



Public Document Pack
Boston Borough Council

**Chief Executive
Rob Barlow**

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Lincolnshire PE21 8QR
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Friday 7 November 2025

Notice of meeting of the Audit & Governance Committee

Dear Councillor

You are invited to attend a meeting of the Audit & Governance Committee
on **Monday 17th November 2025 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 James Cantwell
Councillors:	Richard Austin BEM, Anton Dani, Anne Dorrian, Neil Drayton, Andy Izard, Ralph Pryke, Lina Savickiene, David Scoot and Stephen Woodliffe
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 - 12)

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 12th November 2025.

Part II - Agenda Items

1 External Audit Completion Report 2024/2025 (ISA260) (Pages 13 - 66)

(A report by KPMG, External Auditors)

2 External Auditor's Annual Report 2024/25 (Pages 67 - 90)

(A report by KPMG, External Auditors)

3 Financial Statements 2024/25 (Pages 91 - 200)

(A report by Russell Stone, Director of Finance (S151 Officer))

4 Annual Governance Statement - Action Plan Update (Pages 201 - 202)

(A briefing note by John Medler, Assistant Director – Governance and Monitoring Officer)

5 Quarter 2 25/26 Risk Report (Pages 203 - 220)

(A report by John Medler, Assistant Director – Governance and Monitoring Officer)

6 2025/26 Mid-Term Treasury Report (Pages 221 - 242)

(A report by Russell Stone, Director of Finance (S151 Officer))

7 Counter Fraud, Bribery and Corruption Policy (Pages 243 - 260)

(A report by Russell Stone, Director of Finance (S151 Officer))

8 Proposed Amendments to the Council's Contract Procedure Rules (Pages 261 - 322)

(A report by John Medler, Assistant Director – Governance and Monitoring Officer)

9 Information Governance Annual Update 2024/25 (Pages 323 - 330)

(A report by John Medler, Assistant Director – Governance and Monitoring Officer)

10 Work Programme

(Pages 331 - 332)

(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 314502.

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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 13th October 2025 at 6.30 pm.

Present:

Councillor Barrie Pierpoint, in the Chair.

Councillors Councillor James Cantwell (Vice-Chairman), Richard Austin BEM, Anton Dani, Anne Dorrian, Neil Drayton, Andy Izard, David Scoot and Stephen Woodliffe.

Officers:

Assistant Director - Governance and Monitoring Officer, Treasury and Investment Manager (PSPSL), Democratic Services Team Leader and Democratic Services Officer.

16 Apologies for Absence

Apologies for absence were received from Councillors Ralph Pryke and Lina Savickiene, and from Co-opted Independent Members Adam Cartwright and Gideon Hall.

17 Declarations of Interest

There were no declarations of interest.

18 Minutes

The minutes of the previous meeting held on 7th July 2025 were agreed and signed by the Chairman.

19 Actions

Members considered the action sheet from the previous meeting held on 7th July 2025 which had been circulated with the agenda. It was confirmed that there were no outstanding actions.

20 Public Questions

No questions had been received.

21 External Auditors Progress Report 2024/2025

The Committee received a verbal update from the Engagement Manager, KPMG on the progress of the audit for the year ending 31st March 2025. It was reported that the audit was approximately 85% complete and on track for completion by the November meeting.

A significant risk had been identified in relation to the valuation of land and buildings, with delays and quality issues noted in responses from the internal valuer. The finance team had been working closely with the valuer to resolve these matters, and weekly meetings had been held to ensure progress. It was confirmed that the internal valuer was employed by a partner authority within the South & East Lincolnshire Councils Partnership.

The Committee was advised that six elected members had not returned their related party transaction forms, which was preventing completion of the disclosure note.

Members discussed the report and commented as follows:

- Concern was expressed regarding the delay in receiving related party transaction forms and the impact on audit completion. It was noted that responsibility for chasing declarations lay with Group Leaders, not Democratic Services. The Democratic Services Team Leader confirmed that group leaders had been contacted to expedite the outstanding returns, and that Democratic Services had supported this process as a courtesy to the Finance Team.
- A query was raised regarding the valuation of a specific investment property. It was confirmed that a valuation certificate had been issued for the current year, although the asset had not been subject to detailed audit testing due to no significant changes in assumptions.
- Members expressed frustration at the lack of clarity around roles and responsibilities in resolving audit queries and requested that future meetings include appropriate officer representation to respond to technical questions.

Resolved:

That the verbal update be noted.

22 Internal Audit Progress Report - September 2025

The Committee received the Internal Audit Progress Report for the current financial year. The report was presented by the Head of Internal Audit from Lincolnshire County Council (LCC) and provided an update on delivery against the 2025/26 audit plan, as well as key findings from recent audit work.

It was reported that approximately 60% of the audit plan had been delivered at the time of drafting. Three audits had been completed, including a cyber audit which had received poor ratings due to delays in issuing the final report. The audit had been delivered by a co-sourced partner, and improvements had since been made to their practices following feedback.

A report with a rating of “insufficient control” had been issued for one area where no controls were found to be in place. This was noted as highly unusual, and a follow-up assurance audit was scheduled for later in the year to assess improvements. The Head of Internal Audit confirmed that this was the first such report issued in over 20 years.

Members discussed the report and commented as follows:

- Concerns were expressed regarding the absence of the Section 151 Officer or other relevant officers to respond to technical questions. Members requested that future meetings include appropriate representation to ensure queries could be addressed.
- A Member queried the cause of the insufficient controls and asked whether this could impact the overall audit opinion for 2025/26. The Head of Internal Audit advised that judgement would be reserved until the follow-up audit was completed and confirmed that the outcomes of that audit would be reported back to the Committee once

available. The Head of Internal Audit advised that this would impact on the annual opinion.

- A Member asked whether the audit plan was flexible enough to respond to emerging risks such as cyber resilience. It was confirmed that the plan had been amended mid-year to reflect the insufficient control finding and that further changes were being considered to improve value for money and depth of coverage.
- A Member asked whether there was evidence of sustained improvement in previously audited areas. The Head of Internal Audit confirmed that access to data had improved and that the team was now focusing more deeply on first-line assurance.
- A Member requested clarification on the dates of the cyber audit and the insufficient control audit. It was confirmed that the cyber audit fieldwork took place in June 2025, with the final report issued in August, and the insufficient control audit fieldwork took place in May 2025, with the report issued in July.

Resolved:

That the report be noted.

23 Internal Audit Charter

The Committee received the updated Internal Audit Charter, which was presented by the Head of Internal Audit from Lincolnshire County Council (LCC). The Charter set out the purpose, authority, and responsibility of the internal audit function and formed a key part of the Council's governance framework.

The Head of Internal Audit explained that the Charter had been reviewed and updated to reflect recent changes in professional standards, audit leadership, and reporting structures. It was confirmed that the Charter aligned with the Global Internal Audit Standards (GIAS) and followed the model Charter issued by the Institute of Internal Auditors (IIA).

The Charter outlined the framework for delivering internal audit services across the Council, including the scope of audit work, independence and objectivity requirements, access rights, and the reporting arrangements to senior management and the Audit & Governance Committee. It also clarified the role of the Head of Internal Audit in providing an annual audit opinion and supporting the Council's assurance framework.

Members were invited to comment on the Charter. No questions were raised, and the Committee expressed satisfaction with the content and clarity of the document. Members welcomed the assurance that the Charter remained consistent with best practice across the public sector and supported its approval.

The recommendation was moved by Councillor Andy Izard and seconded by Councillor Stephen Woodliffe.

Resolved:

That the Internal Audit Charter be approved.

24 Quarter 1 25/26 Performance and Risk Report

The Committee received the Quarter 1 Risk Report, presented by the Group Manager – Insights & Transformation. The report provided an update on the Council's strategic and partnership risk registers as at the end of June 2025 and formed part of the Committee's regular oversight of the Council's risk management arrangements.

The Committee was advised that the civil contingency risk had been updated following the appointment of a new Partnership Resilience Manager. A new emerging risk relating to battery storage developments was being considered for inclusion in the register and would be raised with the Lincolnshire Resilience Forum. Officers also confirmed that the business continuity risk was to be merged with the civil contingency risk due to overlapping themes.

The health and safety risk score had increased due to a number of overdue audit actions. In response, health and safety clinics had been established to address the concerns and improve compliance. A new risk had been added regarding the IT server room infrastructure, with a mitigation project already underway. The Environment Act risk had also been updated to reflect the extension of the depot lease and the wider waste improvement programme.

The partnership risk register had been updated to reflect workforce development concerns linked to Local Government Reorganisation (LGR). A Member queried a partnership risk relating to trust. Officers confirmed that the risk was linked to LGR and was currently being tolerated, with no changes proposed by the Senior Leadership Team.

Members discussed the report and commented as follows:

- A query was raised regarding whether financial penalties were applicable for missing government targets or bin collection failures. Officers advised that no penalties were currently in place but undertook to confirm whether this may change under the Environment Act.
- A Member asked whether the Council monitored emergency planning coverage across parish councils. Officers undertook to liaise with the Partnership Resilience Manager and report back to the Committee.
- Clarification was sought on the term "GIS", which was confirmed to mean Geographical Information System.
- A Member asked how mitigations for high residual risks were tested for effectiveness. Officers confirmed that this was an area identified in a recent audit and that further work was planned to strengthen assurance.
- A Member asked how risk appetite was defined and communicated. Officers advised that a review was planned in partnership with Lincolnshire County Council, with outcomes to be reported in a future quarterly update.
- A Member queried whether the risk register had been independently reviewed. Officers confirmed that internal audit had recently undertaken a more detailed review and had made recommendations regarding layout and mitigation clarity.
- A Member queried the definition of the local economy risk and its scoring. Officers confirmed that the risk related to the impact of economic conditions on the Council's ability to deliver services and that further detail would be provided in the upcoming training session.

- A Member asked whether the Council's net zero targets were based on national or local benchmarks. Officers confirmed that the targets were locally set but aligned with national policy.
- A Member raised questions about safeguarding risk categorisation and inter-agency coordination. Officers confirmed that both adult and child safeguarding were covered and undertook to provide further detail on the structure and designated leads.

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

Resolved:

That the report be noted.

25 Q1 Treasury Report 2025/26

The Committee received the Quarter 1 Treasury Management Report, which provided an overview of the Council's treasury activities for the period ending 30th June 2025. The report was presented by the Treasury and Investment Manager (PSPSL) and formed part of the Council's governance framework in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice.

The Committee was advised that the Council had maintained a strong financial position during the first quarter of the financial year, with investment income exceeding expectations. The Council continued to operate with a low level of external borrowing, using internal resources to fund capital expenditure and maintain an under-borrowed position.

A key development highlighted in the report was the repayment of the long-standing State Street loan, which had carried a fixed interest rate of 11.125%. The loan had been replaced with a Public Works Loan Board (PWLB) loan at a significantly lower rate, resulting in projected long-term savings of approximately £660,000. The transaction was completed following a favourable offer from the loan holder, and the Council's treasury team had acted promptly to secure the benefit. Officers undertook to provide a future note summarising the historical cost and context of the State Street loan, including the year it was taken out and the decision-making process.

Property fund investments were also discussed. Concerns were raised about liquidity and market conditions, with one fund having suspended trading due to high redemption requests and others experiencing delays in processing withdrawals. Officers confirmed that the Council was monitoring developments and would consider strategic changes when market conditions improved. It was noted that any losses from early exit would need to be financed from reserves. Officers confirmed they would continue to monitor property fund developments and report any strategic changes to the Committee.

Members discussed the report and commented as follows:

- Members welcomed the repayment of the State Street loan and commended the treasury team for securing a favourable outcome. A request was made for a future note

detailing the full historical cost of the State Street loan and the circumstances under which it was originally taken out.

- A Member queried whether the Council remained compliant with its prudential indicators. Officers confirmed that all indicators had been met.
- A Member asked whether the Council's risk appetite for treasury management and borrowing had changed. Officers confirmed that the annual Treasury Management Strategy was reviewed and approved by Council each year and that no significant changes had been made.
- A Member requested clarification on the valuation and ownership of the Municipal Buildings. Officers confirmed that the building was owned by the Council and that valuations were reviewed on a rolling basis, with full revaluations every three years. Officers undertook to confirm the current valuation and whether any charges or encumbrances exist.

The recommendation was moved by Councillor Andy Izard and seconded by Councillor Neil Drayton.

Resolved:

That the report be noted.

26 Work Programme

The Committee reviewed the Audit and Governance Work Programme for 2025/26. Members were invited to consider whether any additional items should be included.

A proposal was made to introduce a formal self-assessment of committee effectiveness, with the aim of identifying training needs and improving Member engagement. The suggestion prompted a detailed discussion among Members.

Several Members expressed the view that the Committee was already operating effectively and that existing mechanisms, including annual Member surveys and training sessions, were sufficient. It was noted that the quality of officer reports had improved significantly, reducing the need for repetitive questioning. Members also highlighted that questions were often raised collectively, and duplication was avoided to ensure efficient use of meeting time.

Concerns were raised regarding the tone of a proposal regarding a self-assessment of the committee's effectiveness and comments made about Member participation. Members emphasised the importance of mutual respect and acknowledged the diverse contributions made by all Members, regardless of speaking frequency.

It was confirmed that a self-assessment process was already in place and that any future training needs would continue to be identified through existing channels. Officers undertook to ensure that the existing annual self-assessment process remained in place and was communicated clearly to all Members. Any future training needs identified through the self-assessment or Member feedback would be incorporated into the Committee's development programme.

Resolved:

That the work programme be noted.

[Councillor Anne Dorrian left the meeting at 7.46pm, during consideration of the above item.]

The Meeting ended at 7.52 pm.

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Actions from Audit & Governance Committee meeting on 13th October 2025

	Action	Status / Update	Due Date	Responsible Officer(s)
1	Minute 21 - External Auditors Progress Report 2024/2025 Action for Group Leaders to ensure that outstanding Related Party Transaction forms 2024/25 are completed.	Complete Group Leaders have been approached.	5 November	AD / RF
2	Minute 24 - Quarter 1 25/26 Risk Report Action for Officers to confirm the financial penalties for not improving on risks.	Complete There are no government plans to include financial penalties for missed bins in the Environment Act.	5 November	SR
3	Minute 24 - Quarter 1 25/26 Risk Report Action for Officers to confirm whether the Council records the coverage of parish emergency plans in respect of civil contingency.	Complete The Council does not record coverage of parish emergency plans directly, this is done by the Lincolnshire Resilience Forum and is visible to the Partnership Emergency Planning & Business Continuity Group.	5 November	SR

	Action	Status / Update	Due Date	Responsible Officer(s)
4	Minute 24 - Quarter 1 25/26 Risk Report Action for Officers to provide a briefing note at future meetings where mitigations for high residual risks have been tested for effectiveness.	Complete This will be a standing item in future quarterly risk reports.	5 November	SR
5	Minute 24 - Quarter 1 25/26 Risk Report Action for Officers to provide a briefing note if there are any changes to the risk appetite.	Complete This will come forward in the next quarterly report after the risk appetite workshops to report the outcome.	5 November	SR
6	Minute 24 - Quarter 1 25/26 Risk Report Action for Officers to include further details on local economy in risk register training on 27 th October 2025.	Complete This was included in the session on 27 th October.	5 November	SR
7	Minute 24 - Quarter 1 25/26 Risk Report Action for Officers to provide information on whether safeguarding connections with police and other authorities are included in the risk register.	Complete Details shared with the lead officer who will ensure that work with partners, including the police, is considered in the next risk review.	5 November	SR

	Action	Status / Update	Due Date	Responsible Officer(s)
8	Minute 24 - Quarter 1 25/26 Risk Report Action for Officers to provide information on how safeguarding apparatus are constructed.	Complete Link to safeguarding information on the Council's website: Safeguarding - Boston Borough Council . The Partnership lead is David Postle.	5 November	SR
9	Minute 25 - Q1 Treasury Report 2025/26 Action for Officers to provide a briefing note regarding the state street loan, its methodology, the decision process and the total cost to the Council.	Complete The required information will be included in the 2025/26 Mid Term Report going to the A&G meeting in November.	5 November	SH
10	Minute 25 - Q1 Treasury Report 2025/26 Action for Officers to provide a briefing note regarding the property funds, the year they were taken out, and a better understanding of what the issues were at that time.	Complete The required information will be included in the 2025/26 Mid Term Report going to the A&G meeting in November.	5 November	SH
11	Minute 25 - Q1 Treasury Report 2025/26 Action for Officers to confirm the value of the municipal buildings	Complete The response has been circulated to members.	5 November	Assets

	Action	Status / Update	Due Date	Responsible Officer(s)
12	Minute 26 - Work Programme Action for Officers to provide a list of assets owned by Boston Borough Council.	Complete Council assets listed at: https://www.boston.gov.uk/media/20980/Property-Asset-Register/pdf/Asset-Register-2021.pdf?m=1659352557073	5 November	Assets
13	Additional Action for Democratic Services to submit the Minutes to a future Full Council meeting.	Complete The draft minutes have been submitted to Full Council on 10 th November 2025.	5 November	RF



Executive summary for ISA260 for the year ended 31 March 2025.

Purpose

This is our draft ISA260 for the year-ended 31 March 2025.

Our audit is substantially complete, however, until fully complete matters communicated in this report may change pending signature of our audit report. We will provide an oral update on the status during the meeting. Page 4 'Our Audit Findings' outlines the outstanding matters in relation to the audit. Our conclusions will be discussed with you before our audit report is signed.

Currently, we expect to issue an unmodified opinion.

Key changes to our audit plan (page 5)

We have refined our significant risk over valuation of land and buildings on receipt of the valuation report.

For assets subject to the DRC valuation, we initially identified significant risk associated with the obsolescence, BCIS Indices and Location Factor assumptions used in the valuation. However, as we did not identify any significant changes in the obsolescence and location factor assumption used from the prior year, we have therefore reduced the risk associated with these assumptions to elevated.

The significant risk over the BCIS indices remained.

Significant audit risks

1. Valuation of land and buildings (pages 7-8):
Testing over the following significant assumptions used in the Depreciated Replacement Cost (DRC) calculation – BCIS - was found to be neutral
2. Management override of control (page 9-10):
The results of our testing in relation to this risk were found to be satisfactory.
3. Valuation of post-retirement benefit obligations (page 11-12):
We have received the results from KPMG actuaries who have evaluated the assumptions used in the calculation for the Council's post-retirement benefit obligations. The significant assumptions used in the calculation were found to be balanced.

Uncorrected audit misstatements (page 29)

We identified three uncorrected audit misstatements. We have discussed these with management, and if they remain uncorrected they will not have an impact on our audit opinion.

Corrected audit misstatements (page 30)

We identified two corrected audit misstatements. We have discussed these with management and they have agreed to correct them in the financial statements.

Misstatements in respect of disclosures (page 31)

We identified two misstatements in respect of disclosures. We have discussed these with management and they have agreed to correct them in the financial statements.

Summary of control deficiencies and other recommendations (page 32 -46)

We have not identified any significant control deficiencies.

We have raised 1 medium, and 3 low level recommendations which have been discussed with management and for which a management response has been provided. These are performance improvement opportunities we raised to management, and do not require acceptance by management. Two of these recommendations have not been accepted.

We followed up on 10 recommendations raised in the prior year, of which 6 have been fully implemented.

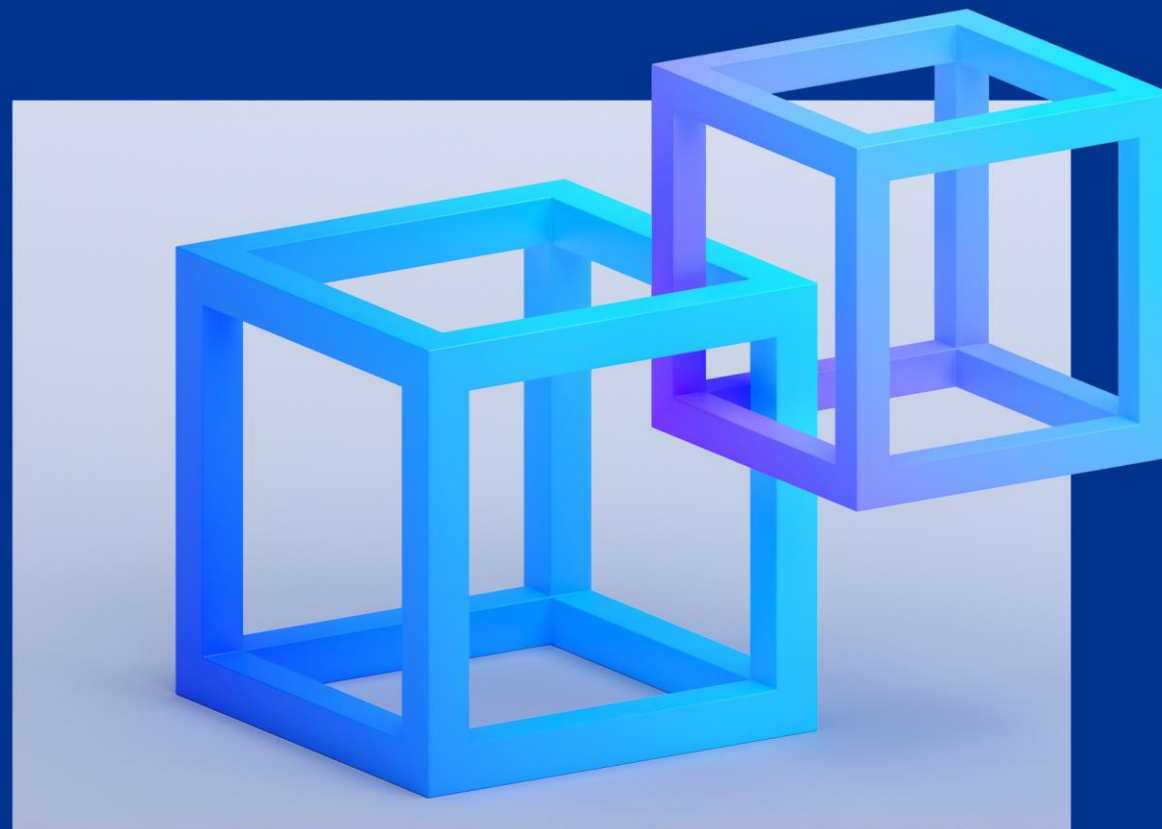
Outstanding matters

A list of outstanding matters is detailed on page 4.



Boston Borough Council

DRAFT - Year End Report to the Audit & Governance Committee



Year end report for the year ended 31 March 2025

—

27 October 2025

Introduction

To the Audit and Governance Committee of Boston Borough Council

We are pleased to have the opportunity to meet with you on 17 November 2025 to discuss the results of our audit of the consolidated financial statements of Boston Borough Council (the 'Council') and its subsidiaries (the 'Group'), as at and for the year ended 31 March 2025.

We are providing this report in advance of our meeting to enable you to consider our findings and hence enhance the quality of our discussions. This report should be read in conjunction with our audit plan and strategy report, presented on 22 April 2025. We will be pleased to elaborate on the matters covered in this report when we meet.

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when:

- Audits are executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality management; and,
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.



We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact James Boyle (James.Boyle@KPMG.co.uk), the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with the response, please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Tim Cutler. (tim.culter@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access KPMG's complaints process here: [Complaints](#).

The engagement team

Subject to the approval of the statement of accounts, we expect to be in a position to sign our audit opinion on the approval of those statement of accounts and auditor's representation letter, provided that the outstanding matters noted on page 4 of this report are satisfactorily resolved.

There have been no significant changes to our audit plan and strategy other than those described on page 5.

We expect to issue an unmodified Auditor's Report.

We draw your attention to the important notice on page 3 of this report, which explains:

- The purpose of this report
- Limitations on work performed
- Restrictions on distribution of this report

Yours sincerely,

James Boyle

27 October 2025

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Important notice

This report is presented under the terms of our audit under Public Sector Audit Appointments (PSAA) contract..

