



Public Document Pack
Boston Borough Council

**Chief Executive
Rob Barlow**

Municipal Buildings
Boston
Lincolnshire PE21 8QR
Tel: 01205 314200

Friday, 8 November 2024

Notice of meeting of the Audit & Governance Committee

Dear Councillor

You are invited to attend a meeting of the Audit & Governance Committee
on **Monday, 18th November, 2024 at 6.30 pm**
in the Committee Room - Municipal Buildings, West Street, Boston, PE21 8QR

**Rob Barlow
Chief Executive**

Membership:

Chairman:	Councillor Barrie Pierpoint
Vice-Chairman:	Councillor Anton Dani
Councillors:	Richard Austin BEM, James Cantwell, Mike Gilbert, Paul Gleeson, Patricia Marson, David Middleton, Chris Mountain, Lina Savickiene and David Scoot
Co-opted Independent Members:	Adam Cartwright and Gideon Hall

Members of the public are welcome to attend the committee meeting as observers except during the consideration of exempt or confidential items.

This meeting may be subject to being recorded.

Agenda

Part I - Preliminaries

A Apologies for Absence

To receive apologies for absence.

B Declarations of Interest

To receive declarations of interests in respect of any item on the agenda.

C Minutes (Pages 1 - 8)

To sign and confirm the minutes of the last meeting.

D Actions (Pages 9 - 10)

To note the actions from the previous meeting.

E Public Questions

To answer any written questions received from members of the public no later than 5 p.m. two clear working days prior to the meeting – for this meeting the deadline is 5 p.m. on Wednesday 13th November 2024.

Part II - Agenda Items

1 Treasury Management Mid-Year Report 2024/25 (Pages 11 - 38)

(A report by Christine Marshall, Deputy Chief Executive – Corporate Development (S151))

2 Information Governance Annual Update (Pages 39 - 46)

(A report by Richard Steele, Group Information Manager and Deputy Data Protection Officer)

3 Work Programme (Pages 47 - 48)

(For Members to consider the Committee's work programme.)

Notes:

Please contact Democratic Services (demservices@boston.gov.uk) if you have any queries about the agenda and documents for this meeting.

Council Members who are not able to attend the meeting should notify Democratic Services as soon as possible.

Alternative Versions

Should you wish to have the agenda or report in an alternative format such as larger text, Braille or a specific language, please telephone 01205 314591.

Boston Borough Council

Minutes of a meeting of the **Audit & Governance Committee** held in the Committee Room - Municipal Buildings, West Street, Boston, PE21 8QR on Monday, 14th October, 2024 at 6.30 pm.

Present:

Councillor Barrie Pierpoint, in the Chair.

Councillors Richard Austin BEM, James Cantwell, Mike Gilbert, David Middleton, Chris Mountain and David Scoot.

Officers:

Assistant Director - Governance and Monitoring Officer, Chief Finance Officer (PSPS), Deputy Chief Finance Officer (Corporate), Finance Manager – Corporate, Interim Treasury Manager, Financial Services, Group Manager - Insights & Transformation, Internal Audit Team Manager, Democratic Services Team Leader and Democratic Services Officer.

14 Apologies for Absence

Apologies for absence were received from Councillors Paul Gleeson, Patsie Marson, Lina Savickiene (Committee Members) and Councillor Anne Dorrian (Leader of the Council).

The Chairman announced that Councillor Stephen Woodliffe, an active and longstanding member of the Council, was unwell. He was wished a speedy recovery by the Committee.

15 Declarations of Interest

No declarations of interest were received.

16 Minutes

The Minutes of the previous meeting held 8th July 2024 were agreed and signed by the Chairman.

17 Actions

No actions were outstanding from the previous meeting.

18 Public Questions

No questions were received.

19 Q1 Treasury Report 2024/25

The Chairman announced that the Q1 Treasury Report 2024/25 would be dealt with as the first Agenda Item.

The Interim Treasury & Investments Manager, PSPSL presented a report by the Deputy Chief Executive – Corporate Development & S151 which provided the 2024/25 Quarter 1 update on the Council's Treasury Management Strategy Statement and Annual Investment Strategy, attached as Appendix A within the report.

The report covered the following areas:

- An economic update for the first quarter of the 2024/25 financial year;
- The outlook for the remainder of the financial year along with interest rate forecasts;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2024/25;
- A review of the Council's borrowing strategy for 2024/25; and
- A review of compliance with Treasury and Prudential Limits for 2024/25.

Members noted that the report referred to a key element of the Council's Governance Framework and represented an important contribution to the evidence trail in support of the Annual Governance Statement 2024/25.

The Interim Treasury Manager, PSPSL highlighted that on 20th May 2024 the limit of £7.5 million with the CCLA money Market Fund had been breached by £150,000. This was noticed and the S151 Officer was immediately informed, and it was corrected the following day. He advised that internal processes had been reviewed to ensure that further breaches would not occur.

The Chairman referred to the breach and queried whether it had impacted the Council in anyway. The Interim Treasury Manager, PSPSL assured members that there had been no negative impact to the authority.

Councillor David Middleton referred to staff pensions and the potential effect to the Council in respect of Central Government's budget setting. The Deputy Chief Executive – Corporate Development & S151 stated that the pensions were managed by the West Yorkshire Pension Fund who administered the Lincolnshire County Council Pension scheme on behalf of all Lincolnshire authorities. She advised that monies deducted from salaries were only with the Council a few days as they had to be paid into the pension fund very quickly.

Councillor Mike Gilbert referred to the General Fund Capital expenditure and queried whether the purchase of B&M was reflected within the numbers. The Interim Treasury Manager, PSPSL advised that if B&M had already been purchased it would be part of historic Capital Programmes.

RESOLVED:

That the report be noted.

[The Interim Treasury & Investments Manager, PSPSL left the meeting at 6.49 p.m., following consideration of the above item.]

20 Final External Audit Plan & Strategy for the year ending 31 March 2024

The Engagement Director, KPMG presented the Final External Audit Plan and Strategy for the year ending 31 March 2024, which provided details of the final updated external audit plan and memorandum as at 31st March 2024, the previous version of which was presented to the Committee in July. This version was presented to members upon

completion of the planning and risk assessment work over the financial statements and value for money arrangements in place at the Council as at 31st March 2024, with all changes within the report from the previous version included in green.

The Engagement Director, KPMG highlighted the following key points:

- An update to the group and Council materiality and misstatement reporting threshold, which had been updated upon receipt of the draft financial statements and updated benchmark figures which are total expenditure for the year (page 15).
- A refinement of significant risk over the valuation of land and buildings, with further focus on that risk to consider in more detail the assets valued under the depreciated replacement cost method (page 18).
- The conclusion that no significant risks had been identified and that no significant weaknesses were evident within the Council's arrangement to secure value for money in the year.

Councillor David Middleton referred to his previous experience with the British Steel's pension fund being oversubscribed which had consequently allowed them to take a holiday and not pay in due to cash overflow. He queried whether, considering the change on the market conditions and the pension funds growing quite well, Boston Borough Council was ever likely to be in a position where it could take a pensions holiday. The Deputy Chief Executive – Corporate Development & S151 advised that it would depend on the status of the fund at any particular point in time, and also in terms of the state of the international markets and the value of investments. She added that Boston's fund had done better over the past few years and that the market conditions had improved. However, it was more likely to be a case of whether or not a review showed that the fund needed less levels of contributions than what it had received in the past.

Councillor Mike Gilbert referred to the overall position as a Council over the last year and assessed it as a positive one, highlighting the amount of savings. He noted that there were still significant challenges for the forthcoming years and queried about plans on how to move forward. The Engagement Director, KPMG advised that it was management's responsibility to ensure the short term, medium and long term financial viability and that they would have plans in terms of their medium term financial strategy and short term budget arrangements.

Councillor Gilbert queried whether the External Auditors had looked into the B&M purchase in terms of due diligence. The Engagement Director, KPMG stated that no issues had been identified. However, he agreed to look into the matter and report back.

Councillor James Cantwell referred to mentions of the Efficiency Board within the report and queried the arrangements. The Deputy Chief Executive – Corporate Development & S151 advised that the Efficiency Board was an Officer Working Group which fed into the Finance Portfolio Holder and Cabinet in terms of monitoring savings, efficiencies and opportunities. The Chairman added that members were entitled to attend meetings of the Cabinet and ask questions.

RESOLVED:

That the report be noted.

21 External Audit Progress Report 23/24

The Engagement Manager, KPMG presented the progress report for the year ending 31 March 2024. She advised that although the audit was presented as substantially complete, some areas were still outstanding which were detailed within the report (Page 63 of the Agenda Pack).

The Engagement Manager, KPMG highlighted the following areas:

- Significant risks and other audit risks:
 - Valuation of land and buildings – testing had been completed over the assumptions linked to the significant risk which were found to be neutral.
 - Management override of controls – testing had been completed with no specific findings.
 - Valuation of post retirement benefit options – initial results had been received from the actuaries who had evaluated the significant assumptions and had found them to be balanced.
- Two uncorrected audit misstatements had been identified – Management had requested them to remain uncorrected so as not to impact the Council.
- Two corrected audit misstatements had been identified – Management had agreed to amend them in the final version.
- Four misstatements in respect of disclosures had been identified – Management had agreed to amend them in the final version.

