

MINUTES OF A MEETING OF THE  
JOINT MEETING OF SCRUTINY  
COMMITTEES HELD IN THE COUNCIL  
CHAMBER, WALLFIELDS, HERTFORD ON  
WEDNESDAY 29 JANUARY 2025, AT 7.00  
PM

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PRESENT: Councillor Martin Adams (Chair)  
Councillors P Boylan, E Buckmaster,  
N Clements, N Cox, B Deering, C Horner,  
D Jacobs, G McAndrew, S Nicholls,  
M Swainston, J Thomas, D Willcocks,  
G Williamson, Poppy and Sharman

ALSO PRESENT:

Councillors C Brittain, B Crystall and  
C Redfern

OFFICERS IN ATTENDANCE:

Michele Aves	- Committee Support Officer
Mathew Crosby	- Interim Head of Strategic Finance
Katie Mogan	- Democratic and Electoral Services Manager
Helen Standen	- Interim Chief Executive
Alison Street	- Financial Planning Manager

ALSO IN ATTENDANCE:

308 APPOINTMENT OF CHAIR

It was moved by Councillor Jacobs and seconded by Councillor Thomas that Councillor Adams be appointed Chair of the Joint Meeting of Scrutiny Committees. After

being put to the meeting and a vote taken, the motion was declared CARRIED.

**RESOLVED** – that Councillor Adams be appointed Chair of the Joint Meeting of Scrutiny Committees.

309 APOLOGIES

There were apologies for absence from Councillor Carter and Councillor Woollcombe. It was noted that Councillor Watson was substituting for Councillor Carter.

310 CHAIR'S ANNOUNCEMENTS

The Chair welcomed all to the joint meeting of the Audit and Governance and Overview and Scrutiny Committees, which had been convened to scrutinise the Budget items. He reminded participants to use their microphones when speaking so that they could be heard.

311 DECLARATIONS OF INTEREST

There were no declarations of interest.

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

The Executive Member for Financial Sustainability introduced the report which set out the revised Medium Term Financial Plan (MTFP) and savings proposals to balance the 2025/26 budget.

The Chair thanked the Executive Member for Financial Sustainability for his report and asked the Interim Head of Strategic Finance for his observations as he was new to the council.

The Interim Head of Strategic Finance said that he was impressed with the thorough level of detail which surrounded East Herts' budget setting. He said that

Leadership Team met regularly to monitor the budget, explore options and savings opportunities.

Councillor Nicholls queried the increase in service costs of £434,000 from last year for Communications, Strategy and Policy. She also sought clarification of why there was a drop in income retained from Business Rates.

The Interim Head of Strategic Finance said that he would need to obtain more detail to answer Councillor Nicholls' query regarding the increase in the service cost. He said that the reset of the Business Rates system had resulted in the overall drop in this income.

Councillor Williamson referred to page 20 of the report and asked how disposing of Millstream assets would result in savings. He said that work was done by the previous administration to ensure that Millstream would provide the expected returns.

The Executive Member for Financial Sustainability said Millstream did provide an income for the council, but interest rates had changed, being higher for several years, and paying off debt saved more money (currently around 8%) than the profit generated. He said that if Millstream had no debt the case would be different.

Councillor Thomas also referred to page 20 of the report and asked for expansion on the Executive Approved Savings for 2024/25, namely the new approach to partnerships, the review of customer service receptions and the increase to the garden waste charges.

The Executive Member for Financial Sustainability said that he was unable to expand further on the new approach to partnerships and the customer services reception proposals as these were being reviewed by Leadership Team. He said that these money saving changes had consequences for jobs, and therefore currently needed to remain confidential.

The Executive Member for Financial Sustainability said that the proposed increase to the garden waste service would bring costs back into line, accommodating 20% inflation since the service was set up in 2021. He said that the 2025/26 increase was not an exact CPR rise and was not out of line with other local authorities in the area. He confirmed that the charge would increase each year thereafter.

Councillor Nicholls said that it was good to see that savings had been made by a senior management restructure and asked if these savings had been made by posts not being filled.

The Executive Member for Financial Sustainability said that it was not planned that posts which had been vacated would be refilled.

Councillor Clements said that he appreciated that the decisions regarding staff parking, not to reduce the grant given to Citizens Advice and to not delete the Licensing Enforcement function were difficult but were good to see. He observed that the biggest change in the budget last year was the drop in revenue from BEAM, and asked if the income predicted from the BEAM business plan could be trusted to be accurate. He asked how any gaps would be met if figures were not achieved, and if the external consultant's report for BEAM would be shared.

The Executive Member for Financial Sustainability said that the external consultants had produced both the original and the recent update reports, the latter of which concerned attendance. He said that attendance had started to plateau and had not returned to pre pandemic numbers, an issue which was replicated at theatres around the country. He said that this was the reason for the income predictions for BEAM being lower than in last year's budget.

