

## East Hertfordshire District Council Action Plan for LGA Finance Peer Challenge

No.	Recommendation	Agreed	Responsible	Timescale	Comments
1	The difference between the savings figures quoted in the report and those on the schedule be explained.	Yes	Head of Strategic Finance and Property	Completed	<p>We show savings across each subsequent year in the Medium Term Financial Plan (MTFP) as once a saving is achieved it will be saved going forward. We find this way makes it easier to understand savings in the budget paper as the alternative approach would be to reduce expenditure lines in future years and effectively hide the savings in future years. Savings are also not approved until Full Council vote on them at Budget Council. Our showing of savings as a line across the MTFP also facilitates budget amendments which are more likely as the council is no overall control. Once the budget is approved the next year's MTFP has the expenditure adjusted in the base budget. The savings are not a cumulative requirement as once saved it stays saved.</p> <p>The discrepancy is not a discrepancy but a misunderstanding of the structure of our budget papers. Appendix C refers only to savings requiring Member approval and the £1.411 million in 2025/26 was unidentified at the time of the budget setting and would not appear in Appendix C as there were no proposals for Members to approve.</p>
2	That clarification be provided as to whether the savings are cumulative.	Yes	Head of Strategic Finance and Property	Completed	<p>The savings are not cumulative. For example, a restructure of Strategic Finance and Property saved £350k in 2022/23 and we then show that saving in each subsequent year of the MTFP. Once Council has approved the budget the next MTFP iteration will show the expenditure budgets adjusted for the saving and new proposals will again show the affect of a saving over future years.</p>

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3	That a risk schedule be produced and included in the report covering the likelihood and impact of not delivering the savings.	Yes	Head of Strategic Finance and Property	December 2024	Risks arounds savings delivery and cost pressures are included in the section 25 Report that is part of the budget paper for budget Council. A formal risk assessment will be included with the budget papers for the 2025/26 Budget to increase transparency.
4	That a schedule of delegated savings together with a risk schedule be produced and included in the report.	Yes	Head of Strategic Finance and Property	In future years	The Chief Executive gave an instruction not to include the schedule with the papers. The schedule was prepared and the Head of Strategic Finance and Property advised it should be published but was overruled.
5	The business case to support the civil parking enforcement be included as an appendix to the report.	Yes	Head of Operations	To support the Parking Strategy and 2025/26 budget	The 2024/25 budget included an estimate of potential additional revenue from a new parking strategy that took into account built up demand for Resident Parking Zones none of which were progressed due to the COVID pandemic. Changes in working patterns also means that off street car parks require changes to the balance of long stay v short stay spaces to maximise revenue and there is over supply of off street parking spaces in Bishop's Stortford in particular. Potential redevelopment or disposal for capital receipts also offer s further opportunities. The new Parking Strategy will set out the business case for changes and demonstrate how the additional income targets will be met. For many years parking operated at a loss and was subsidised by the council tax payer and East Herts is entitled to recover those losses first out of any surplus generated.
6	That the rationale for increasing the council tax base by 500 is	Yes	Acting Head of Shared	December 2024	East Herts, under the current District Plan, has provided for substantial increases in housing number

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	explained with the options considered and discounted		Revenues and Benefits Service		and the council tax base increases reflect the facts of continuing build out of permissions. Compared to the vast majority of councils the increase in the tax base is very high but is based on actual growth in housing numbers. For example, Bishop's Stortford North has been delivering around new houses a year and is expected to continue to do so for the next five years. The building of the Gilston Villages will increase housing numbers by 10,000 over a number of years and there are two major sites in the District Plan that have not yet submitted an application. The tax base is constructed after talking to site managers across the district so that growth estimates reflect their plans on the ground and we adjust against optimism bias by overlaying the average discounts and exemptions profile on all estimated growth. We are satisfied that growth figures are not optimistic and overstated – if they were Members would see a substantial Collection Fund deficit that would need to be recovered in the next financial year and there has been no such Collection Fund deficit arising in the last four years.
7	That a statement setting out the useable reserves position is published in the budget report.	Yes	Head of Strategic Finance and Property	Completed	The budget report to Council always includes an appendix showing the Earmarked Reserves – at the last budget council this was Appendix E of the budget report. We will include the Earmarked Reserves schedule in earlier reports to assist Members and to increase transparency.
8	That quarterly monitoring is reported to elected members within two months of the period end and	Yes, but subject to the report processes	Head of Strategic Finance and Property		As can be seen in the report, the current reporting system means reports take 40 working days to get from Leadership Team to Executive and longer to reach Audit and Governance Committee. This is not

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	that the portfolio holder is briefed within 4 weeks of month end.	being changes	Chief Executive and Head of Legal and Democratic Services	There is currently no timescale available for when discussions may take place	<p>something that Strategic Finance has the ability to change and in order to implement this recommendation we would have to write reports and have them in the system before the financial period had ended.</p> <p>This is a matter for the Chief Executive, Head of Legal and Democratic Services and Senior Members to agree a way forward in relation to the timescales and until there is a change in the process Strategic Finance cannot get reports cleared and to Members in the timescales recommended. The Chief Executive had agreed to discuss this with senior Members and the Head of Legal and Democratic Services.</p>
9	That a statement setting out the useable reserves position is published in quarterly budget monitoring report	Yes	Service Manager: Strategic Finance	January 2025	We will produce this for the quarterly monitoring, but we do not believe it will provide a lot of value given the very low levels of reserves the council has. We do not generally fund revenue expenditure from reserves. We believe the crucial figure is the General Fund which is reported every quarter with the effect of the forecast surplus or deficit for the year.
10	Recommendations for dealing with forecast over spends are included in the report and not just for noting.	Yes	Leadership Team	November 2024	Whilst we will put recommendations in the report the fact that officers are required under Financial Procedure Rules to manage out overspends and officers have delegated in relation to income and expenditure. The Leadership Team may put in place financial restrictions if they think the budget situation

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					requires action, e.g. recruitment freezes or moratoria on non-essential expenditure and in those cases Members would be noting the actions taken rather than approving them beforehand.
11	That the capital programme be reviewed with a view to rescheduling and deferring in order to reduce the reliance on borrowing.	Yes	Head of Strategic Finance and Property	On going	This had been done over several years, with the capital programme shrinking dramatically. Once the civic square at Old River Lane is built then the capital programme reduces to ICT investment and essential only cyclical repairs to operational buildings. There is a commitment, once it becomes affordable, to build the Arts Centre at Old River Lane which will remain paused until borrowing has been reduced and new borrowing to finance the Arts Centre is affordable.
12	The full business case for the commercialisation of the Hertford Theatre be presented to members for examination and approval.	N/A	N/A	Completed	This was the subject of an extraordinary Council meeting in January 2024 which the LGA consultant was not aware of. In fact, this had already been done before the desktop review commenced.
13	That advice be sought as to the capitalisation of maintenance costs re the URC church.	No	Head of Strategic Finance and Property		This is not necessary. The budget provision for the URC Hall was put in place on the assumption that the URC Church Elders would end their lease in September 2024 and the council would need to incur capital costs in relation to parts of the building superstructure, substructure and services and, as these are major components of the asset, would clearly be within the definition of capital expenditure. A full structural survey of the building is to be

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					<p>undertaken shortly as there are potentially issues with the building. There are a number of cracks in external walls and officers understand there are significant issues with the drains. The structural survey will identify issues which may be as a result of poor construction methods or, potentially the issues are caused by it having been built on the old course of the River Stort, which may, due to the extreme rains as a result of climate change, be flowing below ground during some parts of the year.</p>