Councillor James Cantwell queried the deadlines in respect of the delayed bank reconciliations. The Chief Finance Officer, PSPSL advised that all five bank reconciliations have been reconciled up to the end of September.

RESOLVED:

That the report be noted.

22 Annual Governance Statement 2023/24 and Financial Statements 2023/24

The Deputy Chief Executive – Corporate Development & S151 complimented officers on their outstanding work. The Chairman added his thanks on behalf the Committee.

The Finance Manager (Corporate), PSPSL presented a report which sought the approval of the Annual Governance Statement 2023/24 and the Audited Financial Statements 2023/24 for publication. The Statements were attached as Appendix 1 within the report.

Councillor James Cantwell referred to a question raised at Full Council in relation to a Council owned farm and requested an update. The Deputy Chief Executive – Corporate Development & S151 confirmed that there was a farm. She advised that the Assistant Director – Assets would be requested to provide a response following the meeting.

The Chairman referred to the actions being noted throughout the meeting and informed members that details would be circulated within future Agendas.

The Chairman requested that members vote on recommendation 1 to begin with.

The recommendation was moved by Councillor Anton Dani and seconded by Councillor Chris Mountain.

RESOLVED:

- 1. That the Annual Governance Statement 2023/24, attached as Appendix 1 within the report, be approved.**

Following the Committee's decision, the Chairman requested that members vote on recommendations 2 - 4.

The recommendations were moved by Councillor Anton Dani and seconded by Councillor Chris Mountain.

RESOLVED:

- 2. That the Financial Statements 2023/24, attached as Appendix 1 within the report, be approved;**
- 3. That delegated authority be given to the S151 Officer, in consultation with the Chairman of the Committee, to approve any amendments if required, after the Committee date and prior to the official signing of the Financial Statements; and**
- 4. That delegated authority be given to the S151 Officer, in consultation with the Chairman of the Committee, to approve the letter of representation on its behalf once received from KPMG.**

23 Internal Audit Progress Report

The Internal Audit Manager, LCC presented the Internal Audit Progress report, which detailed the work that Internal Audit had carried out work up to October 2024.

The Internal Audit Manager, LCC highlighted the following areas, which were detailed in the Executive Summary:

- Performance dashboard
- Feedback
- Summaries of all audits delivered
- Planning and Resourcing
- Overdue medium and low priority findings

Councillor James Cantwell referred to the Performance Management Audit on page 265 of the Agenda Pack. He advised that the commentary was limited and requested more detail. The Internal Audit Manager, LCC agreed to provide more commentary in future reports. He advised that what the Auditors had found was a pretty robust and well controlled area, which is why the assurance was Adequate. However, there were some areas that could be built on and further improved, such as further testing by to verify some of the performance information. He added that Officers would be able to provide further updates in respect of those areas.

Councillor Anton Dani referred to the Performance Management Audit on page 265 of the Agenda Pack and requested further information in respect of the planning application

national indicator which was showing as a near miss. The Internal Audit Manager, LCC advised that planning targets were in place and in this instance the Council had almost been out of time dealing with it. The Group Manager – Insights and Transformation stated that the near miss referred to did not actually relate to Boston Borough Council.

Councillor Anton Dani referred to the P- Card follow up Audit on page 266 of the Agenda Pack and queried whether there had been any difficulties during the assessment regarding teamwork and performance around the strategic alliance of the three partnership Councils. The Internal Audit Manager, LCC assured members that there had been no issues.

Councillor Dani referred to the alignment of the authorities. The Chairman stated that it was going to take time to align the three Councils, but progress was being made.

RESOLVED:

That the report be noted.

24 Quarter 1 Risk Report 24/25

The Group Manager – Insights and Transformation presented a report by the Assistant Director – Governance & Monitoring Officer which provided the Committee with an update on Risk Management as at the end of June 2024 (Quarter 1). A summary of the risks, scores and changes since the last report were set out at paragraph 2.7, with full details in Appendix 1.

Members noted that:

- An explanation had been added in respect of the four T's of risk control (Terminate, Tolerate, Transfer and Treat).
- Joint scrutiny work was being undertaken in respect of the partnership, from which an update would be provided to a future meeting.
- An update had been provided in respect of the fraud risks.
- Exception reporting of project risks was being included within future reports. This would include any projects brought forward by the Efficiency Board.
- The risk around local business, which had been identified in the previous meeting, had been referred to the relevant Director and Assistant Director.
- improvements had been made to the formatting of Appendix.
- Lead Officers would be adding action dates into future reports.

The Chairman confirmed his approval of the formatting of the Appendix. Officers were requested that the stapling of future A3 documents be amended to ensure that page numbers could clearly be seen.

Councillor Anton Dani raised concerns in respect of the potential increase of homelessness in the area as a result of new government taxes on landlords and housings and capital gains. The Group Manager – Insights and Transformation advised that she would refer the matter to the Housing Team.

RESOLVED:

That the report be noted.

25 Audit and Governance Annual Report 2023/2024

The Assistant Director – Governance & Monitoring Officer presented a report which outlined the previous years' work of the Committee as required by the Terms of Reference for approval and recommendation to Full Council. A copy of the Audit and Governance Annual Report 2023/2024 was attached as Appendix 1.

Members noted that improvements had been made to the formatting of the report to ensure that it contained key information, along with web links to enable readers to find out more information.

The recommendation was moved by Councillor Anton Dani and seconded by Councillor David Scoot.

RESOLVED:

That the Committee's Annual Report 2023/24 be approved for presentation to Full Council.

26 Work Programme

The Chairman presented the annual Audit and Governance Work Programme 2024/25 and asked members if they wished to add any additional items into the programme.

RESOLVED:

That the work programme be noted.

27 Exclusion of the Press and Public

The recommendation was moved by Councillor Anton Dani and seconded by Councillor Chris Mountain.

RESOLVED:

That under Section 100(A)(iv) of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 1 of Part 1 of Schedule 12A of the Order.

[The Chief Finance Officer, PSPSL, the Deputy Finance Officers, PSPSL, and the Finance Manager (Corporate), PSPSL left the meeting at 7.39 p.m., following consideration of the above item.]

28 Co-opted Independent Members

The Assistant Director – Governance & Monitoring Officer presented a report which sought the Committee's approval, following a recent recruitment process, to co-opt two new Independent Members to the Audit and Governance Committee.

The Chairman provided an update on the interview process and confirmed good competency of both candidates who diligently answered rigid questions and showed their interest to be take part in the work of the Committee. Members noted that both candidates came from different backgrounds and were therefore able to bring a more diverse skillset to the role.

The recommendation was moved by Councillor David Scoot and seconded by Councillor James Cantwell.

RESOLVED:

That Mr Gideon Hall and Mr Adam Cartwright be Co-opted to the Audit and Governance Committee as Independent Members for a four-year term subject to a review at the end of year one.

The Meeting ended at 7.44 pm.

Agenda Item D

Actions from Audit & Governance Committee meeting on 14th October 2024

Action	Status	Responsible Officer(s)
Minute 20 (page 3) Action for External Audit to review the B&M purchase and report back to Committee.	In Progress	JB / RK
Minute 22 (page 4) Action to provide information in respect of Corporation Farm.	In Progress	AF
Minute 22 (page 4) Action to collate and circulate meeting actions with future Agendas.	Complete	AD
Minute 24 (page 6) Action to amend stapling of A3 documents within Agenda Packs.	Complete	AD
Minute 24 (page 6) Action to refer homelessness concerns to Housing.	Complete	SR
Minute 25 (page 7) Action to refer A&G Report to November's Full Council meeting.	Complete	AD
Minute 28 (page 8) Action to follow up with appointment of both candidates.	Complete	JM
Additional Action to submit Final Minutes to November's Full Council meeting.	Complete	AD

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Report To:	Audit and Governance Committee
Date:	Monday, 18 November 2024
Subject:	Treasury Management Mid-Year Report 2024/25
Purpose:	To provide Members with an update on Treasury Management performance and activity to ensure best practice is maintained.
Key Decision:	No.
Portfolio Holder:	Councillor Sandeep Ghosh, Portfolio Holder for Finance.
Report Of:	Christine Marshall, Deputy Chief Executive - Corporate Development (S151).
Report Author:	Sean Howsam, Interim Treasury Manager (PSPSL).
Ward(s) Affected:	None directly.
Exempt Report:	No.

Summary

Attached at **Appendix A** is the Treasury Management Mid-Year Report 2024/25 on the Council's "Treasury Management Strategy Statement and Annual Investment Strategy". It covers the following areas;

- An economic update for the first half of the 2024/25 financial year;
- The outlook for the remainder of the financial year along with interest rate forecasts;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2024/25;
- A review of the Council's borrowing strategy for 2024/25;
- A review of compliance with Treasury and Prudential Limits for 2024/25.

This Report refers to a key element of the Council's Governance Framework and represents an important contribution to the evidence trail in support of the Annual Governance Statement 2024/25.

Recommendations

That Audit and Governance Committee note this report, the treasury activity as detailed in **Appendix A** and make any comments for consideration by Council at their meeting on 20 January 2025.