The content of this report is based solely on the procedures necessary for our audit.

Purpose of this report

This report has been prepared in connection with our audit of the consolidated financial statements of Boston Borough Council (the 'Council/Authority') and its subsidiaries (the 'Group'), prepared in accordance with International Financial Reporting Standards ('IFRSs') as adapted Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, as at and for the year ended 31 March 2025.

This report has been prepared for the Council's Audit & Governance Committee, a sub-group of those charged with governance, in order to communicate matters that are significant to the responsibility of those charged with oversight of the financial reporting process as required by ISAs (UK), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone (beyond that which we may have as auditors) for this report, or for the opinions we have formed in respect of this report.

Limitations on work performed

This report is separate from our audit report and does not provide an additional opinion on the Group's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors.

We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this report.

The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit.

Status of our audit

Our audit is not yet complete and matters communicated in this report may change pending signature of our audit report. We will provide an oral update on the status. Page 4 'Our Audit Findings' outlines the outstanding matters in relation to the audit. Our conclusions will be discussed with you before our audit report is signed.

Restrictions on distribution

The report is provided on the basis that it is only for the information of the Audit & Governance Committee of Boston Borough Council; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

Our audit findings

Significant audit risks	Page 6-12
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Significant audit risks	Our findings
Valuation of land and building	Testing over the following significant assumptions used in the Depreciated Replacement Cost (DRC) calculation – BCIS - was found to be neutral
Management override of controls	The results of our testing in relation to this risk were found to be satisfactory.
Valuation of post-retirement benefit obligations	We have received the results from KPMG actuaries who have evaluated the assumptions used in the calculation for the Council's post-retirement benefit obligations. The significant assumptions used in the calculation were found to be balanced.

Outstanding matters

Our audit is substantially complete except for the following outstanding matters

- Related Party testing;
- Management representation letter;
- Completion Procedures

Uncorrected Audit Misstatements	Page 29
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Understatement/ (overstatement)	£000's	%
Revenues	(82.3)	0.1%
Surplus for the year	499	3.3%
Total assets	499	0.5%

Number of Control deficiencies	Page 32-46
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Significant control deficiencies	0
Other control deficiencies raised in 24/25	4
Prior year control deficiencies not yet implemented	4
Prior year control deficiencies remediated	6

Misstatements in respect of Disclosures	Page 31
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Misstatement in respect of Disclosures	Our findings
Note 30 – Remuneration Report	We made some observations to management in order to fully comply with The Code of Local Government Accounting in respect of the disclosures noted here. Full details can be seen on page 31.
Note 33- Related Parties	

Key changes to our audit plan

We have not made any changes to our audit plan as communicated to you on 22 April 2025 other than as follows:

Risk	Effect on audit plan	Effect on audit strategy and plan
Valuation of Land and Buildings – Assumptions	For assets subject to the DRC valuation, we initially identified a significant risk associated with the obsolescence, BCIS Indices and Location Factor assumptions used in the valuation. When performing our risk assessment of the DRC valuation, we did not identify any significant changes in the obsolescence and location factor assumption used from the prior year and therefore reduced the risk associated with these assumptions to elevated.	The effect on our audit strategy has been documented as part our response and findings on the ‘Valuation of Land and Buildings’ - see pages 7-8.

Significant risks and Other audit risks

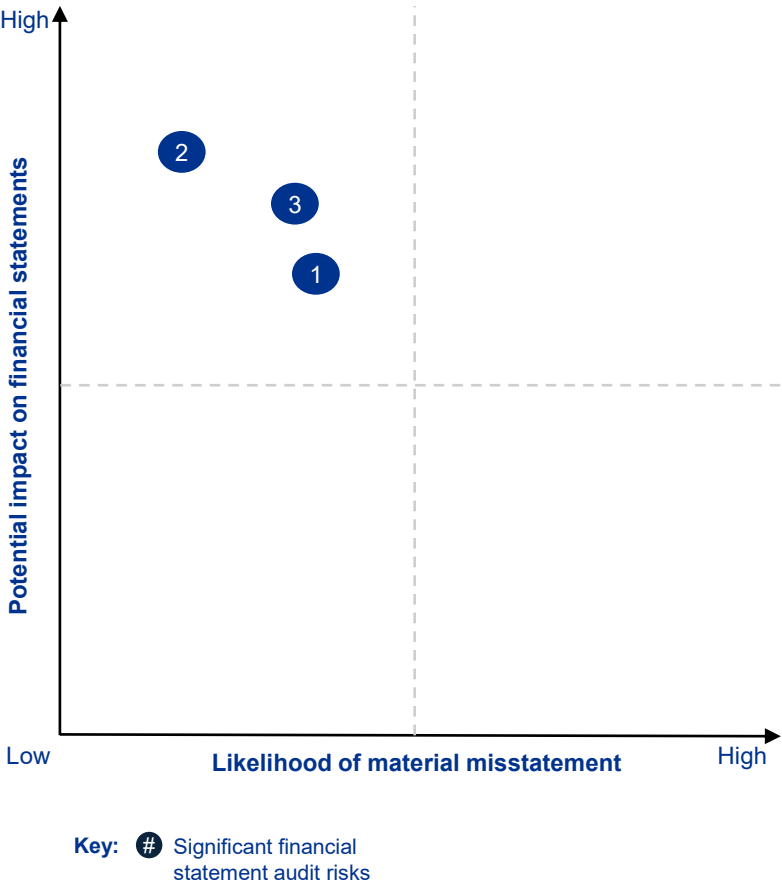
We discussed the significant risks which had the greatest impact on our audit with you when we were planning our audit.

Our risk assessment draws upon our historic knowledge of the business, the industry and the wider economic environment in which Boston Borough Council operates.

We also use our regular meetings with senior management to update our understanding and take input from local audit teams and internal audit reports.

See the following slides for the cross-referenced risks identified on this slide.

Significant risks	
1.	Valuation of land and buildings
2.	Management override of controls
3.	Valuation of post-retirement benefit obligations



Audit risks and our audit approach



Valuation of land and buildings

The carrying amount of revalued Land & Buildings differs materially from the fair value



Significant Audit Risk

The Code requires that where assets are subject to revaluation, their year-end carrying value should reflect the appropriate current value at that date. The Authority performs a full revaluation exercise of all Land & Buildings each year.

Other Land and Buildings

For the year-end 31 March 2025, the Council is utilising an internal valuer to undertake the valuation, Edward Cox, (MRICS registered valuer). As per the draft 24/25 financial statements, the value of the Council's Other Land and Buildings as at 31 March 2025 was £37.84m.

Of the £37.8m assets, £30.2m (80%) of the valued land and buildings use the Depreciated Replacement Cost (DRC) model. Due to the level of estimation uncertainty associated with the BCIS assumption, when valuing the relevant elements of the Authority's estate, this creates a significant risk of error that the year-end carrying value of these assets differs materially from their fair value.



Our response

We have performed the following procedures designed to specifically address the significant risk associated with the valuation:

- We critically assessed the independence, objectivity and expertise of Edward Cox, the valuer used in developing the valuation of the Boston Borough Council's Other Land and Buildings at 31 March 2025;
- We inspected the instructions issued to the valuer for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of the significant assumptions used;
- We challenged the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations.
- We challenged key significant assumptions (i.e. BCIS) within the valuation as part of our judgement;
- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Audit risks and our audit approach (cont.)

1 Valuation of land and buildings (cont.)

The carrying amount of revalued Land & Buildings differs materially from the fair value



Our findings

- We are satisfied that the internal valuer, Edward Cox, has sufficient expertise and has appropriate independence and objectivity for the purposes of performing the relevant valuation exercise. As Edward Cox is the only qualified surveyor used by the Council to value a significant portion of the Council's Other Land and Buildings, there is no counter-signatory to the report and review functions are undertaken by staff in the finance department.
- The instructions issued to the internal valuer, Edward Cox were in line with our expectations for the valuation of relevant land and buildings as at 31 March 2025 and were consistent with the requirements of the CIPFA Code
- Auditing standards require us to report that the design and implementation of the management review control relating to this area is ineffective in line with the ISA definition. The ISAs acknowledge that it is difficult for management to design controls that address subjectivity and estimation uncertainty in a manner that effectively prevents, or detects and corrects, material misstatements. We have raised a control deficiency on page 34 for the fact there is no counter-signatory to the report, and no formal management review control in place. However, we are aware that management operates a control that they are satisfied with that provides the organisation with assurance over this area.
- We challenged the appropriateness of the valuation of relevant land and buildings; including any material movements from the previous revaluation. We identified, through inspection of the valuation certificates, that the valuer had used forecast BCIS figures to the end of June 2025, when the BCIS should be taken 'as at' March 2025. We have raised a control deficiency on page 34 and raised an uncorrected audit misstatement on page 29 as using the correct BCIS resulted in a £284k understatement. However, our overall conclusion was neutral.
- We challenged key significant assumption within the valuation under the DRC method as part of our judgement, specifically the BCIS factors. We confirmed the assumptions were neutral.

Other findings linked to the valuation but not in response to the sig risk

- We have challenged management on the Land Value per Acre assumption. We identified a £1.49m overstatement, which has subsequently been corrected by management. See page 30.
- We have identified a calculation error in the valuation of the Princess Royal Sports Arena (PRSA), resulting in an overstatement of £1.25m. This has been corrected by management. See page 30.
- We re-calculated the accounting movements associated with valuation of relevant land and buildings and verified that these have been accurately accounted for in line with the requirements of the CIPFA Code and the Council's accounting policies
- We identified that the underlying floor areas as per formal floor plan for the PRSA did not agree to the valuation certificate, resulting in a £242k understatement. We have raised a misstatement on page 29.
- We have identified that the Council have applied 15% external fees to all DRC valued assets regardless of the external reality of the asset. We identified that the external fees was optimistic in this regard. However, this did not have a material impact on the valuation and as such did not affect our overall neutral conclusion. We have raised a control deficiency on page 35.

Key:
0 Prior year 1 Current year

Audit risks and our audit approach

2

Management override of controls^(a)

Fraud risk related to unpredictable way management override of controls may occur



Significant Audit Risk

Professional standards require us to communicate the fraud risk from management override of controls as significant.

Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We have not identified any specific additional risks of management override relating to this audit.



Our response

Our audit methodology incorporates the risk of management override as a default significant risk.

- Assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluated the selection and application of accounting policies.
- In line with our methodology, evaluated the design and implementation of controls over journal entries and post closing adjustments.
- Assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the Council's normal course of business, or are otherwise unusual.
- We analysed all journals through the year using data and analytics and focus our testing on those with a higher risk, as defined by our high risk criteria.

Note: (a) Significant risk that professional standards require us to assess in all cases.

Audit risks and our audit approach (cont.)

3

Management override of controls(cont.)^(a)

Fraud risk related to unpredictable way management override of controls may occur



Our findings

- Other than the accounting estimates we have identified as part of our significant risks for the valuation of land and buildings (page 7-8), and the valuation of post-retirement obligation benefits (page 11-12), we identified two other accounting estimate that had reasonable possibility of material misstatement as part of the audit. This was in relation to:
 - Fair value of other land and buildings valued under the fair value in use model.
 - Fair value of investment property valued under the fair value in use model.

Our testing has not identified any indications of management bias.
- We have evaluated the selection and application of accounting policies over relevant accounts and we have not identified any reportable issues.
- Auditing standards require us to consider and report accordingly on the design and implementation of controls in place which respond to the significant risks identified. We confirmed that as the organisation's General Ledger system does not enforce segregation of duties and as such the design and implementation of controls over journal entries and post-closing adjustments were deemed to not be effective.
- We identified 6 journal entries and other adjustments meeting our high-risk criteria – our examination did not identify unauthorised, unsupported or inappropriate entries.
- Our procedures did not identify any unusual transactions.
- Our inquiries with management identified the maintenance of the Register of Interests occurs annually. Our walkthroughs identified that there is a sound process for capturing declarations of interest. However, we identified there were 6 councillors, and 2 members of the Senior Leadership Team that had not completed their declarations at the time of audit. and as such we have raised a control deficiency on page 32. We have additionally identified a misstatement in the Related Parties note. See page 31.

Audit risks and our audit approach

3

Valuation of post-retirement benefit obligations

An inappropriate amount is estimated and recorded for the defined benefit obligation



Significant Audit Risk

- The valuation of the post-retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.
- The effect of these matters is that, as part of our risk assessment, we determined that post-retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year-on-year movements.
- We have identified this in relation to the following pension scheme memberships: Local Government Pension Scheme
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.



Our response

We have performed the following procedures :

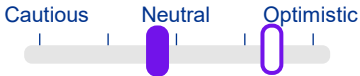
- Understood the processes the Council have in place to set the assumptions used in the valuation;
- Evaluated the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Performed inquiries of the accounting actuaries to assess the key assumptions made,
- Evaluated the design and implementation of controls in place for the Council to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- Challenged, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Considered the adequacy of the Council's disclosures in respect of the sensitivity of the deficit to these assumptions;
- Where applicable, assessed the level of surplus that should be recognised by the entity; and

Audit risks and our audit approach (cont.)

3

Valuation of post-retirement benefit obligations (cont.)

An inappropriate amount is estimated and recorded for the defined benefit obligation



Our findings

- We are satisfied the actuaries who provide the calculation of post-retirement benefit obligations to the Council have sufficient expertise, independence and objectivity in performing the valuation exercise.
- We have performed inquiries of the actuaries to assess the key assumptions made and did not identify any reportable issues.
- Auditing standards require us to report that the design and implementation of the management review control relating to this area remains ineffective in line with the ISA definition. The ISAs acknowledge that it is difficult for management to design controls that address subjectivity and estimation uncertainty in a manner that effectively prevents, or detects and corrects, material misstatements. However, we are aware that management operates a control that they are satisfied with that provides the organisation with assurance over this area.
- We utilised our own KPMG Actuaries to assess the aforementioned key assumptions. We have received the results from our actuaries who have evaluated the assumptions, and all assumptions are deemed to be balanced and fall within KPMG's acceptable range.
- We have confirmed the LGPS remains in deficit as at 31 March 2025.

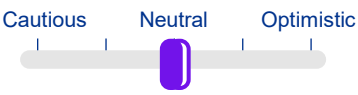
Key:

Prior year

Current year

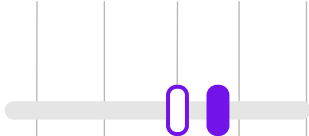



Key accounting estimates and management judgements- Overview

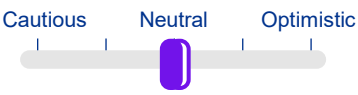


Our view of management judgement

Our views on management judgments with respect to accounting estimates are based solely on the work performed in the context of our audit of the financial statements as a whole. We express no assurance on individual financial statement captions.

Asset/liability class	Our view of management judgement	Balance (£m)	YoY change (£m)	Our view of disclosure of judgements & estimates	Further comments
Other Land and Buildings	Cautious Neutral Optimistic			Needs improvement Neutral Best practice	
		£37.8m	£1.5m		<ul style="list-style-type: none">• Our testing of the BCIS indices, location factors and obsolescence factors confirmed the assumptions to be neutral. Based on the data used by the internal valuer the valuation of the assets sampled were found to be reasonable and appropriate.• We identified that the external fees provision was not specific and higher than expected, and therefore we assessed the assumption to be optimistic but within our acceptable range.• We identified for one asset, the floor area used in the valuation was different to the area on the formal plan. See page 29.• The disclosures were adequate concerning the key judgements and degree of estimation involved in arriving at the valuation.

Key accounting estimates and management judgements- Overview



Our view of management judgement

Our views on management judgments with respect to accounting estimates are based solely on the work performed in the context of our audit of the financial statements as a whole. We express no assurance on individual financial statement captions.

Asset/liability class	Our view of management judgement	Balance (£m)	YoY change (£m)	Our view of disclosure of judgements & estimates	Further comments
Post retirement benefit obligations	<div><div>CautiousNeutralOptimistic</div></div>	£10.2m	‑£0.55m	<div><div>Needs improvementNeutralBest practice</div></div>	<ul style="list-style-type: none">We utilised our own KPMG actuaries to assess the aforementioned key assumptions. Our actuaries evaluated the assumptions, and all assumptions, except CPI which was determined to be cautious, were deemed to be neutral. All assumptions were deemed to be within KPMG's acceptable range.The disclosures were adequate concerning the key judgements and degree of estimation involved in arriving at the valuation.

Other significant matters

Control deficiencies

We obtain an understanding of internal control to design appropriate audit procedures, but not to express an opinion on the effectiveness of the Group's internal control.

See pages 32-46 for the breakdown of control deficiencies.

Key:

- These are significant control deficiencies which increase the likelihood and potential magnitude of a material misstatement in the financial statements. We have identified no significant control deficiencies in the current year.
- These are matters of sufficient importance to note such as weaknesses which were subsequently corrected and matters that could be significant in the future if left unaddressed. We have identified 1 of such deficiencies in the current year.
- These are less significant weaknesses but which we considered to be of sufficient importance to merit management's attention. We have raised 3 related observations in the current year.

Significant difficulties

Matters which led to significant difficulties in performing the audit included the following:

- We faced difficulties in the valuation of other land and buildings, including:
 - Control deficiency identified in relation to the selection of the BCIS indices (see page 33);
 - Issues with availability of audit evidence to support key data elements of the valuation, such as floor areas (page 29); and
 - It was difficult to ascertain adequate supporting explanations from the internal valuer; in particular the timeliness and quality of responses. There were several delays in receiving responses and corroborating to supporting information from the internal valuer.
- We have not been able to substantiate the Register of Interests in our related parties work as we did not receive a complete list of declarations from management. This was because 6 councillors, and 2 members of the Senior Leadership Team had not completed their declarations at the time of audit.
- There were delays in receiving adequate response in relation to our VFM work, in particular evidence for the approval process that was followed for two exempt key decisions during the year.

These events all led to an increased volume of audit work that was required to gain sufficient assurance, over areas of significant risk for the valuation of land and buildings in particular, to be able to express an opinion on the financial statements.

Quality and timeliness of information prepared by management/those charged with governance

In our view, except for the matters identified above, the quality of information:

- supported our ability to understand key decisions better and obtain sufficient audit evidence
- enabled informed challenge of management decisions
- supported audit quality and better disclosure

Audit misstatements

Management has approved the correction of the audit misstatements detailed on page 30 and they are reflected in the draft financial statements. A summary of the uncorrected audit misstatements is detailed on page 29.

In line with ISA (UK) 450 we request that you correct uncorrected misstatements.

- If the uncorrected factual audit misstatements were posted, they would increase the surplus by £499k
- For our views on management estimates – see Page 13 and 14 (Key accounting estimates)
- A detailed summary of corrected and uncorrected audit misstatements and omissions and errors in disclosure is included on pages 29 to 31.

Audit misstatements

	Page
Uncorrected misstatements	29
Corrected misstatements	30
Misstatements in disclosures	31

Types of misstatement		
Factual: Misstatements about which there is no doubt	Projected: Our best estimate of misstatements in the audited populations	Judgemental: Differences arising from judgements of management that we consider unreasonable or inappropriate

Group involvement – Significant component audits

We are the Group auditor and the Component auditor for Boston Borough Council.

The components within the scope of our work accounted for 99% of the Group’s net expenditure

We did not contact component auditors. The procedures we have performed for the Council, was sufficient to provide assurance at the Group level. We have ensured appropriate evidence was obtained.

Component	Scope Rationale			Significant matters discussed with component auditors
	Individually financially significant	Significant due to risk	Other	
Council	✓			Not Applicable. We are the auditors of the Group, and the Council’s financial statements.
Public Sector Partnership Services Ltd			✓	Our risk assessment procedures confirmed the associate is not significant to the Group financially and/or due to risk. The Council has reported total interests in PSPS Ltd of £119k. This is below our threshold for Group materiality. Therefore this component is not scoped in for the Group audit, and, as a result, we have not contacted the component auditors.

Other matters

Narrative report

We have read the contents of the Narrative Report and checked compliance with the requirements of the Annual Report and financial statements with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ('the Code'). Based on the work performed: We have not identified any inconsistencies between the contents of the Narrative Report and the financial statements.

- We have not identified any material inconsistencies between the knowledge acquired during our audit and the statements of the Council. As Audit and Governance Committee members you confirm that you consider that the Narrative Report and financial statements taken as a whole are fair, balanced and understandable and provides the information necessary for regulators and other stakeholders to assess the Council's performance, model and strategy.

Annual Governance Statement

We have reviewed the Council's 2024/25 Annual Governance Statement and confirmed that:

It complies with Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE; and

- It is not misleading and is consistent with other information we are aware of from our audit of the financial statements.

Whole of Government Accounts

As required by the National Audit Office (NAO) we carry out specified procedures on the Whole of Government Accounts (WGA) consolidation pack.

We are yet to receive instructions from NAO regarding WGA.

Independence and Objectivity

ISA 260 also requires us to make an annual declaration that we are in a position of sufficient independence and objectivity to act as your auditors, which we completed at planning and no further work or matters have arisen since then.

Audit Fees

Our scale fee for the 2024/25 audit, as set by PSAA is **£153,022** plus VAT (£131,050 in 2023/24).

See page 25 for details and status of fee variations.

We have also completed non audit work at the Council during the year on the Housing Benefit Grant Certification and have included on page 27 confirmation of safeguards that have been put in place to preserve our independence.

01

Value for money

Value for Money

We are required under the Audit Code of Practice to confirm whether we have identified any significant weaknesses in the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources.

In discharging these responsibilities we include a statement within the opinion on your accounts to confirm whether we have identified any significant weaknesses. We also prepare a commentary on your arrangements that is included within our Auditor’s Annual Report, which is required to be published on your website alongside your annual report and accounts.

Commentary on arrangements

We have prepared our Auditor’s Annual Report and a copy of the report is included within the papers for the Committee alongside this report. The report is required to be published on your website alongside the publication of the annual report and accounts.

Response to risks of significant weaknesses in arrangements to secure value for money

As noted on the right, we have not identified a risk of significant weakness in the Council’s arrangements to secure value for money.

Summary of findings

We have set out in the table below the outcomes from our procedures against each of the domains of value for money:

Domain	Risk assessment	Summary of arrangements
Financial sustainability	No significant risks identified	No significant weaknesses identified
Governance	No significant risks identified	No significant weaknesses identified
Improving economy, efficiency and effectiveness	No significant risks identified	No significant weaknesses identified

Further detail is set out in our Auditor’s Annual Report.

Performance improvement observations

As part of our work we have identified one Performance Improvement Observation, and followed up on one Performance Improvement Observations from the prior period, which are suggestions for improvement but not responses to identified significant weaknesses – see pages 21 to 22.

