement for Parking is negligible from Q1, it should be noted that the parking income forecast has improved by £125k this has been netted down by a pressure from the car park cleansing contract from Veolia £54k increase for full year impact, a lesser pressure on PCN Income of £12k, NNDR / BID charges of £26k (Bishop Stortford) and signage costs expected for tariff changes of £29k. As reported in Q1 there is still a £210k pressure on NNDR across the 3 multi storey carparks plus a revised pressure of £165k for the cleansing contract.
Beam - Theatre	(200)	67	267	There is a pressure of £267k for the Theatre overall. This means the current forecast is that instead of making a £200k surplus for the year, BEAM will make a loss of £67k. An update on the overall position is being provided to Audit and Governance on the 26 th November and Q3 will be important quarter in terms of the panto and other shows which are expected to do well.
Customer Services	967	1,001	34	Agency for temps to cover garden waste administration as a result of the new waste service (Veolia) arrangements being instigated.
Comms & Digital Media	401	436	35	A net pressure due to agency costs covering the ORL project manager role.
Other Variances	6	1	(5)	minor variances
Finance, Risk Performance	5,165	4,923	(242)	
ICT Shared Service	2,971	2,830	(141)	ICT underspend on shared service due to staffing vacancies
Other Variances	2,194	2,094	(101)	Technical adjustments including the writing back of a bad debts as the account was settled and the provision is no longer required into the accounts
Total Variances	16,021	16,831	811	

Appendix C

Capital Forecast Outturn Quarter 2 - September 2025

	Carry Forward from 2024/25 £'000	Revised Budget 2025/26 £'000	Forecast Outturn 2025/26 £'000	Variance 2025/26 £'000
Land and Buildings				
Investment in operational assets	80	392	392	-
Depot Upgrades	681	681	681	-
Hertford Theatre	311	311	311	-
Old River Lane - Town Centre Regeneration	-	205	135	(70)
Pinehurst Community Hall	180	180	118	(62)
Capital contingency - Major projects	-	250	250	-
Infrastructure				
Bridges	-	38	33	(5)
Vehicles, Equipment and Intangible Software				
Rolling programme to be utilised on ICT projects subject to ITSG review	-	407	110	(297)
BEAM Website replacement	-	43	43	-
Refuse & Recycling - cleansing vehicles	6,130	6,130	6,130	-
Refuse & recycling - containers	1,680	1,680	1,680	-
Transformation Programme	-	500	212	(288)
Community Assets				
Hertford Castle Grounds - Development Phase - HLF	32	270	270	-
Parks & Open Spaces	79	79	79	-
Revenue Expenditure Funded as Capital Under Statute (REFCUS)				
Warmer Homes - WH:LG	-	319	319	-
Current Capital Programme Budget Total	9,173	11,485	10,763	(722)

Appendix D

EastHerts District Council - Aged Debt Analysis - September 2025

Outstanding Debt as at July 2025	Balance Outstanding	30 Days	30 - 60 Days	60 - 90 Days	90 - 120 days	120 - 180 Days	180+ days
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Outstanding Debt 30 Sept	1,967.7	300.7	190.9	224.6	123.1	73.9	1,054.5
Outstanding Debt 31 July	2,515.1	765.9	370.8	142.7	42.6	140.5	1,052.6
Increase / (Decrease) to March 2025	(547.4)	(465.2)	(179.9)	81.9	80.5	(66.6)	1.9
Percentage Spread of Debt Across Periods		15%	10%	11%	6%	4%	54%
Percentage (Reduction) / Increase in Debt from 31 July	(22%)	(61%)	(49%)	57%	189%	(47%)	0.2%

Agenda Item 12

East Herts Council Report

Audit and Governance Committee

Date of meeting: Wednesday 26 November 2025

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

Report title: Treasury Management 2025/26 Mid-Year Review

Ward(s) affected: None

Summary – The report contains the Council’s Mid-Year Treasury Management Review for 2025-26.

RECOMMENDATIONS FOR AUDIT & GOVERNANCE COMMITTEE:

- a) Members examine and comment on the Mid-Year Treasury Management Review and Prudential Indicators for 2025/26.

1.0 Proposal(s)

- 1.1 That Members examine and comment on the Mid-Year Treasury Management Review and Prudential Indicators for 2025/26 (Appendix A).

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 2025/26.

4.0 Options

- 4.1 Members can suggest amendments or additions to the Mid-Year Treasury Management Review 2025/26.

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

No.

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 2025/26 Medium Term Financial Plan.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

Yes

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

No

7.0 Background papers, appendices and other relevant material

- 7.1 Appendix A – Mid Year Treasury Management Review 2025-26.

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Treasury Management Mid-Year Review 2025/26

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 mid-year and annual outturn reports.

The Authority's treasury management strategy for 2025/26 was approved at Council on 26th February 2025. 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: The first quarter was dominated by the fallout from the US trade tariffs and their impact on equity and bond markets. The second quarter, still rife with uncertainty, saw equity markets making gains and a divergence in US and UK government bond yields, which had been moving relatively closely together.

From late June, amid a UK backdrop of economic uncertainty, concerns around the government's fiscal position and speculation around the autumn Budget, yields on medium and longer term gilts pushed higher, including the 30-year which hit its highest level for almost 30 years.

UK headline annual consumer price inflation (CPI) increased over the period, rising from 2.6% in March to 3.8% in August with no change in September, still well above the Bank of England's 2% target.

The UK economy expanded by 0.7% in the first quarter of the calendar year and by 0.3% in the second quarter. In the final version of the Q2 2025 GDP report, annual growth was revised upwards to 1.4% year on year. However, monthly figures showed zero growth in July, in line with expectations, indicating a sluggish start to Q3.

The BoE's Monetary Policy Committee (MPC) cut Bank Rate from 4.5% to 4.25% in May and to 4.0% in August. In September, seven MPC members voted to hold rates while two preferred a 25bps cut. The Committee's views still differ on whether the upside risks from inflation expectations and wage setting outweigh downside risks from weaker demand and growth.

The August BoE Monetary Policy Report highlighted that after peaking in Q3 2025, inflation is projected to fall back to target by mid-2027, helped by increasing spare capacity in the economy and the ongoing effects from past tighter policy rates. GDP is expected to remain weak in the near-term while over the medium term outlook will be influenced by domestic and global developments.

Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would be cut further as the BoE focused on weak GDP growth more than higher inflation. One more cut is currently expected during 2025/26, taking Bank Rate to 3.75%. The risks to the forecast are balanced in the near-term but weighted to the downside further out as weak consumer sentiment and business confidence and investment continue to constrain growth. There is also considerable uncertainty around the autumn Budget and the impact this will have on the outlook.

Financial markets: After the sharp declines seen early in the period, sentiment in financial markets improved, but risky assets have generally remained volatile. Early in the period bond yields fell, but ongoing uncertainty, particularly in the UK, has seen medium and longer yields rise with bond

investors requiring an increasingly higher return against the perceived elevated risk of UK plc. Since the sell-off in April, equity markets have gained back the previous declines, with investors continuing to remain bullish in the face of ongoing uncertainty.

Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.70%. However, these six months saw significant volatility with the 10-year yield hitting a low of 4.45% and a high of 4.82%. It was a broadly similar picture for the 20-year gilt which started at 5.18% and ended at 5.39% with a low and high of 5.10% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.19% over the six months to 30th September.

Credit review: Arlingclose maintained its recommended maximum unsecured duration limit on the majority of the banks on its counterparty list at 6 months. The other banks remain on 100 days.

Early in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank's long-term A- rating on Rating Watch Positive. While Moody's downgraded the long term rating on the United States sovereign to Aa1 in May and also affirmed OP Corporate's rating at Aa3.

Then in the second quarter, Fitch upgraded Clydesdale Bank and also HSBC, downgraded Lancashire CC and Close Brothers while Moody's upgraded Transport for London, Allied Irish Banks, Bank of Ireland and Toronto-Dominion Bank.

After spiking in early April following the US trade tariff announcements, UK credit default swap prices have since generally trended downwards and ended the period at levels broadly in line with those in the first quarter of the calendar year and throughout most of 2024.

Overall, at the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

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 2025, the Authority had net borrowing of £48.5m 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

	31.3.25 Actual £m	31.3.26 Forecast £m
General Fund CFR	61.8	68.5
Less: *Other debt liabilities	-	-
External borrowing**	64.5	66.5
Internal / (over) borrowing	(2.7)	2.0
Less: Balance sheet resources	(34.1)	(18.0)
Net Borrowing (External borrowing - Balance sheet resources)	30.4	48.5

* 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

	31.3.25 Balance £m	Movement £m	30.9.25 Balance £m	30.9.25 Ave. Rate %
Long-term borrowing				
- PWLB	1.5	-	1.5	8.875
- LOBOs	-	-	-	-
- Other	-	-	-	-
Short-term borrowing	63.0	(3.0)	60.0	4.57
Total borrowing	64.5	(3.0)	61.5	
Long-term investments *	(9.9)	9.9	-	-
Short-term investments **	(2.9)	0.3	(2.6)	-
Cash and cash equivalents	(21.3)	(5.5)	(26.8)	3.97
Total investments ***	(34.1)	4.7	(29.4)	
Net borrowing	30.4	1.7	32.1	

* Reduction in long-term investments is due to the return of property funds & reclassification to short term investments.

** Short term investments relate to Lothbury Property Fund, moved from long term investments due to the fund being wound down.

*** Although property funds have been returned, investment levels, as at 30.09.25 have still reduced due to large expenditure items e.g. waste vehicles and bins, parish precepts.

Borrowing Strategy and Activity

As outlined in the treasury strategy, the Authority's chief objective when borrowing has been to strike an appropriate 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.

After substantial rises in interest rates since 2021 central banks have now begun to reduce their policy rates, albeit slowly. Gilt yields however have increased over the first of this year amid concerns about inflation, the UK government's fiscal position and general economic uncertainty.

The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.53% at the end. The lowest available 10-year maturity certainty rate was 5.17% and the highest was 5.62%. Rates for 20-year maturity loans ranged from 5.71% to 6.30% during the period, and 50-year maturity loans from 5.46% to 6.14%. The cost of short-term borrowing from other local authorities has been similar to Base Rate during the period at 4.0% to 4.5%.