Reasons for Recommendations

The CIPFA Code of Practice for Treasury Management suggests that members should be informed of Treasury Management activities at least quarterly. This report therefore ensures this Council is embracing Best Practice in accordance with CIPFA's revised Code of Practice.

Other Options Considered

As this is an update report there are no other further options for consideration.

1. Background

- 1.1** The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.
- 1.2** The second main function of the treasury management service is the funding of the Council's capital programme. The capital programme provides a guide to the borrowing need of the Council, essentially longer term cash flow planning to ensure the Council can meet its capital spending requirements. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion, any existing debt may be restructured to meet Council risk or cost objectives.
- 1.3** Accordingly, treasury management is defined as:

"The management of the local authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".
- 1.4** The risks around investments have always been managed effectively by the Council.

2. Report

- 2.1** This report provides the 2024/25 Mid-Year update on the Council's "Treasury Management Strategy Statement and Annual Investment Strategy" (**Appendix A**).
- 2.2** The Chartered Institute of Public Finance and Accountancy (CIPFA) issued the revised Code of Practice for Treasury Management in 2021.

- 2.3** The Code suggests that members should be informed of Treasury Management activities at least quarterly. This report therefore ensures this Council is embracing best practice in accordance with CIPFA's revised Code of Practice.
- 2.4** Section 3 of **Appendix A** provides an economic update and interest rate forecasts up to Quarter 2. The expected direction of interest rates for the remainder of the financial year is a reduction in Bank Rate.
- 2.5** An update on capital expenditure and financing is provided in Section 5 of **Appendix A**.
- 2.6** Sections 6 and 9 of **Appendix A** provides details of the Council's borrowing and investments on 30 September 2024.
- 2.7** The table below provides an analysis of the net treasury position as at Quarter 2 and the projected outturn for the year:

Investment Type	2024/25 Budget Quarter 2	2024/25 Actual Quarter 2	2024/25 Variance Quarter 2	2024/25 Annual Budget	2024/25 Forecast Outturn	2024/25 Forecast Variance
<u>Treasury Investments</u>						
Gross Interest	(445,076)	(839,619)	(394,543)	(887,720)	(1,331,813)	(444,093)
Brokers Fees	<u>5,014</u>	<u>3,263</u>	<u>(1,751)</u>	<u>10,000</u>)	<u>0</u>
Net Position	(440,062)	(836,356)	(396,294)	(877,720)	<u>10,000</u> (1,321,813)	(444,093)
	(5.075%)	(5.432%)	(0.357%))	
<u>Property Funds</u>						
Gross Distributions	(440,599)	(344,709)	95,890	(878,790)	(773,164)	105,626
Less Management Fees	<u>85,233</u>	<u>66,683</u>	<u>(18,550)</u>	<u>170,000</u>	<u>149,567</u>	<u>(20,433)</u>
Net Distributions	(355,366)	(278,026)	77,340	(708,790)	(623,597)	85,193
	(4.000%)	(3.457%)	0.543%			
M&G Property Fund Liquidation Distributions (to be used for MRP Contributions as the original capital purchase was unfinanced)	0	0	0	0	0	0
Total Net Income	(795,428) (4.531%)	(1,114,382) (4.720%)	(318,954) (0.189%)	(1,586,510))	(1,945,410))	(358,900)
Total Borrowing Costs	55,777	55,777	0	111,250	111,250	0
Premature Repayment of Borrowing Discount Allocated to Revenue	(321,751)	(321,751)	0	(641,743)	(641,743)	0
Overall Net Position	(1,061,402))	(1,380,356))	(318,954)	(2,117,003))	(2,475,903))	(358,900)

At 30 September 2024 there was a favourable variance of £318,954 compared with £169,771 at Quarter 1.

The forecast outturn was a favourable variance of £358,900 compared with (£323,641) at Quarter 1.

- 2.8** The average level of funds available for investment purposes during the first half of the financial year was £48m, the same as Quarter 1.
- 2.9** Treasury investments achieved an average rate of 5.432% (Q1 5.500%) and property fund investments achieved an average rate of 3.457% (Q1 3.548%). The combined rate achieved on all investments was 4.796% (Q1 4.683%).
- 2.10** The Council's Investment Policy and Strategy is kept under constant review with the aim of balancing risk and reward. The investment criteria agreed for 2024/25 permitted investments with banks whose parent bank originates from a country with a sovereign rating of A+ or higher and meets Link Groups counterparty investment criteria.

3. Conclusion

- 3.1** This report provides an update on treasury management performance to Members to ensure Best Practice is maintained as required by CIPFA Code of Practice for Treasury Management.

Implications

South and East Lincolnshire Councils Partnership

None

Corporate Priorities

None

Staffing

None

Workforce Capacity Implications

None

Constitutional and Legal Implications

The General Power of Competence in the Localism Act 2011 allows Councils a broad freedom in their operations.

Councils have the general power to borrow under Section 1 of the Local Government Act 2003.

The power to invest is set out in the Local Government Act 2003, Section 12, which gives the Council the power to invest for any purpose relevant to its functions under any enactment, or for the purposes of the prudent management of its financial affairs.

The power that allows councils to spend for capital purposes is included in the Local Government Act 2003.

Data Protection

None

Financial

The financial implications are covered in detail in **Appendix A** to this report and in section 2 above.

By making the investment criteria relating to financial institutions stringent, the Council receives lower rates of return. The Council therefore aims to strike a balance between risk and reward when considering its portfolio of investments. Treasury Management is a key financial consideration for the Authority especially in respect of its investment returns and Capital Programme.

Risk Management

The Code of Practice sets out the framework for controlling the risks associated with treasury management decisions for borrowing and investing. Ultimately investment and borrowing decisions are made in accordance with the Council's Treasury Management Strategy. The overriding priority is that the security of a deposit takes precedence over a return on investment.

The Prudential and Treasury Indicators control the limits for investing and borrowing, to ensure that any borrowing is affordable and sustainable and long term borrowing is for capital purposes only.

Stakeholder / Consultation / Timescales

The Portfolio Holder for Finance is briefed on treasury performance on a regular basis.

Reputation

The security of investments is the Council's main priority when investing surplus cash.

Contracts

None

Crime and Disorder

None

Equality and Diversity / Human Rights / Safeguarding

None

Health and Wellbeing

None

Climate Change and Environmental Implications

None

Acronyms

bps – basis points

CDS - Credit Default Swap

CFR – Capital Financing Requirement

CIPFA - Chartered Institute of Public Finance and Accountancy

CPI - Consumer Price Index

ECB – European Central Bank
 FOMC – Federal Open Market Committee
 GDP – Gross Domestic Product
 GF – General Fund
 LOBO – Lender Option Borrower Option
 LUF – Levelling Up Fund
 m/m – month on month
 myy – month year on year
 MPC - Monetary Policy Committee
 MRP – Minimum Revenue Provision
 PMI - Purchasing Managers Index
 PWLB - Public Works Loan Board
 q/q - quarter on quarter
 TMSS – Treasury Management Strategy Statement
 UKSPF - UK Shared Prosperity Fund

Appendices

Appendices are listed below and attached to the back of the report:

Appendix A Treasury Management Mid-Year Report 2024/25

Background Papers

Background papers used in the production of this report are listed below: -

Document title. **Where the document can be viewed.**

Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management.	CIPFA Website
BBC Treasury Management Strategy Statement for 2024/25	<u>(Public Pack)Agenda Document for Full Council, 04/03/2024 18:30 (boston.gov.uk)</u>

Chronological History of this Report

Name of Body	Date
Audit and Governance	Q1 Update Report - 14 October 2024
Audit and Governance	Treasury Management Mid-Year Report 2024/25

Report Approval

Report author: Sean Howsam – Interim Treasury Manager (PSPSL)
Sean.Howsam@pspsl.co.uk

Signed off by: Christine Marshall – Deputy Chief Executive (Corporate Development) & S151 christine.marshall@sholland.gov.uk

Approved for publication: Councillor Sandeep Ghosh, Portfolio Holder for Finance.

Treasury Management Update

Mid-Year Report 2024/25
ended 30 September 2024

Boston Borough Council

1 Background

1.1 Capital Strategy

In December 2021, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. These require all local authorities to prepare a Capital Strategy which is to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

1.2 Treasury Management

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2 Introduction

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). The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.

2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the full Council of an annual Treasury Management Strategy Statement (TMSS) - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year. Quarterly reports are also required for the periods ending April to June and October to December but may be assigned to a designated committee or panel as deemed appropriate to meet the Treasury Management governance and scrutiny aspects of the Council.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Audit and Governance Committee.

This mid-year report has been prepared in compliance with CIPFA’s Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2024/25 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council’s capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council’s investment portfolio for 2024/25;
- A review of the Council’s borrowing strategy for 2024/25;
- A review of any debt rescheduling undertaken during 2024/25;
- A review of compliance with Treasury and Prudential Limits for 2024/25.