Value for Money: Performance improvement observations

The performance improvement observations raised as a result of our work in respect of value for money arrangements in the current year are as follows:

Priority rating for observations					
1	Priority one: Observations linked to issues where, if not rectified, these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	2	Priority two: Observations linked to issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately, but the weakness remains in the system.	3	Priority three: Observations linked to issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
1	2	Formal record of discussion and actions for efficiency savings We have identified an absence of formal recording of discussions and corresponding actions from key meetings that have been held in 2024-25, such as: <ul style="list-style-type: none">Through inquiry with management, we confirmed that a meeting was held with the Cabinet members to discuss savings before the 2024-25 budget was set. A list of potential savings was identified and discussed at this meeting, which was subject to review by the Senior Leadership Team (SLT). We requested evidence of this meeting however no minutes or actions logs have been kept by the Council.Meetings of the Business and Efficiency Savings meetings are not minuted and therefore not available to review. We confirmed from the agendas of the September 2024 and January 2025 meeting that an item for the savings/efficiency plans is included. However, we did not identify any written record of key decisions and actions taken from these meetings held by the Senior Leadership Team throughout 2024-25. This also means there are no action logs prepared and monitored by the Council in relation to achieving the efficiencies within the long list. Therefore, in the absence of audit evidence, we cannot confirm the efficiency lists are discussed appropriately within the Governance structure of the Council. Risk There is a risk that the efficiency lists are not discussed appropriately within the Governance structure. Without a formal record of agreed actions, there is also an increased risk action will not be taken in a timely manner, and this will not be identified by management. Recommendation We recommend the Council keeps a formal log for key decisions made in relation to the identification of efficiencies within the budget setting and monitoring process. This should also include action logs which can be monitored on a regular basis.	Management response and Officer The Council has adopted a revised approach to preparation of the 2026/27 budget and as part of this officer and Member decisions will be recorded. This will commence from August 2025. Responsible officer Director of Finance & Section 151 Officer Due Date 31 March 2026

Value for Money: Performance improvement observations

Below we have set out our findings from following up performance improvement observations raised in prior periods:









#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of October 2025
1		<p>Efficiency Programme 2023-24</p> <p>For the financial year ended 31 March 2024, the Council did not have a formal efficiency programme in place. The Council did have an efficiency long list that was presented to the Senior Leadership Team (SLT) monthly. This is a long list of potential efficiencies to be explored which are allocated to lead officers. This has been used to identify and report efficiencies during 2023-24, and forward planning into 2024-25. However, for the period of audit, there was not a formal programme in place to effectively identify, RAG rate and monitor efficiencies.</p> <p>Through inquiry with management, the Council have been working to improve this process in 2024-25.</p> <p>Impact</p> <p>There is a risk that efficiencies are not effectively identified, RAG rated and monitored, thereby impacting on the Authority's ability to deliver a sustainable financial plan moving forwards.</p> <p>Recommendation</p> <p>We recommend this be implemented as soon as possible to ensure any funding gaps in future financial forecasts are offset as far as possible by efficiencies/savings rather than the depletion of reserves. This efficiency programme should incorporate:</p> <ul style="list-style-type: none"> the development of plans for how efficiencies will be achieved; regular monitoring of performance against the required level of efficiencies; reporting of performance against the required efficiency target to an appropriate committee; and a process in place for identifying actions where projects are falling behind plan a RAG rating system to help identify the risk to relevant schemes / plans 	<p>Management Response: The efficiency monitoring process will be formalised and regularly monitored, with the reporting in the quarterly reports expanded to capture the RAG status.</p> <p>Responsible Officer: Strategic Finance Manager</p> <p>Due Date: 30 September 2025</p>	<p>Status: Not implemented</p> <p>We have observed through attendance at the October 2025 Audit and Governance Committee, the Council had an internal audit review scheduled for the Identification and Monitoring of Savings. However, the internal auditors found there was insufficient controls in place – and was unable to establish sufficient first or second-line controls to test. Therefore, we consider our above recommendation to be not implemented.</p>









Appendix

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Required communications

Type	Response
Our draft management representation letter	 We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2025.
Adjusted audit differences	 There were £2.37m adjusted audit differences which decreased the surplus by £2.37m.
Unadjusted audit differences	 The aggregated surplus impact of unadjusted audit differences would be £499k. In line with ISA 450 we request that you adjust for these items. However, they will have no effect on the opinion in the auditor's report, individually or in aggregate. See page 29.
Related parties	 There were no significant matters that arose during the audit in connection with the entity's related parties.
Other matters warranting attention by the Audit Committee	 There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.
Control deficiencies	 We communicated to management in writing all deficiencies in internal control over financial reporting of a lesser magnitude than significant deficiencies identified during the audit.
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts	 No actual or suspected fraud involving Group or Council management, employees with significant roles in group-wide internal control, or where fraud results in a material misstatement in the financial statements identified during the audit.
Issue a report in the public interest	 We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters.

Type	Response
Significant difficulties	 Significant difficulties encountered during the audit are outlined are page 15.
Modifications to auditor's report	 None
Disagreements with management or scope limitations	 The engagement team had no disagreements with management, and no scope limitations were imposed by management during the audit.
Other information	 No material inconsistencies were identified related to other information in the statement of accounts.
Breaches of independence	 No matters to report. The engagement team and others in the firm, as appropriate, the firm and, when applicable, KPMG member firms have complied with relevant ethical requirements regarding independence.
Accounting practices	 Over the course of our audit, we have evaluated the appropriateness of the Group's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.
Significant matters discussed or subject to correspondence with management	 The significant matters arising from the audit were discussed, or subject to correspondence, with management.
Certify the audit as complete	 We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above, however as noted previously we have not yet received instructions from the WGA We will issue our certificate once we have received confirmation from the National Audit Office that all assurances required for their opinion on Whole of Government Accounts have been received.

Fees

Audit fee

Our fees for the year ending 31 March 2025 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2024/25 (£'000)	2023/24 (£'000)
Scale fee as set by PSAA	153	131
Fee variations for 2024/25 approved by PSAA	0	25.8
Fee variation for 2024/25 agreed with management but subject to PSAA approval	TBC	0
TOTAL	TBC	156.8

We are in the process of agreeing further fee variations with management and report these at a later date

Billing arrangements

- Fees have been billed in accordance with the milestone completion phasing that has been communicated by the PSAA.

Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Director and audit staff is not impaired.

To the Audit and Risk Committee members

Assessment of our objectivity and independence as auditor of Boston Borough Council

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.
- The conclusion of the audit engagement partner as to our compliance with the FRC Ethical Standard in relation to this audit engagement and that the safeguards we have applied are appropriate and adequate

We are satisfied that our general procedures support our independence and objectivity except for those detailed below where additional safeguards are in place.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

Facts and matters related to the provision of non-audit services and the safeguards put in place that bear upon our independence and objectivity, are set out on the table overleaf.

Confirmation of Independence (cont.)

Disclosure	Description of scope of services	Principal threats to Independence	Safeguards Applied	Basis of fee	Value of Services Delivered in the year ended 31 March 2025 £000	Value of Services Committed but not yet delivered £000
1	Housing benefit grant certification	Management Self review Self interest	<ul style="list-style-type: none"> Standard language on non-assumption of management responsibilities is included in our engagement letter. The engagement contract makes clear that we will not perform any management functions. The work is performed after the audit is completed and the work is not relied on within the audit file. Our work does not involve judgement and are statements of fact based on agreed upon procedures. 	Fixed & Time	£33.6*	0

**These are expected fees but are subject to final agreement*

Confirmation of Independence (cont.)

Summary of fees

We have considered the fees charged by us to the Group and its affiliates for professional services provided by us during the reporting period.

Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be 0.21: 1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

	2024/25
	£'000
Scale fee	153
Other Assurance Services	33.6
Total Fees	186.6

Application of the FRC Ethical Standard 2019

Your previous auditors will have communicated to you the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Risk Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit and Risk Committee of the Group and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP



Uncorrected audit misstatements

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit & Governance Committee with a summary of uncorrected audit differences (including disclosure misstatements) identified during the course of our audit, other than those which are 'clearly trivial', which are not reflected in the financial statements. In line with ISA (UK) 450 we request that you correct uncorrected misstatements. However, they will have no effect on the opinion in our auditor's report, individually or in aggregate. As communicated previously with the Audit & Governance Committee, details of all adjustments greater than £60K are shown below:

Uncorrected audit misstatements (£'000s)				
No.	Detail	CIES Dr/(Cr)	Balance Sheet Dr/(Cr)	Comments
1	Dr Property, Plant and Equipment	£0	£284k	Management used Q2 2025 BCIS figures (i.e. those as at the end of June 2025) rather than Q1 2025 BCIS figures (i.e. those as the end of March 2025). This resulted in £284k understatement of the PPE and revaluation reserve balance.
	Cr Revaluation Reserve / Movement in reserves statement	(£284k)		
2	Dr Government Grants and Contributions	£82.3k	(£33.5k)	The Council has been carrying forward balances from 2020/21 and 2021/22 for payments that were paid in error to unqualifying businesses. A decision was taken in year to transfer the balances to reserves and continue to earmark as Covid grants.
	Cr Trade Payables	-		
	Cr Movement in Reserves	(£48.8k)		As the amount was sat on an agency code kept rolling across the financial years through the accruals mechanism, to remove the amount from the agency code (which would ordinarily net each other off each year), income was credited. However, this is not income and therefore has resulted in an overstatement of income for the year.
3	Dr Property Plant and Equipment		£248k	We identified that the underlying floor areas as per formal floor plan for the PRSA did not agree to the valuation certificate, resulting in a £242k understatement.
	Cr Revaluation Reserve / Movement in reserves statement	(248k)		
Total		(£499k)	£499k	

Corrected audit misstatements

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit & Governance Committee with a summary of corrected audit differences (including disclosures) identified during the course of our audit. The adjustments below have been included in the financial statements.

We have agreed with management these will be corrected in the final financial statements, however, at the time of writing the final financial statements were not available. Therefore these will be confirmed as updated within our final ISA260, and we will update the Committee if any remain uncorrected by the Council.

Corrected audit misstatements (£'000s)				
No.	Detail	SOCI Dr/(cr)	SOFP Dr/(cr)	Comments
1	Dr Revaluation Reserve / Movement in reserves statement Cr Property, Plant and Equipment	£1.485m -	 (£1.485m)	- The valuer recognised the land value per acre of the playing fields at Garfitt's Lane at a residential rate. However, our audit procedures confirmed the playing fields in question would never be sold with the capacity for the provision of housing and therefore the land value per acre was overstated by £1.485m.
2	Dr Revaluation Reserve / Movement in reserves statement Cr Property, Plant and Equipment	£1.249m -	 (£1.249m)	- The value of 8 Lane Athletics Track was found to be overstated because a 103% inflation rate had been applied as part of the valuation exercise in error, rather than the expected 3% inflationary increase. When recalculating the valuation using the expected 3% inflation increase, this results in a valuation of £9.186m compared to the £10.436m in the valuation report, which is a £1.249m difference.
Total		£2.374m	(£2.374m)	

Corrected audit misstatements - Disclosures

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit & Governance Committee with a summary of corrected audit differences (including disclosures) identified during the course of our audit. The adjustments below have been included in the financial statements.

We have agreed with management these will be corrected in the final financial statements, however, at the time of writing the final financial statements were not available. Therefore these will be confirmed as updated within our final ISA260, and we will update the Committee if any remain uncorrected by the Council.

Audit Misstatements in disclosures		
No.	Disclosure	Comments
1	Note 33 – Related Parties	We have identified related transactions that were not fully disclosed in the accounts. Management have corrected these in the final version of the financial statements.
2	Note 30 – Remuneration Report	<p>We made an observation to management in order to fully comply with The Code of Local Government Accounting in respect of the disclosures surrounding remuneration of the Section 151 Officer. The Interim Section 151 Officer worked for 16 days in the 24/25 financial year, and as such should have been included in the Remuneration Report for Senior Managers.</p> <p>We also identified the salary figures for senior officer's were not complete. This was due to the Council including taxable pay instead of gross pay.</p> <p>Whilst the amount is quantitatively immaterial it is considered qualitatively material given the nature of the disclosure.</p>

Control Deficiencies

The recommendations raised as a result of our work in the current year are as follows:

Priority rating for recommendations			
1	Priority one: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	2	Priority two: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.
3	Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.		

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
1	2	Related Parties Process Issue Our walkthrough of the related party transaction process confirmed that the Council has an appropriate process in place to obtain annual declarations for relevant individuals and to identify related party transactions from said declarations. However, we identified that declarations of interests were not completed and returned for 6 Councillors, and 2 members of the senior leadership team. This includes one (interim) member of the senior management team who subsequently left the Council. We were therefore unable to ensure that all related party transactions were fully disclosed. Impact There is a risk that that all reportable related party transactions are not fully disclosed. Recommendation Councillors are reminded of their duties to disclose declarations of interest to ensure all declarations are complete for the next financial year.	Management Response Outstanding Related Party forms will be followed up by Finance, and then escalated to Group Leaders for a response to be obtained Officer: John Medler (Monitoring Officer) Due Date: 30/04/2026

Control Deficiencies

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#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
2	3	<p>Application of BCIS figures in the DRC Valuations of Land and Buildings</p> <p>Issue</p> <p>Relevant land and buildings are valued to ‘as at’ the end of the financial year being 31st March 2025. Through inquiry, we identified that the BCIS figures used as part of the valuation, an assumption input into DRC valuations, were forecasted values to the end of June 2025 rather than the BCIS figures as at 31st March 2025.</p> <p>Impact</p> <p>The size of the land and buildings balance is material. Therefore, although we don't expect significant changes in the BCIS index on a quarterly basis, there is a risk that a change in the BCIS used could materially affect the valuation outcome of land and buildings. We tested the whole balance of DRC valued assets and we identified a difference of £284k. We have raised an audit difference on page 29.</p> <p>Recommendation</p> <p>BCIS figures as at 31st March of the year-end under audit should be used to ensure accuracy of the valuation exercise.</p>	<p>Management Response</p> <p>Agreed</p> <p>Officer</p> <p>Internal Valuer</p> <p>Due Date</p> <p>31 March 2026</p>

Control Deficiencies

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#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
3	3	<p>Internal Valuer within the SELCP</p> <p>Issue</p> <p>Inspection of the valuation report and valuation certificates shows that there is one individual responsible for all of the valuation of land and buildings, and investment properties across all three Council's in the South East Lincolnshire Partnership. This valuer is the only RICS qualified valuer involved in the valuations. Therefore, there's no formal review from a RICS qualified valuer. We note that the finance team does perform a review of the portfolio, but the reviewer is not RICS qualified, and we have not observed any challenge of the underlying methods or assumptions.</p> <p>Therefore, we have raised a deficiency for the fact:</p> <ul style="list-style-type: none">• There is an absence of an effective review control over the work of the valuations performed by the internal valuer;• There is not a counter signatory on the valuation report who is also RICS qualified; and• The portfolio is varied in the nature of assets and it is therefore difficult for one valuer to maintain accurate information and specialism across all assets – along with being the sole RICS valuer for the other two Council's in the South East Lincolnshire Partnership. <p>Impact</p> <p>Absence of a counter-signatory who is also RICS qualified increases the risk the application of specialised valuation methodology is incorrectly applied and the selection of assumptions that require specialist judgement are inappropriate. The absence of a formal management review control at the Council increases the risk material misstatements would go undetected.</p> <p>Recommendation:</p> <p>The Council considers adding additional support to the existing valuer to provide further assurance over the valuations.</p>	<p>Management Response</p> <p>This recommendation has not been accepted by management. The Council notes this position but has chosen to tolerate the risk.</p>

Control Deficiencies

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
4	3	<p>Provision for External Fee Applied to DRC Buildings valuation</p> <p>Issue</p> <p>In line with the Depreciated Replacement Cost valuation method, the methodology allows for an inclusion of cost for external works which is based on a percentage of the build costs for the building itself. We inspected the valuation report and certificates, and inquired directly with the valuer. We identified the external area cost of 15% was applied on all DRC assets regardless of the size of the external area or the type of external area required for operation of the asset (e.g. car parks, paths, public area).</p> <p>We would expect the external fee applied to be specific and reflect the nuances of each, or groups of, DRC assets.</p> <p>Impact</p> <p>We identified, on review, that most assets were optimistic in terms of the approach to external fees, but overall fell within our acceptable range. We have considered this as part of the valuation of land and buildings finding on page 13.</p> <p>Recommendation:</p> <p>The Internal Valuer reviews the provision for external areas and ensures the provision is adjusted to reflect the size and use of the external areas attributed to each DRC asset.</p>	<p>Management Response</p> <p>This recommendation has not been accepted by management.</p>

Control Deficiencies (previous years audit)

We have also followed up the recommendations from the previous years audit, in summary:

Total number of recommendations	Number of recommendations implemented	Number outstanding (repeated below):
10	6	4*

*Included within the number actions outstanding is two recommendations which have been partially implemented. Please refer the status explanations in the following pages.

Control Deficiencies (previous years audit)

We have also followed up the recommendations from the previous years audit, in summary:

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (November 2025)
1	2	<p>Preparation of bank reconciliations</p> <p>Bank Reconciliations have not been completed on a timely basis throughout the year. The General Fund Reconciliation at the year-end was performed and reviewed in August 2024. We would expect the year-end bank reconciliation to be prepared and reviewed within one month after the year-end in April 2024.</p> <p>Impact</p> <p>There is a risk that errors are identified in a timely manner, leading to unidentified misstatements within the financial results of the Council. During the course of our audit, reconciling items of £279k were identified to have been incorrectly omitted from the financial statements. Timely preparation of the bank reconciliation would have identified these differences and enabled correction in the first version of draft financial statements.</p> <p>Recommendation</p> <p>We recommend the bank reconciliations form part of month-end closedown procedures and they are prepared and reviewed within the month after to the period they relate</p>	<p>Management Response:</p> <p>4 of the 5 bank reconciliations are now up to date as at the end of September 2024. The outstanding reconciliation is being dealt with as a priority and going forward they will all be completed and signed off monthly.</p> <p>Responsible Officer: Deputy Chief Finance Officer (Corporate) – PSPS Due Date: 31 October 2024</p>	<p>Status: Partially Implemented</p> <p>While we did note significant improvements in the bank reconciliation process at year-end, on review of the December 2024 reconciliation, we identified a number of items which related to prior years where queries were outstanding.</p> <p>We identified items which had been reconciled but not matched on the system totalling up to £86 million in relation to CHAPS and Direct Debit payments which had been made by the Council but not yet matched due to staff absences within the AP team.</p> <p>We would have expected the queries to be resolved by the December 2024 reconciliations as the entity started preparing reconciliations in August 2024.</p> <p>We do, however, note that these were resolved at 31 March 2025 (the year-end)..</p> <p>Management Response:</p> <p>The £86m mainly relates to investments placed, and a new process is now in place, whereby Treasury prepare an upload to the ledger on a weekly basis to ensure the ledger accurately reflects the bank position.</p>

Control Deficiencies (previous years audit)

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (November 2025)
2	2	<p>Data used in the valuation of other land and buildings</p> <p>Through inquiries we became aware the floor areas used by the internal valuer as a direct input into the valuation calculation were not consistently supported by corresponding floor plans for every asset being valued.</p> <p>This highlights a weakness in the availability of information when preparing the valuation and increases the risk of valuations being misstated due to incorrect data inputs.</p> <p>This also highlights an absence of challenge in management's review control of the valuation certificates in terms of validating the data used.</p> <p>Impact</p> <p>Due to the nature of the valuation process, changes in the floor area data used can result in a misstatements in the valuation being recorded in the financial statements. This has resulted in a delay to the audit testing of the floor areas of land and buildings, as the internal valuer has had to re-perform the measurements for a sample of assets so appropriate audit evidence can be obtained.</p> <p>Recommendation</p> <p>We recommend management performs a validation exercise in advance of the next annual valuation to ensure the all floor areas are supported by accurate floor plans, such as CAD plans, and that these have been measured in line with RICS guidance.</p>	<p>Management Response: A validation process is in hand for 31 March 2025.</p> <p>Responsible Officer: Andy Fisher</p> <p>Due Date: 31 March 2025</p>	<p>Status: Partially Implemented.</p> <p>We identified 1 floor plan out of the sample of 15 which still did not have a floor plan to support the valuation.</p> <p>We also identified that the Princess Royal Sports Arena floor plan did not match the valuation certificate as well as one other, resulting in a 248k understatement of the asset.</p> <p>We note significant improvement in this process since the prior year, but we would expect all valuations, where the floor area is an input in this valuation, to be supported be adequate floor plans.</p>

Control Deficiencies (previous years audit)

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (November 2025)
3	2	<p>Posting of journals</p> <p>Throughout our audit we identified the following journals:</p> <ol style="list-style-type: none"> 1. The entity has paid off it's PWLB debt in year. This was paid at the start of October 2023. However, the journal wasn't posted until January 2024, which we identified when we tried to agree the corresponding journals to the ledger as part of our risk assessment procedures. 2. As part of our payroll walkthroughs, we identified that the net pay journal for the December 2023 payroll had not yet been posted as of March 2024, and, as such, we were not able to vouch the total net pay to the ledger at the time of our testing. 3. As part of our month-on-month analysis of Council Tax and NNDR income transaction listing up to Month 9 (April 2023-December 2023) we only identified journals posted in April 2023 and October 2023. This was due to reconciliations not being performed between the Capita system and the GL system on a timely basis which has resulted in journal entries not being posted throughout the year in these areas. The Council relies on the information within Capita for income balances in relation to these values. <p>Impact</p> <p>There is greater risk of error, or omission of key journals being posted if they are not performed in a timely manner. Recommendation We recommend journals are posted and approved in the same month to which they relate.</p>	<p>Management Response:</p> <ol style="list-style-type: none"> 1. This was a new transaction that the Council had not undertaken before. The required accounting treatment was confirmed through liaison with the Council's external Treasury advisors, and for which a new code had to be set up in the system, before this journal could be posted. 2. The net pay journal was posted as part of the work on the bank reconciliation – these are now being posted monthly, when the payroll BACS file has been processed. 3. Work was undertaken to establish the postings required due to a change in officer responsibility – these are now up to date and undertaken monthly. <p>We understand the importance of ensuring the ledger is updated accurately and in a timely manner, and tighter controls are in place to ensure such issues do not re-occur. Journals are approved and posted in the same month to which they relate. Responsible Officer: Deputy Chief Finance Officer (Corporate) – PSPS Due Date: 31 October 2024.</p>	<p>Status: Implemented.</p> <p>We did not identify any journals that had been delayed in being posted during the financial year.</p>

Control Deficiencies (previous years audit)

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (November 2025)
4	2	<p>Year-end Accrual Process</p> <p>Through our audit procedures for expenditure cut-off and other service expenditure testing, we identified weaknesses in the year-end accrual process:</p> <ul style="list-style-type: none"> • We identified £69k of expenditure in the 2023-24 listing that related to 2022-23 and which had not been appropriately accrued in the prior year resulting in an overstatement of expenditure in 2023-24. This expenditure was known at the year-end of March 2023 as a payment requisition was raised prior to 31 March 2023 for £33k of this total spend. • We identified £126k of expenditure that related to 2023-24 which had not been accrued for at the year-end and instead was recorded in 2024-25, resulting in an understatement of expenditure in 2023-24. This wasn't identified by the capital team at the year-end. The invoice was entered onto UNIT4 on 22/05/2024 with the capital clear-down for Boston taking place on 09/05/2024. We would expect an estimate of expected costs to be identified at year-end given the Council had commissioned these services. <p>Impact</p> <p>We have identified audit misstatements as a result of the above weakness in internal control. The errors identified show errors of understatement and overstatement of expenditure in 2023-24.</p> <p>Recommendation</p> <p>We recommend guidance is shared with the Budget Managers for accounting for estimates and costs during the year-end closedown procedures where an invoice has not yet been received</p>	<p>Management Response:</p> <p>Responsibility lies with the Budget Manager to ensure that the value of goods and services received or provided is accounted for in the appropriate financial year. Budget Managers have access to their financial information to assist in identifying any required accruals, and the Finance Team supports with this. Training will be delivered to Budget Managers prior to year end 24/25 alongside the annually published year end guidance.</p> <p>Responsible Officer: Head of Finance Delivery (PSPS)</p> <p>Due Date: 31 March 2025</p>	<p>Status: Not implemented.</p> <p>As part of our walkthrough processes, we selected a re-charge transaction to SHDC. Inspecting the underlying detail for the re-charge showed that the invoice was for 33 users for May 2024 to May 2025. At year-end, we inquired with management whether this had been accrued correctly and they had not. There is therefore a deficiency in management's review of the accruals balance to ensure that the accruals balance at year-end is complete.</p> <p>Management Response:</p> <p>The training will be conducted again for 25/26 and Finance will produce the guidance (year end memo). By their very nature, there is a risk that accruals could get missed, but processes are in place to ensure this is mitigated where possible.</p>

Control Deficiencies (previous years audit)