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 no plans to borrow to invest primarily for financial return.

Loans Portfolio: At 30th September the Authority held £61.5m of loans, a decrease of £3m from 31st March 2025, as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 30th September are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.25 Balance £m	Net Movement £m	30.9.25 Balance £m	30.9.25 Rate %	30.9.25 Maturity (years)
Public Works Loan Board	1.5	-	1.5	8.875	30 yrs
Public Works Loan Board	25.0	-	25.0	4.840	<1 yr
Public Works Loan Board	25.0	-	25.0	4.860	<1 yr
Local authorities (short-term)	10.0	-	10.0	4.150	<1 yr
Local authorities (short-term)	3.0	(3.0)	-	-	
Total borrowing	64.5	(3.0)	61.5		

The Authority is still opting to keep most borrowing short term, waiting for the longer term PWLB certainty rate to reduce.

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.

Loans restructuring: The continuing rise in gilt yields since early 2022 resulted in some local authority PWLB loans being in or close to a discount position if repaid early. Unfortunately, due to the high-interest rate East Herts is locked into we are not yet in a discounted but are constantly reviewing this position with our advisors Arlingclose.

Other Debt Activity

None.

Treasury Investment Activity

The CIPFA Treasury Management Code 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 significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the half year, the Authority's investment

balances ranged between £35 and £26 million due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.25 Balance £m	Net Movement £m	30.9.25 Balance £m	30.9.25 Income Return %	30.9.25 Weighted Average Maturity days
Banks & building societies (unsecured)	9.5	(0.2)	9.3	3.77	Call
Government	-	10.2	10.2	3.96	20 Days
Local authorities and other govt entities	7.0	(7.0)	-	-	-
Money Market Funds	4.8	2.5	7.3	4.18	Call
Property Funds	12.8	(10.2)	2.6	-	N/A
Total investments	34.1	(4.7)	29.4		

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 4.50% to 4.25% in May 2025, followed by a further reduction to 4.00% in August 2025. Short term interest rates have largely followed these levels. The rates on DMADF deposits ranged between 4.45% and 3.95% and money market rates between 4.5% and 3.9%.

Externally Managed Pooled Funds: The Authority held two property funds at the beginning of the financial year, both of which were being wound down. One fund has now been returned, the other is still being wound down but likely to complete by the end of the financial year.

Most asset classes achieved positive performance over the first half of the 2025/26 financial year, although conditions remained volatile and heavily influenced by political and macroeconomic developments.

The most notable market shock came early in the period when US President Trump announced his 'Liberation Day' tariffs on 2 April, triggering sharp falls in global equity and bond markets. Sentiment improved once the US administration softened its stance and markets recovered relatively swiftly, although uncertainty lingered.

Global trade tensions easing, resilient profits, optimism on artificial intelligence, interest rate cuts, rising gold prices, and other factors contributed to equity markets generally performing strongly across the half year despite economic uncertainties. The likes of the S&P 500 in the US and FTSE 100 in the UK hit all-time highs during the period.

Fixed income (bond) markets remained volatile as investors weighed political risks alongside concerns over fiscal sustainability. While not matching the strength of equities, corporate bonds generally achieved positive returns. However major longer-dated government bonds saw a rise in yields over the period (meaning prices fell), particularly in the UK where concerns over fiscal issues and sticky inflation saw 30-year gilt yields reaching highs not seen since the late 1990s.

The gradual improvement in UK commercial property continued. Capital values recorded marginal gains, while total returns were driven largely by rental income.

Statutory override: Further to consultations in April 2023 and December 2024 MHCLG wrote to finance directors in England in February 2025 regarding the statutory override on accounting for gains and losses in pooled investment funds. On the assumption that when published regulations follow this policy announcement, the statutory override will be extended up until the 1 April 2029 for investments already in place before 1 April 2024. The override will not apply to any new investments taken out on or after 1 April 2024. The Authority is using its interest equalisation reserve to mitigate any losses on principal value, from the two property funds, that we held. One fund has already been returned, and the last fund is almost completely wound down, with the last few asset sales expected to complete by year end. Therefore, we should be unaffected by the statutory override as we have no plans to invest in pooled funds in the future.

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 Ministry of Housing, Communities and Local Government (MHCLG) and Welsh Government also includes within the definition of investments all such assets held partially or wholly for financial return.

The Authority also held £5.156m of such investments in

- shareholding in subsidiaries £1.656m
- loans to subsidiaries £3.5m

Which represents the Authorities loans to and shareholding in Millstream Property Investments Ltd.

Compliance

The Director for Finance, Risk and Performance 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. Compliance with specific investment limits is demonstrated in table 5 below.

Table 5: Investment Limits

	2025/26 Maximum	30.9.25 Actual	2025/26 Time Limit	Complied
The UK Government	Unlimited	£10.2m	50 years	Yes
Local authorities & other government entities	£20m	-	3 years	Yes
Secured investments *	£20m	-	3 years	Yes
Banks (unsecured) *	£20m	£9.3m	13 months	Yes
Building societies (unsecured) *	£20m	-	13 months	Yes
Registered providers (unsecured) *	£5m	-	3 years	Yes
Money market funds *	£20m	£7.3m	n/a	Yes
Strategic pooled funds	£20m	£2.6m	n/a	Yes
Real estate investment trusts	£20m	-	n/a	Yes
Other investments *	£1m	-	3 years	Yes

Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 6 below.

Table 6: Debt and the Authorised Limit and Operational Boundary

	30.9.25 Actual	2025/26 Operational Boundary	2025/26 Authorised Limit	Complied?
Borrowing	£61.5m	£75m	£100m	Yes
PFI and Finance Leases	-	N/A	N/A	Yes
Total debt	£61.5m	-	-	-

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.

	31.3.25 Actual	31.3.26 Forecast
CFR	61.8	68.5
Less: Balance sheet resources	(36.6)	(20.0)
Net loans requirement	25.2	48.5
Plus: Liquidity allowance	5.0	5.0
Liability benchmark	30.2	53.5
Existing borrowing	64.5	68.0

Whilst borrowing may be above the liability benchmark, strategies involving borrowing which is significantly above the liability benchmark carry higher risk.

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	30.9.25 Actual	Complied ?
Under 12 months	100%	0%	97.6%	Yes
12 months and within 24 months	100%	0%	0%	Yes
24 months and within 5 years	50%	0%	0%	Yes
5 years and within 10 years	50%	0%	0%	Yes
10 years and above	75%	0%	2.4%	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:

	2025/26	2026/27	2027/28	No fixed date
Limit on principal invested beyond year end	£0m	£0m	£0m	£10m
Actual principal invested beyond year end	£0m	£0m	£0m	£0m
Complied	Yes	Yes	Yes	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.

For information, the changes in interest rates during the half year were:

	<u>01/04/25</u>	<u>30/09/25</u>
Bank Rate	4.50%	4.00%
1-year PWLB certainty rate, maturity loans	4.82%	4.58%
5-year PWLB certainty rate, maturity loans	4.94%	4.95%
10-year PWLB certainty rate, maturity loans	5.38%	5.53%
20-year PWLB certainty rate, maturity loans	5.88%	6.14%
50-year PWLB certainty rate, maturity loans	5.63%	5.98%

Agenda Item 13

East Herts Council Report

Audit and Governance Committee

Date of meeting: Wednesday 26 November 2025

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

Report title: Medium Term Financial Plan 2026-2031

Ward(s) affected:

Summary – The report outlines East Herts Council’s strategic financial planning framework for the five-year period from 2026/27 to 2030/31. It sets out the Council’s approach to forecasting core resources, including business rates, central government grants, and council tax, and models different scenarios based on national policy developments and local economic conditions. The report also details the assumptions used for inflation, tax base growth, and funding allocations, and presents a structured financial timetable for decision-making and budget-setting.

It also identifies key pressures and adjustments that will be incorporated into the financial model, including inflationary assumptions, service-level budget changes, and expenditure revisions. These are supported by a savings programme that lists proposals for each year.

Finally, the report sets out the projected budget gap for each year and the Council’s approach to managing this through further savings identification and reserve planning. It includes an assessment of the adequacy of general fund balances and earmarked reserves and describes the governance arrangements for monitoring financial performance and updating the MTFP as required.

RECOMMENDATIONS FOR AUDIT & GOVERNANCE COMMITTEE:

- a) To consider and comment on the Medium-Term Financial Plan (MTFP) 2026–2031 as set out in Appendix A, along with the financial assumptions and modelling used to forecast resources and pressures over the MTFP period.

1.0 Introduction

- 1.1 The Medium-Term Financial Plan (MTFP) is a strategic financial document that underpins the Council's decision-making and long-term financial sustainability of East Hertfordshire District Council (EHDC). It is core to the ongoing delivery of the Council's Corporate Strategy and Capital Programme, ensuring that financial resources are allocated effectively to meet service demands and transformation goals.
- 1.2 Using forecasting techniques, this strategy sets out the Council's most likely MTFP, alongside other potential scenarios surrounding known pressures, national policy and economic issues and local factors. Good and effective financial management and planning not only enables the Council to respond to pressures and changes but also is good practice.
- 1.3 While discussions around Local Government Reorganisation (LGR) are ongoing, the MTFP does not currently incorporate any assumptions related to LGR. This is due to the absence of a confirmed timeline, scope or financial framework for reorganisation. Including speculative impacts at this stage would risk undermining the robustness of the financial planning process. The Council will continue to monitor developments and update the MTFP accordingly when more concrete information becomes available.

2.0 Economic Outlook

- 2.1 The UK economy continues to navigate a complex and uncertain landscape. According to the Bank of England's August 2025 Monetary Policy Report, inflation has moderated significantly from its 2022 peak of over 11% but remains volatile. CPI inflation rose to 3.5% in Q2 2025, driven by increase in energy, food and administered prices and is expected to peak around 4% in September before gradually returning to the 2% target in the medium term.