3 Economics and Interest Rates (Commentary provided by Link Group)

3.1 Economics Update

- The third quarter of 2024 (July to September) saw:
 - Gross Domestic Product (GDP) growth stagnating in July following downwardly revised Q2 figures (0.5% quarter on quarter (q/q));
 - A further easing in wage growth as the headline 3 month year on year (myy) rate (including bonuses) fell from 4.6% in June to 4.0% in July;
 - Consumer Price Index (CPI) inflation hitting its target in June before edging above it to 2.2% in July and August;

- Core CPI inflation increasing from 3.3% in July to 3.6% in August;
 - The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September meeting;
 - 10-year gilt yields falling to 4.0% in September.
- The economy's stagnation in June and July points more to a mild slowdown in GDP growth than a sudden drop back into a recession. Moreover, the drop in September's composite activity Purchasing Managers Index (PMI), from 53.8 in August to 52.9, was still consistent with GDP growth of 0.3%-0.4% for the summer months. This is in line with the Bank of England's view, and it was encouraging that an improvement in manufacturing output growth could be detected, whilst the services PMI balance suggests non-retail services output grew by 0.5% q/q in Q3. Additionally, the services PMI future activity balance showed an uptick in September, although readings after the Chancellor's announcements at the Budget on 30 October will be more meaningful.
 - The 1.0% month on month (m/m) jump in retail sales in August was stronger than the consensus forecast for a 0.4% m/m increase. The rise was reasonably broad based, with six of the seven main sub sectors recording monthly increases, though the biggest gains came from clothing stores and supermarkets, which the Office of National Statistics reported was driven by the warmer-than-usual weather and end of season sales. As a result, some of that strength is probably temporary.
 - The government's plans to raise public spending by around £16bn a year (0.6% GDP) have caused concerns that a big rise in taxes will be announced in the Budget, which could weaken GDP growth in the medium-term. However, if taxes are raised in line with spending (i.e., by £16bn) that would mean the overall stance of fiscal policy would be similar to the previous government's plan to reduce the budget deficit. Additionally, rises in public spending tend to boost GDP by more than increases in taxes reduce it. Our colleagues at Capital Economics suggest GDP growth will hit 1.2% in 2024 before reaching 1.5% for both 2025 and 2026.
 - The further easing in wage growth will be welcomed by the Bank of England as a sign that labour market conditions are continuing to cool. The 3myy growth rate of average earnings fell from 4.6% in June to 4.0% in July. On a three-month annualised basis, average earnings growth eased from 3.0% to 1.8%, its lowest rate since December 2023. Excluding bonuses, the 3myy rate fell from 5.4% to 5.1%.
 - Other labour market indicators also point to a further loosening in the labour market. The 59,000 fall in the alternative PAYE measure of the

number of employees in August marked the fourth fall in the past five months and the 77,000 decline in the three months to August was the biggest drop since November 2020. Moreover, the number of workforce jobs fell by 28,000 in Q2. The downward trend in job vacancies continued too. The number of job vacancies fell from 872,000 in the three months to July to 857,000 in the three months to August. That leaves it 34% below its peak in May 2022, and just 5% above its pre-pandemic level. Nonetheless, the Bank of England is still more concerned about the inflationary influence of the labour market rather than the risk of a major slowdown in labour market activity.

- CPI inflation stayed at 2.2% in August, but services inflation rose from a two-year low of 5.2% in July to 5.6%, significantly above its long-run average of 3.5%. Food and fuel price inflation exerted some downward pressure on CPI inflation, but these were offset by the upward effects from rising furniture/household equipment inflation, recreation/culture inflation and a surprisingly large rise in airfares inflation from -10.4% in July to +11.9% in August. As a result, core inflation crept back up from 3.3% to 3.6%. CPI inflation is also expected to rise in the coming months, potentially reaching 2.9% in November, before declining to around 2.0% by mid-2025.
- The Bank initiated its loosening cycle in August with a 25 basis points (bps) rate cut, lowering rates from 5.25% to 5.0%. In its September meeting, the Bank, resembling the European Central Bank (ECB) more than the Fed, opted to hold rates steady at 5.0%, signalling a preference for a more gradual approach to rate cuts. Notably, one Monetary Policy Committee (MPC) member (Swati Dhingra) voted for a consecutive 25bps cut, while four members swung back to voting to leave rates unchanged. That meant the slim 5-4 vote in favour of a cut in August shifted to a solid 8-1 vote in favour of no change.
- Looking ahead, CPI inflation will likely rise in the coming months before it falls back to its target of 2.0% in mid-2025. The increasing uncertainties of the Middle East may also exert an upward pressure on inflation, with oil prices rising in the aftermath of Iran's missile attack on Israel on 1 October. China's recent outpouring of new fiscal support measures in the latter stages of September has also added to the upshift in broader commodity prices, which, in turn, may impact on global inflation levels and thus monetary policy decisions. Despite these recent developments, our central forecast is still for rates to fall to 4.5% by the end of 2024 with further cuts likely throughout 2025. This is in line with market expectations, however, although a November rate cut still looks likely, December may be more problematic for the Bank if CPI inflation spikes towards 3%. In the second half of 2025, though, we think a more marked easing in inflation will prompt the Bank to speed up, resulting in rates eventually reaching 3.0%, rather than the 3.25-3.50% currently priced in by financial markets.

- Our forecast is next due to be updated around mid-November following the 30 October Budget, 5 November US presidential election and the 7 November MPC meeting and the release of the Bank of England Quarterly Monetary Policy Report.
- Looking at gilt movements in the first half of 2024/25, and you will note the 10-year gilt yield declined from 4.32% in May to 4.02% in August as the Bank's August rate cut signalled the start of its loosening cycle. Following the decision to hold the Bank Rate at 5.0% in September, the market response was muted, with the 10-year yield rising by only 5bps after the announcement. This likely reflected the fact that money markets had priced in a 25% chance of a rate cut prior to the meeting. The yield had already increased by about 10bps in the days leading up to the meeting, driven in part by the Fed's "hawkish cut" on 18 September. There is a possibility that gilt yields will rise near-term as UK policymakers remain cautious due to persistent inflation concerns, before declining in the longer term as rates fall to 3.0%.
- The FTSE 100 reached a peak of 8,380 in the third quarter of 2024, but its performance is firmly in the shade of the US Standard & Poors (S&P) 500, which has breached the 5,700 threshold on several occasions recently. Its progress, however, may pause for the time being whilst investors wait to see who is elected the next US President, and how events in the Middle East (and Ukraine) unfold. The catalyst for any further rally (or not) is likely to be the degree of investors' faith in Artificial Intelligence.

MPC meetings: 9 May, 20 June, 1 August, 19 September 2024

- On 9 May, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20 June.
- However, by the time of the August meeting, there was a 5-4 vote in place for rates to be cut by 25bps to 5%. However, subsequent speeches from MPC members have supported Governor Bailey's tone with its emphasis on "gradual" reductions over time.
- Markets thought there may be an outside chance of a further Bank Rate reduction in September, following the 50bps cut by the Federal Open Market Committee (FOMC), but this came to nothing.
- Nonetheless, November still looks most likely to be the next month to see a rate cut to 4.75% but, thereafter, inflation and employment data releases, as well as geo-political events, are likely to be the determinant for what happens in the remainder of 2024/25 and into 2025/26.

3.2 Interest rate forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates.

The latest forecast on 28 May sets out a view that short, medium and long-dated interest rates will fall back over the next year or two, although there are upside risks in respect of the stickiness of inflation and a continuing tight labour market, as well as the size of gilt issuance.

Our Public Works Loan Board (PWLB) rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1 November 2012.

Link Group Interest Rate View	28.05.24									
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month ave earnings	4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month ave earnings	4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month ave earnings	4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB	4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB	4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB	5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB	4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10

End of Link Group Commentary

4 Treasury Management Strategy and Annual Investment Strategy Update

The Treasury Management Strategy Statement for 2024/25, which includes the Annual Investment Strategy, was approved by the Council on 4 March 2024.

There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

Prudential Indicator 2024/25	Original £'000	Latest Approved Prudential Indicator £'000
Authorised Limit	18,000	18,000
Operational Boundary	15,000	15,000
Capital Financing Requirement	18,671	18,707

5 The Council's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

5.1 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

Capital Expenditure	2024/25 Approved Budget £'000	2024/25 Latest Revised Budget £'000	Actual Expenditure As At 31/08/24 £'000	2024/25 Estimated Outturn £'000
Towns Fund Projects	17,325	17,325	1,374	15,077
UKSPF Projects	526	526	263	526
LUF Projects	14,571	14,571	2,213	2,905
Other Projects	3,323	2,367	546	1,958
Grand Total	35,745	34,789	4,396	20,466

A full breakdown of this capital expenditure can be found at **Appendix A1** at the back of this report.

5.2 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision (MRP)). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2024/25 Approved Budget £'000	2024/25 Latest Revised Budget £'000	Actual Expenditure As At 31/08/24 £'000	2024/25 Estimated Outturn £'000
Total capital expenditure	35,745	34,789	4,396	20,466
Financed by:				
External Grants	(32,603)	(31,994)	(4,298)	(17,882)
Capital reserve	(2,511)	(2,263)	(50)	(2,268)
Other reserve - Housing	(57)	(57)	0	0
Other reserve - Repairs & Renewals	(7)	0	0	0
Other reserve - COVID 19	(44)	(44)	(35)	(44)
Total financing	(35,222)	(34,358)	(4,383)	(20,194)
Borrowing requirement	523	431	13	272

5.3 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

Prudential Indicator – Capital Financing Requirement

We are on target to achieve the original forecast Capital Financing Requirement.