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#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (November 2025)
5	2	<p>Related Party Disclosure Process</p> <p>Our walkthrough of the related party transaction process confirmed that the Council has an appropriate process in place to obtain annual declarations for relevant individuals and to identify related party transactions from said declarations.</p> <p>The Code of Practice on Local Authority Accounting 2023-24 allows the Council to make a judgement on materiality when disclosing transactions with related parties. However, upon further investigation we identified the Council does not have a formal policy that outlines the threshold of materiality, and the threshold applied was not disclosed within the financial statements to inform users of the approach applied.</p> <p>Impact</p> <p>The lack of an approved formal policy for the materiality threshold also increases the risk this will be inconsistently applied year-on-year.</p> <p>Recommendation</p> <p>We recommend a policy is produced for applying materiality to the related party disclosure and this is approved by the Council or relevant sub-committee of the Council in advance of the next annual declaration process.</p>	<p>Management Response: An approved approach on the disclosure threshold will be agreed for 24/25 with the S151 Officer.</p> <p>Responsible Officer: Deputy Chief Finance Officer (Corporate) – PSPS</p> <p>Due Date: 31 March 2025</p>	<p>Status: Implemented</p> <p>The Council has included the following as part of their related parties note:</p> <p>“The Council has chosen not to disclose these transactions as they are below £10,000 and are therefore deemed to be immaterial.”</p>

Control Deficiencies (previous years audit)

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (November 2025)
6	3	<p>Review of other system reconciliations</p> <p>We identified that whilst reconciliations between the General Ledger and Capita systems used for key business service lines (e.g. Council Tax, Business Rates and Benefit expenditure) had been prepared by a Finance Manager (Corporate), there was no review on a timely basis.</p> <p>We identified that payroll reconciliations relating to the 2023-24 financial year were not completed until the start of September 2023 and that the review of these payroll reconciliations remained ineffective at the time of audit in February 2024.</p> <p>Impact</p> <p>There is a greater risk of error to information recorded in the ledger if reconciliations are not performed and reviewed on a on a timely basis.</p> <p>Recommendation</p> <p>We recommend that reconciliations form part of month-end closedown procedures and they are prepared and reviewed in the month after to the period they relate.</p>	<p>Management Response: All relevant reconciliations to other systems are now being undertaken on a monthly basis, signed off by the appropriate manager and any queries raised are being followed up to ensure a suitable conclusion.</p> <p>Specifically, the payroll reconciliations are being completed and reviewed monthly, and monthly meetings with the Payroll team are also being held to resolve any outstanding queries.</p> <p>Responsible Officer: Deputy Chief Finance Officer (Corporate) – PSPS</p> <p>Due Date: 31 October 2024</p>	<p>Status: Partially implemented</p> <p>There was significant improvement in the reconciliations performed across the business processes within the Council, particularly in the Business Rates and Payroll reconciliations, in which we found no issues.</p> <p>However, as part of our walkthrough over the November 2024 Council Tax reconciliation, there were reconciling items in Academy which were -£40k in November and £40k in December which related to Direct Debits returned on Academy but not in Unit 4. Whilst these are not material, and are clearly trivial, the reconciling items are not being investigated and addressed in a timely manner.</p> <p>Management response:</p> <p>Reconciliations continue to be completed and queried with the relevant departments on a monthly basis – we will ensure follow ups are undertaken in a timely manner</p>

Control Deficiencies (previous years audit)

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (November 2025)
7	3	<p>Lack of formalised impairment provision policy</p> <p>Through our risk assessment of expected credit losses, we identified that there was no formal impairment provision policy in place that informed how and why the Council were impairing its debtors. While the reasoning for the impairments tested were logical, the lack of formal policy increases the risk of debtors not being appropriately impaired. To caveat, the Section 151 Officer approved the impairment provision included within the financial statements, but this did not appear to be a formal approval or review of the key assumptions that informed the bad debt provision.</p> <p>Impact</p> <p>Lack of formalised policies increases the likelihood of inconsistent application year-on-year. This could result in increased error, or provide the opportunity for fraud.</p> <p>Recommendation</p> <p>We recommend management produce a formal policy outlining the impairment approach.</p>	<p>Management Response:</p> <p>The impairment provision approach will be document as part of the accounting policies in preparation for the 24/25 year end accounts process.</p> <p>Responsible Officer: Deputy Chief Finance Officer (Corporate)</p> <p>Due Date: 31 March 2025</p>	STATUS: Implemented

Control Deficiencies (previous years audit)

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (November 2025)
8	3	<p>Refresh of Financial Policies</p> <p>Throughout the audit, we have identified certain policies are outdated or did not exist.</p> <ol style="list-style-type: none"> 1. The Council has a draft Anti-Fraud and Corruption Policy dated May 2018. We were unable to obtain a final version of this policy. 2. We identified the Scheme of Delegation was outdated, and referred to incorrect names against their roles. This policy refers to the structure before the South & East Lincolnshire Councils Partnership (SELCP) was formed. Management later provided us with a supplement that was presented to the full Council on 27 September 2021 that outlined the proposed amendments to the Constitution as a result of the Partnership with South Holland District Council and East Lindsey District Council. Due to the time that lapsed between receiving the supplement (September 2024) and our initial request (February 2024) we are not satisfied this supplement is readily available to staff. <p>Impact</p> <p>Lack of formalised policies increases likelihood of inconsistent application year-on-year. This could result in increased error, or provide the opportunity for fraud.</p> <p>Recommendation</p> <ol style="list-style-type: none"> 1. We recommend management undertakes a refresh of the Anti-Fraud and Corruption Policy; 2. We recommend management sign posts the updated Scheme of Delegation on the staff intranet so it is easily available for staff to find, and the Constitution is updated to reflect the supplement of changes that was presented to the Council on 27 September 2021. 	<p>Management Response:</p> <ol style="list-style-type: none"> 1. Minor amendments are currently being made to the Anti Fraud and Corruption Policy, it will then be re-published on the Council's website. A full review of this policy has commenced with the support of Internal Audit. 2. The updated Scheme of Delegation is now published in part 3a of the Constitution, and will be signposted on the Intranet. <p>Responsible Officer: Assistant Director Governance</p> <p>Due Date: 1. 31 March 2025 2. 31 October 2024</p>	<p>Status: Implemented</p> <ol style="list-style-type: none"> 1. The Anti-Fraud and Corruption Policy is now dated October 2024. 2. There is now an updated Scheme of Delegation

Control Deficiencies (previous years audit)

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (November 2025)
9	3	<p>IFRS 16 Transition Plan</p> <p>The Council plans to implement the new lease accounting standard, IFRS 16, effective April 1, 2024. A review of the IFRS 16 pre-transition disclosures in the draft financial statements revealed that management has only included qualitative disclosures, without providing quantitative impact information.</p> <p>According to IAS 8, the disclosure should include a discussion of the estimated impact the introduction of new standards will have on the financial statements. If a reasonable estimate cannot be made due to data limitations, this fact should be disclosed.</p> <p>While the lack of quantitative disclosures in the 2023-24 financial statements is not considered an omission, given the standard's effective date of April 1, 2024, it is expected that management should be well advanced in their quantitative impact assessment for the 2024-25 financial statements.</p> <p>Impact</p> <p>There is a risk that delaying this assessment could lead to errors, insufficient review time, and potentially material misstatements. Management should ensure that the quantitative impact assessment is scheduled and completed promptly, allowing sufficient time for review and challenge before posting transition adjustments.</p> <p>Recommendation</p> <p>We recommend management prepare an implementation plan and this is reviewed by an appropriate member of staff.</p>	<p>Management Response: The plan for implementation of IFRS 16 is currently in progress, although an initial review of the Council's arrangements indicates this will not have a material impact.</p> <p>Responsible Officer: Deputy Chief Finance Officer (Corporate)</p> <p>Due Date: 31 March 2025</p>	<p>Status: Implemented</p> <p>IFRS 16 was implemented from 1st April 2024. From our testing we did not identify any issues in relation to the leases note.</p>

Control Deficiencies (previous years audit)

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (November 2025)
10	3	<p>Income information provided to the valuer</p> <p>The valuer uses annual rental income as a direct input in the valuation of land and buildings valued using fair value in use. As part of our information testing to confirm the completeness and accuracy of such data, we identified an absence of a quality review process of the income figures used by the valuer. This meant the income figures used by the valuer could not easily be reconciled to supporting audit evidence.</p> <p>Impact</p> <p>This has resulted in an audit misstatement of the valuation being understated by £81k, this can be seen in the list of uncorrected misstatements on page 29.</p> <p>Recommendation</p> <p>We recommend that as part of the valuation process management reviews the income data relied upon by the valuer to ensure it is complete and accurate for the purpose of the valuation.</p>	<p>Management Response: The income figures used by the valuer will be provided directly from the ledger and any assumptions to adjust these for use within the valuations will be clearly evidenced.</p> <p>Responsible Officer: Deputy Chief Finance Officer (Corporate) – PSPS</p> <p>Due Date: 31 March 2025</p>	<p>Status: Implemented</p> <p>Car parking data has been derived directly from the General Ledger in 24/25. We are satisfied that this has been sufficiently implemented.</p>

FRC's areas of focus

The FRC released their **Annual Review of Corporate Reporting 2023/24** ('the Review') in September 2024 having already issued three thematic reviews during the year.

The Review and thematic reviews identify where the FRC believes companies can improve their reporting. These slides give a high level summary of the key topics covered. We encourage management and those charged with governance to read further on those areas which are significant to their entity.



Key expectations for 2024/25 annual reports

Overview

The Review identifies that the quality of reporting across FTSE 350 companies has been maintained this year, but there is a widening gap in standards between FTSE 350 and non-FTSE 350 companies. This is noticeable in the FRC's top two focus areas, 'Impairment of assets' and 'Cash Flow Statements'.

'Provisions and contingencies' has fallen out of the top ten issues for the first time in over five years. This issue is replaced by 'Taskforce for Climate-related Financial Disclosures (TCFD) and climate-related narrative reporting'.

The FRC re-iterates that companies should apply careful judgement to tell a consistent and coherent story whilst ensuring the annual report is clear, concise and Council/Authority-specific.

Pre-issuance checks and restatements

The FRC expects companies to have in place a sufficiently robust self-review process to identify common technical compliance issues. The FRC continues to be frustrated by the increasing level of restatements affecting the presentation of primary statements. This indicates that thorough, 'step-back' reviews are not happening in all cases.

Risks and uncertainties

Geopolitical tensions continue and low growth remains a concern in many economies, particularly with respect to going concern, impairment and recognition/recoverability of tax assets and liabilities. The FRC continues to push for enhanced disclosures of risks and uncertainties. Disclosures should be sufficient to allow users to understand the position taken in the financial statements, and how this position has been impacted by the wider risks and uncertainties discussed elsewhere in the annual report.

Financial reporting framework

The FRC reminds preparers to consider the overarching requirements of the UK financial reporting framework in determining the information to be presented. In particular the requirements for a true and fair view, along with a fair, balanced, and comprehensive review of the Council/Authority's development, position, performance, and future prospects.

The FRC does not expect companies to provide information that is not relevant and material to users, and companies should exercise judgement in determining what information to include.

Companies should also consider including disclosures beyond the specific requirements of the accounting standards where this is necessary to enable users to understand the impact of particular transactions or other events and conditions on the entities financial position, performance and cash flows.

FRC's areas of focus (cont.)

Impairment of assets

Impairment remains a key topic of concern, exacerbated in the current year by an increase in restatements of parent Council/Authority investments in subsidiaries.

Disclosures should provide adequate information about key inputs and assumptions, which should be consistent with events, operations and risks noted elsewhere in the annual report and be supported by a reasonably possible sensitivity analysis as required.

Forecasts should reflect the asset in its current condition when using a value in use approach and should not extend beyond five years without explanation.

Preparers should consider whether there is an indicator of impairment in the parent when its net assets exceed the group's market capitalisation. They should also consider how intercompany loans are factored into these impairment assessments.

Cash flow statements

Cash flow statements remain the most common cause of prior year restatements.

Companies must carefully consider the classification of cash flows and whether cash and cash equivalents meet the definitions and criteria in the standard. The FRC encourage a clear disclosure of the rationale for the treatment of cash flows for key transactions.

Cash flow netting is a frequent cause of restatements and this was highlighted in the ['Offsetting in the financial statements'](#) thematic.

Preparers should ensure the descriptions and amounts of cash flows are consistent with those reported elsewhere and that non-cash transactions are excluded but reported elsewhere if material.

Climate

This is a top-ten issue for the first time this year, following the implementation of TCFD.

Companies should clearly state the extent of compliance with TCFD, the reasons for any non-compliance and the steps and timeframe for remedying that non-compliance. Where a Council/Authority is also applying the CIPFA Climate-related Financial Disclosures, these are mandatory and cannot be 'explained', further the required location in the annual report differs.

Companies are reminded of the importance of focusing only on material climate-related information. Disclosures should be concise and Council/Authority specific and provide sufficient detail without obscuring material information.

It is also important that there is consistency within the annual report, and that material climate related matters are addressed within the financial statements.

Financial instruments

The number of queries on this topic remains high, with Expected Credit Loss (ECL) provisions being a common topic outside of the FTSE 350 and for non-financial and parent companies.

Disclosures on ECL provisions should explain the significant assumptions applied, including concentrations of risk where material. These disclosures should be consistent with circumstances described elsewhere in the annual report.

Council/Authority should ensure sufficient explanation is provided of material financial instruments, including Council/Authority -specific accounting policies.

Lastly, the FRC reminds companies that cash and overdraft balances should be offset only when the qualifying criteria have been met.

Judgements and estimates

Disclosures over judgements and estimates are improving, however these remain vital to allow users to understand the position taken by the Council/Authority. This is particularly important during periods of economic and geopolitical uncertainty.

These disclosures should describe the significant judgements and uncertainties with sufficient, appropriate detail and in simple language.

Estimation uncertainty with a significant risk of a material adjustment within one year should be distinguished from other estimates.

Further, sensitivities and the range of possible outcomes should be provided to allow users to understand the significant judgements and estimates.

FRC's areas of focus (cont.)

Revenue

Disclosures should be specific and, for each material revenue stream, give details of the timing and basis of revenue recognition, and the methodology applied. Where this results in a significant judgement, this should be clear.

Presentation

Disclosures should be consistent with information elsewhere in the annual report and cover Council/Authority - specific material accounting policy information.

A thorough review should be performed for common non-compliance areas of IAS 1.

Income taxes

Evidence supporting the recognition of deferred tax assets should be disclosed in sufficient detail and be consistent with information reported elsewhere in the annual report.

The effect of Pillar Two income taxes should be disclosed where applicable.

Strategic report

The strategic report must be 'fair, balanced and comprehensive'. Including covering all aspects of performance, economic uncertainty and significant movements in the primary statements.

Companies should ensure they comply with all the statutory requirements for making distributions and repurchasing shares.

Fair value measurement

Explanations of the valuation techniques and assumptions used should be clear and specific to the Council/Authority.

Significant unobservable inputs should be quantified and the sensitivity of the fair value to reasonably possible changes in these inputs should provide meaningful information to readers.

Thematic reviews

The FRC has issued three thematic reviews this year: 'Reporting by the UK's largest private companies' (see below), 'Offsetting in the financial statements', and 'IFRS 17 Insurance contracts –Disclosures in the first year of application'. The FRC have also performed Retail sector research (see below).

UK's largest private companies

The quality of reporting by these entities was found to be mixed, particularly in explaining complex or judgemental matters. The FRC would expect a critical review of the draft annual report to consider:

- internal consistency
- whether the report as a whole is clear, concise, and understandable; notably with respect to the strategic report
- whether it omits immaterial information, or
- whether additional information is necessary for the users understanding particularly with respect to revenue, judgments and estimates and provisions







Retail sector focus

Retail is a priority sector for the FRC and the research considered issues of particular relevance to the sector including:

- Impairment testing and the impact of online sales and related infrastructure
- Alternative performance measures including like for like (LFL) and adjusted e.g. pre-IFRS 16 measures
- Leased property and the disclosure of lease term judgements, particularly for expired leases.
- Supplier income arrangements and the clarity of accounting policies and significant judgements around measurement and presentation of these.

2024/25 review priorities

The FRC has indicated that its 2024/25 reviews will focus on the following sectors which are considered by the FRC to be higher risk by virtue of economic or other pressures:

-  Industrial metals and mining
-  Construction and materials
-  Food producers
-  Retail
-  Gas, water and multi-utilities
-  Financial Services

KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

To ensure that every director and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight (and Risk) Committee, and accountability is reinforced through the complete chain of command in all our teams.

■ Commitment to continuous improvement

- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

■ Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

■ Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



■ Association with the right entities

- Select clients within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

■ Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members employed KPMG specialists and specific team members



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Executive Summary for the Draft External Audit Annual Report

Committee members should note the Auditor's Annual Report remains in draft until our audit opinion is signed, however, we do not anticipate any changes to this document.

This Auditor's Annual Report provides a summary of the findings and key issues arising from our 2024-25 audit of Boston Borough Council.

Accounts: We provide an opinion as to whether the accounts give a true and fair view of the financial position of the Council and of its income and expenditure during the year. We confirm whether the accounts have been prepared in line with the CIPFA/LASSAC Code of Practice in Local Authority Accounting ('the Code'). We have nothing to report on this matter.

Narrative Report: We assess whether the narrative report is consistent with our knowledge of the Council. We have nothing to report on this matter.

Value for Money: We assess the arrangements in place for securing economy, efficiency and effectiveness (value for money) in the Council's use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work. We have nothing to report on this matter.

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DRAFT: Auditor's Annual Report for Boston Borough Council

Year-ended 31 March 2025

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27 October 2025

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Our audit report is made solely to the members of Boston Borough Council (the Council), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Council, as a body, those matters we are required to state to them in an auditor’s report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the members of Council, as a body, for our audit work, for our auditor’s report, for this Auditor’s Annual Report, or for the opinions we have formed.

External auditors do not act as a substitute for the Council’s own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.



01

Executive Summary

Executive Summary





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Purpose of the Auditor’s Annual Report

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

Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014 (the Act). Our responsibilities under the Act, the Code of Audit Practice and International Standards on Auditing (UK) (‘ISAs (UK)’) include the following:

-  **Financial Statements** - To provide an opinion as to whether the financial statements give a true and fair view of the financial position of the Group and the Council and of their income and expenditure during the year and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2024/25 (‘the CIPFA Code’).
-  **Other information (such as the narrative report)** - To consider, whether based on our audit work, the other information in the Statement of Accounts is materially misstated or inconsistent with the financial statements or our audit knowledge of the Council.
-  **Value for money** - To report if we have identified any significant weaknesses in the arrangements that have been made by the Council to secure economy, efficiency and effectiveness in its use of resources. We are also required to provide a summary of our findings in the commentary in this report.
-  **Other powers** - We may exercise other powers we have under the Act. These include issuing a Public Interest Report, issuing statutory recommendations, issuing an Advisory Notice, applying for a judicial review, or applying to the courts to have an item of expenditure declared unlawful.

In addition to the above, we respond to any valid objections received from electors.

Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities.

Financial statements and other information	The Code of Audit Practice requires us to issue the Auditor’s Annual Report no later than 30 November of each year. In order for us to comply with this requirement, we have issued this Auditor’s Annual Report prior to the completion of our work in relation to the financial statements and other information. Consequently, we have not reached our conclusions in respect of these areas.
Value for money	We identified no significant weaknesses in respect of the arrangements the Council has put in place to secure economy, efficiency, and effectiveness in the use of its resources. Further details are set out on page 7.
Whole of Government Accounts	We are required to perform procedures and report to the National Audit Office in respect of the Council’s consolidation return to HM Treasury in order to prepare the Whole of Government Accounts. As the National Audit Office has not yet informed us that we are not required to perform any further procedures, we are unable to confirm that we have concluded our work in this area.
Other powers	See overleaf. Note that, as we are still performing our procedures in relation to the financial statements, we may choose to exercise our other powers in relation to the 2024-25 audit in the future.

Executive Summary

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There are several actions we can take as part of our wider powers under the Act:

Public interest reports

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

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

As at the date of this report, we have not issued a Public Interest Report this year.

Judicial review/Declaration by the courts

We may apply to the courts for a judicial review in relation to an action the Council is taking. We may also apply to the courts for a declaration that an item of expenditure the Council has incurred is unlawful.

As at the date of this report, we have not applied to the courts.

Recommendations

We can make recommendations to the Council. These fall into two categories:

1. We can make a statutory recommendation under Schedule 7 of the Act. If we do this, the Council must consider the matter at a general meeting and notify us of the action it intends to take (if any). We also send a copy of this recommendation to the relevant Secretary of State.
2. We can also make other recommendations. If we do this, the Council does not need to take any action, however should the Council provide us with a response, we will include it within this report.

As at the date of this report, we have made no recommendations under Schedule 7 of the Act.

As at the date of this report, we have not raised any other recommendations.

Advisory notice

We may issue an advisory notice if we believe that the Council has, or is about to, incur an unlawful item of expenditure or has, or is about to, take a course of action which may result in a significant loss or deficiency.

If we issue an advisory notice, the Council is required to stop the course of action for 21 days, consider the notice at a general meeting, and then notify us of the action it intends to take and why.

As at the date of this report, we have not issued an advisory notice this year.

In addition to these powers, we can make performance improvement observations to make helpful suggestions to the Council. Where we raise observations we report these to management and the Audit and Governance Committee. The Council is not required to take any action to these, however it is good practice to do so and we have included any responses that the Council has given us.

02

Value for Money

Value for Money

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Introduction

We are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or ‘value for money’. We consider whether there are sufficient arrangements in place for the Council for the following criteria, as defined by the Code of Audit Practice:



Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services.



Governance: How the Council ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

We do not act as a substitute for the Council’s own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. We are also not required to consider whether all aspects of the Council’s arrangements are operating effectively, or whether the Council has achieved value for money during the year.

Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor’s Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council.

Summary of findings

Our work in relation to value for money is complete.

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	9	14	19
Identified risks of significant weakness?	x No	x No	x No
Actual significant weakness identified?	x No	x No	x No
2023-24 Findings	No significant risks identified	No significant risks identified	No significant risks identified
Direction of travel	↔	↔	↔

Value for Money

DRAFT

National context

We use issues affecting Councils nationally to set the scene for our work. We assess if the issues below apply to this Council.

Local Government Reorganisation

The Government has announced proposals to restructure local government throughout England. County and District councils (and, in some cases, existing Unitary authorities) will be abolished and replaced with new, larger Unitary authorities, which will (in many cases) work together with peers in a regional or sub-regional Combined Authority. Authorities which are unaffected by these proposals may still see changes in local police and fire authorities and in the Councils they already work in collaboration with.

Restructuring has, in some cases, resulted in differing views on how services should be provided in their regions – with little consensus on how previously separate organisations will be knitted together. Councils will need to ensure that investment decisions are in the long-term interest of their regions, and that appropriate governance is in place to support decision making.

Financial performance

Over recent years, Councils have been expected to do more with less. Central government grants have been reduced, and the nature of central government support has become more uncertain in timing and amount. This has caused Councils to cut services and change the way that services are delivered in order to remain financially viable.

Whilst the Government has indicated an intention to restore multi-year funding settlements, giving Councils greater certainty and ability to make longer-term investment decisions, the Government has also proposed linking grant funding to deprivation. For some authorities this presents a significant funding opportunity, whereas for others this reinforces existing financial sustainability concerns and creates new financial planning uncertainties.

Local context

We have commented on the impact of Local Government reorganisation on the Council on page 23. As part of this, we've confirmed that an interim plan was submitted on 10 March 2025 by Lincolnshire County Council. However, this does not impact on the Council's arrangements for the 2024/25 year of audit.

As part of our national context considerations, we have indicated that there is expected to be a steady reduction in central government grants available to Councils over the coming years. For Boston, the Council has generated £42.7m of central government grants in 2024/25, representing a decrease of 1% from 2023/24.

The largest income generating activities for 2024/25 for the Council was capital grants and contributions (approximately 30% of gross income). However, the Council generate additional income through their fees, charges and other service income which has grown by 21% from 2023/24.