- 2.2 The Bank Rate has been reduced to 4%, reflecting progress in controlling inflation. However, the Monetary Policy Committee (MPC) remains cautious. Noting that wage growth, currently around 5% and services inflation 4.7% could sustain inflationary pressures. The MPC has adopted a gradual and responsive approach to further rate cuts, contingent on continued disinflationary trends.
- 2.3 UK GDP growth remains subdued, with projections of 1.2% in 2025 Q3, rising to 1.7% by 2028. A margin of slack has emerged in the economy, particularly in the labour market, which is expected to loosen further before recovering. The unemployment rate is forecast to hover around 4.8-4.9% over the medium term.
- 2.4 The Office for Budget Responsibility's (OBR) 2025 Forecast Evaluation Report highlights the lingering effects of recent economic shocks, including the COVID-19 pandemic, energy price surges and geopolitical instability. These factors have reshaped fiscal planning and introduced greater uncertainty into long-term projections.
- 2.5 Public Sector borrowing and debt remain elevated and while government receipts have broadly aligned with forecasts, expenditure pressures – particularly in health, welfare and local services continue to challenge fiscal sustainability. The OBR emphasises the need for robust scenario planning and resilient budget frameworks to manage volatility.
- 2.6 For East Herts District Council, the national outlook presents several implications:
- **Inflationary Pressures:** Rising costs in energy, wages and services will affect operational budgets and contract renewals.
 - **Interest Rate Sensitivity:** Changes in Bank Rate influence borrowing costs and treasury returns, impacting capital financing strategies.

- **Demand for Services:** Economic uncertainty may increase demand for council support services, including housing, benefits and hardship relief.
- **Income Volatility:** Discretionary income streams (e.g., fees and charges) may be affected by reduced consumer spending and business activity.

2.7 This means the Council must remain agile in its financial planning, incorporating national trends into local forecast and maintaining a strong risk management posture.

3.0 Local Government Funding – Fair Funding Review 2.0

3.1 Since the end of the last multi-year local government finance settlement in 2019, East Herts, like many other, has operated under a series of one-year settlements, typically confirmed in December, just weeks before councils set the budget for the coming year. This late confirmation severely limits the Council's ability to plan strategically, invest confidently, and engage meaningfully with stakeholders on long-term priorities.

3.2 The lack of certainty has been compounded by the continued delay in key reforms, including the Review of Needs and Resources, the Business Rates Retention reset, and the future of the New Homes Bonus. Despite multiple consultations and calls for evidence, no definitive framework has emerged, leaving councils reliant on short-term allocations and transactional mechanisms such as the Funding Guarantee, which ensure a minimum annual increase in Core Spending Power but does not address underlying structural issues.

3.3 The Government's Fair Funding Review 2.0, now underway, seeks to address these long-standing challenges by redistributing funding more equitably across local authorities. The review aims to ensure that resources are allocated based on assessed needs, with greater weight given to areas facing

higher levels of deprivation, service demand and demographic pressures. The key proposals in the review:

- **Multi-year settlement** to improve financial planning certainty
- **Grant simplification**, reducing reliance on competitive bidding and consolidating fragmented funding streams.
- **Updated formula for assessing relative needs and local resource capacity**, including revised Area Cost Adjustments (ACA) and Relative Needs Formulas (RNFs) for services such as adult social care, children’s services, temporary accommodation.
- **Sales, fees and Charges reform**, offering councils greater flexibility to raise income locally.
- **Business Rates Retention Reform**, including a long-awaited reset of the baseline to reflect actual growth since 2013.
- **New Homes Bonus** transitional arrangements, with legacy payments phased out and no replacement scheme confirmed.

3.4 The government proposes a “cash flat floor” to ensure councils do not receive less funding in cash terms than the previous year. However, this does not protect against real-term reductions, and not all councils will qualify.

3.5 The Implications for East Herts:

- **Risk of reduced Core Spending Power** – as part of the consultation, the government has not issued any figures for individual councils, so councils are having to rely on advisors to best guess the impact on each council, with the likelihood East Herts will be worse off based on all scenarios considered.
- **Business Rates Reset**. The Council will lose retained growth (as part of the existing scheme all authorities can retain 50% of any growth), if the baseline is reset without adequate transitional support.
- **Council Tax Constraints**. While reform is proposed, referendum limits and exemptions remain in place, restricting local flexibility.

- **New Homes Bonus.** With this ending and no replacement scheme confirmed, the Council faces a reduction in grant income.

4.0 Core Resources

4.1 The Council is funded from three primary sources:

- Business Rates
- Central Government Grants
- Council Tax

4.2 **Business Rates (National Non-Domestic Rates – NNDR)** – are collected locally but governed nationally. The Valuation Office Agency (VOA) sets rateable values, and council retain a portion of the income under the Business Rates Retention Scheme. Currently, East Herts retains 50% of locally collected rates, subject to a tariff or top-up based on its assessed capacity to raise revenue. For East Herts, this is a tariff, which results in the Council only retaining circa 9% of locally collected rates, after Section 31 are added. However, the retention baseline, that was set in 2013, has not been updated, meaning councils like East Herts that have seen growth may lose out when the system is reset (2026).

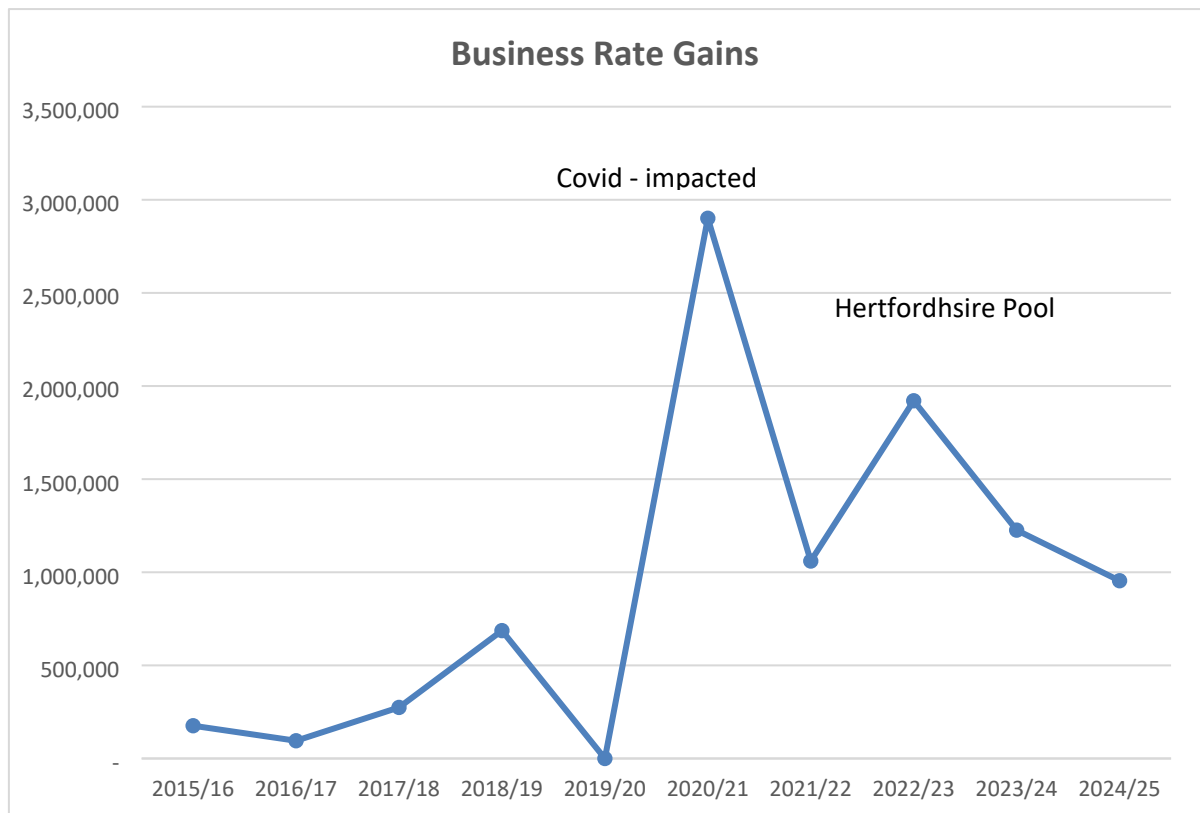
4.3 The MTFP assumes that the authority will continue to retain business rates at current levels, with a projected annual increase around 2%. This uplift reflects expected inflationary trends and modest growth in the local business base.

Business Rate Gains

4.4 The Council has historically seen gains from business rates. Opportunities such as pooling arrangements and pilot schemes, like the 2022/23 Hertfordshire pilot allowing councils to retain 75% of business rates have provided occasional uplifts. However, East Herts have only participated in the Hertfordshire pool once, and the region has only been included in one pilot scheme. This makes projecting future income complex, especially as gains are

typically realised based on prior year estimate rather than in-year performance.

4.5 Given the inherent volatility of business rate income, the Council has not relied on retained growth or pooling gains to fund ongoing service delivery. Instead, these surpluses have been used prudently to strengthen financial resilience and to support one-off in-year pressures, including unforeseen costs and strategic investments. The table below sets out the level of business rate gains received since 2015. These gains have provided a valuable source of flexible funding, enabling the Council to respond to emerging priorities without placing additional strain on core budgets. However, under the proposed Business Rates Retention Reform and baseline reset, the Council is at risk of losing access to this income stream. This would remove a key financial lever that has historically supported the Council's ability to manage risk and deliver responsive service.