Prudential Indicator – the Operational Boundary for external debt

	2024/25 Approved Budget £'000	2024/25 Latest Revised Budget £'000	Actual Expenditure As At 31/08/24 £'000	2024/25 Estimated Outturn Limit £'000
Prudential Indicator – Capital Financing Requirement				
Total CFR	18,799	18,707	18,418	18,548
Net movement in CFR	394	302	13	143
Prudential Indicator – the Operational Boundary for external debt				
Borrowing	10,000	10,000	1,000	10,000
Other long-term liabilities*	5,000	5,000	0	5,000
Total debt (year end position)	15,000	15,000	1,000	15,000

5.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding

year plus the estimates of any additional CFR for 2024/25 and next two financial years. This allows some flexibility for limited early borrowing for future years.

	2024/25 Original Estimate £'000	2024/25 Latest Approved Budget £'000	Actual Expenditure As At 31/08/24 £'000	2024/25 Estimated Outturn £'000
Borrowing	1,000	1,000	1,000	1,000
Other long-term liabilities	0	0	0	0
Total debt	1,000	1,000	1,000	1,000
CFR* (year end position)	18,799	18,707	18,418	18,548

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	2024/25 Original Limit £'000	2024/25 Latest Approved Limit £'000	Actual Borrowing As At 30/08/24 £'000	2024/25 Estimated Outturn Limit £'000
Borrowing	13,000	13,000	1,000	13,000
Other long-term liabilities	5,000	5,000	0	5,000
Total	18,000	1,000	1,000	18,000

6. Borrowing

The Council's capital financing requirement (CFR) for 2024/25 is £18.707m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. Table 5.4 shows the Council had borrowings of £1m and had utilised £17.418m of cash flow funds in lieu of borrowing as at 30 September 2024. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring if gilt yields remain elevated, particularly at the longer-end of the yield curve (25 to 50 years).

No new borrowing was undertaken during the quarter ended 30 September 2024.

The Council has a £1m Lender Option Borrower Option (LOBO) loan with State Street Nominees at a rate of 11.125% which is due to mature in 2051.

The following table provides a comparison of budgeted borrowing costs and the outturn position for the year.

Borrowing Type	2024/25 Budget Period 6	2024/25 Actual Period 6	2024/25 Annual Budget	2024/25 Forecast Outturn
State Street LOBO	55,777	55,777	111,250	111,250
Total Borrowing Costs	55,777	55,777	111,250	111,250

PWLB maturity certainty rates (gilts plus 80bps) year to date to 29 September 2024

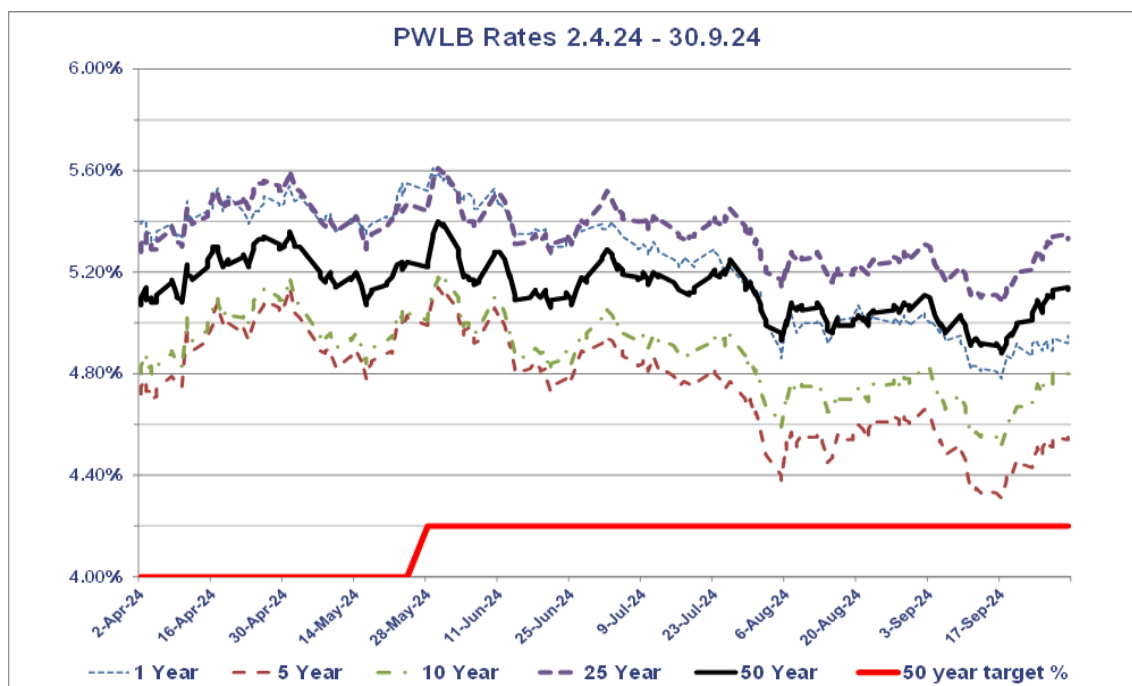
Gilt yields and PWLB certainty rates were less volatile than at this time last year. Overall, the 10, 25 and 50-year part of the curve endured a little volatility but finished September very much as it started in April.

Where there was some movement downwards, this came in the shorter part of the curve as markets positioned themselves for Bank Rate cuts in the second half of 2024 and into 2025, although the continued stickiness of inflation and the prevailing tight labour market is a concern for those looking for more sizeable falls ahead.

At the beginning of April, the 5-year certainty rate was the cheapest part of the curve at 4.72% whilst the 25-year rate was relatively expensive at 5.28%. May saw yields at their highest across the whole curve.

Conversely, 17 September saw the low point for the whole curve, with the 5-year certainty rate falling to 4.31% before rebounding to 4.55% by the end of the month. Similarly, the 50-year certainty rate fell to 4.88% but finished the month at 5.13%, slightly higher than at the start of April.

At this juncture, the forecast is for rates to fall back over the next two to three years as inflation dampens, although there is upside risk to our Bank Rate forecast at present. The CPI measure of inflation is expected to fall below 2% in the second half of 2025, however, and we forecast 50-year rates to stand at 4.20% by the end of September 2026. The major caveats are that there is considerable gilt issuance to be digested by the market over the next couple of years, and geo-political uncertainties – which are generally negative for inflation prospects – abound in Eastern Europe and the Middle East, in particular.



The current PWLB rates are set as margins over gilt yields as follows: -

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate (General Fund (GF))** is gilt plus 80 basis points (G+80bps)
- **PWLB Local Infrastructure Rate** is gilt plus 60 basis points (G+60bps)
- **PWLB Certainty Rate (Housing Revenue Account (HRA))** is gilt plus 40bps (G+40bps)

The **UK Infrastructure Bank** will lend to local authorities that meet its scheme criteria at a rate currently set at gilt plus 40bps (G+40bps).

7. Debt Rescheduling

No debt repayments or rescheduling have been undertaken to date in the current financial year.

8. Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved Treasury Management Strategy Statement.

During the half year ended 30 September 2024 the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement.

On 20 May 2024 the limit of £7.5m with the CCLA Money Market Fund was breached by £150k and was corrected on 21 May 2024. Internal processes have been reviewed to ensure further breaches do not occur again.

The Deputy Chief Executive (Corporate Development) & S151 Officer reports that no difficulties are envisaged for the current or future years in complying with these indicators.

9. Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2024/25, which includes the Annual Investment Strategy, was approved by the Council on 4 March 2024. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity aligned with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit quality financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

Creditworthiness

The UK's sovereign rating has proven robust through the first half of 2024/25. The new Labour Government is expected to outline in detail its future fiscal proposals in the Budget scheduled for 30 October 2024.

Investment Counterparty Criteria

The current investment counterparty criteria selection approved in the Treasury Management Strategy Statement is meeting the requirement of the treasury management function.

Credit Default Swap prices

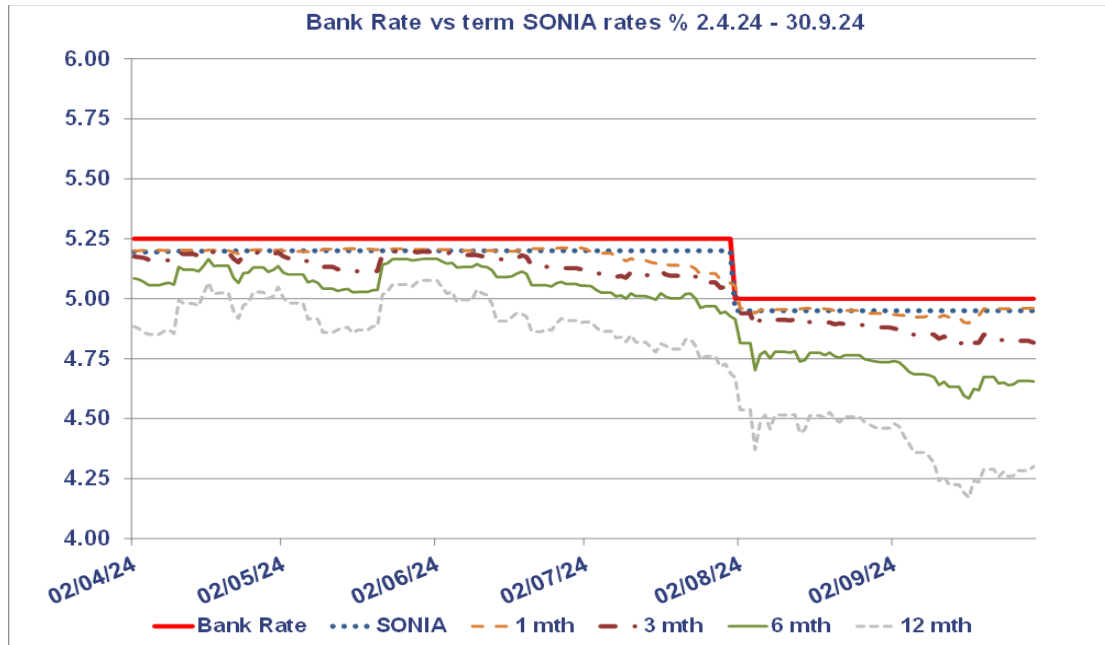
It is noted that sentiment in the current economic climate can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

Investment Balances

The average level of funds invested during the first half of the financial year was £48m (Q1 £48m).