The Council has underspent on their General Fund revenue budget by £1.05m in 2024/25. Furthermore, due to technical accounting treatments (such as the surplus on revaluation of non-current assets during the year) the Council made a surplus within their comprehensive income and expenditure statement of £17.9m.

The Council has prepared a balanced budget for 2025/26 which was approved by the Council in March 2025. However, this requires efficiencies to be generated of £1.4m. The Council has developed a programme of service reviews to identify improvements that can be made across the Council's services that are in the process of being undertaken and implementing actions.

Management has demonstrated a commitment to ensuring appropriate arrangements are in place through governance processes in place surrounding budgets, with some improvements that can be made on the formalisation of efficiency programmes going forward.

Financial Sustainability

DRAFT

How the Council plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

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

Setting the 2024-25 financial plan

- The budget setting report for 2024-25 comprises a five-year financial strategy. The foreword to the budget sets out the challenges the Council is facing, including inflationary pressures and significant changes in resident, customer and business needs. The spending plan shows budgeted gross expenditure of £74.2m. To meet a balanced budget, the Council identified an efficiency requirement of £846k for the year. The efficiency target is made up of budget savings requirements of £172k and an Internal Drainage Board (IDB) funding requirement of £674k. The budget was approved by the Full Council on 4 March 2024 in advance of the financial year.
- Budget assumptions are clearly outlined within the budget setting report. These assumptions are subject to challenge at Audit and Governance Committee and Cabinet, before they are presented to Council for approval. Through our review, nothing has come to our attention which would suggest assumptions used were not reasonable and appropriate.
- Internal Drainage Board (IDB) levy continues to be a cost pressure for the Council with a budgeted cost of £2.8m in 2024-25. The Council have seen increases on average of 40% of the levy from 2021/22. Forecasted increases have been built into the five-year financial strategy budgeted to increase to £3.2m in 2028/29. The Council is liaising with the local Internal Drainage Boards to work towards limiting future increases where possible. Lobbying of Government is also underway. To aid with the lobby, the Council have split their efficiency requirement between the IDB Funding Requirement and the Annual Budget Efficiency requirement.
- The capital programme is reviewed alongside the budgets to ensure it is consistent with the wider-budget setting process. The Council's capital programme for the year is £32.6m (including slippage of £24.4m from 2023/24). The capital programme reduces to £5.2m in 2025-26 assuming there is no slippage from 2024-25. The capital programme was presented to the Audit and Governance Committee and Cabinet before approval from the Council. The Partnership Delivery and Alignment plan for the South and East Lincolnshire Council's partnership is presented alongside the budget to the Full Council.
- Internal audit undertook a review of the budget setting process for the Council for 2024-25. The results of this review concluded that the control environment for budget setting operated effectively in the period tested. The councils in the partnership have set a balanced budget for the 2024-25 financial year amidst inflationary pressures.

Financial Sustainability

DRAFT

How the Council plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

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

- Through our document review of the papers presented to the Full Council as part of the budget setting process, we noted that reporting did not include Group figures and as such did not include the financial performance of its jointly owned entity, Public Sector Partnerships Ltd (PSPSL). This was a low-risk performance improvement point that was raised in the prior year and was not accepted by management. Our group scoping for the audit, confirmed that PSPSL is not a significant component and therefore, does not have a significant impact on the Group's reporting. For this reason, we have noted this finding here however, we will not raise another performance improvement recommendation.

Consistency between the financial plan for 2024-25 and workforce and operational plans

- The budget setting report is presented to the Audit and Governance Committee, Cabinet and the Full Council alongside other key strategies for the entity such as the: Capital Strategy, Treasury Management Policy Statement, Treasury Management Strategy, MRP Policy and Annual Investment Strategy, Medium Term Financial Plan (5 years) and the Annual Delivery Plan.
- As noted on the previous page, the Partnership Delivery and Alignment plan for the South-East Lincolnshire Council's partnership is presented alongside the budget to the Full Council.
- These are all developed, challenged and approved at the same time to ensure all the activities of the Council are aligned prior to the start of the financial year.

Developing the 2024-25 efficiency plan

- The Council identified an efficiency target of £846k in the approved budget for 2024-25. The saving requirement increases to £1.4m in 2025-26 and up to £1.8m in 2028-29. Therefore, it is important for the Council to achieve recurrent savings and have a formal efficiency programme in place to ensure savings targets are met.
- Before the efficiency target was set, the Council went through a process to identify a list of potential savings. Through inquiry with management, we confirmed that a meeting was held with the Cabinet members to discuss savings. A list of potential savings was identified and discussed at this meeting, which was the subject to review by the Senior Leadership Team (SLT). The savings that were identified before the 2024-25 budgets were set are reflected in the budget for each service area. For unidentified efficiencies, these must form part of the savings target. We requested evidence of this meeting as part of our review, however, no minutes or actions logs have been kept by the Council. Therefore, we have raised a performance improvement observation for the Council to keep a formal log for key decisions made in relation to the identification of efficiencies within the budget setting and monitoring process.

Financial Sustainability

DRAFT

How the Council plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

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

- In our audit completion reports for the prior year, we reported for the financial year ended 31 March 2024, that the Council did not have a formal efficiency programme in place and raised a medium-risk performance improvement observation. As part of our planning and risk assessment procedures we have obtained the efficiency programme for up to Quarter Two and have confirmed the format has not changed. However, we note that it is now reconciled to the efficiencies met within the quarterly finance updates presented within the Governance structure.
- The efficiency programme we have obtained is a long list of potential efficiencies to be explored which are allocated to lead officers. This has been used to identify and report efficiencies during 2024-25. There are no due dates on the efficiency list therefore it cannot be seen if savings are falling behind plan.
- Therefore, based on current audit evidence obtained for the year ended 31 March 2025, we have concluded that there is not a formal programme in place to effectively identify, RAG rate and monitor efficiencies. The outgoing S151 officer was heavily involved in the discussion and updating of the long list and has left the organisation in March 2025. Therefore, if processes, actions and priorities are not formally documented, there is a risk to the Council that key knowledge will be lost. This will hinder the Council's ability to continue to effectively make savings. The Council achieved a surplus of £1.02m (forecasted £202k) against the general fund budget so we do not believe this gives rise to a significant risk for financial sustainability for the year ended 31 March 2025, however, it is likely to have a greater impact for 2025-26 onwards. We raised a medium rated performance improvement observation in the prior year for a formal efficiency programme to be developed. In response, management set a due date of this observation of 30 September 2025.
- We have observed through attendance at the October 2025 Audit and Governance Committee, the Council had an internal audit review scheduled for the 'Identification and Monitoring of Savings' in the 2025/26 internal audit plan. However, the Internal Auditors found there was insufficient controls in place – and was unable to establish sufficient first or second-line controls to test. Therefore, we consider our above recommendation to be not implemented.
- There are three different Senior Leadership Team (SLT) meetings that have been held monthly throughout 2024-25. Each meeting has a different focus on the following areas respectively: Governance, Major projects, and Business & Efficiency Savings. As part of our planning and risk assessment procedures, we requested a copy of the minutes and actions taken for a sample of two months throughout the year covering Business & Efficiency Savings meetings. We confirmed from the agendas of the September 2024 and January 2025 meeting that an item for the savings/efficiency plans was included. However, the meetings are not minuted and therefore not available to review. This also means there are no action logs prepared and monitored by the Council in relation to achieving the efficiencies within the long list. Therefore, in the absence of audit evidence, we cannot confirm the efficiency lists are discussed appropriately within the Governance structure of the Council.

Financial Sustainability

DRAFT

How the Council plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

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

- The Council has an Innovation, Transformation and Efficiency Board. This is chaired by the Section 151 officer. There is a terms of reference dated May 2023 in place which outlines that the purpose of the Board is to develop, coordinate and manage innovation, transformation and efficiency activity across the Council and ensures that service improvements and savings are delivered in line with the Delivery Plan and Medium-Term Financial Plan.

Assessing and managing financial sustainability risks

- The Council has a risk management framework in place. The policy, has a review period of every 4 years. This was last approved by the Council on 15 January 2024 and is next due for review in January 2028.
- The Council has a strategic risk register, and a risk management report is presented to the Audit and Governance Committee on a quarterly basis. The Council has identified a strategic risk relating to the long-term balancing of the budget and related constraints.
- The strategic risk 'BBC05' on the quarter two risk report, is scored at 16 (high risk). This has remained unchanged from 2023/24.). The risk score remains unchanged in the quarter four risk report that was presented to the Audit and Governance Committee in July 2025. The risk report states the Council is tolerating the risk, and therefore no additional action is to be taken. Examples of the current existing control measures in place taken from the report Medium-Term the budgetary process, sound level of services and efficiency plans developed to support the medium-term financial plan.
- As part of the budget setting process, the budget includes the Medium-Term Financial Plan (5 years). As such the projected budgets allows management and the full Council to assess the risk to achieving a balanced budget in the immediate, short and medium term. From the approved budget, the savings requirement of the Council is £1.4m in 2025-26, £1.3m in 2026-27 and £1.3m in 2027-28, and £1.8m in 2028-29 outlining the challenges the Council continues to face in the upcoming years in relation to the identification of recurrent efficiency savings.
- Within the Quarter two efficiency list for 2024-25, a forward look of the efficiencies that are to be gained in the future years. This provides evidence management are considering savings in future years and not just focusing on the current financial year.
- The governance arrangements relating to risk management, and assessing risks is detailed on page 14.
- The Government announced it would provide £3m of further funding to support Councils significantly impacted by Internal Drainage Board levies. Boston was awarded £431k for 2024-25 which has been included within the forecast and efficiencies.
- We have confirmed through our minute review, the financial performance of the entity is reported consistently in the format of a finance report that is presented to the Audit and Committee, Cabinet and Full Council during the year.

Financial Sustainability

Performance for the year to date against the financial plan

- The Local Government Association publish value for money profiles to aid comparison of different local Councils. We have selected key indicators to aid with our value for money risk assessment of the entity. Whilst these indicators do not include the most recent financial results for the 2024/25 year, they can show longer-term trends which could be indicative of the direction of travel for the entity. We have considered the following indicators as part of our assessment:
 - Total net service spend per head:** The Council had the lowest spend per head in 18/19, but this has increased year-on-year. The Council has increased much faster than the mean which appears to be relatively stable. The net service spend per head was higher than the mean in 23/24. This is consistent with the increase in total cost of services expenditure from £38.8m in 2022/23 to £40.01m in 2023/24. This has increased further to £48.1m in 2024/25.
 - Total (non-school) reserves as a percentage of net current expenditure:** The Council's non-school reserves as a percentage of net current expenditure are below the mean of all English District Councils for the past 6 years. The Council peaked in 21/22 and was above the mean, however, has dipped below the mean for 23/24. The Council is not significantly below the mean, so this does not indicate significant financial pressure or an inability to meet budgets in the short-term.
 - We note that the Council had a general fund underspend against the budget of £458k in the year ended 31/03/2024. The Council also made a surplus of £1.015m in 2024/25. The Council's usable reserves grew considerably to £54m as at 31 March 2025, therefore there are no concerns raised from a financial sustainability perspective.
 - There is one indicator where the Council was an outlier. This is where the Council has a lower collection rate on NDR rates than the mean for all English district local authorities. The net collection rate was reported to Cabinet in the quarter four outturn report in July 2025 and showed a net collection rates for business rates of 93.8% which remained consistent from the prior year. The report noted that 2024/25 remained challenging with the long-term effect on collection and recovery as a result of the ongoing impact of the pandemic, and the cost-of-living challenges. Therefore, this provides assurances that this is monitored by the Council, and collection rates are communicated to the Governance structure, and does not indicate a financial sustainability risk for the Council.

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Key financial and performance metrics:	2024-25 £'000	2023-24 £'000
Actual surplus/(deficit) *against general fund budget	1,015	458
Actual gross expenditure*	61,272	54,203
Planned capital budget* <i>24-25 figures taken from Q1 finance report presented to Cabinet</i>	35,745	33,329
Actual capital additions to Property, Plant and Equipment	5,144	3,451
Usable reserves	53,963	42,647
Capital financing requirement	18,577	18,405
Gross debt compared to the capital financing requirement	0.05	0.05
Year-end borrowings	1,000	1,000
Year-end cash position	2,879	5,730

**Actual gross expenditure cannot be directly compared with the planned gross expenditure. The actual gross expenditure includes technical adjustments such as revaluation movements and other technical accounting entries that are not required to be budgeted for by the Council. Therefore, we have only included actual gross expenditure in the above table and have not compared against planned expenditure.*

Gross debt compared to the capital financing requirement: Authorities are expected to have less debt than the capital financing requirement (i.e. a ratio of under 1 : 1) except in the short term, else borrowing levels may not be considered prudent.

Governance

DRAFT

How the Council ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the Council monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Council approaches and carries out its annual budget setting process;
- how the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

Identification, monitoring and management of risk

- The Council has a Risk Management Framework in place. The policy was presented to the Council on 15 January 2024, with a review period of every four years. This has well-documented processes in place to identify, monitor and manage risk. This outlines the Council's overriding attitude to risk: to operate in a culture that is open to all potential options in which all risks are identified, understood and proportionately managed, rather than avoided.
- The Council manages risk at three governance levels: strategic, operational and project management. Each has their own risk management responsibilities as outlined in the Risk Management Framework. A quarterly corporate governance clinic is held with Assistant Directors to review risks. Any changes in risk scores are clearly outlined in the covering risk report that goes to the Audit and Governance Committee during the year.
- The quarterly risk reports now also include partnership risks and fraud risks, which were introduced in quarter one of 2024-25.
- From attending Audit and Governance Committee, we have observed management has improved the format of the strategic risk register for Committee members such as including the target risk score next to the current risk score to show the desired risk profile.
- We obtained a copy of the Quarter Three operational risk register for the Council. We filtered the risk where the Council were to 'treat' the risk as the current risk score is higher than the target risk score. We confirmed that a planned action, and an action due date was assigned against each of these risks. The action due dates in the Quarter Three operational risk register range between March 2025 and September 2025.
- Through our attendance at Audit and Governance Committee. We are satisfied there is appropriate oversight and scrutiny of the risk scores and risks.

Controls in place to prevent and detect fraud

- The Council has refreshed several of their policies in 2024-25. We have obtained a copy of the new Code of Conduct for Council employees which is the same across each of the three Council's in the South & East Lincolnshire Councils Partnership and was published March 2024.
- The Council also refreshed their Anti-Fraud and Corruption Policy; their new policy is dated October 2024 and outlines the policy to prevent fraud and corruption from inside and outside the Council.

Governance

DRAFT

How the Council ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the Council monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Council approaches and carries out its annual budget setting process;
- how the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

- Our inquiries with management identified that the maintenance of the Register of Interests occurs annually as part of the year-end financial reporting process.
- Our walkthrough of the related party transaction process confirmed that the Council has an appropriate process in place to obtain annual declarations for relevant individuals and to identify related party transactions from said declarations. However, we identified that declarations of interests were not completed and returned for six Councillors, and two members of the senior leadership team at the time of preparing the financial statements. This includes one (interim) member of the senior management team who has subsequently left the Council. Therefore, this control has not operated effectively during the 2024/25 year. We have subsequently received three declarations from the Councillor's that were missing.
- We have considered the impact of the missing declaration forms for the three remaining Councillors and two senior leadership team members on the overall governance arrangements of the Council. The last declaration forms received for the Councillor's was 2023/24 (completed between the dates of April and May 2024). Therefore, although we consider the control to not have operated effectively for the year ended 31 March 2025, and we have reported as a control deficiency to those charged with governance within our ISA260, we do not consider this to be indicative of a significant weakness in the Council's governance arrangements for our Value for Money opinion.

Internal audit

- The Council engages Lincolnshire County Council as their internal auditors. They are independent to the Council and provide assurance over their internal controls, including core financial controls. The Head of Internal Audit (HoIA) opinion 2023-24 was adequate.
- Internal Audit has undertaken counter-fraud mapping in three key areas: Procurement, Assets and Revenues and Benefits. Fraud risk registers have been created and internal audit has advised on updating and reviewing the Council's counter fraud policies. We have confirmed the Council's quarterly risk reports now include the fraud risk register and this has been presented within the Governance structure throughout 2024-25.
- The Council receives a Counter Fraud First quarterly report. This is prepared by the Counter Fraud team at Lincolnshire County Council. This includes updates on the number of whistleblowing and confidential reports received and updates in emerging risks. We reviewed a sample of these reports (Quarter One and Three) and we did not identify anything that required specific audit attention for the purpose of our risk assessment.

Governance

DRAFT

How the Council ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the Council monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Council approaches and carries out its annual budget setting process;
- how the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

Controls in place to prevent and detect fraud (cont.)

- In the prior year, the Council received a 'No Assurance' report on their Procurement Cards process. For all no assurance and limited assurance reports, Internal Audit will complete a follow up review. The Procurement Card audit follow-up was completed in August 2024 and gave an 'Adequate Assurance' opinion.
- Within the Internal Audit Annual Report and Opinion 2024/25 presented to July 2025 Governance and Audit Committee, it was confirmed no individual audit engagement was given 'no assurance'.
- The internal Auditor has published two 'Limited Assurance' internal audit reports in 2024/25. These were for Insurance and Bank Reconciliations. The outcomes are reported directly to the Audit and Governance Committee. All recommendations are given a due date and a responsible officer and are agreed with the Council. This evidences appropriate oversight and scrutiny of adverse finding reports within the Governance structure.

Review and approval of the 2024-25 financial plan

- See page 9 for the detail on the setting and approving the 2024/25 financial plan. We have confirmed that this has had sufficient scrutiny throughout the Governance structure ahead of the financial year.

Budget Monitoring

- Financial performance is monitored against budget. As part of our risk assessment, we have reviewed the quarterly finance reports and treasury management updates reported to the Audit and Governance Committee, Cabinet and Council in 2024-25. We have confirmed there is appropriate reporting of performance against the budget within the Governance structure during the year.
- The Council received an internal audit assurance rating of 'Adequate' on their budget monitoring for the revenue and expenditure of the Council. There are improvements that can be made regarding escalation of overspends being reported to senior management in line with directives agreed, and a formal training plan put in place to ensure effective budget management.
- Performance for the year is outlined on page 13.
- Budget managers must complete a quarterly monitoring action plan for the budgets they are responsible for. This is a standard proforma detailing concerns/issues raised by their business partner plus standard required checks on grants, reserves and contracts. Any required actions are listed with a responsible officer and deadline. This should be signed by the business partner and the budget manager.

Governance

DRAFT

How the Council ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the Council monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Council approaches and carries out its annual budget setting process;
- how the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

- We followed up a prior year performance improvement observation to confirm whether this recommendation is implemented. We obtained two monthly budget monitoring reports for December 2024. We identified one of these was not signed by the budget manager. Therefore, this recommendation has not been fully implemented.

Monitoring compliance with laws and regulations

- The Council has a legal service who is responsible for regularly reviewing regulatory change. Service areas are also responsible for being aware of new regulatory changes in their area and these are communicated for implementation as appropriate.
- Furthermore, all papers in relation to key decisions such as plans, proposals and procurements for senior officer groups or member committees are required to consider the implications of constitutional and legal, corporate priorities, reputation, equality/human rights/safeguarding and environmental legislation as standard. We have seen this proforma is used consistently as part of our minute review of the Audit and Governance Committee, Cabinet and Council.
- Management inquiries confirmed there have not been any breaches of legislation or regulatory standards that have led to an investigation by any legal or regulatory body during the year.

Monitoring officer compliance with expected standards of behaviour

- All councillors are bound by the Constitution which is derived from statute and decisions of the Council. All councillors are required to agree to the Constitution and the Monitoring Officer, as the delegated official, is responsible for overseeing training, awareness and complaints surrounding the Code of Conduct.
- The Council's Code of Conduct communicates values and expected behaviours of staff. This is communicated to staff as part of the recruitment process and is available on the staff intranet. This also covers requirements with regards to gifts and hospitality and conflicts of interests.
- The Council has a Whistleblowing Policy in place to raise concerns of behaviour that do not meet the Code of Conduct. This sets out the actions the Council will take in the event of a whistleblowing incident. Management accepted a performance improvement recommendation we raised in the prior year on refreshing of the Whistleblowing Policy as it was dated 2018. The due date of this action was agreed as 31 May 2025 and therefore, is in progress. We have not yet seen an updated Whistleblowing Policy for the Council, however, the one dated 2018 will remain in force until the new one is approved. Therefore, this is not considered indicative of significant weakness in the entity's Governance arrangements.

Governance

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Ensuring decisions receive appropriate scrutiny

- The Council clearly outlines the rules of procedure within Part Four of the Constitution. This also includes the definition of, and requirements to be followed for key decisions. Our risk assessment procedures and management inquiries confirm that the Council has appropriate arrangements in place to ensure scrutiny, challenge and transparency of decision making.
- Key decision making is subject to discussion and scrutiny at Cabinet level and relevant sub-committees, followed by formal approval by the Council. All key decision records are available to view on the Council's website (unless restricted due to sensitive nature).
- We performed a search on the Council's website of all key decisions that had been made within the 2024/25 financial year up to 31 March 2025. This listed nine key decisions that were approved in 2024/25. We sampled two of these decisions to assess whether the key decisions achieved appropriate scrutiny and the Council's approval process was appropriately followed.
- We confirmed the two key decisions sampled did follow the relevant approval process in line with the requirements of the Constitution. We have no exceptions to report.

	2024-25	2023-24
Head of Internal Audit Opinion	Adequate	Adequate
Local Government Ombudsman findings (upheld decisions only)	0	0

Improving economy, efficiency and effectiveness

DRAFT

How the Council uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

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

Assessing the level of VFM being achieved and improvement opportunities

- The Council undertakes a programme of service reviews to identify improvement opportunities on a cost and performance basis. We have obtained a list of service reviews that have been planned for 2024-25. For a sample of three service reviews, we confirmed that one was fully complete and that the other two had the scope agreed by the Senior Leadership Team and were underway. For the one that was fully complete in 2024/25, we confirmed findings of the service review was presented to South Holland District Council for scrutiny (the paper confirmed Boston Borough Council had given delegated authority to South Holland for its decision), and approval was sought for the Assistant Directors to take necessary action on the recommendations made within the service reviews.

Performance of services

- The Council took part in a Corporate Peer Challenge review in year to support their improvement and development. The findings were presented to the Cabinet in July 2024. The executive summary included reference to the Council having sound awareness of its financial challenges, but efficiency plans are high level and without budget realisation. The report detailed nine recommendations for the Council to implement. The Council prepared an action plan, that was presented alongside the findings. The Council has an action to develop a robust multi-year Transformation Programme aligned to the Medium-Term Financial Strategy, savings plans, vision and priorities by 31 March 2025.
- The Council has a Performance and Governance Framework in place. Quarterly monitoring reports are presented to Cabinet. The report is a standard template that is updated for each quarter including key performance indicators (KPIs) with commentary to support performance and rating based on the achievement of targets (red/amber/green). The report also includes risks with scores and any changes since the last report within the appendices. The KPIs are reported under relevant categories, for example Healthy Lives, Environment, Efficiency and Effectiveness.

Engagement with other stakeholders and wider partners

- The Council works closely with other organisations locally to support delivering economy, efficiency and effectiveness, namely with East Lindsey District Council and South Holland District Council as part of the SELCP.
- The Council has approved delivery of eight projects with funding from Ministry for Housing, Communities and Local Government under the Levelling Up Partnership in November 2024. The delivery of the projects would be done through a range of partners, including Boston College, Destination Lincolnshire, Boston United Football and Sports Complex and Lincolnshire Community Voluntary Services.