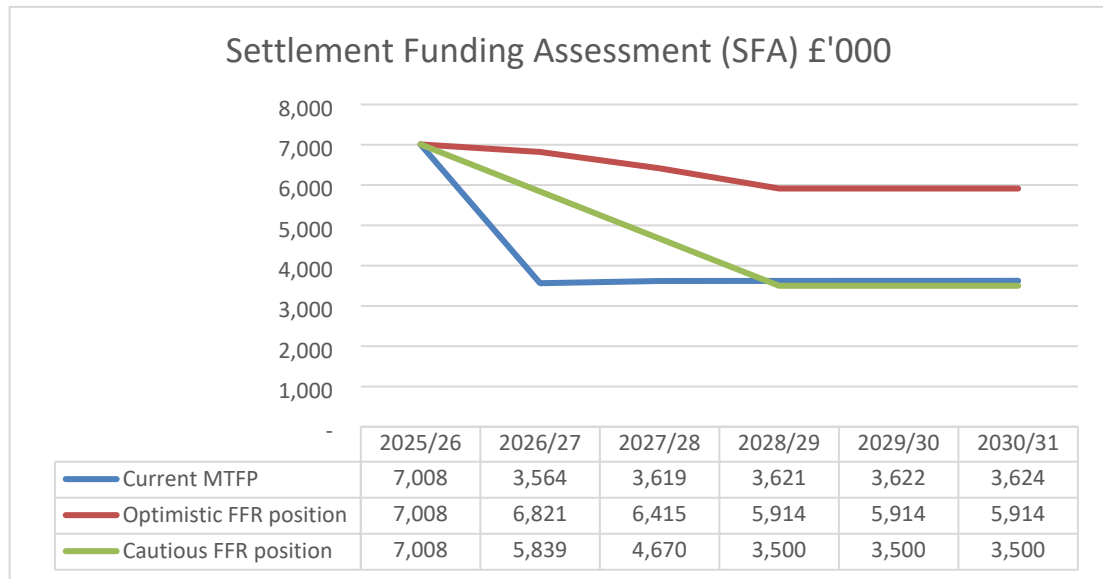


4.6 **Central Government Grants-** these includes general grants that contribute to core funding. Over the past decade, general grant

funding, particularly the Revenue Support Grant (RSG) has significantly declined. While schemes like the New Homes Bonus previously rewarded housing growth, this has now ended, and future funding mechanisms remain uncertain pending the outcome of the Fair Funding Review 2.0.

- 4.7 The new proposed Fair Funding Review is using updated formulae and data including population projections and deprivation indices, to determine funding allocations.
- 4.8 For East Herts, the impact of FFR is significant. The optimistic case modelling by advisors suggests a 15.6% reduction in the authority's funding baseline, equating to a loss of £1.1million by 2028/29. This reduction is driven by a combination of factors, including East Herts' relatively high council tax base compared to its assessed level of need, and the effect of the new notional council tax level used in the resource adjustment calculation, with transitional arrangements phasing in the changes over three years.
- 4.9 However, a more cautious approach assumes that the Social Care Grant may be excluded from the funding pot to be redistributed to councils without social care responsibilities. Under this assumption, the Council share of redistributed resources would fall further, potentially resulting in a 50.1% reduction in Baseline Funding over the three-year transition period. This highlights the financial risk posed by future changes to the funding framework.
- The table below outlines the expected funding from Business Rates and Central Government Grants via the Settlement Funding Assessment (SFA). The MTFP is based on a cautious approach due to ongoing uncertainty around future government allocations and the wider economic climate. This ensures the Council remains resilient, avoids overestimating its financial position, and is better prepared for potential funding reductions or cost pressures. Prudent assumptions provide a stable foundation

for financial planning and help protect essential services over the medium term.



4.10 **Council Tax** – is levied on residential properties and includes precepts for Hertfordshire County Council, the Police and Crime Commissioner and local Parish councils. East Herts sets its own share, which has been capped by government referendum limits, currently the higher of 2.99% or £5 for district councils. While councils can propose higher increases, they must hold a local referendum, which is often prohibitively expensive. Additionally, council have limited flexibility over exemptions and discounts, such as for students or single occupants.

4.11 The annual amount of council tax that can be raised is influenced by two key factors:

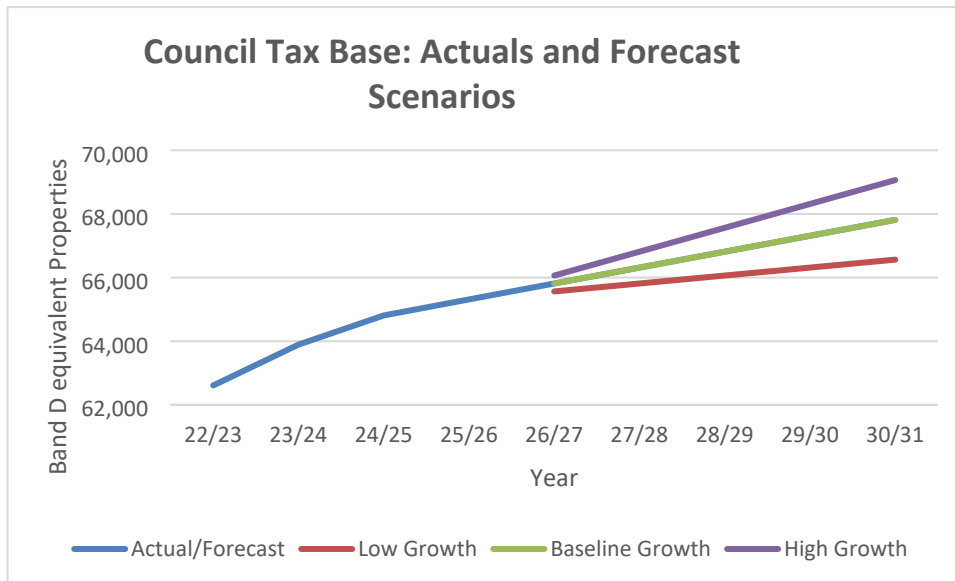
- Growth in the tax base, and
- The inflationary uplift applied each year

Tax Base

4.12 The tax base reflects the estimated number of new properties expected to come into use, converted into Band D equivalents. This includes all existing properties, adjusted for applicable discounts and exemptions.

4.13 The table below illustrates the movement in the tax base from 2022/23 to 2025/26, alongside forecasted figures through to 2030/31. To support financial planning, three growth scenarios have been modelled from 2026/27 onwards.

- Low Growth +250 Band D equivalent properties per Year
- Medium Growth + 500 properties per year (baseline assumption).
- High Growth +750 properties per year

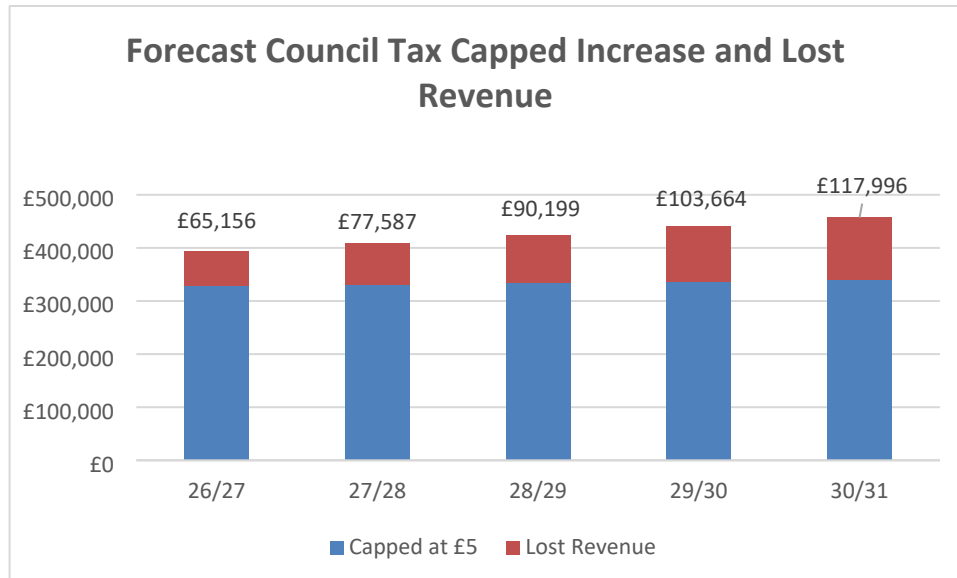


4.14 The medium growth scenario of 500 Band D equivalent properties has been selected as the baseline assumption. While East Herts Council’s housing targets have been taken into account, it remains important to adopt a prudent approach to forecasting. Maintaining the 500-property assumption reflects recent trends and provides a balanced and realistic foundation for financial planning. This approach allows flexibility to respond to future changes in housing development and council tax support levels, without overcommitting resources.

Inflationary Uplift

4.15 Up until 2022/23, district councils could only raise council tax by up to 1.99% or £5, whichever was higher, without triggering a referendum. From 2023/24, this limit increased to 2.99%, allowing council more flexibility to manage inflation and raising

service demands. The MTFP assumes this higher threshold will continue. If the government reverts to the previous limit (1.99% or £5), it will result in a notable reduction in resources as shown in the table below.



4.16 The table below summarises the Council’s core resource position for the medium-term, drawing on the assumptions set out in the preceding sections on Business Rates and Government Grants (SFA – settlement Funding Assessment) and Council Tax income. These resources represent the funding available to support service delivery and form the foundation of the Medium-Term Financial Plan.

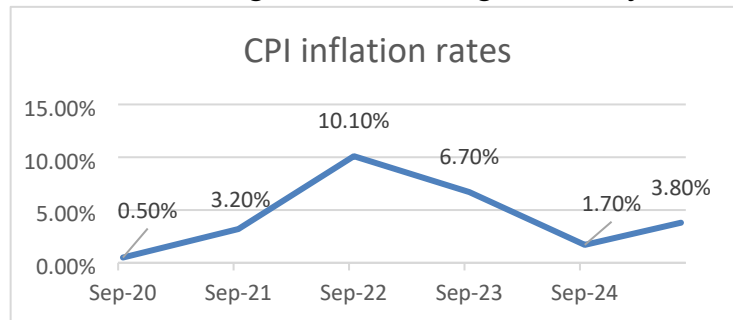
Summary MTFP Resources	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
SFA	5,839	4,670	3,500	3,500	3,500
Council Tax	13,625	14,138	14,669	15,219	15,789
Total Resources	19,464	18,808	18,169	18,719	19,289

5.0 Inflationary and Other Pressures and Savings

Inflationary Pressures

5.1 CPI is the tracked measure for inflation used by the government and also used for increases to business rates (September CPI).

The historic CPI trend is shown below and the volatility with the impact of the cost-of-living crisis and higher utility costs.



5.2 The 2026/27 onwards inflation assumptions are summarised in the table below. The August Consumer Price Index (CPI) was 3.8% unchanged from July, the MTFP assumes that inflation will remain at this level for a number of months before start reducing back to the Government 2% level, however this remains uncertain. Lower inflation will reduce the financial pressure on the General Fund and in turn subject to other pressures being identified reduce the need to make further levels of savings.