Investment performance year to date as at 30 September 2024

The graph below shows that longer term investment rates in the market fell during the first half of the financial year because of the reduction in the Bank of England Base Rate and expectations of further reductions.



During the financial year the Council has made investments in line with the agreed Treasury Management Strategy.

Because the Council collects money on behalf of other organisations which are paid out at future dates (e.g. Council Tax and Business Rates) the value of investments held at any point in time does not represent the value of BBC’s own resources.

The following table provides details of the cash investments held by the Council on 30 September 2024. Note this represents the position at this one point in time. The peaks and troughs in cash flow are managed on a daily basis.

Financial Institution	Country	Amount (£)	Start Date	Maturity Date	Fixed/Variable	Yield %
HSBC Current Account	UK	255,356	N/A	Instant Access	N/A	N/A
CCLA Money Market Fund	N/A	7,500,000	N/A	Instant Access	Variable	4.99%
UK Debt Management Office	UK	2,300,000	30/09/24	01/10/24	Fixed	4.94%
UK Debt Management Office	UK	1,600,000	27/09/24	04/10/24	Fixed	4.94%
Blaenau Gwent CBC	UK	2,000,000	26/07/24	28/10/24	Fixed	5.25%
DNB Bank	Norway	1,000,000	06/11/23	04/11/24	Fixed	5.72%
Goldman Sachs	UK	2,000,000	17/05/24	18/11/24	Fixed	5.275%
DZ Bank	Germany	2,000,000	27/08/24	27/11/24	Fixed	4.99%
Wrexham County BC	UK	3,000,000	25/01/24	24/01/25	Fixed	5.70%
National Westminster	UK	2,000,000	19/08/24	19/02/25	Fixed	4.87%
CIC	France	3,000,000	03/05/24	02/05/25	Fixed	5.33%
Canterbury City Council	UK	2,000,000	21/05/24	21/05/25	Fixed	5.25%
UBS Bank	Switzerland	3,000,000	12/07/24	11/07/25	Fixed	5.18%
TOTAL		31,655,356				

* The CCLA (Church, Charities and Local Authorities) Money Market Fund is domiciled in the UK but invests funds deposited globally.

For comparison purposes, the level of investments at Quarter 1 was £29.5m.

The Council has purchased property fund units and the table below provides a breakdown in relation to the purchase of these units:

Fund	Date of Purchase	Net Asset Value at Date of Purchase £	Premium/ (Discount) on Purchase £	Premium/ (Discount) on Purchase %	Total Cost £
Black Rock UK Property Fund	05/08/16	255,085	(5,102)	(2.00)	249,983
	30/12/16	255,085	(5,103)	(2.00)	249,982
	28/09/18	<u>3,945,592</u>	<u>54,449</u>	<u>1.38</u>	<u>4,000,041</u>
	TOTAL	4,455,762	44,244	0.99	4,500,006
Schroder UK Real Estate Fund	05/08/16	250,000	-	-	250,000
	03/09/18	<u>4,020,006</u>	<u>(20,000)</u>	<u>(0.50)</u>	<u>4,000,006</u>
	TOTAL	4,270,006	(20,000)	(0.47)	4,250,006
Threadneedle Property Unit Trust	31/08/16	263,549	(13,177)	(5.00)	250,372
	31/08/18	2,902,441	86,572	2.98	2,989,013
	28/09/18	483,966	16,116	3.33	500,082
	31/10/18	<u>483,930</u>	<u>16,357</u>	<u>3.38</u>	<u>500,287</u>
	TOTAL	4,133,886	105,868	2.56	4,239,754
M&G Investments UK Property Fund (after distributions)	14/09/18	248,257	88,020	2.25	336,277
AEW UK Core Property Fund	31/10/18	3,745,319	254,681	6.80	4,000,000
TOTAL		16,853,230	472,813	2.30	17,326,043

The following table provides details in relation to the performance and valuation of these funds as at 30 September 2024.

Financial Institution	Purchase Cost (£)	Q2 Budgeted Net Revenue 2024/25 (£ & %)	Q2 Estimated Net Revenue (£ & %)	2024/25 Budgeted Net Revenue 2024/25 (£ & %)	2024/25 Estimated Outturn Net Revenue (£ & %)	Net Asset Value (£)	Total Gain/(Loss) Since Purchase (£ & %)	Capital Gain/(Loss) Since 31/03/24 (£ & %)	2024/25 Combined Annual Return (%)
BlackRock UK Property Fund	4,500,006	90,247 4.00%	75,147 3.33%	180,000 4.00%	164,900 3.66%	3,997,809	(502,197) (11.16%)	19,284 0.48%	3.81%
Schroder UK Real Estate Fund	4,250,006	85,233 4.00%	76,373 3.58%	170,000 4.00%	161,141 3.79%	3,567,410	(682,596) (16.06%)	(25,495) (0.71%)	2.87%
Threadneedle Property Unit Trust	4,239,754	85,027 4.00%	75,890 3.57%	169,590 4.00%	160,453 3.78%	3,597,403	(642,351) (15.15%)	78,379 2.23%	5.80%
M&G Investments UK Property Fund (After Distribution Payments)	336,277	14,640 4.00%	6,744 4.00%	29,200 4.00%	13,451 4.00%	428,643	92,366 N/A	(53,832) N/K	N/K
AEW UK Core Property Fund	4,000,000	80,219 4.00%	66,156 3.30%	160,000 4.00%	145,937 3.65%	3,444,476	(555,524) (13.89%)	12,212 0.36%	3.66%
TOTAL	17,326,043	355,366	299,310	708,790	645,882	15,035,741	(2,290,302)	30,548	
Adjustment for 2023/24 Accrual	-	-	(22,284)	-	(22,284)	-	-	-	-
GRAND TOTAL	17,326,043	355,366	278,026	708,790	623,598	15,035,741	(2,290,302)	30,548	

The overall change in the combined Net Asset Values for all funds during Quarter 2 has been a reduction of £38,404 compared to an increase of £68,956 in Quarter 1.

The movement in fair value of the funds gets charged to the revenue account and reversed out through the Movement In Reserves Statement to the capital adjustment account each year end so there is no bottom line impact.

An analysis of dividend distributions received since the purchase of the property funds to 30 September 2024 can be found in the table below:

Financial Institution	Actual Net Dividend Distributions Received Pre 2024/25	Net Dividend Distributions Received 2024/25	Adjustment For 2023/24 Accrual	Total Net Distributions Received Since Purchase
BlackRock UK Property Fund	809,969	75,147	645	885,761
Schroder UK Real Estate Fund	809,186	76,373	(1,171)	884,388
Threadneedle Property Unit Trust	1,015,699	75,890	(3,229)	1,088,360
M&G Investments UK Property Fund	534,942	6,744	-	541,686
AEW UK Core Property Fund	905,204	66,156	(18,529)	952,831
Total Revenue	4,075,000	300,310	(22,284)	4,353,026

The M&G UK Property fund is liquidating its assets and therefore their fund valuation is reducing as repayments are made. M&G have now paid Boston BC distribution payments totalling £3,663,724 as at 30 September 2024, from the asset sale proceeds leaving a balance of £336,276.

A breakdown of the maturity structure of investments on 30 September 2024 is as follows:

Period to Maturity	Amount (£)	% of Portfolio
Instant Access	7,755,356	16%
Less than one month	5,900,000	12%
One to three months	5,000,000	10%
Three to six months	5,000,000	10%
Six to nine months	5,000,000	10%
Nine months to a year	3,000,000	6%
>12 Months	17,326,043	36%
TOTAL	48,981,399	100%

Summary of Investment Income Received Against Budget and Forecast Outturn

The table below provides a comparison of investment income received against budget at Quarter 2 and a forecast outturn position for the year.