Improving economy, efficiency and effectiveness

DRAFT

How the Council uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

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

Performance of partnerships

- The Council's largest partnership is the South & East Lincolnshire Partnership. The Council has an annual delivery plan that is monitored by the Joint Strategy Board to support the Partnership in delivering on its priorities, as well as sovereign Council ambitions.
- The Council receives a six-monthly update on the South & East Lincolnshire Partnerships Performance report. We confirmed through minute review this was presented to the Council in September 2024. The Council undertakes annual scrutiny of the Partnership's progress as identified in the approved business case. The final report of the Joint Scrutiny of the Partnership 2023 was presented to the Council and to Joint Strategy Board with four recommendations. This report noted the actions were complete or on plan. In September 2024, the Partnership commenced its annual scrutiny of the Partnership for 2024. We obtained the final report that was presented to Cabinet, this report identified key themes of the performance of the partnership to include positives, improvements and focus for the year ahead. The assurances taken from the review was that the partnership is on track to deliver its stated aims, results are being achieved in key areas, and they have identified nine recommendations as key objectives and focus for the upcoming year.

Monitoring of outsourced services

Public Sector Partnerships Ltd (PSPSL)

- The Council outsources their finance function to PSPS, a local authority trading company owned by the three Council's in the SELCP.
- An independent review of the finance service delivery arrangements provided by PSPS for the delivery to the three Councils comprising the South & East Lincolnshire Partnership was prepared by CIPFA in October 2023, commissioned by PSPS. An action plan was put in place to continue to improve efficiency and effectiveness of arrangements. This was implemented during 2023-24. For 2024/25, we have seen evidence that a Review Action Plan was completed in April 2024.
- There was a focus on the lack of any formal Service Level Agreement (SLA) in place to outline responsibilities, with a recommendation made for one to be drafted and put in place. The April 2024 action plan confirmed the SLA is now complete and is in place for 2024/25.
- Within the internal audit plan for 2025/26, there is a review planned for PSPS contract management, with potential scope to support that agreed services are delivered and performance managed. Therefore, this provides assurance management is consistently reviewing the performance of their finance function.

Improving economy, efficiency and effectiveness

DRAFT

Engagement with partners in development of the organisation and system wide plans and arrangements

Local Government Reorganisation

- On 11 November 2024, the Council approved a proposal to establish a District Joint Committee for the purposes of devolution and participation of non-constituent local authorities at the Greater Lincolnshire Combined County Authority. The purpose of the Joint Committee is to establish a collaborative platform for coordination among the non-constituent authorities and be a mechanism through which their interests are represented on the Greater Lincolnshire Mayoral Combined County Authority. The Joint Committee has a Terms of Reference and Standing Orders that were approved at the same Council meeting.
- Through inquiries with management, the Chief Executive and Corporate Assistant Director at East Lindsey District Council are leading on the reorganisation for the Council's in the South and East Lincolnshire Council Partnership.
- An interim plan was submitted on 10 March 2025 by Lincolnshire County Council. However, this does not impact on the Council's arrangements for the 2024-25 year of audit.

Monitoring of outsourced services

Parkwood Leisure Limited

- The Council outsource their leisure operating contract with Parkwood Leisure Limited. Through inquiry, there are key performance indicators in the contract. We selected a sample of two months of the monitoring reports, and confirmed these were received by the Council.



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Report To:	Audit and Governance Committee
Date:	17 th November 2025
Subject:	Financial Statements 2024/25
Purpose:	To seek approval of the audited Financial Statements 2024/25 for publication.
Key Decision:	N/A
Portfolio Holder:	Councillor Sandeep Ghosh, Portfolio Holder for Finance and Economic Growth
Report Of:	Russell Stone, Director of Finance (S151 Officer)
Report Author:	Ellie Stacey, Head of Finance Delivery - Technical and Corporate (PSPSL)
Ward(s) Affected:	None
Exempt Report:	No

Summary

The audited Financial Statements 2024/25, which include the approved Annual Governance Statement, are required to be approved by the Committee prior to publishing on the Council's website, as per the Accounts and Audit Regulations 2015.

Recommendations

It is recommended that Audit and Governance Committee:

- 1) Approve the Financial Statements 2024/25 (Appendix 1);
- 2) Authorise 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
- 3) Authorise the S151 Officer, in consultation with the chairman of the Committee, to approve the letter of representation on its behalf once received from KPMG.

Reasons for Recommendations

To meet corporate governance best practice and statutory requirements.

Other Options Considered

Not to approve the Financial Statements.

There is a statutory requirement for the Financial Statements to be approved and published by 27 February 2026, or as soon as reasonably practicable after receipt of the auditors final findings (if later).

1. Background

- 1.1. The unaudited Financial Statements 2024/25 and Annual Governance Statement were considered by the Audit and Governance Committee on 7 July 2025. At this meeting, the Annual Governance Statement was approved.
- 1.2. The audited Financial Statements, which include the approved Annual Governance Statement, are presented to Committee for their review and approval.
- 1.3. The Accounts and Audit (Amendment) Regulations 2024 stipulate the statutory deadline for the publishing of the Financial Statements 2024/25 is 27 February 2026 for all local authorities.

2. Report

- 2.1 The external audit of the Financial Statements for the year ended 31 March 2025 is now substantially complete, and the Statements are attached at Appendix 1. At the time of writing this report there are some areas of outstanding work, which are detailed in the report from KPMG LLP on this agenda.
- 2.2 There are two audit differences that have been adjusted.
 - A correction to the inflationary increase applied to one asset valuation, resulting in a £1.249m reduction to Property, Plant and Equipment on the Balance Sheet.
 - A correction to the land value per acre of a second asset valuation, resulting in a further £1.485m reduction to Property, Plant and Equipment on the Balance Sheet.
- 2.3 There are three audit differences that remain unadjusted, which are not cumulatively deemed material to the Financial Statements.
 - £284k understatement of Property, Plant and Equipment on the Balance Sheet, due to 30 June 2025 BCIS figures being used in the relevant asset valuations, as opposed to 31 March 2025 BCIS figures.

- £248k understatement of Property, Plant and Equipment on the Balance Sheet, due to discrepancies in the floor areas used in the valuations.
- £33.5k overstatement of income as the result of an accounting entry to bring grant related monies carried forward from prior years through the Income and Expenditure Statement into reserves.

2.4 A small number of presentational and disclosure adjustments were made to ensure compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

2.5 A number of control deficiencies were identified (4) for which management responses have been provided. Work is already underway on these items to ensure they are implemented by the due dates. Of the 10 control deficiencies identified in 2023/24, 6 of these have been fully implemented, with 4 in progress.

3. Conclusion

3.1. The external audit is now drawing to a conclusion and the Financial Statements are therefore being presented to the Committee for review and approval.

Implications

South and East Lincolnshire Councils Partnership

None.

Corporate Priorities

None.

Staffing

None.

Workforce Capacity Implications

None.

Constitutional and Legal Implications

The Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendments) Regulation 2024 define these arrangements.

Data Protection

None.

Financial

There are no financial implications as a result of this report. The audit of the Financial Statements provide external validation that the stewardship of public funds has been

undertaken effectively, and that the statutory reporting requirements laid out in the accounting code of practice have been followed.

The Financial Statements presented in Appendix 1 are currently being subject to a final verification by the external auditors. Minor presentational issues may arise in this process and an approved final version will be submitted to the chair of the Committee for signature.

Risk Management

The Council's risk management arrangements are reflected in the Annual Governance Statement.

The audit process has identified some areas where improvements are necessary, and these will be implemented for the production of future Financial Statements.

Stakeholder / Consultation / Timescales

None.

Reputation

None.

Contracts

None.

Crime and Disorder

None.

Equality and Diversity / Human Rights / Safeguarding

None.

Health and Wellbeing

None.

Climate Change and Environmental Implications

None.

Acronyms

CIPFA – Chartered Institute of Public Finance and Accounting
PSPS Ltd – Public Sector Partnership Services Ltd

Appendices

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

Appendix 1 Audited Financial Statements 2024/25

Background Papers

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

Document title	Where the document can be viewed
CIPFA Accounting Code of Practice 2024/25 and supporting Guidance Notes	CIPFA public guidance document

Chronological History of this Report

A report on this item has not been previously considered by a Council body.

Report Approval

Report author: Ellie Stacey, Head of Finance Delivery - Technical and Corporate (PSPSL)
ellie.stacey@pspsl.co.uk

Signed off by: Russell Stone, Director of Finance (S151 Officer)
Russell.Stone@sholland.gov.uk

Approved for publication: Councillor Sandeep Ghosh, Portfolio Holder for Finance and Economic Growth
sandeep.ghosh@boston.gov.uk

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AUDITED FINANCIAL STATEMENTS

For the Year Ended 31 March 2025

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NARRATIVE REPORT 2024/25

This report is designed to offer a clear, accessible summary of the Council's financial activities throughout 2024/25. Local government finance can be complex, so our goal is to clarify the key events of the year, explain their financial implications, and present the Financial Statements in a user-friendly format. Together with the Annual Governance Statement and the auditor's report, this document forms part of the Council's overall Financial Report for 2024/25.

Our report is intended for a wide range of stakeholders—members of the public, local residents, council members, partners, and other interested parties—so that you can:

- Understand the Council's financial position and performance for 2024/25.
- Be confident that public funds are managed, allocated, and accounted for with integrity.
- Recognise that the financial foundations of our Council are secure and built to support future growth and innovation.

To help you navigate this information, the report is structured into the following sections:

- An explanation of the Financial Statements.
- How we achieve best value for taxpayers' money with effective financial management, including strategic investments in technology.
- Insights into Boston as a place, enriched by our commitment to community partnerships.
- An outline of the Council's structure and management.
- A summary of performance for 2024/25.
- An overview of the Council's finances.
- A discussion of future financial challenges the Council faces.

This report has been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting, ensuring that our measures and reporting standards meet the highest statutory and professional guidelines. The Statement of Accounts has been produced within the statutory deadlines set out under the Accounts and Audit Regulations 2015, and our unqualified Value for Money conclusion confirms that robust controls are in place.

The Council's approach to finance is continually evolving. We are committed to advancing self-service financial and service management across all operations, a model that supports our priorities to increase income, reduce costs, manage service demand, embrace innovation, and maintain performance. This includes significant investment in technology to enhance service delivery and active community partnerships that reflect our local ambitions and character. Overall, this report does more than summarise figures—it explains how Council Tax and other income sources are deployed to deliver the full spectrum of services for our community in a manner that is consistent with both CIPFA guidelines and high standards of accountability.

1. The Statement of Accounts

Full accounts are available on the Council's website at www.boston.gov.uk.

The accounts are prepared on a 'going concern' basis, meaning we operate under the assumption that the Council's functions will continue well into the future. Our confidence in this perspective is demonstrated by:

- A balanced outturn position for 2024/25.
- A balanced budget for 2025/26 incorporating a transformational programme designed to secure ongoing efficiencies.
- Adequate resources to meet our immediate financial commitments.
- Robust governance arrangements to ensure fiscal discipline.

The Statement of Accounts details the Council's income and expenditure for the year to 31 March 2025 and balance sheet as at 31 March 2025. It comprises core and supplementary statements with comprehensive disclosure notes, formatted in line with the CIPFA Code of Practice on Local Authority Accounting (2024/25) and underpinned by International Financial Reporting Standards.

The primary financial statements include:

- **The Comprehensive Income and Expenditure Statement:**
This records the Council's income and expenditure, with the top section providing analysis by Assistant Director area and the lower section detailing corporate transactions and funding.
- **The Movement in Reserves Statement:**
This tracks changes in the Council's reserves over the year, distinguishing between "usable" reserves—capable of funding expenditure or reducing local taxation—and "unusable" reserves set aside for specific future purposes.
- **The Balance Sheet:**
A "snapshot" detailing our assets, liabilities, cash balances, and reserves as at the year-end.
- **The Cash Flow Statement:**
This explains the changes in the Council's cash balances throughout the year.
- **Accounting Policies and Notes to the Accounts:**
These outline the key assumptions, methodologies, and significant estimates underlying the financial data.
- **The Expenditure and Funding Analysis:**
This analysis shows how annual expenditure is supported by funding sources (government grants, Council Tax, business rates), and how these resources are allocated across Council services.

Supplementary Financial Statements include:

- **The Collection Fund:**
This separate account details the statutory receipts from Council Tax and Business Rates, along with related payments to precepting authorities and the Government.
- **Group Accounts:**
Since 2022/23, we have introduced in our statement of accounts the Group Accounts. These accounts consolidate the transactions associated with our share in Public Sector Partnership Services Limited (PSPSL)—classified as an associate—into the standard financial statements.

The Annual Governance Statement, prepared in accordance with the Code of Governance, outlines our approach to corporate governance and our accountability arrangements. A glossary of key terms is provided at the end of the publication.

2. Financial Management and Strategic Investment

The Council is dedicated to delivering high-quality frontline services that align with both our corporate priorities and the evolving needs of our community. Effective financial management is essential at all levels in order to navigate current challenges and future constraints.

Our strategic approach is detailed within the 2025/26 Budget and the Medium-Term Financial Plan, approved on 3 March 2025. They outline strategies to increase efficiency, contain costs, and maintain service quality in an environment of tightening resources.

Investment in Technology

As part of our forward-looking strategy, significant investment in technology is integral to our financial management programme. Within our capital programme, targeted funding is now in place to support vital enhancements such as:

- **Technology Upgrades and CCTV Systems:**
Reinforcing public safety and operational efficiency by investing in state-of-the-art CCTV and monitoring systems.
- **Modernised Service Delivery:**
Upgrading digital platforms that enable more self-service options for residents and improved internal financial management, aligning with the evolving expectations for public service delivery in the digital age.

These initiatives not only streamline operations and increase transparency but also reflect the CIPFA Code's emphasis on best value through efficiency and innovation.

Community Partnerships

Equally important to our strategic direction is our commitment to strong community partnerships. By collaborating with local organisations and neighbouring councils, such as through the South and East Lincolnshire Council Partnership (S&ELCP), we ensure that:

- **Resources are Optimally Allocated:**
Joint procurement, shared service agreements, and collaborative projects lead to cost savings and better outcomes for the community.
- **Local Expertise is Valued:**
These partnerships empower local communities to contribute to decision-making processes, ensuring that service delivery is tailored to local needs.
- **Enhanced Accountability:**
Working in close partnership with other public entities increases transparency and strengthens our collective governance—key principles under the CIPFA framework.

How We Achieve Effective Financial Management

We reinforce our financial management regime by adopting practices that ensure every pound of public money is used efficiently and strategically:

- **Regular, Insightful Reporting:**
Financial management reports—aligned with service performance—are available for service managers on demand and produced quarterly for Cabinet and Scrutiny.
- **Robust Medium-Term Projections:**
Our Medium-Term Financial Plan is built on robust, deliverable projections that help maintain high-quality services amid evolving financial constraints.
- **Continuous Organisational Development:**
Initiatives designed to reduce expenditure and boost revenue are continuously refined to ensure we can meet ongoing fiscal challenges while preparing for future growth.
- **Collaborative Synergies:**
Engagement with community partnerships and neighbouring councils reinforces our commitment to using taxpayer resources in the most effective way possible.

In alignment with the Government’s transparency agenda, further details—such as expenditure over £250, contract spending, and staff pay—are published openly on our website: [Payments over £250](#)

1. Our Borough

Boston is the historic town in the Lincolnshire Fens from where, almost 400 years ago, a group of citizens were central in the founding of the now famous city in America of Boston, Massachusetts.

Boston’s historical status and wealth led to the construction of its parish church on a grand scale. During the 12th and 13th centuries Boston was a thriving port, and by the 14th century Boston had become the fourth-richest provincial town in England. A reminder of those great times, the tower of St. Botolph’s, affectionately known as the “Stump”, remains one of the East of England’s most enduring and imposing landmarks.

Boston has seen a rapid increase in its population in recent years this has brought challenges in terms of rapid increase but also significant benefits in the provision of a workforce for local employers. ONS estimates the Borough of Boston population at 78,500. Approximately 50% of the Borough’s residents live within the town of Boston, with the remaining 50% living in the surrounding rural communities.

Boston lies at the centre of some of the country’s most fertile land. Because of this the economy of the Borough of Boston is dominated by agriculture and horticulture. Other businesses are largely ancillary to this; namely engineering, food processing/ manufacturing and logistics (with a few notable exceptions).

The town of Boston is the administrative centre and the main economic hub for both retail and commercial activity. Outside the town, the wider Borough consists of 18 distinct parishes, each looking to Boston for its main services.

The Borough of Boston has nearly 2,200 within its boundary with 1,855 employing 1 to 10 employees. However, it also has 15 businesses including Bakkavor, Freshtime, Turners Distribution, Mason Brothers Distribution, Pilgrim Foods that are within the 250+ employee band, all creating opportunities in sector-related supply-chain management. Other large employers include Boston College and the Pilgrim Hospital. There is a consistently low unemployment rate in Boston

(lower than the national average).

The Borough has a well-established business base that has created a resilient place of work and a strong place to invest. The Borough is an affordable location for home ownership and is now delivering confidence within the construction sector as a place to develop, capturing further economic potential and accelerating growth.

2. Boston Borough Council

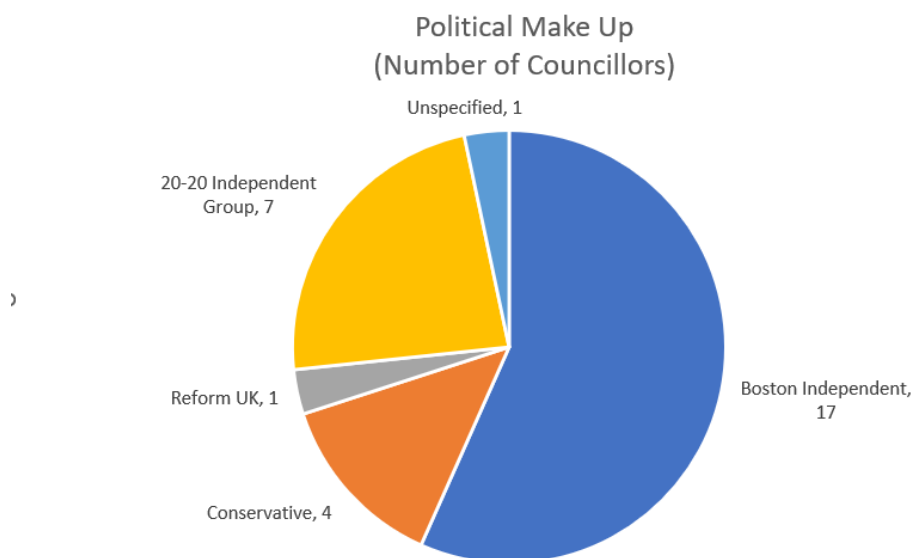
Organisational Structure

The Council is organised into three directorates

- Communities dealing with Communities and Housing Services, Regulatory and Neighbourhoods
- Growth dealing with Economic Growth, Planning and Strategic Infrastructure and Strategic Growth and Development
- Programme Delivery dealing with Strategic Projects, General Fund Assets, Leisure and Local Services
- Corporate development functions sit under the Chief Executive, these include Corporate Strategy, Transformation, Finance and Governance

Political structure

Boston has 15 electoral wards, and the Council consists of 30 councillors. The political makeup of the Council during the 2024/25 financial year was:



Boston Borough Council is a forward-thinking, entrepreneurial, and innovative authority, which continues to strive for excellence and deliver great value for money for its residents, whilst making the most of the huge opportunities for economic growth in the borough.

The Council has adopted the Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The Leader of the Council has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of Cabinet Functions.

All councillors meet as the Council, here councillors decide the Council's overall policies and set the budget and council tax each year. The Council holds to account the Cabinet and Committees. The Cabinet is made up of the Leader, Deputy Leader and Portfolio Holders, each Portfolio Holder has specific responsibilities over an area of the Council's activities.

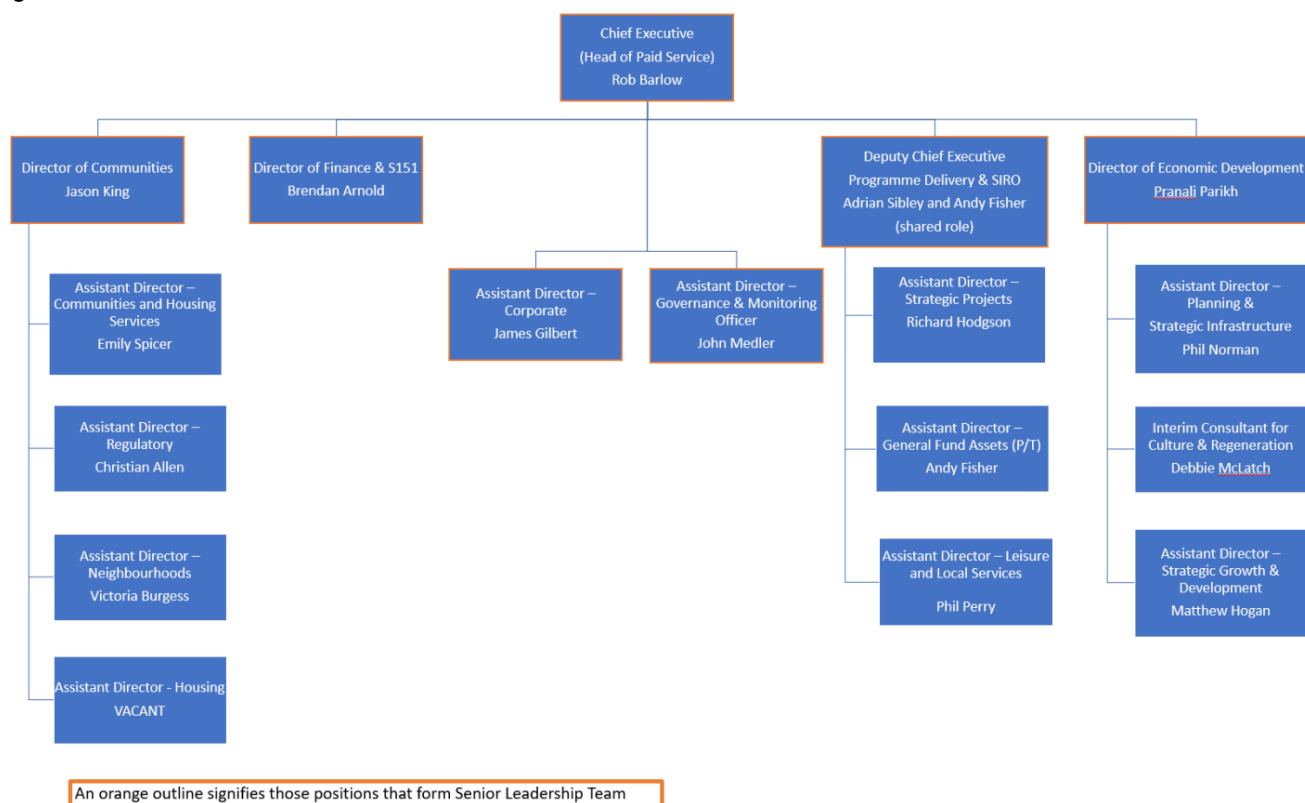
Cabinet Members are held to account by a system of scrutiny and governance assurance, which is also set out in the Constitution. Scrutiny and assurance of Cabinet decisions for 2023/24, including the setting of a balanced budget for 2024/25, has been undertaken by the Overview and Audit and Governance Committees.

Staffing

The South and East Lincolnshire Councils Partnership (Boston Borough Council, East Lindsey District Council and South Holland District Council) launched on 1st October 2021. This created the senior management structure for the three authorities (shown below). This has led to each of the Council's saving money on their previous arrangements and has created opportunity for greater cross working and to drive out further efficiencies going forward such as shared

resources and expertise, exploring the opportunity for joint procurements, knowledge sharing and creating a greater voice for south and east Lincolnshire on the national stage.

Significant savings and efficiencies have already been secured by each Partnership Council. The Corporate Management Team structure is set out below:



3. Council Priorities, Corporate Strategy and Performance

Boston Borough Council's Corporate Strategy sets out the direction of travel from 2020 to 2024 and is available on the Council's website: [Our Plan for Your Future - Boston Borough Council](#)

It identifies where the Council will focus its efforts and resources to improve the area for our community. The Council is ambitious for the Borough. The Borough Council wants to be a Council that is looking to the future in a fast changing local, international and global environment. It is known that it is highly likely that the Council will need to adapt and flex in order to achieve its aims, but it is important to set out clearly where the Council wants to get to.