Inflation – Applied to:	2026/27	2027/28	2028/29	2029/30	2030/31
Pay award	3%	3%	3%	3%	3%
Contract Inflation	3%	2%	2%	2%	2%
Business Rates increases based on September CPI	3%	2%	2%	2%	2%
Borrowing Interest	4.5%	4.25%	4.25%	4.25%	4.25%
Investment Interest	3.5%	3.25%	3.25%	3.25%	3.25%

5.3 The MTFP rationale and alternative scenarios are set out below.

Rationale for inflation assumption	
Pay Award	The employer pay offer for 2025/26 has been confirmed at 3.2%, reflecting ongoing inflationary pressures and the continued influence of the National Living Wage on pay negotiations. The Council has revised its planning assumptions from 2.5% to 3% throughout the MTFP. This assumption provides a more realistic and resilient basis for financial planning, offering protection against downside risk and aligning more closely with current CPI projections. Pay awards remain subject to national collective bargaining and outside the Council's direct control.
Contracted Inflation	The July CPI was 3.8% and the MTFP has modelled inflation at 3% for 2026/27 and then down to 2% for all future years, to reflect the Government long-term target of 2%.

Business Rate Increases	Business Rate is linked to September CPI, which is used by government to set annual uplifts. For 2026/27, the Council has assumed a 3% increase, reflecting current CPI forecast. The remaining years been reduced to 2% to reflect the government long-term inflation target.
Borrowing Interest	These rates based on current market forecast and treasury advisors' guidance, reflecting expected trends in interest rates and borrowing conditions. Assumptions aim to balance prudence with realism, while maintaining a deliverable financial position.
Investment Interest	These figures are based on current market forecast and reflect expected movements in interest rates and cash balances. The assumptions are closely linked to the Council's borrowing strategy, ensuring consistency between interest earned and paid projections.

General Pressures

5.4 In addition to the inflationary assumptions outlined above, the MTFP incorporates a range of other budget pressures identified through quarterly budget monitoring and engagement with service areas. These pressures reflect known changes in demand, service delivery requirements, and emerging financial risks. A summary of these pressures is provided in the table below.

Additional MTFP Pressures	2026/27 £'000	Rationale
Business Rates – Council Property Liabilities	337	Following the latest revaluation of business rates on Council-owned properties, there is a requirement to increase budgets to reflect the updated charges. Work is currently underway to identify premises where the Council may have grounds to appeal the revised valuations. Where appropriate, appeals will be pursued through the formal process with the aim of reducing future liabilities and mitigating the financial impact
Fees and Charges Budget Realignment	100	A review of fees and charges budgets was undertaken as part of the Quarter 1 monitoring process. This identified a number of income lines where targets have consistently been underachieved over several years. As a result, proposals have been made to realign these budgets to better reflect actual service demand and usage patterns. This approach ensures a more realistic and sustainable income forecast within the MTFP.
Unachievable Savings	576	A number of savings previously included in the MTFP for 2026/27 have been removed following a review of deliverability. These include a £200K saving from the Shared

Additional MTFP Pressures	2026/27 £'000	Rationale
		Revenues and Benefits Service, which lacks a clear basis and duplicates existing targets; a £190K saving from Millstream property disposals, now captured through MRP and borrowing cost adjustments; and £100K from car park cleansing procurement, which will be reassessed once a detailed understanding of service requirements is established. Additionally, smaller items totalling £85K have been adjusted to reflect actual delivery.
New Human Resources Officer post	60	A new HR Officer post has been proposed to support the additional workload arising from the Local Government Reorganisation (LGR) and associated transformation programmes. The post will focus on delivering core HR functions that are essential to preparing staff for the transition, ensuring workforce readiness and supporting organisational change. This includes workforce planning, staff engagement, and change management activities aligned with the Council's strategic objectives. The additional capacity will help ensure that HR processes are robust and responsive during this period of significant change.
BEAM Theatre – Revised Surplus Forecast	75	The BEAM Theatre, which opened in 2024, is still in its early operational phase and gradually building towards full capacity. While the current projection for 2026/27 indicates a surplus above the 2025/26 target of £200,000, this has been reviewed in light of performance to date and the realistic expectations for a new venue. To support sustainable financial planning and provide a more achievable target, the surplus forecast for 2026/27 has been reduced to align with the 2025/26 level. This adjustment recognises the time needed for the theatre to establish its audience base and reach full operating potential

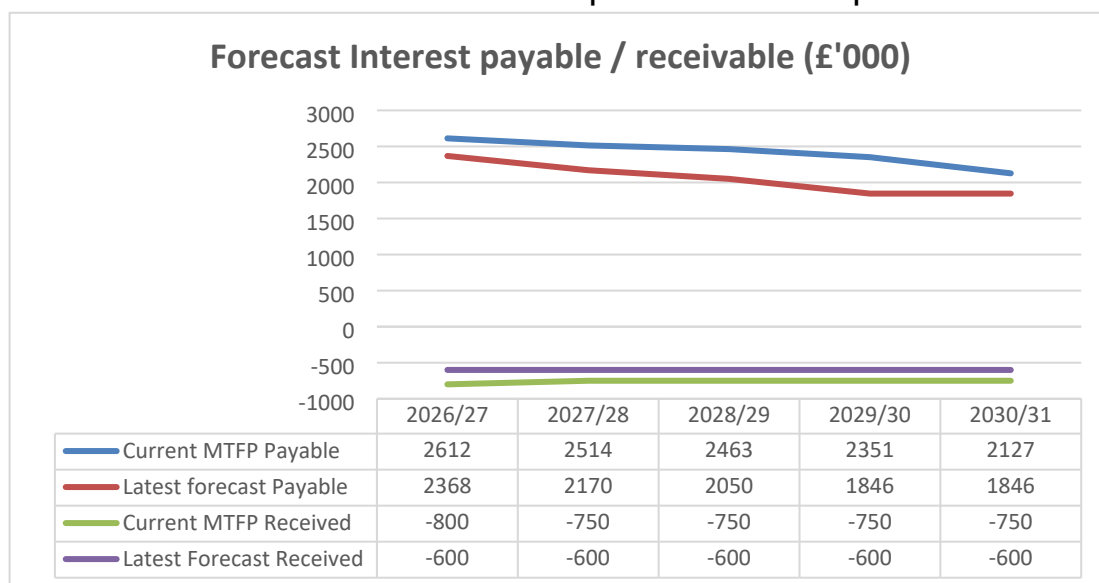
Expenditure Reductions and increased income

5.5 **Minimum Revenue Provision (MRP)** – A £250K reduction has been applied following a review of the Council's MRP calculation, undertaken earlier in the year with support from treasury advisors. This reflects a more accurate provision against capital expenditure funded by borrowing, aligned with current regulations and guidance. The adjustment also takes into account anticipated capital receipts from Millstream and other asset disposals, which

will be used to offset borrowing costs — particularly in relation to the waste vehicle procurement programme.

5.6 While there is an inherent risk around the timing and value of receipts, this is mitigated through realistic valuations and quarterly reviews with the officer led Asset Management Group to ensure assumptions remain up to date.

5.7 **Net Interest Cost** – A reduction in net interest costs has been applied, with a £44K saving in 2026/27 rising to approximately £194K in 2027/28. This reflects a revised approach to both interest payable on borrowing and interest receivable, following a review of budget assumptions. Previous figures lacked supporting documentation, so both budgets have now been recalibrated to reflect the latest position on forecast interest rates, expected capital receipts, and projected cash balances. This adjustment ensures a more accurate and transparent financial position.



5.8 **Other Minor Adjustments** - A number of smaller budget adjustments have been made, resulting in a net expenditure reduction of £48K. These reflect the latest forecast position across various service areas and are considered representative of the expected baseline going forward.

Savings

5.9 The MTFP includes a savings programme designed to address the projected budget gap over the period. While significant savings were front-loaded in earlier years, the later years of the MTFP still require targeted reductions to ensure financial sustainability. The original programme included a range of proposals, some of which lacked detailed workings or have since been reassessed for deliverability. The following section outlines the savings that remain in place for the MTFP.

	2026/27 £'000	2027/28 £'000	2028/29 £'000
Letting of Wallfields – to reflect the full year impact of the recent letting	29		
Agency model for leisure contract – full year impact	150		
EV Chargers on Council Premises – contract been procured with a projected increase in revenue over next two years	25	15	
Reducing BEAM costs	55		
Increase Garden Waste Charge by CPI	30	30	30
Efficiencies within Partnership team	73		
Efficiencies within Customer Services / Corporate Support	69		
Transformation – Review Programme		180	180
Civil Parking Enforcement		650	
Ground Maintenance Contract re-procurement		50	
Additional Market / Pavement licensing income	5		
Total	436	925	210

Fees and Charges

5.10 The Council is currently undertaking a review of how fees and charges are set, with a view to ensuring that the costs of services are appropriately recovered. This includes general fees and charges agreed annually by Members, as well as specific areas such as garden waste collections and car parking charges. The review will consider the assumptions underpinning current income forecasts and explore opportunities to strengthen the Council's financial position. A report outlining the findings and any proposed changes will be brought forward to Members at a future meeting once the review is complete.