Investment Type	2024/25 Budget Quarter 2	2024/25 Actual Quarter 2	2024/25 Variance Quarter 2	2024/25 Annual Budget	2024/25 Forecast Outturn	2024/25 Forecast Variance
Treasury Investments						
Gross Interest	(445,076)	(839,619)	(394,543)	(887,720)	(1,331,813)	(444,093)
Brokers Fees	<u>5,014</u>	<u>3,263</u>	<u>(1,751)</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Net Position	(440,062) (5.075%)	(836,356) (5.432%)	(396,294) (0.357%)	(877,720)	(1,321,813)	(444,093)
Property Funds						
Gross Distributions	(440,599)	(344,709)	95,890	(878,790)	(773,164)	105,626
Less Management Fees	<u>85,233</u>	<u>66,683</u>	<u>(18,550)</u>	<u>170,000</u>	<u>149,567</u>	<u>(20,433)</u>
Net Distributions	(355,366) (4.000%)	(278,026) (3.457%)	77,340 0.543%	(708,790)	(623,597)	85,193
M&G Property Fund Liquidation Distributions (<i>to be used for MRP Contributions as the original capital purchase was unfinanced</i>)	0	0	0	0	0	0
Total Net Income	(795,428) (4.531%)	(1,114,382) (4.720%)	(318,954) (0.189%)	(1,586,510)	(1,945,410)	(358,900)

At 30 September 2024 there was a favourable variance of £318,954 (Q1 £169,771) and the forecast outturn was a favourable variance of £358,900 (Q1 £323,641).

Treasury investments achieved an average rate of 5.432% (Q1 5.500%) and property fund investments achieved an average rate of 3.457% (Q1 3.548%). The combined rate achieved on all investments was 4.796% (Q1 4.683%).

The higher level of investment income achieved compared to the original budget is due to interest rates in the market being higher than the budgeted return for 2024/25 and balances available for investment being higher due to slippage in the 2023/24 capital programme.

The following table provides an analysis of the net position following the decision to repay the PWLB borrowing and takes account the discount which must be allocated to revenue over a ten year period in accordance with proper accounting practice.

	2024/25 Budget Quarter 2	2024/25 Actual Quarter 2	2024/25 Variance Quarter 2	2024/25 Annual Budget	2024/25 Forecast Outturn	2024/25 Forecast Variance
Net Investment Income	(795,428)	(1,114,382)	(318,954)	(1,586,510)	(1,945,410)	(358,900)
Premature Repayment of Borrowing Discount Allocated to Revenue	(321,751)	(321,751)	0	(641,743)	(641,743)	0
Total Borrowing Costs	55,777	55,777	0	111,250	111,250	0
Overall Net Position	(1,061,402)	(1,380,356)	(318,954)	(2,117,003)	(2,475,903)	(358,900)

At 30 September 2024 there was a favourable variance of £318,954 (Q1 £169,771) and the forecast outturn was a favourable variance of £358,900 (Q1 £323,641).

10. Changes in Risk Appetite

The 2021 CIPFA Codes and guidance notes place importance on risk management. Where an authority changes its risk appetite e.g., for moving surplus cash into or out of certain types of investment funds or other types of investment instruments, this change in risk appetite and policy should be brought to members' attention in treasury management update reports.

It is reported that there has been no change in risk appetite during the first half of the financial year. This will be kept under review when considering global markets and forecasts for interest rates.

Capital Programme 2024/25 and Quarter 2 Forecast Outturn

Scheme	Approved Budget 2024/25 £'000	Changes to approved budget £'000	Revised budget £'000	Actual August 24 £'000	Forecast Outturn 2024/25 £'000	Variance (under)/over £'000
Disabled Facilities Grants	1,234	0	1,234	332	1,036	-198
Multi Use Games Area (Controlling Migration Funding)	0	0	0	0	0	0
Resurfacing & footpath improvements	45	0	45	50	50	5
Town Centre Heritage Scheme	973	-857	116	116	116	0
Vehicle Replacements	311	0	311	0	311	0
Housing Strategy	57	0	57	0	0	-57
Information Technology Infrastructure Refresh	307	0	307	13	148	-159
Neighbourhood Vehicle Replacements	56	0	56	0	56	0
Bin Lift Safety Upgrade	7	-7	0	0	0	0
Markets Regeneration	44	0	44	35	44	0
ICT - Revenues & Benefits	92	-92	0	0	0	0
ICT - Relocate Server Room to SHDC	120	0	120	0	120	0
Pool Cars	68	0	68	0	68	0
Fly-tipping Intervention	9	0	9	0	9	0
Total Projects (Excl Towns Funds, UKSPF & LUF)	3,323	-956	2,367	546	1,958	-409
Towns Fund – Leisure	4,028	0	4,028	97	4,028	0
Towns Fund – Mayflower	9,248	0	9,248	1,070	7,000	-2,248
Towns Fund – St Botolph's Library	69	0	69	12	69	0
Towns Fund - Healing the High St (incl. Shodfriars)	1,712	0	1,712	43	1,712	0
Towns Fund - Boston Station	2,268	0	2,268	152	2,268	0
Total Towns Fund	17,325	0	17,325	1,374	15,077	-2,248
UKSPF (Capacity building projects for local groups)	323	0	323	223	323	0
UKSPF Rural (Community projects aimed at reducing the cost of living)	203	0	203	40	203	0
Total UKSPF	526	0	526	263	526	0
LUF – Civic Hub	887	0	887	3	5	-882
LUF – Crown House	7,158	0	7,158	1,997	2,000	-5,158
LUF – Public Realm	6,526	0	6,526	213	900	-5,626
Total LUF	14,571	0	14,571	2,213	2,905	-11,666
Total (including new items)	35,745	-956	34,789	4,396	20,466	-14,323
Internal Borrowing	-523	92	-431	-13	-272	159
External Grants	-32,603	609	-31,994	-4,298	-17,882	14,112
Capital Reserve	-2,511	248	-2,263	-50	-2,268	-5
Other Reserve – Housing	-57		-57	0	0	57
Other Reserve – Repairs and Renewals	-7	7	0	0	0	0
Other Reserve – COVID-19 Reserve	-44		-44	-35	-44	0
Total Financing	-35,745	956	-34,789	-4,396	-20,466	14,323

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REPORT TO:	Audit and Governance Committee
DATE:	18 th November 2024
SUBJECT:	Information Governance Annual Update
PURPOSE:	To advise members in respect to the Council's activity and compliance with Data Protection, Environmental Information Regulation and Freedom of Information requirements.
KEY DECISION:	No
PORTFOLIO HOLDER:	Councillor Sandeep Ghosh
REPORT OF:	Richard Steele – Group Information Manager and Deputy Data Protection Officer.
REPORT AUTHOR:	Richard Steele
WARD(S) AFFECTED:	N/A
EXEMPT REPORT?	N/A

SUMMARY

The purpose of this report is to provide the Audit and Governance Committee with an update on the Council's activities and compliance in respect of the Data Protection Act 2018, Environmental Information Regulation and Freedom of Information requirements during the previous 12 months (October to September).

RECOMMENDATIONS

That the Audit and Governance Committee considers and notes the report.

REASONS FOR RECOMMENDATIONS

To ensure the Committee is informed about Information Governance activity and for members to take assurance that the Council has demonstrated good governance and an organisational commitment to comply with its statutory obligations.

OTHER OPTIONS CONSIDERED

N/A

1. BACKGROUND

- 1.1 The Council's Information Governance framework supports the Council to comply with the General Data Protection Regulations GDPR (UK GDPR), Data Protection Act (DPA) 2018, Freedom of Information Act 2000 (FOIA) and Environmental Information Regulations (EIR). The Council has a statutory obligation to comply with the Information Governance framework by responding appropriately to requests and managing personal data lawfully.
- 1.2 The Data Protection Officer and Information Governance Team provides guidance and support to the organisation by monitoring internal compliance, informing and advising on data protection obligations, providing advice and guidance and raising awareness on data protection matters.

2. REPORT

2.1 Freedom of Information and Environmental Information Regulation

- 2.1.1 During the year the Council's Freedom of Information and Environmental Information Regulation Policy has been implemented.
- 2.1.2 FOIA/EIR impose a statutory obligation on the Council to respond to requests for information within 20 working days, subject to relevant exemptions.
- 2.1.3 The Council's performance in response to the Freedom of Information Act and Environmental Information Regulation continues to **exceed** the ICO "good" target of 95%. The overall average across the year is 99%.
- 2.1.4 Performance is reported corporately as part of the Council's quarterly performance management arrangements which includes review by the Cabinet and Performance Monitoring Panel.
- 2.1.5 Additional training on the Data Protection Act and Freedom of Information Act was delivered to members on the 31st July, as requested by the Portfolio Holder

- 2.1.6 There has been a marginal increase in the number of Information Requests at Boston Borough Council between December 2022/2023 and December 2023/2024. This is consistent with both the other Councils in the South and East Lincolnshire Councils Partnership.
- 2.1.7 The total number of requests made between October 2023 and October 2024 was **753**. Of these, **47** were for information covered by the Environmental Information Regulation and **40** requests were either withdrawn, or were requests that were not valid under the Acts.
- 2.1.8 The **713** validated Freedom of Information Request within statutory deadline are displayed in the chart below:

	late	in time	number of requests (validated)	on time
October	0	65	65	100%
November	0	62	62	100%
December	0	45	45	100%
January	0	87	87	100%
February	1	55	56	98%
March	2	62	64	97%
April	0	69	69	100%
May	1	61	62	98%
June	1	46	47	98%
July	1	55	57	96%
August	0	54	54	100%
September	0	45	45	100%

- 2.1.9 The Council applied redactions and exemptions in accordance with the legislation to **99** requests, in some cases multiple exemptions were applied to a single request:
- 31 requests had elements redacted due to containing personal data.
 - 28 requests were redacted for Law enforcement reasons.
 - 2 EIR and 1 FOI requests were withheld due to being manifestly excessive in nature.
 - 5 was withheld/redacted due to Health and Safety concerns.
 - We gave advice to the requestor in 276 of all requests.
- 2.1.10 There were 37 requests refused because the information requested was already published or due to publication of the information in the near future. In most cases the team provided links to the relevant information under its obligation to provide assistance under section 16 of the Freedom of Information Act.