The Strategy focuses on four priorities:

1. People
2. Future prosperity and inclusive growth
3. Environmental awareness and accountability
4. Delivering high quality services and maximising the use of technology to support residents.

How Boston Borough Council performed in 2024/25

Over the period between April 2024 and December 2024, Boston Borough Council has managed to average 74% of performance measures achieving a "green" rating, meaning they are maintaining performance above the target level set for the year. Additionally, 14% of performance measures have been "red" or significantly below target thresholds set, with most of this cohort being consistently red. This shows that areas that have failed to meet the target in one month, are more likely than other departments to consistently underperform against an agreed target. Areas involved with economic activity, revenue generating areas and those dealing with benefits, complaints, customer services and calls handled by PSPS have seen the most under performance over the year.

Q1- 74% green, 3% Amber, 10% red.

Q2 – 80% green, 6%, 10% red

Q3 – 75% green, 10% amber, 14% red.

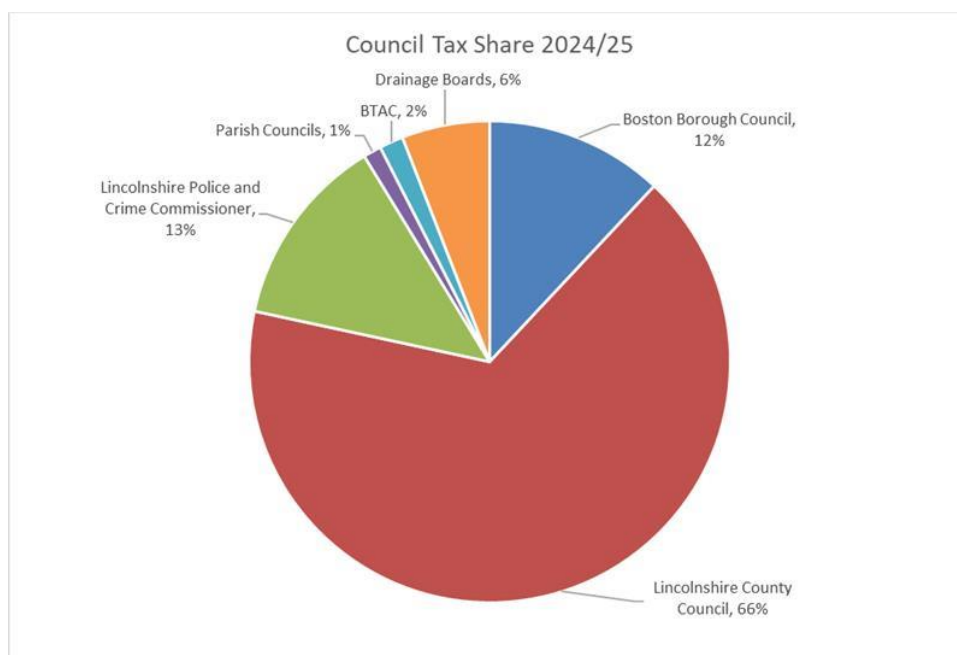
In 2024/25 the Council delivered a range of actions from the Annual Delivery Plan. Initiatives/outcomes included:

- Progressed housing delivery through the Local Authority Housing Fund and similar interventions.
- Delivered the action plan for Boston Town Centre in accordance with the vision and strategic objectives set out in the Boston Town Centre Strategy.
- Established and deliver the monitoring programme for the new Leisure operator for Boston Leisure Centre.
- Established a Town Centre Community Forum.
- Reviewed the depot and fleet arrangements including maintenance.
- Continued delivery of the Quadrant and support the progression of Q2 / South 6 allocation.
- Engaged with partners and support the Community Partnership approach and assist with the Community Investment Fund.
- Assessed the current level of CCTV provision across the three councils including ensuring resilience is supported through a range of mechanisms including the benefits of utilising volunteers.
- Completed service reviews of a number of significant services within the partnership such as Neighbourhood services, Public Protection and Planning
- Delivered the 24/25 programme of the UK Shared Prosperity Fund and Rural England Prosperity Fund
- Developed an opportunity for an external Leisure & Culture service across the sub-region for the three Councils consideration.

6. Financial Performance

Council Tax

The Borough Council as the Billing Authority collects the council tax for the County Council, the Lincolnshire Police Authority, Parish Councils and Boston Town Area Committee. The diagram shows how it was distributed.



Where the Money Came From

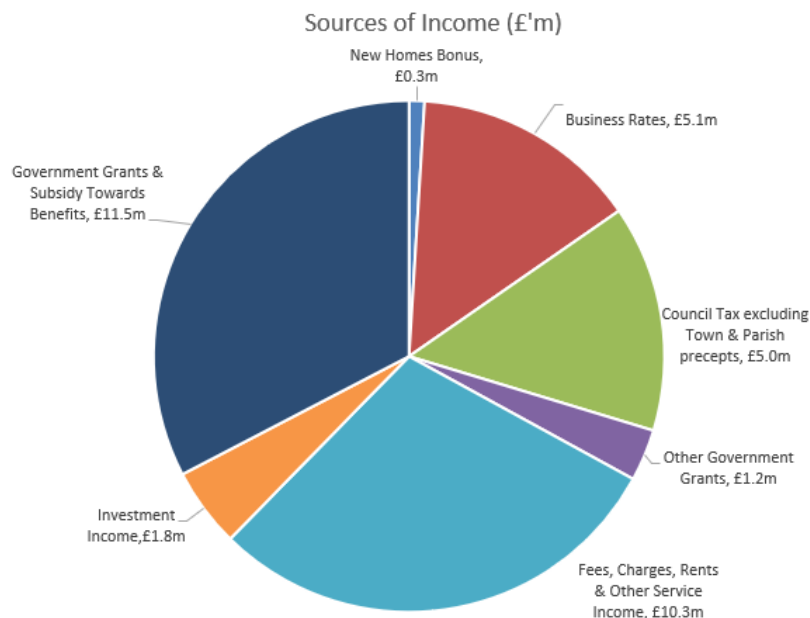
Boston receives income from many sources, as shown in the chart below. Income is received from council tax (received from taxpayers levied by the Council for Boston and Boston Town Area Committee), from Business Rates and Government Grants.

The majority of the income comes from housing benefit subsidy grant (which is paid out to claimants) and other non-specific government grants.

Council Tax receipts (excluding town and parish precepts) totalled £5.0m (14% of the income).

A total of £10.346m was received from fees, charges, rents and other service income (29% of the income).

Income from investment interest totalled £1.8m (5% of income).



How the money was spent

Rent Allowances and Rebates include only costs relating to the actual Housing Benefits provided, they do not include any staffing or other related costs. These benefits are funded from Government grants as can be seen from the “where the money came from” pie chart.

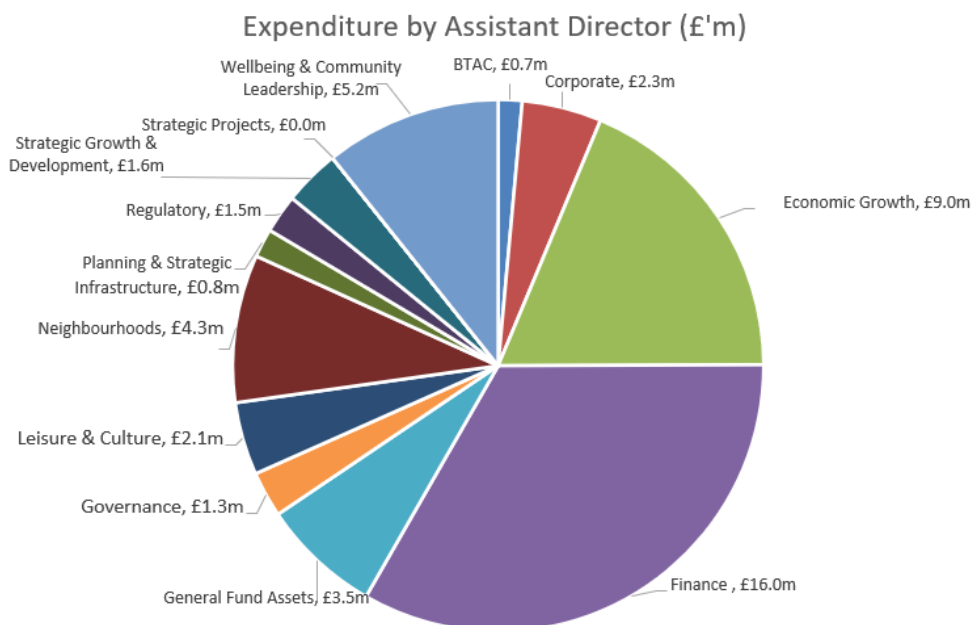
Running expenses and employee expenditure are included as part of the Assistant Director expenditure items.

Running expenses include costs relating to:

- Premises – such as rents, rates, electricity, water and similar
- Transport – such as cars, fares and similar
- Supplies and services – such as equipment, telephones, hired services and similar
- Contract payments for services provided by external contractors, e.g. Leisure

Employee's expenditure includes costs relating to:

- Staffing – such as salaries, pensions, additional staff, professional subscriptions and similar costs.



Financial performance

The Management Accounts below show the Council's actual financial performance for the year compared to the budget. Further information can be found in the Expenditure and Funding Analysis on page 37.

General Fund

The full year outturn delivered under budget spend of £1.015m. The budget surplus has been transferred to Council reserves. The table below shows the outturn position.

Assistant Director Area	Revised Budget 2024/25 at Q4 £'000	Outturn 2024/25 at Q4 £'000	Variance (underspend)/ overspend at Q4
Corporate	1,940	1,856	(84)
Economic Growth	250	192	(58)
Finance	3,257	3,193	(64)
Governance and Monitoring	829	934	105
General Fund Assets	(876)	(666)	210
Leisure and Culture	1,209	811	(398)
Neighbourhoods	2,267	2,116	(151)
Planning and Strategic Infrastructure	185	176	(9)
Regulatory	649	547	(102)
Wellbeing and Community Leadership	1,756	1,561	(195)
BTAC	769	769	-
Sub Total – Assistant Director – net costs	12,235	11,489	(746)
Internal Drainage Boards/Parish Precepts	3,404	3,398	(6)
Minimum Revenue Provision	129	154	25
Interest Payments Received / Return on Property Funds	(1,587)	(2,245)	(658)
Borrowing Costs	111	111	-
Borrowing Discount Allocated to Revenue	(642)	(642)	-
Direct Revenue Financing	2,619	195	(2,424)
Reserves	(2,619)	(195)	2,424
Efficiencies Required	(621)	(489)	132
Salary Efficiencies	(367)	-	367
Court costs for council tax	100	-	(100)
Non-Service Expenditure	527	287	(240)
Total Expenditure	12,762	11,776	(986)
Council Tax	(5,682)	(5,682)	-
Business Rates	(5,598)	(5,612)	(14)
Non-Ring-Fenced Government Grant	(1,482)	(1,497)	(15)
Total Funding	(12,762)	(12,791)	(29)
Total Budget – (Surplus)/Deficit	-	(1,015)	(1,015)

Capital Financial Performance

The capital outturn for 2024/25 to be reported to Cabinet in July by scheme is as follows:

2024/25 Capital Programme and Outturn			
Scheme	Revised Budget 2024/25 £000	Actual March 2024/25 £000	Variance (under)/over £000
Disabled Facilities Grant	1,570	1,066	(504)
Resurfacing & footpath improvements	45	50	5
Town Centre Heritage Scheme	116	116	-
Vehicle Replacements	-	27	27
Housing Strategy	57	-	(57)
Information Technology Infrastructure Refresh	254	78	(176)
Markets Regeneration	57	57	-
ICT – Relocate Server Room to SHDC	60	66	6
Pool Cars	68	64	(4)
Fly-Tipping Intervention	9	5	(4)
Swimming Pool Support Fund	167	45	(122)
Uniform	49	49	-
Unit 4 Implementation	25	25	-
Total Projects (Excl Towns Funds, UKSPF, LUF & BPF)	2,477	1,648	(829)
Towns Fund – Leisure	595	458	(137)
Towns Fund – Mayflower	6,731	5,648	(1,083)
Towns Fund - St Botolph's Library	69	12	(57)
Towns Fund - Healing the High St (incl. Shodfriars)	250	282	32
Towns Fund – Centre for Food and Fresh Produce	710	710	-
Towns Fund - Boston Station	2,268	1,404	(864)
Total Towns Fund Projects	10,623	8,514	(2,109)
UKSPF (Capacity building projects for local groups)	323	348	25
UKSPF Rural (Community projects aimed at reducing the cost of living)	203	278	75
Total UKSPF Projects	526	626	100
LUF - Former B&M Site	150	209	59
LUF - Crown House	2,000	1,645	(355)
LUF - Public Realm	550	522	(28)
Total LUF Projects	2,700	2,376	(324)
BPF – Boston United Football Sports Complex	425	-	(425)
BPF – Affordable Homes (Quadrant Housing Development)	1,000	3	(997)
BPF – Boston Community Research Project	71	-	(71)
BPF – Community Organisations Package	690	-	(690)
BPF – Boston Connected	93	1	(92)
BPF – St Botolph's Church Visitor Offer	50	-	(50)
BPF – PE21 Rosegarth Square	1,909	1,902	(7)
BPF – Haven Wharf	250	-	(250)
Total BPF Projects (excl Boston Leisure)	4,488	1,906	(2,582)
Grand Total	20,814	15,070	(5,744)

The 2024/25 capital budget has not been fully utilised as these projects are still in progress and therefore, the budgets are required for commitments to complete the programmes outlined in the Council's Capital Programme 2024/25. An analysis of non-current assets and funding of the capital expenditure is shown in notes 13-16, 20 and 34.

Collection Fund financial performance

The balance on the Council Tax Collection Fund at 31 March 2025 showed an £886k deficit. This will be shared between the Borough, Lincolnshire County Council and Lincolnshire Police and Crime Commissioner in proportion with each authority's relative precept.

The balance on the NNDR Collection Fund at 31 March 2025 showed an £334k deficit. This will be shared between the Borough, Lincolnshire County Council and the Government in proportion with each party's relative proportionate share.

Reserves and balances

The net increase in specific and general reserves and balances for 2024/25 was £3.342m. The table below shows the balances at 31 March 2025 by reserve:

Reserve	Specific and General Reserves Balance			
	Balances at 1 April 2024	Contributions into Reserves	Use of Reserves	Balances at 31 March 2025
	£'000	£'000	£'000	£'000
Capital Funding	6,390	-	(138)	6,252
Transformation	981	1,189	(440)	1,730
Repairs and Renewals	612	15	(37)	590
ICT	35	-	-	35
Housing	1,449	404	(89)	1,764
Controlling Migration Fund	14	-	-	14
Insurance	208	-	(10)	198
Risk Mitigation Reserve	1,116	-	-	1,116
Funding Volatility	1,892	1,390	(10)	3,272*
Contingency Reserve	382	-	(171)	211
Climate Change Reserve	101	52	(29)	124
Planning Reserve	339	110	(15)	434
Property Funds Reserve	147	-	(68)	79
Specific Reserves Total	13,666	3,160	(1,007)	15,819
General Fund	2,000	-	-	2,000
S106 & Commuted Sums	128	1,123	(20)	1,231
BTAC	208	86	-	294**
TOTAL	16,002	4,369	(1,027)	19,344

*Includes the 2024/25 surplus of £1.015m

**Includes the BTAC 2024/25 surplus of £0.086m

Below is an overview of each reserve:

- **Capital Reserve:** Comprised of past and annual revenue contributions, this reserve may be used to finance the capital programme. *(Note: Detailed capital movements are still pending conclusion.)*
- **Transformation Reserve:** Primarily set up to invest in service transformation initiatives, this reserve includes earmarked grant balances intended for future improvements. This reserve currently only holds earmarked grant balances.
- **Repairs & Renewals Reserve:** Sourced from annual contributions by service areas, this reserve is divided into specific pots for the maintenance and replacement of facilities, vehicles, and equipment.
- **ICT Reserve:** Funds in this reserve come as annual contributions from the service areas and are earmarked for the planned maintenance and replacement of software and hardware.
- **Housing Reserve:** Funded by grants, this reserve supports capital acquisitions and strategic housing solutions.
- **Controlling Migration Reserve:** Designated for community engagement activities, this reserve helps support initiatives related to demographic shifts.

- **Insurance Reserve:** Held to cover losses, low-value claims, and policy excesses; it can also finance risk management initiatives as needed.
- **Property Funds Returns Mitigation Reserve:** This reserve offsets the impacts of year-end operational surpluses or deficits.
- **Funding Volatility Reserve:** Designed to address accounting adjustments for volatile components (e.g., the Council's Collection Fund and in year deficits).
- **Contingency Reserve:** This reserve is maintained for member priorities and was initially related to Covid19 arrangements.
- **Climate Change Reserve:** Used to fund smaller schemes, feasibility studies, and to support bids for larger capital projects related to climate change initiatives.
- **Planning Reserve:** Receives funds earmarked for planning-related work to support the planning service, such as the creation of the local plan.
- **S106 and Commuted Sums Reserve:** Contains funds arising from Section 106 agreements with property developers.
- **Property Fund Reserve:** Helps to mitigate impacts on the Revenue Account due to surpluses or deficits in property funds.
- **Extended Producer Responsibilities Funding:** A grant designed to cover the cost of disposing of waste already in the system; because these costs are pre-financed, the funds remain available for broader use.
- **BTAC reserve:** The "BTAC reserve" refers to the funds that result when the Boston Town Area Committee (BTAC) operates with a surplus in its financial performance. In essence, after accounting for all its revenues and expenditures for a given period (in this context, for the financial year 2024/25), any excess funds are not immediately spent but are instead transferred to a reserve account. This reserve is intended to act as a financial buffer or savings, which can help manage any future unforeseen expenditures, support upcoming initiatives, or maintain stability in the service provision within Boston's town area.

Further information on reserves can be found in the Movement in Reserves Statement and Note 24 to the Financial Statements.

Pension fund

The accounts and notes with relation to the pension fund have been prepared in accordance with International Accounting Standard (IAS) 19. The Pension Fund liability shown in the Balance Sheet as at 31 March 2025 stands at £10.212m compared with £10.782m the previous year, this represents the liability to the Lincolnshire Pension Fund. This amount is matched by a pension reserve also shown in the Balance Sheet and therefore has no impact on the Council's overall financial position at 31 March 2025. The IAS 19 Balance Sheet position for the Council shows a reduced obligation and the net liability to the Council under IAS 19 pension deficit is lower in monetary terms at 31 March 2025. The actuary uses a set of demographic assumptions that are consistent with those used for the Lincolnshire Pension Fund. These are highlighted in note 36. Following the results of the triennial review in 2022, the Council's budget includes both a pension contribution percentage and also a lump sum payment each year which is forecast to bring the pension scheme into a fully funded position over a defined term.

Cash flows

The cash flow statement shows the level of investments held by the Council which are used to fund day to day cash flow requirements, achieve a return on investments to help support the low levels of council tax, support the reserves expenditure and to fund capital expenditure. Short term investments maturing in 2025/26 and long-term investments mature beyond this or are open-ended.

Capital spend will reduce the cash held, however the Council does not currently have a need to borrow over the medium term. The Council's overall Capital Financing Requirement (CFR) which details the Council's underlying need to borrow can be found at Note 34.

There were no significant provisions, contingencies or write offs during the year. Full details on provisions and contingencies can be found at Note 22. However, appeals from Business Rates (NNDR) continue to be a risk to the Council.

Current economic climate, outlook and risk

The preparation of next year's budget has presented significant challenges. Boston Borough Council is facing unprecedented inflationary pressures that are driving up operational costs and affecting major contracts, capital projects, and community investments. At the same time, changing needs among residents, customers, and businesses continue to create uncertainty. While a one-year Government settlement on some grants has helped ease short-term pressures, considerable uncertainty remains in the medium term.

Boston Borough Council operates with full constitutional autonomy, as do the councils with which we partner. Our priorities are clear and tailored to our district:

- Ensuring Financial Resilience: We are committed to delivering statutory services while navigating economic challenges.
- Supporting Vulnerable Residents: We target our support to maintain safety nets for the district's most vulnerable.
- Stimulating Local Recovery: We invest in projects that rebuild and boost local economic opportunities.

We are actively developing new revenue streams, enhancing operational efficiencies, and refining expenditure processes to counteract the impacts of rising costs. For example, we are engaging with local businesses to identify bespoke opportunities that support our revenue base.

In response to pressures arising from Internal Drainage Board requirements, for which we have already received initial one-off funding, we have established an Innovation, Transformation, and Efficiency Board. This board actively oversees efficiency targets and leads projects such as digital transformation initiatives and procurement process reviews to ensure we maximise value for money. The Medium-Term Financial Plan (MTFP) provides information on the Council's budget, transformation programme and reserves and can be found on the Council's website:

[Copy of Summary - All AD Areas 25-26 Estimates Final Version.xlsx](#)

While our reserves currently provide a sufficient buffer to meet ongoing pressures and finance transformation projects, relying solely on these reserves is unsustainable over the long term. We are therefore diversifying our income and exploring additional financial strategies.

Finally, Boston Borough Council maintains a proactive approach by closely monitoring international events that impact inflation and contractual obligations. We continuously assess how these external factors affect local business operations and licensing, ensuring that our responses remain agile and effective.

In the medium term, the implications for the Council as a result of the possible Local Government Reorganisation in Lincolnshire remains uncertain. Work will continue with elected members, partner organisations and Central Government to ensure it is prepared for the future.

Key Risks

The Performance, Risk and Audit Board reviews updates on corporate and operational risks on a quarterly basis and takes any remedial actions as necessary (for example, escalation to the Senior Leadership Team or Audit and Governance committee). Quarterly updates on the corporate risk register are provided to both the Executive Management Team and the Audit and Governance Committee. The Audit and Governance Committee is responsible for monitoring the arrangements in place for identification, monitoring and management of strategic risk.

Future Opportunities

The Council is always looking for new opportunities, such as through the South and East Lincolnshire Council Partnership, service improvements and cost reductions through digitalisation of services, etc. All opportunities will be examined on their own merits and detailed business cases completed if the opportunity is considered worthy of implementation.

The 2025/26 Annual Delivery Plan sets out the projects to be brought forward by the Partnership Councils during this municipal year.

Further information on the Statement of Accounts is available from Public Sector Partnership Services Ltd (formerly Compass Point Business Services), who provide all financial services for the Council. This is available as follows:

- In writing - to Financial Services, Boston Borough Council, Municipal Buildings, West Street, Boston PE21 8QR.
- By telephone – 01205 314200
- By e-mail - to Customer Services at customer.contact@pspsl.co.uk

By e-mail - to Customer Services at customer.contact@pspsl.co.uk or to James Gilbert, Assistant Director – Corporate james.gilbert@e-lindsey.gov.uk

STATEMENT OF RESPONSIBILITIES

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance and Section 151 Officer
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the Financial Statements, as delegated to the Audit and Governance Committee.

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Council's Financial Statements in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom (the Code)*.

In preparing the Financial Statements, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code
- kept proper accounting records which were up to date and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification by the Chief Financial Officer

I hereby certify that the audited Financial Statements give a 'true and fair' view of the financial position of the Council at the reporting date and of its expenditure and income for the year ended 31 March 2025.

Russell Stone
Director of Finance and S151 Officer

Date:

Approval of the Financial Statements

The Audit and Governance Committee approved the audited Financial Statements on 17 November 2025.

Signed on behalf of Boston Borough Council

Councillor Barrie Pierpoint
Chair of the meeting approving the accounts

Date:

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and in the Movement in Reserves Statement.