The Executive Member for Financial Sustainability said that a new Commercial Manager had been appointed at

BEAM, who believed that the numbers contained within the report were obtainable and could be beaten. He said that this buy-in, together with the report itself, gave confidence in the numbers.

The Executive Member for Financial Sustainability said that the £548,000 budget figure for last year was not achieved due to several reasons, including attendance, and only concerned a part year. He said that the shortfall for this year would be reported on in the financial outturn (as seen by the Audit and Governance Committee) and not within the budget papers.

Councillor Clements said that he would follow up his question with the Executive Member for Financial Sustainability offline.

Councillor Jacobs referred to page 9 of the report, and asked where property disposals other than those relating to Millstream were reflected. He also said that the lack of detail regarding the confidential proposals to the change in approach to partnerships and the closure of customer service receptions made it difficult for the Committee to do its job and asked for clarity and/ if these issues could be discussed under 'Part 2'.

The Executive Member for Financial Sustainability said that asset disposals could be seen at page 20 in Appendix B of the report. He said that the numbers relating to these disposals were prudent, but there were no exact timescales for completion with most now coming from 2026 onwards.

The Interim Head of Strategic Finance said that the proposed changes to partnerships anticipated savings and were contract related, affecting specific staff. He said that negotiations regarding these changes had not yet begun. He said that it was also too early to say if the proposed changes to receptions would go ahead in 2026/27.

Councillor Jacobs asked for confirmation that, at page 20 of the report, there had been no approved asset disposals for 2024/25.

The Executive Member for Financial Sustainability said that this was correct, and that there was unlikely to be any asset disposals for 2025/26, with disposals primarily planned from 2027 onwards.

Councillor McAndrew said that he was the Executive Member for Environment under the previous administration and had attended many workshops regarding the waste contract. He referred to North Herts (the waste contract partner) and asked why their Cabinet had been recommended to increase the garden waste charge by £6 per year as opposed to the £10 per year increase which East Herts was proposing. He referred to Section 93, and asked for clarification that the council was not profiting from the waste contract.

The Interim Head of Strategic Finance confirmed that as per the policy East Herts was not charging for more than the cost of the service, and that there was no contractual obligation to charge the same as North Herts. He said that East Herts had longer routes than North Herts, thus increasing the council's costs.

Councillor McAndrew said that he did not agree with the proposed substantial increase by East Herts. He said that North Herts was (at some point) subsidising their service and that their charge was increased to bring it in line with East Herts. He said that therefore something was fundamentally wrong with such a disparity.

The Executive Member for Financial Sustainability ensured Members that East Herts was not profiting from the waste contract, and that North Herts may still be subsidising their contract. He said that he understood it was a sizeable increase, but the council needed to find savings.

Councillor Deering asked why there was slippage of two years in relation to the asset disposals which were pencilled in for 2024/25 and were now not expected until 2026/27.

The Executive Member for Financial Sustainability said that he understood Members frustrations. He said that it had been a challenging year, with the opening of BEAM taking much of the Property Team's resources, and the loss of the Chief Executive Officer impacting on Leadership team. He said that it was thought that the disposals relating to Old River Lane could advance immediately after the signing of the contract, but that this was misadvised.

Councillor Deering referred to Appendix B and asked for why the report included the unachieved savings from a ban on overtime and the Wallfields building.

The Executive Member for Financial Sustainability said that negotiations with potential tenants of the Wallfields building had snagged. He said that the overtime ban was an accounting issue.

The Interim Head of Strategic Finance said that there had never been a budget for overtime, but the charges for this had decreased.

The Interim Chief Executive said that the preferred interested potential tenant for Wallfields was a partner, but this arrangement did not materialise. She said that a new tenant was however now moving into the building during the first week of April 2025.

Councillor Clements referred to page 21 of the report and asked which bridge was being referred to. He also sought clarification of the size of the council's reserves.

The Executive Member for Financial Sustainability said that the bridge referred to in the report was the bridge at Hertford Theatre, and that more detail could be provided if

required. He said that the statement of reserves was not included in the report as the accounts from 2023/24 were still being worked on, but that the reserves remained broadly at the same level as last year.

The Finance Business Partner confirmed that there were general fund reserves of £3.8 million, which had remained constant for several years. She said that there was just over £1 million in the council's general fund, she said that earmarked reserves were approximately £14 million.

Councillor Williamson asked how long the council would be liable for Business Rates on Charrington's House now that the development agreement was in place.

The Interim Head of Strategic Finance said that the council's liability would remain until an exemption was given or when the building was sold. He said that this was forecast to occur within 18 months.

Councillor Horner asked if there was further information regarding government grants to assist employers with the extra cost of National Insurance contributions.

The Executive Member for Financial Sustainability said that there was still uncertainty with such grants. He said that the council knew of the cost to itself, and that a prudent view had been used within the budget.

The interim Head of Strategic Finance said that other council's advisors had been given indicative grant figures, which could see some grants covering up to 50% of costs. He said that it appeared that no employer would receive full funding, with the award amount given in the final settlement.