2.1.11 The Code of Practice, issued by the Secretary of State for Constitutional Affairs under Section 45 of the FOIA, requires public authorities to have a procedure in place to deal with complaints in regard to how their requests have been handled. This process is handled by the Information Governance Team as an FOI/EIR internal review.

- The Council received 3 requests for internal reviews, in all cases the original decision was upheld.

2.1.12 After an internal review has been completed an applicant has a right to complain to the Information Commissioner's Office (ICO) for an independent ruling on the outcome. Based on the findings of their investigations, the ICO may issue a Decision Notice. The ICO may also monitor public authorities that do not respond to at least 90% of FOI/EIR requests they receive within 20 working days.

2.1.13 No complaints were referred to the ICO.

2.1.14 The Council can demonstrate a good level of transparency and engagement with its citizens through the Access to Information regulations and our publications under the Transparency agenda by publishing on the website.

2.2 Data Protection

2.2.1 The legislation that was passing through Parliament called The Data Protection and Digital Information (No. 2) Bill did not receive Royal Assent prior to Parliament being dissolved for the July 2024 Parliamentary Election. The Bill was not reintroduced as part of the new government's legislative programme.

2.2.2 Under the General Data Protection Regulations there is a requirement for the statutory Data Protection Officer to report to the highest level within the organisation. The Council's Leadership Team receives a monthly Information Governance report from its Data Protection Officer or deputy Data Protection Officer.

2.2.3 The Council's management of data protection security incidents is undertaken by the Data Protection Officer, who records, investigates and where necessary, recommends actions to be taken based on the impact risk level.

2.2.4 The level of data breach reporting shows a good understanding of roles/responsibilities in respect to the legal requirement to notify the Data Protection Officer.

2.2.5 There has been a total of 48 data incidents reported to the Data Protection Team since October 2023. Given the number of transactions that Boston Borough Council undertake throughout all its services, this is a small incidence of issue. None have resulted in any claim, or harm to an individual. All breaches have been assessed for the impact on the data subject, the risk to the Council and for any learning opportunities.

2.2.6 The GDPR introduced requirements for personal data breaches that meet certain thresholds to be reported to the ICO. There were none reported.

- 2.2.7 The DPA 2018 provides individuals with the right to ask for information that the Council holds about them. These are also known as Subject Access Requests (SARs). The Council should be satisfied about the individual's identity and have enough information about the request. The timescale for responding to these requests is one month, starting on the day of receipt. Authorities can extend the time taken to respond by a further two months if the request is complex or a number of requests have been received from the individual, e.g. other types of requests relating to individuals' rights.
- 2.2.8 There have been 11 SARs during the reporting period... There is public confusion with some requests being submitted as a SAR when they are actually FOIs. Where SARs are for service related elements such as Council Tax detail they are dealt with as service requests.
- 2.2.9 There is no requirement for the Council to have an internal review process for SARs. However, it is considered good practice to do so and we offer an opportunity to review. Individuals may complain directly to the ICO if they feel their rights have not been upheld.
- 2.2.10 The Council also receives one-off requests for personal information from third parties including the police and other government agencies. The Information Governance Team maintains a central log that includes exemptions relied on when personal data is shared with third parties. They provide advice and assess whether the Council can lawfully disclose the information or not.

The Data Protection Officer supports the Council in understanding the impact of plans, projects and activities on data protection through a process of impact assessments to support decision-making. The Council also has arrangements in place to support the sharing of data where appropriate and the team provide support in the preparation and sign off of data sharing agreements.

- 2.2.11 The Council's Data Protection Policy is due to be reviewed in 2024/25 with a view to adopting a common policy for all three Councils in the South and East Lincolnshire Councils Partnership.

3. CONCLUSION

- 3.1 It is essential that the Council continues to monitor and report on its performance in relation to its information governance statutory obligations in order to promote best practice and drive continuous improvement in the Council's ability to comply with the laws relating to information.
- 3.2 Both the ICO and other Local Authorities report FOI / EIR and data protection matters on an annual basis to mirror the financial year April to March. This aligns with the reporting of key performance metrics. In accordance with this in future the Committee will receive information governance annual reports which cover the respective financial year.

EXPECTED BENEFITS TO THE PARTNERSHIP

N/A

IMPLICATIONS

SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP

Information governance requirements are based upon both statute and best practice. The similarities between each Council does allow consolidation of process, skill sharing and in some cases consistency of approach. Information forms a key part of the service delivery, and in some cases understanding of that information is paramount in driving efficiencies and improvement.

CORPORATE PRIORITIES

None

STAFFING

None

CONSTITUTIONAL AND LEGAL IMPLICATIONS

There are no specific legal implications arising out of the recommendations. However, the Council's performance is subject to external scrutiny by the ICO, who have the authority to impose sanctions upon the Council for non-compliance. The monitoring and reporting on the outcomes of ICO complaints represents good practice and promotes good governance and service improvement.

DATA PROTECTION

Details are included in the report.

FINANCIAL

No instances of liability have been incurred through non adherence to statutory requirements.

RISK MANAGEMENT

Identified risks through the Data Protection Impact Assessments are passed to operational risk registers.

STAKEHOLDER / CONSULTATION / TIMESCALES

None

REPUTATION

None

CONTRACTS

None

CRIME AND DISORDER

Assurance of our support for other lawful agencies in the sharing of information by managing the information effectively.

EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

Data Protection legislation is intrinsically linked with the convention on Human Rights.

HEALTH AND WELL BEING

None

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

Take assurance that the delivery of Environmental Information supports the transparency of this Council in respect of the wider climate change agenda.

LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER

None

ACRONYMS

ICO	Information Commissioners Office
DSAR or SAR	(Data) Subject Access Request
DPA 2018	Data Protection Act 2018
EIR	Environmental Information Regulation 2004
GDPR	General Data Protection Regulations
FOI or FOIA	Freedom of Information Act 2000

APPENDICES

None

BACKGROUND PAPERS

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report

CHRONOLOGICAL HISTORY OF THIS REPORT

This report has not previously been considered by a Council

REPORT APPROVAL

Report author:	Richard Steele: Richard.steele@boston.gov.uk
Signed off by:	John Medler, Assistant Director for Governance and Monitoring Officer
Approved for publication:	John Medler, Assistant Director for Governance and Monitoring Officer

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Boston Borough Council – Audit & Governance Work Programme 2024/25

2024	
18 th Nov	<ul style="list-style-type: none"> • Information Governance Annual Report – Richard Steele, Information Manager and Data Protection Officer • Treasury Management Mid-Year Report 2024/25 – Sean Howsam, Treasury and Investment Manager, PSPS • Committee Work Programme – Amanda Dickinson, Democratic Services Team Leader
2025	
27 th Jan	<ul style="list-style-type: none"> • Final External Audit Completion Report 2023/24 (ISA 260) tbc – James Boyle / Rosie Kelly, External Audit, KPMG • External Audit Annual Report 2023/24 (tbc) – James Boyle / Rosie Kelly, External Audit, KPMG • Internal Audit Progress Report – Matthew Waller, Internal Audit Manager, LCC • Audit of Bank Reconciliations – Judith Chowne, Senior Auditor, LCC • Annual Budget Risks presentation (unique to Boston) • Q2 Risk Report 2024/25 – Suzanne Rolfe, Group Manager Insights and Transformation • Property Fund exit arrangements – Sean Howsam, Treasury and Investment Manager, PSPS • Draft Treasury Management Policy and Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2025/26 2024/25 Budget and Council Tax for consultation – Deputy Chief Finance Officer / Sean Howsam, Treasury and Investment Manager, PSPS • Committee Work Programme – Amanda Dickinson, Democratic Services Team Leader
22 nd Apr	<ul style="list-style-type: none"> • Draft External Audit Strategy and Planning Report 24/25 – James Boyle / Rosie Kelly, External Audit, KPMG • Draft Internal Audit Plan 2025/26 – Matthew Waller, Internal Audit Manager • Internal Audit Progress Report – Matthew Waller, Internal Audit Manager • Q3 Risk Report 2023/24 – Suzanne Rolfe, Group Manager Insights and Transformation

- Q3 Treasury Report 2024/25 – Sean Howsam, Treasury and Investment Manager, PSPS
- Financial Statements – Accounting Policies 2024/25 – Deputy Chief Finance Officer, PSPS
- Update in respect of RIPA 2000 – Christian Allen, Assistant Director – Regulatory
- Committee Work Programme – Amanda Dickinson, Democratic Services Team Leader