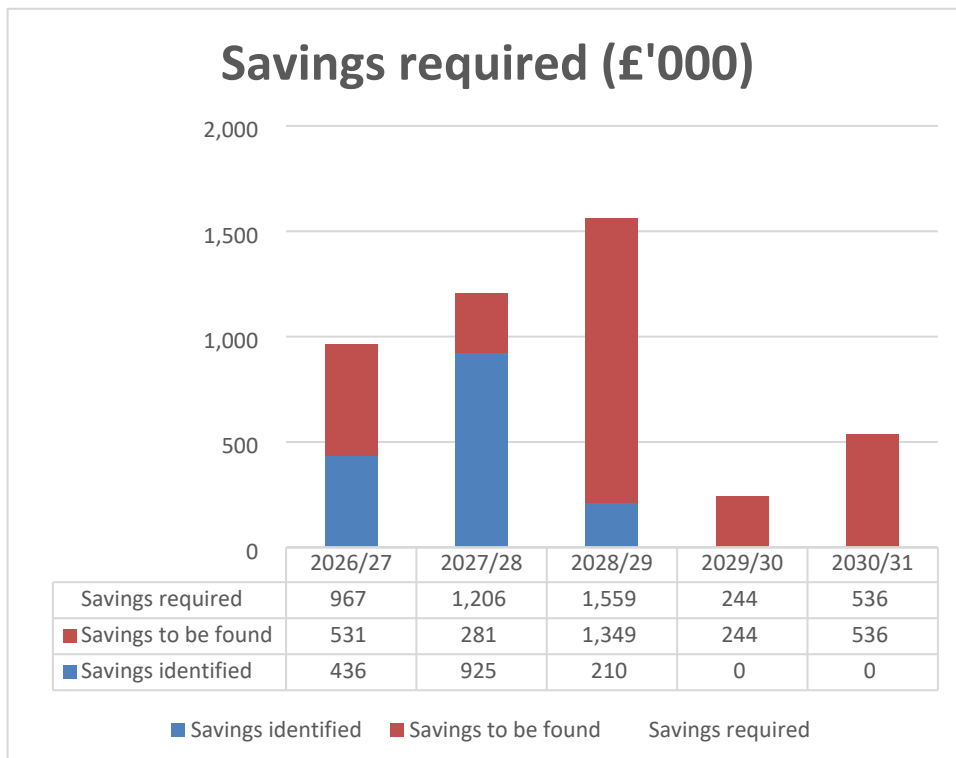
Grants

- 5.11 As part of the MTFP update, a review of all grants currently embedded within the Net Cost of Services, excluding those classified as core resources is being undertaken. This exercise aims to assess the financial risks associated with the potential cessation of these grants and to develop appropriate exit strategies where necessary.
- 5.12 The most significant risk in this area relates to the Extended Producer Responsibility (EPR) scheme. EPR is a national initiative that shifts the financial burden of packaging waste management from taxpayers to producers, with local authorities expected to receive payments covering the net costs of collection, recycling, and disposal. While the government has guaranteed £1.1 billion in EPR funding for local authorities in 2025/26, the actual distribution will depend on data submissions and operational factors, introducing a degree of uncertainty. The current MTFP assumes a 10% reduction in EPR-related funding year-on-year. Should actual receipts deviate from this forecast, further savings may be required to maintain budgetary balance.
- 5.13 The outcome of the grants review exercise will be reported to Members later in the year as part of the 2026/27 budget report.

6.0 Budget Gap

- 6.1 The MTFP has identified a budget gap over the period 2026/27 to 2030/31, driven by reductions in funding and increased financial pressures as outlined throughout this report. To address this, annual savings targets have been set to support the delivery of a balanced budget.
- 6.2 In setting these targets, consideration has been given to the achievability of savings in each year, balanced against the need to minimise reliance on reserves. This approach ensures the Council can continue to deliver its priorities while maintaining a prudent level of balances and financial resilience.

6.3 The projected budget gap for 2026/27, net of savings identified to date (see paragraph 5.9), stands at £531K. Over the following four years, from 2027/28 to 2030/31, a further £2.41 million will need to be addressed to achieve a balanced budget. The profile of this gap is summarised below, with the full Medium-Term Financial Plan shown at Appendix A.



6.4 The Council’s Leadership Team has been tasked with going away to identify potential options to meet the gap currently identified for 2026/27. Members will have an opportunity to consider those options at a later Executive meeting.

7.0 General Fund Balances and Reserves

7.1 The Council’s General Fund reserves are classified as either general or earmarked for specific purposes. The General Fund balance serves as a financial buffer to absorb the impact of unexpected events, emergencies, or fluctuations in cash flow.

7.2 The projected General Fund balance within the MTFP remains unchanged at £3.854 million, contingent on the delivery of £2.9

million in savings over the MTFP period. Maintaining this level of reserves is essential to support financial resilience and ensure the Council can respond to unforeseen pressures.

7.3 Guidance issued by CIPFA reinforces the statutory responsibility of the Section 151 Officer, under the Local Government Act 2003, to report annually on the adequacy of reserves when setting the Council Tax. The Act also provides the government with reserve powers to prescribe minimum reserve levels, although this has not been exercised to date. It is therefore expected that authorities will have regard to CIPFA’s guidance when assessing the sufficiency of balances and earmarked reserves.

7.4 In determining the appropriate level of general balances, the Chief Financial Officer has based their advice on a range of risk factors, as summarised in the table below. This assessment currently indicates a minimum requirement of **£3.632 million**. The figure is indicative and will be subject to further review as part of the annual budget-setting process to ensure it reflects the latest financial risks and operational context.

General Fund balances Minimum Level Assessment	2025/26 £million
Annual Gross Revenue Expenditure (at 4%)	2.896
Annual Gross Capital Expenditure (at 2%)	0.211
Adj. for Council Tax as a funding source (at 4%)	0.525
Minimum General Fund Balance	3.632

7.5 The Council is projected to hold **£17.297 million** in earmarked reserves at the end of March 2025. A review of these reserves is currently underway to assess the purpose and relevance of each reserve, and to determine whether the overall level is sufficient to support the Council’s financial strategy over the medium term. The outcome of this review will be reported to Members as part of the Budget Report in January.

8.0 Financial Planning Framework

- 8.1 To support the delivery of a balanced and sustainable Medium-Term Financial Plan, the Council has established a structured financial planning framework. This outlines the key milestones for reviewing assumptions, updating forecasts, and presenting proposals to Members. The framework ensures that financial decisions are timely, transparent, and aligned with the Council's strategic priorities. The timetable below sets out the planned reporting and decision-making points over the coming months.

Date	Meeting	Report
Oct-25	Executive	MTFP 2026/27 – 2030/31 – to approve assumptions
Nov-25	Audit & Governance	To review and comment on MTFP 2026/27 to 2030/31
Jan-26	Executive	Draft 2026/27 General Fund Budget, Council Tax and Council Tax Support
Jan-26	Joint Overview & Scrutiny and Audit & Governance	To Scrutinise the draft 2026/27 General Fund Budget, Council Tax and Council Tax Support
Feb-26	Executive	Final 2026/27 General Fund Budget, Council Tax and Council Tax Support for approval onto Council
Mar-26	Council	To approve the 2026/27 General Fund Budget, Council Tax and Council Tax Support

9.0 Risks

- 9.1 Risk and known uncertainties are highlighted in the body of the report.

10.0 Implications/Consultations

Community Safety

The budget underpins delivery of the council's policies and priorities in relation to community safety

Data Protection

None directly arising from this report.

Equalities

The Council has a statutory duty under the Equalities Act 2010, in particular s149. This includes the requirements on the Council

to have due regard to the need to eliminate discrimination and harassment, to advance equality of opportunity, to foster good relations and to remove or minimise disadvantages suffered by persons who share protected characteristics. Compliance with these duties in the Equalities Act does permit the Council to treat some persons more favourably than others, but only to the extent that such conduct is not otherwise prohibited. In setting the budget, decisions on some matters may be particularly relevant to the discharge of this duty, particularly fees and charges concessions and an equalities impact assessment will be undertaken to assess and ensure compliance with this duty.

Environmental Sustainability

The budget underpins delivery of the council's policies and priorities in relation to the environmental and sustainability areas.

Financial

All financial implications are contained within the report.

Health and Safety

None directly arising from this report.

Human Resources

The budget provides provision of a pay award for up to 3% in 2026/27, the actual award is subject to national NJC negotiations.

Human Rights

None directly arising from this report.

Legal

The council is required to set a balanced budget each year. The Local Government Finance Act 1992 (as amended by the Localism Act 2011) requires the council to estimate revenue expenditure and income for the forthcoming year from all sources, together with government grant and contributions from

reserves, in order to determine a basic Council Tax Requirement.

Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the estimates and adequacy of reserves to the council when it is considering the budget.

Specific Wards

No

11.0 Background papers, appendices and other relevant material

11.1 Budget 2025/26 and Medium Term Financial Plan – 26 February 2025 Council Meeting

11.2 Financial Management 2025/26 – Quarter 1 Forecast to year end – Audit & Governance 30 September 2025

11.3 Appendices

Appendix A	Medium Term Financial Plan 2026/27 to 2030/31
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General Fund Revenue Budget and Medium Term Financial Plan 2026/27 to 2030/31

2025/26	Cost of Services	2026/27	2027/28	2028/29	2029/30	2030/31
£000		£000	£000	£000	£000	£000
305	Chief Executive's Office	314	324	333	343	353
1,855	Communications, Strategy & Policy	1,813	1,869	1,927	1,986	2,047
2,073	Housing and Health	2,188	2,276	2,367	2,460	2,559
700	Operations	1,346	1,621	1,886	2,154	2,418
(200)	Hertford Theatre	(275)	(452)	(428)	(403)	(383)
2,285	Planning & Building Control	2,500	2,599	2,701	2,805	2,913
844	Shared Revenues & Benefits Service	773	851	932	1,016	1,149
2,971	IT Shared Service	2,764	2,866	2,972	3,082	3,197
1,436	Legal & Democratic Services	1,532	1,583	1,636	1,690	1,729
519	Human Resources & Org Development	534	547	562	576	591
2,528	Strategic Finance & Property	2,272	2,452	2,681	2,905	3,197
705	Centrally Managed Costs	747	749	751	753	753
(150)	Revenue Costs Capitalised	(70)	(50)	(20)	(20)	(20)
50	Capital Expenditure Charged to a Revenue Account	50	50	50	50	50
15,921	Net Cost of Services	16,488	17,286	18,350	19,399	20,555
(100)	Fees and Charges Annual Review	(50)	(100)	(150)	(200)	(250)
1,634	Minimum Revenue Provision	1,453	1,453	1,479	1,479	1,479
3,269	Interest Payable on Loans	2,368	2,170	2,050	1,846	1,846
(1,000)	Investment Income	(600)	(600)	(600)	(600)	(600)
637	Pension Fund Deficit Contribution	637	637	637	637	637
4,440	Total Corporate Budgets	3,808	3,560	3,416	3,162	3,112
(63)	Savings identified 2026/27	(436)	(436)	(436)	(436)	(436)
	Savings identified 2027/28		(925)	(925)	(925)	(925)
	Savings identified 2028/29			(210)	(210)	(210)
	Pressures	135	135	135	135	135
	Total Savings & Pressures	(301)	(1,226)	(1,436)	(1,436)	(1,436)
20,298	Total Costs	19,995	19,620	20,330	21,124	22,230

2025/26 £000	Government Funding & Council Tax	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
(5,092)	Retained Business Rates - Business Rates	(3,296)	(3,330)	(3,367)	(3,367)	(3,367)
(1,193)	New Homes Bonus Grant	0	0	0	0	0
(141)	Revenue Support Grant	0	0	0	0	0
(403)	General Government Grants	(2,543)	(1,340)	(133)	(133)	(133)
(179)	NI grant	0				
(13,131)	Council Tax Demand on the Collection Fund Collection Fund (Surplus)/Deficit	(13,625)	(14,138)	(14,669)	(15,219)	(15,789)
(20,139)	Total Government Funding & Council Tax	(19,464)	(18,808)	(18,169)	(18,719)	(19,289)
159 Net Budget before Reserves movements		531	812	2,161	2,405	2,941
0	Contributions to Earmarked Reserves	0	0	0	0	0
(164)	Contributions (from) Earmarked Reserves	0	0	0	0	0
(164)	Total Contributions to/(from) Reserves	0	0	0	0	0
(5) Net Budget Position		531	812	2,161	2,405	2,941

East Herts Council Report

Audit and Governance Committee

Date of meeting: Wednesday 26 November 2025

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

Report title: Update on Statutory Recommendation from External Auditors and Finance Peer Review

Ward(s) affected: (All Wards);

Summary – To present the progress made on the Statutory Recommendations presented to Council by the external auditors on 14 May 2025, and to provide an update on the Local Government Association Finance Peer Review reported to members on 25 September 2024.