Mr Sharman said that the budget contained many assumptions, some of which were ambitious, and which included premise for asset disposals and BEAM. He said that it would not take a lot to impact the budgets bottom number and asked what happen to the tight contingency



should this happen.

The Executive Member for Financial Sustainability agreed that it was a tight budget which had potential risks. He said that these were mitigated and monitored by Leadership Team at regular meetings.

The Interim Head of Strategic Finance said that there was a built-in contingency of £200,000, and flags in place to identify problems and review the situation.

Mr Poppy asked if there was an action plan and a lead officer who monitored the budget, and if there was a worst case scenario 'Plan B'.

The Executive Member for Financial Sustainability said that Leadership Team monitored as a group which was ongoing and robust.

The Interim Head of Strategic Finance said that work had already begun for 2026/27, with plans to bridge gaps and trade-offs which could be made to be actioned. He said this was an ongoing process, with future work expected with regards to further transformation savings.

Councillor McAndrew referred to the Business Rates income, which was collected from Charrington's House, and asked for confirmation of who received this, and if it was split.

The Interim Head of Strategic Finance said that central government received 50% of business rates, with East Herts receiving 40%, and the remaining 10% going to the County Council.

The Finance Business Partner said that whilst East Herts retained 40% of its Business Rates it was a tariff paying authority. She said that therefore, although the council received £22 million in Business Rates there was an £18 million tariff to pay to local authorities who did not reach their own funding levels.

The Interim Head of Strategic Finance said that a breakdown regarding Business Rates could be provided if required.

The Chair said that he observed litter within his ward and noted that the maximum penalty for littering had been raised by the government to £500. He asked if enforcement penalties had been considered by the council.

The Executive Member for Financial Sustainability said that enforcement penalties had not been presented to the Executive as an option.

The Interim Chief Executive said that a trial with an external enforcement company had happened approximately 3/4 years ago, but this had resulted in many complaints from residents and Members. She said that enforcement could be considered 'in house', and that she would take this suggestion away to explore.

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

**RESOLVED** – that (A) the savings and income generation proposals be scrutinised, and the Executive be advised of any significant issues they believe may arise; and

B) that the proposed capital programme be scrutinised.

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

The Executive Member for Financial Sustainability introduced the report which presented the Executive's recommended

Capital Strategy, the Minimum Revenue Provision Statement, and the Treasury Management Statement 2025/26, for approval by Full Council.

The Chair thanked the Executive Member for Financial Sustainability for his report.

Councillor Buckmaster asked if funds which were currently in property investments would be used to repay other council debts at the end of their terms.

The Executive Member for Financial Sustainability said that this was correct, with any receipts used to pay debts or fund capital requirements, such as waste vehicles. He said that the return dates for the funds were currently unknown, adding that the council had two property funds, both of which were being wound down.

The Interim Head of Strategic Finance said that exploratory work was being undertaken regarding the option for the council's second fund to be absorbed by a larger fund. He said that if the fund was merged it was envisaged that most of the council's initial investment could be returned by June/July, otherwise the winding down process could take two to three years. He confirmed that this would impact next year's budget and in year cash flow/ cash flow requirement.

Mr Sharman asked if the asset disposal programme for 2026/27 was realistic and sought clarification of the effect of a fall in interest rates would have on the council's budget.

The Executive Member for Financial Sustainability said that the asset disposal programme for 2026/27 was realistic, with the majority relating to Old River Lane. He said and that the council's borrowing was more dependent on the gilt rate, which had remained steadily high and was not directly linked to the bank interest rate. He said that therefore a reduction in the gilt rate would help with the council's (predominately short-term) borrowing costs.

Councillor Nicholls asked for the implications of devolution on

the council's debt liability and long-term commitments.

The Interim Head of Strategic Finance said that when new bodies were merged or formed their assets and liabilities transferred with them, he cited Cornwall and Cumberland as such examples.

Councillor Deering referred to table 5 at paragraph 3.7.2 of the report. He noted the figures within the table and sought clarification that the figure of £800,000 in the third line did relate to asset disposals. He said that the report made vivid that there had been virtually no progress in relation to asset sales.

The Interim Head of Strategic Finance said that technically this figure may be an asset disposal, as it related to capital funding from a loan to Millstream. He said that the table itself concerned 'capital receipts receivable'.

The Interim Head of Strategic Finance agreed that there had been virtually no asset sales completed within the year. He said that sales had been reforecast and that the council was confident that the programme for 2026/27 could be achieved. He said that the figure of 2.4 million shown table 5 would be in capital receipts, as loans and investments into Millstream are deemed as capital investments from an accounting perspective.

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

**RESOLVED** – that (A) Members examine and comment on the Capital Strategy, Minimum Revenue Provision Statement and the Treasury Management Strategy 2025/26 including the Prudential Indicators contained within the reports.

314 URGENT BUSINESS

There was no urgent business.

The meeting closed at 8.28 pm

Chairman .....
Date .....