RECOMMENDATIONS FOR AUDIT & GOVERNANCE COMMITTEE:

- a) That Members note the progress made to date on the Statutory and the Finance Peer Review Recommendations and consider and comment on the actions taken so far.

1. Proposal(s)

- 1.1. To consider the actions taken to date in response to the recommendations arising from the external auditors' statutory recommendations and the Finance Peer Review undertaken by the Local Government Association, and to provide comments as appropriate.

2. Background

Local Government Association (LGA) Finance Peer Challenge – September 2024

- 2.1. The LGA Finance Peer Challenge, reported to Audit & Governance on 25 September 2024, was designed to provide an independent assessment of East Herts' financial resilience and

sustainability. The review examined the council's Medium-Term Financial Plan (MTFP), budget-setting processes, and approach to savings delivery. Key recommendations focused on improving clarity around savings figures, ensuring transparency in financial reporting, and strengthening governance arrangements for monitoring progress. The council committed to implementing an action plan, with oversight through regular updates to Members and integration into the MTFP process.

EY Statutory Recommendations – April/May 2025

- 2.2. The external auditors, EY, issued a statutory recommendation in April 2025, which was subsequently presented to Audit & Governance and then to Full Council in May 2025. These recommendations arose from concerns identified during the audit of the 2021/22 and 2022/23 accounts, particularly around financial governance and timely delivery of savings plans. EY advised strengthening financial controls, improving reporting to Members, and ensuring robust monitoring of savings and budget risks. The council agreed to address these through enhanced governance arrangements, including regular progress reports to Audit & Governance, ensuring accountability and transparency in implementation.

3. Progress to Date

- 3.1. An update on the latest position regarding the recommendations from the LGA Finance Peer Challenge can be found at Appendix A, and the update on the external auditors Statutory Recommendations is provided at Appendix B.

LGA – Finance Peer Review

- 3.2. The Council has made substantial progress in addressing the recommendations from the LGA Finance Peer Challenge. Key actions include:

- **Budget Reporting - mostly completed.**
 - Savings figures are reconciled (for 2025/26 and 2026/27) and included in the MTFP.

- Risk schedules and delegated savings are tracked.
- Rationale for council tax base changes is documented.
- Statement of useable reserves is still ongoing and will be finalised for the budget report.
- **Financial Monitoring - Partially completed, some elements outstanding.**
 - Quarterly monitoring is reported to Members within two months of period end.
 - Portfolio holders are briefed regularly.
 - Establishing a working group for performance metrics and clarifying roles for portfolio holders are still to be confirmed.
- **Capital Monitoring - Completed.**
 - The capital programme is reviewed quarterly to ensure rescheduling reduces reliance on borrowing.
- **BEAM Business Case - Completed.**
 - Reviewed in December 2024 and incorporated into the 2025/26 budget setting report. It remains subject to ongoing review to ensure agility and alignment with the latest information.
- **Working Together - Outstanding**
 - Further work is needed to develop and embed organisation-wide understanding and ownership of the links between the transformation programme, corporate plan, and budget.
- **Medium Term Financial Strategy (MTFS) - Completed and ongoing.**
 - Members received updated MTFP in October and timetable for budget setting.

External Auditors Statutory Recommendations

3.3. Significant progress has also been made in response to the external auditor's Statutory Recommendations as follows:

- **Finance Function Workflow – Ongoing**
 - The Finance Team structure is being reviewed to reduce reliance on specific individuals and address bottlenecks to

improve workflow, with input from senior officers and benchmarking against similar authorities.

- **Quality Assurance Function Review – Ongoing**
 - The quality assurance process for draft accounts has started, with recent accounts reviewed by the new CFO. A timetable for the next closedown is in place, and further improvements – such as formal review checks and weekly oversight meetings – are being considered to ensure proper segregation of duties and ongoing monitoring.
- **Finance Team Capacity - Ongoing**
 - Monthly meetings are in place to focus on financial priorities. The team structure is under review to improve resilience and ensure key areas are properly resourced. The draft 2024/25 accounts were published on time, and Q1 monitoring has been reported.

4. Next Steps

4.1. Progress on the outstanding recommendations will continue and a further update will be presented to a future Audit & Governance Committee early in the new financial year.

5. Risks

5.1. Details within the report.

6. 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

Background Papers:

- Audit & Governance Committee 25 September 2024 – Local Government Association Finance Peer Challenge
- Audit & Governance Committee 22 April 2025 – External auditors completion report for those charged with governance 2021/22 & 2022/23

Appendix:

- Appendix A - LGA Finance Peer Challenge
- Appendix B – External Auditors Statutory Recommendations

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Finance Peer Review Recommendations

Appendix A

1. Budget reporting:		
Action	Status	Comments
To provide a clear reconciliation of all savings figures quoted in the report.	On-Going	An understanding of the saving programme for 2025/26 and 2026/27 has been undertaken with Leadership Team and been included within the updated MTFP that went to Executive in October 2025. A review of future savings within the MTFP is still to be finalised.
Clarification of the impact of savings on future years.	On-Going	Leadership Team has reaffirmed the savings that have been included in the latest MTFP (for 2025/26 and 2026/27) and taking ownership of their relevant savings. New savings have been considered by Leadership Team and these will be presented to members as part of the Budget Report.
To produce a risk schedule covering the likelihood and impact of not delivering the savings which is included in the budget report.	Completed	Savings are only being included where there is an understanding of what budget will be reduced and how it will be achieved. In relation to in-year savings, these will be reported in the quarterly monitoring using RAG rated system to confirm where each savings is at.
To produce a schedule of delegated savings together with a risk schedule, to be included with the budget report.	Completed	This is now included within the Quarterly monitoring reports and budget reports going forward
To produce and include a comprehensive business case to support the civil parking enforcement, to be included with the budget report.	Completed	A paper went to Executive February 2025 on the Parking Strategy and additional income has been added into the MTFP that went to Executive in October 2025
That the rationale for increasing the council tax base by 500 is explained with the options considered and discounted.	Completed	Is within the MTFP report for October and will be going forward.
That a statement setting out the useable reserves position is published in the budget report.	On-Going	This work is ongoing at the moment and been referenced in the MTFP - the outcome will be known for the Budget report.

2. Financial monitoring:		
Action	Status	Comments
That a working group including officers and executive members be established to identify what performance metrics members would like to receive, how regularly, and the purpose of such metrics.	Not Started	This is currently being considered by Finance and will then need to go onto Leadership Team before consulting with Members.
To establish clear roles for portfolio holders in the regular monitoring of, and communication around, budget pressures within their portfolio areas.	On-Going	This is currently being considered by Finance and will then need to go onto Leadership Team before consulting with Members.
That quarterly monitoring is reported to members within two months of the period end and that the portfolio holder is briefed within four weeks of month end.	Completed	This will be in place for 2026/27 as part of the revised audit programme of five meetings per year. Portfolio Holder is updated fortnightly with latest data and information on budgets and areas of pressures etc.

3. Capital monitoring

Action	Status	Comments
That the capital programme be continually reviewed with a view to ensuring rescheduling reduces the reliance on borrowing.	Completed	Will be carried out quarterly inline with the quarterly monitoring reports.

4. BEAM Business Case

Action	Status	Comments
That the full business case for the commercialisation of the Hertford theatre be revisited and presented to members for examination and approval to ensure that the revenue benefits of the project are fully reflected in the budget going forward.	Completed	The business case for BEAM was reviewed in December 2024, and the budget was subsequently updated to align with the latest plan as outlined in the 2025/26 budget setting report. This will be subject to ongoing review to ensure it remains agile and reflects the most up-to-date information.

5. Working together

Action	Status	Comments
To develop and foster an organisation-wide understanding and ownership of the links between the transformation programme, corporate plan, and the budget.	Not started	Still to be considered

6. MTFS

Action	Status	Comments
That the period up until July is used by members to consider budget options to be included in the MTFS	Completed	Ongoing - timetable was included in the MTFP that went in October 2025.

Statutory Recommendations : Governance - significant weaknesses in the arrangements to support statutory financial reporting requirements		
Recommendation	Status	Update
<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>	On-Going	<p>A review of the finance team structure is currently underway, aimed at reducing dependency on specific individuals and addressing operational bottlenecks. Input has been provided by the Interim CFO (in March), the newly appointed CFO, and the current Interim Group Accountant to inform the process with insights into effective working practices and structures from comparable authorities. The distribution of roles and responsibilities is being clarified within the proposed structure.</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>	On-Going	<p>The quality assurance process has commenced. The 2023/24 and 2024/25 Statement of Accounts have been reviewed by the new Chief Finance Officer, with queries raised and addresses. A timetable for the 2025/26 closedown process is in place and will be reviewed by the end of January to ensure it remains fit for purpose.</p> <p>Further enhancements to the review process are being considered, including the introduction of formal review checks to ensure appropriate segregation of duties - specifically, that working papers prepared by one individual are independently reviewed by another. Weekly meetings will be held through the closedown period to monitor progress and maintain oversight.</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>	On-Going	<p>Monthly meetings have been established between the Chief Finance Officer, Deputy Chief Finance Officer, and the Leadership Team to focus on the Council's financial requirements. Roles within the Finance Team are currently under review as part of a broader restructure. This review aims to distribute workload more evenly across the team and ensure that high-risk areas are appropriately resourced, allowing sufficient capacity to concentrate on key priorities during critical periods.</p> <p>The draft Statement of Accounts for 2024/25 was published by the statutory deadline. Financial monitoring for Quarter 1 has been presented to Members during the September/October cycle.</p>

Agenda Item 15

East Herts Council Report

Audit and Governance Committee

Date of meeting: Wednesday 26 November 2025

Report by: Brian Moldon, Director of Finance, Risk and Performance

Report title: Audit and Governance Committee Work Programme

Ward(s) affected: All

Summary – This report presents the updated Finance and Audit Work Programme to the Audit and Governance Committee. It provides a summary of the business scheduled for consideration at each meeting throughout the current municipal year. The aim is to give Members a clear overview of the Committee's forward plan.

RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE

- a) Approve the Finance and Audit Work Programme for the 2025/26 municipal year as outlined in the report.
- b) Identify any training requirements to support Members in fulfilling their roles effectively.

1.0 Proposal(s)

- 1.1 Audit and Governance Committee's audit functions are:
 - 1.1.1 Approving the Council's statement of accounts.
 - 1.1.2 Consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
 - 1.1.3 Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
 - 1.1.4 Be satisfied that the Council's assurance statements, including reviewing the Annual Governance Statement against the good governance framework, properly reflect the risk environment and any actions required to improve it.
 - 1.1.5 Approve internal audit's strategy, its plan and monitor its performance.

- 1.1.6 Approve the shared anti-fraud service strategy, its plan and monitor its performance.
 - 1.1.7 Review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.
 - 1.1.8 Receive the annual report of the head of internal audit.
 - 1.1.9 Receive and consider the reports of external audit (including the annual audit letter) and inspection agencies and monitor management action in response to the issues raised.
 - 1.1.10 Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies and that the value of the audit process is actively promoted.
 - 1.1.11 Review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.
 - 1.1.12 Oversight of the Council's commercial projects.
- 1.2 The Committee's responsibilities in relation to finance include:
- 1.2.1 Receiving budget monitoring and risk management reports.
 - 1.2.2 Leading cross-Member scrutiny of the Council's draft annual budget and Medium-Term Financial Plan.
 - 1.2.3 Scrutinising the Annual Investment Strategy, Annual Capital Strategy, Mid-Year Treasury Management Report, and Annual Treasury Management Report, and gaining assurance on the effectiveness of governance and control systems for Treasury Management.
 - 1.2.4 Supporting the Council and Executive, where appropriate, in developing the budget and policy framework through in-depth analysis of financial, procurement, and governance-related policy issues.
 - 1.2.5 Overseeing and scrutinising all Internal, Corporate, and Corporate Governance functions of the Council, where relevant to the Committee's audit or finance remit.
- 1.3 To support the Committee in fulfilling its functions, a series of reports will be presented to Members to provide assurance that:
- 1.3.1 The Council's financial affairs are being properly managed and resources are used effectively.
 - 1.3.2 An adequate and effective internal audit system is in place and the approved plan is being delivered.
 - 1.3.3 Governance arrangements are robust and fit for purpose.
 - 1.3.4 Key business risks are identified, evaluated, and managed appropriately.
 - 1.3.5 Key systems and controls are operating effectively, providing assurance that the Statement of Accounts is materially correct and can be approved.

- 1.3.6 External audit reports, including the Audit Plan, Audit Results Report, and Annual Audit Letter, are received and considered.
- 1.4 Budget Monitoring - Executive budget monitoring reports will be shared with the Committee for information, enabling comparison between forecast and final outturn positions.
- 1.5 Member Training - Training for Committee Members will be delivered during the first 30 minutes of each meeting and will be aligned with the business scheduled for discussion.
- 1.6 Training Needs - Members are encouraged to review the proposed work programme and training schedule, and to identify any additional training needs.

2.0 Work Programme

- 2.1 The proposed Work Programme for the Audit and Governance Committee for the 2025/26 municipal year is set out in Appendix A.

3.0 Reason(s)

- 3.1 To ensure that Audit and Governance Committee is aware of the work programme and ensure that Members have the opportunity to request any training or briefing around upcoming items.

4.0 Risks

- 4.1 Risk Management is reported to the Committee regularly.

5.0 Implications/Consultations

Community Safety

No

Data Protection

Data protection reports and policies will be brought before the Committee as appropriate.

Equalities

No

Environmental Sustainability

No

Financial

No

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

Legal requirements are noted in the report summaries in the table in this report.

Specific Wards

No

6.0 Background papers, appendices and other relevant material

6.1 Appendix A – Updated work programme for 2025/26

6.2 Appendix B – Propose schedule for 2026/27 programme

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Committee	Author	Report Title	Report Summary
Audit & Governance Committ Nov-25	SAFS	Training: Fraud Awareness for Elected Members: The impact of fraud, fraud risks, and the council's response	Members are invited to nominate a training topic on Thursday 20 November
	Jackie Bruce	Annual Infrastructure Funding Statement Report 2024/25	To present to Audit and Governance Committee an update on Section 106 contributions and the council's Annual Infrastructure Funding Statement Report 2024/25
	Jackie Bruce	Annual Infrastructure Funding Statement Report Qtr 2 Update 2025/26	To present to Audit and Governance Committee an update on Section 106 contributions and the council's Annual Infrastructure Funding Statement Report Update at Q2 for 2025/26
	Alison Street	Financial Management 2025/26 – Quarter 2 Forecast to Year End	To provide Audit and Governance Committee with a copy for information of the Executive Report with the forecast position on revenue spending and the capital programme as at the end of quarter 2.
	Nicola Munro	Treasury Management 2025/26 Mid-Year Review	To provide Audit and Governance Committee with a copy of the Treasury Management Mid-Year Review Report so that they can scrutinise the Report
	Steve Sargent	BEAM Trading Update	To present to Audit & Governance Committee an annual report on BEAM (theatre and cinema in Hertford) so that the Committee can assure Council that the investment in new leisure centres is performing as per the business case and making a return to the council after servicing debt.
	Brian Moldon	Strategic Risk Register Monitoring Q2 2025/26	To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 2.
	Brian Moldon	Update on progress against External Auditors Statutory Recommendations and Finance Peer Review	To present to Audit & Governance Committee an update position against each of the External Auditors Statutory Recommendations and the Finance Peer Review recommendations
	Simon Martin	Shared Internal Audit Service Internal Audit Plan Progress Report	To present to Audit and Governance Committee the Shared Internal Audit Service's progress against the Internal Audit Plan.
	Nick Jennings	Shared Anti-fraud Service Anti-Fraud Plan progress report	To present to Audit and Governance Committee the Shared Anti-Fraud Service's progress against the Anti-Fraud Plan.
	Matt Canterford	Cyber Security Update	To present to Audit & Governance Committee an update on the impact of Cyber Security for East Herts Council
Brian Moldon	Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.	

Committee	Author	Report Title	Report Summary
Audit & Governance and Overview and Scrutiny Joint Committee Jan-26	Alison Street	Budget Scrutiny - Budget 2026/27 and Medium Term Financial Plan 2026-30	Executive Member for Financial Sustainability to present to Audit and Governance Committee the Executive's proposed General Fund Budget and Medium Term Financial Plan for scrutiny.
	Nicola Munro	Capital Strategy and Minimum Revenue Provision Policy 2026/27 for scrutiny	Executive Member for Financial Sustainability to present to Audit and Governance Committee the Executive's proposed Capital Strategy and Minimum Revenue Provision Policy for scrutiny.
	Nicola Munro	Investment Strategy 2026/27 for scrutiny	Executive Member for Financial Sustainability to present to Audit and Governance Committee the Executive's proposed Investment Strategy for scrutiny.

Committee	Author	Report Title	Report Summary
Audit & Governance Committ Feb-26	Paul Grady - Azets	Approval of the Statement of Accounts 2024/25	Regulation 10 (1) of the Accounts and Audit Regulations 2015 requires the Statement of Accounts to be approved by a resolution of a committee of the Council, such approval to take place before 30 September immediately following the end of a year, or as soon as practicable after the conclusion of the audit.
	Nick Jennings	Anti-Fraud Plan 2026/27 - look to move to March / April	To present to Audit and Governance Committee the Shared Anti-Fraud Service Anti-Fraud Plan for the financial year 2026/27.
	Simon Martin	Internal Audit Plan 2026/27	To present to Audit and Governance Committee the Shared Internal Audit Service Audit Plan for the financial year 2026/27.
	Alison Street	Update to the 2025/26 Accounting Polices	To update the Accounting Policies for 2025/26 and subsequent years.
	Alison Street	Financial Management 2025/26 - Quarter 3 Forecast to Year End	To provide Audit and Governance Committee with a copy for information of the Executive Report with the forecast position on revenue spending and the capital programme as at the end of quarter 3.
	Brian Moldon	Strategic Risk Register Monitoring Q3 2025/26	To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 3.
	Brian Moldon	Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.

Statement of Accounts	Date for Publication of Draft SoA	Date for Audited Statement of Accounts	Dates when completed
2023/24	31/05/2024	28/02/2025	Accounts Published on 30 April 2025 - Statement of Accounts completed 1 October 2025 with a Disclaimer
2024/25	30/06/2025	27/02/2026	Accounts published on 27 June 2025 - Looking to be signed off at February 2026
2025/26	30/06/2026	31/01/2027	
2026/27	30/06/2027	30/11/2027	
2027/28	30/06/2028	30/11/2028	

Agenda Item 17

EAST HERTS COUNCIL

AUDIT AND GOVERNANCE COMMITTEE WEDNESDAY, 26 NOVEMBER AT 7:00PM

CYBER SECURITY UPDATE

Presentation by Matt Canterford, Assistant Director, Chief Technology Officer and Senior Information Risk Owner, Business and Technology Services

1. Summary

1.1 Presentation to be received to provide an update and advise on any current issues in relation to cyber security.

2. Recommendation

2.1 The Panel is asked to note the presentation