2023/24				2024/25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
3,609	(2,452)	1,157	General Fund Assets	3,512	(2,423)	1,089
15,825	(13,570)	2,255	Finance	16,036	(13,490)	2,546
1,238	(1,003)	235	Economic Growth	8,962	(1,020)	7,942
1,000	(121)	879	Governance	1,336	(496)	840
4,384	(3,096)	1,288	Wellbeing & Community Leadership	5,157	(2,713)	2,444
2,612	(923)	1,689	Leisure & Culture	2,128	(610)	1,518
2,040	(179)	1,861	Corporate	2,331	(491)	1,840
4,112	(1,749)	2,363	Neighbourhoods	4,320	(2,036)	2,284
762	(662)	100	Planning & Strategic Infrastructure	839	(1,937)	(1,098)
1,549	(555)	994	Regulatory	1,125	(684)	441
775	(757)	18	Strategic Growth & Development	1,646	(1,048)	598
1,139	(9,826)	(8,687)	Strategic Projects	-	-	-
1,013	(85)	928	BTAC	725	(56)	669
40,058	(34,978)	5,080	Cost of Services	48,117	(27,004)	21,113
3,008	-	3,008	Other operating income & expenditure (Note 10)	3,415	(5)	3,410
5,651	(13,265)	(7,614)	Financing and investment income and expenditure (Note 11)	4,065	(7,786)	(3,721)
5,486	(31,366)	(25,880)	Taxation and non-specific grant income and expenditure (Note 12)	5,675	(41,215)	(35,540)
54,203	(79,609)	(25,406)	(Surplus)/Deficit on Provision of Services	61,272	(76,010)	(14,738)
		(499)	(Surplus) or deficit on revaluation of property, plant and equipment			(797)
		2,262	Remeasurement of the net defined benefit liability			285
		1,763	Other Comprehensive Income and Expenditure			(512)
		23,643	Total Comprehensive Income and Expenditure			(15,250)

The notes to the accounts on pages 21 – 79 form an integral part of the Financial Statements.

MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into ‘usable reserves’ (i.e., those that can be applied to fund expenditure or reduce local taxation) and other ‘unusable reserves’. The Statement shows how the movements in year of the Council’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

2024/25	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Boston Town Area Committee £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2024	2,000	13,794	275	26,371	207	42,647	36,858	79,505
Movement in Reserves during 2024/25								
Total comprehensive income and expenditure	14,738	-	-	-	-	14,738	512	15,250
Adjustments between accounting basis and funding basis under regulations (Note 8)	(11,396)	-	-	7,974	-	(3,422)	3,422	-
(Increase)/decrease for year	3,342	-	-	7,974	-	11,316	3,934	15,250
Transfer to/(from) earmarked reserves	(3,256)	3,256	-	-	-	-	-	-
Transfer to/(from) other reserves	(86)	-	-	-	86	-	-	-
Balance at 31 March 2025	2,000	17,050	275	34,345	293	53,963	40,792	94,755

The notes to the accounts on pages 21 – 79 form an integral part of the Financial Statements.

2023/24	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Boston Town Area Committee	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023	2,000	14,325	275	5,597	328	22,525	33,337	55,862
Movement in Reserves during 2023/24								
Total comprehensive income and expenditure	25,406	-	-	-	-	25,406	(1,763)	23,643
Adjustments between accounting basis and funding basis under regulations (Note 8)	(26,058)	-	-	20,774	-	(5,284)	5,284	-
(Increase)/decrease for year	(652)	-	-	20,774	-	20,122	3,521	23,643
Transfer to/(from) earmarked reserves	531	(531)	-	-	-	-	-	-
Transfer to/(from) other reserves	121	-	-	-	(121)	-	-	-
Balance at 31 March 2024	2,000	13,794	275	26,371	207	42,647	36,858	79,505

The notes to the accounts on pages 21 - 79 form an integral part of the Financial Statements.

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e., those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves Statements that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2024 £'000		Note	31 March 2025 £'000
38,668	Property, plant and equipment	13	46,905
-	Right of use assets	35	822
1,569	Heritage assets	14	1,569
4,679	Investment property	15	5,671
39	Intangible assets	16	26
-	Assets held for sale	20	-
15,005	Long-term investments	17	15,237
14	Long-term debtors	17	14
59,974	Long-term Assets		70,244
23,829	Short-term investments	17	32,702
-	Assets Held for Sale	20	-
10,457	Short-term debtors	18	12,428
5,730	Cash and cash equivalents	19	2,879
40,016	Current Assets		48,009
-	Short-term borrowing	17	-
(7,049)	Short-term creditors	21	(5,864)
-	Short-term lease liabilities	35	(37)
(302)	Provisions	22	(325)
-	Cash and Cash Equivalents – bank overdraft	19	-
(7,351)	Current Liabilities		(6,226)
(1,000)	Long-term borrowing	17	(1,000)
(10,782)	Pension liability	36	(10,212)
-	Long-term lease liabilities	35	(71)
(1,352)	Other long-term liabilities		(521)
(13,134)	Long-term Liabilities		(11,804)
79,505	Net assets		100,223
42,647	Usable reserves		53,963
36,858	Unusable reserves	24	46,260
79,505	Total Reserves		100,223

The notes to the accounts on pages 21 – 79 form an integral part of the Financial Statements.

CASH FLOW STATEMENT

The Cash Flow statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the Council.

2023/24 £'000		2024/25 £'000
25,406	Net surplus/(deficit) on the provision of services	14,738
3,663	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 25)	(2,222)
(24,695)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 25)	(22,633)
4,374	Net cash flows from operating activities	(10,117)
12,378	Net cash flows from investing activities (Note 26)	8,894
(18,085)	Net cash flows from financing activities (Note 27)	(1,629)
(1,333)	Net increase/(decrease) in cash and cash equivalents	(2,852)
7,065	Cash and cash equivalents at the beginning of the reporting period	5,730
(2)	Other movements	1
5,730	Cash and cash equivalents at the end of the reporting period (Note 19)	2,879

The notes to the accounts on pages 21 – 79 form an integral part of the Financial Statements.

NOTES TO THE ACCOUNTS**ACCOUNTING POLICIES****1. General Principles**

The Financial Statements summarise the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which must be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the statement of accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are not carried as inventories on the Balance Sheet due to their immateriality.
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in 1 month or less at the 31 March and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

4. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

5. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. This is referred to as the Minimum Revenue Provision (MRP) and Voluntary Revenue Provision (VRP). The Council's policy on MRP is approved by Council each year as part of the Treasury Management Strategy.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by a contribution in the General Fund balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

6. Council Tax and Non-Domestic Rates

Billing authorities, act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as a principal, collecting council tax and NDR for themselves. Billing Authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

7. Employee Benefits

Benefits Payable during Employment

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements, or any form of leave e.g., time off in lieu, earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Lincolnshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- the liabilities of the Lincolnshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projected earnings for current employees;
- liabilities are discounted to their value at current prices, using a discount rate of 5.80% (4.90% in 2023/24) based on the indicative rate of return on high quality corporate bonds.
- the assets of the Lincolnshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value

The change in the net pensions' liability is analysed into the following components:

Service Cost comprising:

- **current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- **past service cost** – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
- **net interest on the net defined benefit liability**, i.e., net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment income and expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- **the return on plan assets** – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- **Contributions paid to the Lincolnshire County Council Pension Fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of

being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

8. Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the statement of accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period – the Financial Statements are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

9. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the long-term borrowing that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

The Council provides a guarantee in relation to the liabilities of Public Sector Partnership Services Limited based on 24% of any outstanding liabilities, in the event the Company should cease trading.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Council holds financial assets measured at:

- amortised cost,
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e., where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment income and expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Authority recognises expected credit losses on all of its financial assets held at amortised cost, or where relevant FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the surplus or deficit on the provision of services. However, in November 2018 the Ministry of Housing, Communities and Local Government (MHCLG) granted a 5-year statutory override that permits fair value gains and losses to be reversed out in the Movement in Reserves Statement and taken to a Financial Instruments Restatement Reserve. This has been extended for a further two years, to 31 March 2025.

For Financial Assets measured at Fair Value through Profit and Loss, monthly dividend/distribution income receivable is credited to the Financial and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognised in other comprehensive expenditure and taken to the financial instrument's revaluation reserve, except for impairment gains or losses until the financial asset is derecognised or reclassified.

Where financial assets are measured at FVPL or FVOCI, the fair value measurements are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

10. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required

to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

11. Heritage Assets

The Council's Heritage Assets are held in storage, at the Municipal Buildings and Guildhall, and also located at various sites in and around Boston. The Guildhall has collections of heritage assets which are held in support of the primary objective of the Museum i.e., increasing the knowledge, understanding and appreciation of the Council's history and local area. Heritage Assets are recognised and measured, including the treatment of revaluation gains and losses, in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The Council's collection of heritage assets is accounted for as follows:

Civic Regalia

The Council's Civic Regalia was last valued by Bonham's in January 2017 and was based on its insurance valuation as proxy for market value. Civic Regalia are deemed to have indeterminate lives and a high residual value; hence, the Council does not consider it appropriate to charge depreciation.

Museum Collection

The museum collection is varied and is categorised into Archaeology, Coins and Medals, Fine Art, Natural History, Social History and Ethnographic collections. In addition, there is a small group of objects which have not been accessioned into the collection and form the Educational /Handling collection. The Collection was last valued by Bonham's in January 2017 and was based on its insurance valuation as proxy for market value. The museum collection is deemed to have indeterminate lives and a high residual value; hence, the Council does not consider it appropriate to charge depreciation.

Coins and Medals

The numismatics collection accounts for roughly a tenth of the overall museum collection. The coins date from the Roman Empire through to the twentieth century and are from Europe (including Scandinavia), the United Kingdom (including the Channel Islands) and other countries such as Japan, Hong Kong, Morocco and others. The majority of these were minted in the nineteenth and twentieth centuries with some earlier periods represented, particularly in the Roman coins.

Trading tokens constitute a small but significant area of the collection. There are examples from the borough area, covering approximately the last four centuries, as well as two sixteenth century German examples and a fifteenth century French token. In addition, there are also trading tokens within the collection listed as un-provenanced and are connected to places outside of the borough boundaries.

Whilst the medals are mostly nineteenth century and commemorative the collection of coins is widely varied in terms of chronological and geographical range. The medals can be divided into nationally commemorative and locally commemorative. The national medals focus on royal occasions, coronations and marriages for example, whilst the locally commemorative medals are celebrating local events or occasions within Boston and its borough.

Art Collection

Art makes up the second largest element of the museum collection. The collection is largely works of local scenes including maritime themes and portraits of past town Mayors. The majority of artists are linked to the town with a few such as Enderby and Etty who are recognised nationally. All of the works in this collection are two dimensional and cover a wide range of media: watercolours, oil, pencil, pastel and prints. The more significant works have been valued and are reported in the Balance Sheet at their insurance valuation.

Silverware, Charters, etc.

The silverware and related collection items include gold, silver and brass items and the more significant pieces are reported in the Balance Sheet at their insurance valuation.

Archaeology

The archaeological collection is the third largest collection at the museum. The objects are placed into this categorisation if they are found and acquired by archaeological means, for example from an excavation site or as a casual find. The majority of this collection has been acquired through donation, either by individual donors or by the Boston Archaeology Group.

The collection is sub-divided by period; Prehistoric, Roman, Saxon/Viking, Medieval (1000-1500) and post Medieval (1500–1800), which is then further sub-divided into sixteenth, seventeenth and eighteenth century and general. Acquisitions are initially recognised at cost, or if bequeathed or donated at nil consideration.

Natural History

A small selection of natural history specimens is held in the museum collection. During the 1920's and 1930's a significant part of this collection was donated. These objects included shells and coral from the South Sea Islands, fossils, animal tusks and bones and geological specimens such as minerals, crystals and lava fragments. As this collection of objects was one of the earliest significant donations to enter the museum, it is presumed that the displays and reputation of the museum would have been initially based around these objects. Therefore, this collection of objects will be retained and cared for by the Council as part of its historic collections. The Council does not consider that reliable cost or valuation information can be obtained for its natural history collection. This is because of the nature of the assets held and lack of comparable market values.

Social History

The largest of the collections and most varied being comprised of mostly 19th and 20th century collection material which is sub-divided into smaller categorised collections which are derived from the Social History and Industrial Classification system, Community, Domestic, Personal and Working. Community life is the broadest category covering areas from entertainment to religion whilst also encompassing the specific areas of the Pilgrim Fathers and a collection of items relating to the Odd Fellows Society. In addition to the varied objects and documents that form these collections there are also collections of decorative arts, three-dimensional art and costume. The more significant objects are recorded in the balance sheet at their valuation by an external valuer.

Ethnography

This is a small collection where the objects have been categorised due to them being non-British, not belonging within any of the other collections and not being related to Boston, Massachusetts (in which case objects are classified as Social History).

Handling/Education

A small collection of objects which has not been accessioned into the collection as its purpose is purely for educational reasons and for handling.

Other Ancient Monuments and Heritage Sites in the Boston Area

The Council does not consider that reliable cost or valuation information can be obtained for its ancient monuments. This is because of the nature of the assets held and lack of comparable market values. Consequently, the Council recognises these assets on the balance sheet at nil value.

Heritage sites (such as the War Memorial in Strait Bargate) are held on the balance sheet at their insurance valuation.

Heritage Assets – General

The acquisition of heritage assets is considered on an asset by asset basis as and when they arise. The carrying amounts of heritage assets are reviewed where there is evidence of impairments for heritage assets, e.g., where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. See item 18 in this summary of significant accounting policies. Depreciation is not charged as the assets are deemed to be held in perpetuity. Should

any heritage asset be disposed of the proceeds are accounted for in accordance with the Council's general provisions relation to the disposal of property, plant and equipment.

12. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g., software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible assets are measured initially at cost and are carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life, to the relevant service line in the Comprehensive Income and Expenditure Statement. Amortisation is calculated on the following basis:

- Computer software and licences – straight-line basis

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, the amortisation charge is not permitted to have an impact on the General Fund balance. It is therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

13. Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries and associates and require it to prepare group accounts. In the Council's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost. The Group Accounts included with the financial statements incorporate the Council's 19% interest in Public Sector Partnership Services Ltd from 2021/22 onwards.

14. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Assets are transferred into or out of the Investment Property class only when there is evidence of a change of use.

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

15. Leases

The authority as a lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights to both obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- Amounts expected to be payable under a residual value guarantee
- The exercise price under a purchase option that the authority is reasonably certain to exercise
- Lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- Penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The authority as lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the deferred capital receipts reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

The Council has no finance lease commitments as at 31 March 2025.

Operating leases

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (eg. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

16. Material Items of Income or Expense

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

17. Overheads and Support Services

Following revisions to the Accounting Code, the cost of overheads and support services are not charged to service segments, within the Financial Statements, in accordance with the Council's arrangements for accountability and financial performance. However, they are apportioned to comply with the requirements of various government returns.

18. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The de minimis level set for recognising eligible capital expenditure is £10,000. Any expenditure below this value is classed as a revenue expense.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost.
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- operational heritage asset – Guildhall, Boston – depreciated replacement cost as the asset is of a specialist nature.
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable useful life, i.e., freehold land and assets that are not yet available for use, such as assets under construction.

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant and equipment – straight-line allocation, over the life of the asset, as advised by a suitably qualified officer.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Materiality levels have been assessed and a materiality level of £0.5m for major components has been applied.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating income and expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet whether Property, Plant and Equipment or assets held for sale is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

19. Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 – unobservable inputs for the asset.

20. Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required, or a lower settlement than anticipated is made, the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party, this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

21. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

22. Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

23. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept managing the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

24. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions, but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

25. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

NOTE 2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) has introduced several changes in accounting standards which will be required from 1 April 2025.

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)
- IFRS 17 Insurance Contracts (Replaces IFRS 4)
- Changes to the measurement of non-investment assets including adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new accounting standard, but one which has not yet been implemented.

It is not anticipated that the above amendments will have a material impact on the information provided in the financial statements, i.e., there is unlikely to be material change to the reported information in the net cost of services or the surplus or deficit on the provision of services.

NOTE 3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out at note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Financial Statements are:

- There is a large degree of uncertainty about future levels of funding for local government. However, the council has determined that this high level of uncertainty is not yet sufficient to provide an indication that the assets of the authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

- At the time the accounts were authorised for issue, the Council's valuers have provided values for the Council's assets taking into account what was known at the time. The Council's judgement was that there was not enough information to indicate that the assets were impaired and that balance sheet values should be reduced.
- The Council has examined its leases and classified them as either operating leases or finance leases. In some cases, the lease transaction is not always conclusive, and the Council uses judgements in determining whether the lease is a finance lease that transfers substantially all the risks and rewards incidental to ownership. With effect from 2024/25 financial accounts all lessee operational agreements (apart from those of less than 12 months or those of low value assets) are required to be shown on the balance sheet.
- One factor that has had a demonstrable impact on the accounts in the past five years concerns the assumptions surrounding pensions and the likelihood of legislative change and the impact of such change. The sensitivity analysis, shown in note 36, estimates the likely impact of changes to the assumptions used when reporting the pension liability.
- Investments - Investment in banks and other financial institutions are secure and will not suffer impairments. A certain amount of volatility in financial markets was apparent at the time the accounts were authorised for issue and expected credit losses were calculated based on information available at the time.

NOTE 4 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Financial Statements contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates have been made taking into account historical experience, current trends and other relevant factors. The assumptions and other sources of estimation uncertainty disclosed below relate to the estimates that require the Council's most difficult, subjective or complex judgements. As a number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. As a result, balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment – Property Assets - Carrying Value at 31 March 2025 £46.905m Investment Property - Carrying Value at 31 March 2025 £5.671m

The Council's property assets, categorised under Property, Plant and Equipment, are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. If asset lives were reduced by one year the impact on the depreciation charged to the CIES would be immaterial.

Business Rates Appeals Provision - Carrying Value of Boston Borough Council's Share at 31 March 2025 £0.325m

Since the introduction of the Business Rate Retention Scheme effective from 1 April 2013, local authorities need to account for any reduction in Business Rates income and repayment to ratepayers, in respect of successful appeals against business rates for the current and earlier years. A provision has been made in the accounts based on the best estimate of the amount that the Council might need to repay as a result of successful appeals up to 31 March 2025. For appeals already lodged, this estimate has been calculated using the latest Valuation Office Agency list of outstanding appeals with an assessment being made of the likely impact of those appeals, taking into account past national decisions together with any specific/local implications. An assessment has been undertaken by an external provider and reviewed by officers to reflect local circumstances. A three-stage appeals process was introduced on 1 April 2017, for appeals against the 2017 rating list, which closed on 31 March 2023. The Council has received notice of determination of very few appeals lodged against the 2017 rating list; therefore, this element of the provision has been made based on officers' views of an external assessment of the potential losses arising as a result of yet to be determined appeals being successful.

The Council's share of the provision as at 31 March 2025 (40% of £0.813m) is £0.325m.

Net Pensions Liability - Carrying Value at 31 March 2025 £10.212m

The estimation of the net liability at 31 March 2025 to pay pensions, depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, Barnett Waddingham LLP, is engaged to provide expert advice about the assumptions to be applied.

During 2024/25, the actuaries advised that the net pensions liability had increased by £0.570m. This is made up of:

- £7.640m actuarial gain
- £0.855m gain arising from employer contributions of £2.302m being more than the pension obligations of £1.447m
- Impact of asset ceiling £7.925m.

Debt Impairment for Sundry Debtor and Housing Benefit Overpayments - Carrying Value at 31 March 2025 £3.023m

Estimates for doubtful debts are an officer judgement based on prudent historical collection rates, considering the age and nature of the debtor, and taking into account knowledge of existing conditions in relation to outstanding debt; particularly given the current economic climate and future changes to welfare reform.

At 31 March 2025, the Council had a balance of sundry debtor and housing benefit overpayments of £3.023m. The Council impairs its receivables on an interval led approach based on the age and nature of the debtor. The Council's approach to review significant items suggested that an impairment allowance for doubtful debts of 46% (£1.402m) was appropriate. However, in the current economic climate it is not certain that the allowance will be sufficient.

If collection rates were to deteriorate, increasing the impairment for doubtful debts to 50% of the total debt would require an additional £0.109m to be set aside as an allowance.

The change in the impairment allowance for bad debts is presented within Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Fair Value Measurements - Carrying Values at 31 March 2025 Investment Properties £5.671m; Property Fund Holdings £15.237m

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e., Level 1 inputs), their fair value is measured using valuation techniques (e.g., quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.

Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example investment properties, the external valuer provides the relevant figures).

Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in note 15.

NOTE 5 EVENTS AFTER THE BALANCE SHEET DATE

The audited Financial Statements were authorised for issue by the Chief Finance Officer on (date). Events taking place after 31 March 2025 are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

NOTE 6 EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (Government grants, council tax and business rates) by the Council in comparison with those resources consumed or earned by it in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's services. Income and expenditure accounted for under generally accepted accounting practices are presented more fully in the Comprehensive Income and Expenditure Statement.

2023/24				2024/25		
Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
(337)	1,494	1,157	General Fund Assets	(395)	1,484	1,089
2,661	(406)	2,255	Finance	3,020	(474)	2,546
(204)	439	235	Economic Growth	(216)	8,158	7,942
910	(31)	879	Governance	878	(38)	840
1,466	(178)	1,288	Wellbeing & Community Leadership	1,233	1,211	2,444
1,033	656	1,689	Leisure & Culture	788	730	1,518
1,702	159	1,861	Corporate	1,622	218	1,840
2,129	234	2,363	Neighbourhoods	2,023	261	2,284
163	(63)	100	Planning & Strategic Infrastructure	(1,035)	(63)	(1,098)
1,075	(81)	994	Regulatory	542	(101)	441
18	-	18	Strategic Growth & Development	-	598	598
(96)	(8,591)	(8,687)	Strategic Projects	-	-	-
950	(22)	928	BTAC	689	(20)	669
11,470	(6,390)	5,080	Net Cost of Services	9,149	11,964	21,113
3,006	2	3,008	Other operating income and expenditure	3,398	12	3,410
(3,550)	(4,064)	(7,614)	Financing and investment income and expenditure	(3,526)	(195)	(3,721)
(11,095)	(14,785)	(25,880)	Taxation and non-specific grant income and expenditure	(12,790)	(22,750)	(35,540)
236	(236)	-	Capital Expenditure Charged in Year	195	(195)	-
-	-	-	Transfer to Capital Grant Unapplied	-	-	-
585	(585)	-	Revenue Provision for the Repayment of Debt	232	(232)	-
-	-	-	Application of Capital Grants to CAA	-	-	-
652	(26,058)	(25,406)	(Surplus)/Deficit	(3,342)	(11,396)	(14,738)
2,000			Opening General Fund Balance	2,000		
-			(Surplus) or Deficit on the General Fund Balance in Year (after transfers to/from earmarked reserves)	-		
2,000			Closing General Fund Balance	2,000		

NOTE 6A – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2024/25			
	Adjustments for Capital Purposes £'000	Net Change for Pensions Adjustments £'000	Other Adjustments £'000	Total Adjustments £'000
General Fund Assets	1,547	(67)	4	1,484
Finance	-	(472)	(2)	(474)
Economic Growth	8,177	(20)	1	8,158
Governance	-	(38)	-	(38)
Wellbeing & Community Leadership	1,377	(177)	11	1,211
Leisure & Culture	765	(38)	3	730
Corporate	246	(29)	1	218
Neighbourhoods	475	(218)	4	261
Planning & Strategic Infrastructure	-	(64)	1	(63)
Regulatory	2	(99)	(4)	(101)
Strategic Growth & Development	598	-	-	598
Strategic Projects	-	-	-	-
BTAC	-	(20)	-	(20)
Net Cost of Services	13,187	(1,242)	19	11,964
Other Operating Expenditure	12	-	-	12
Financing & Investment Income & Expenditure	(992)	387	410	(195)
Taxation & Non-Specific Grant Income & Expenditure	(23,356)	-	606	(22,750)
Capital Expenditure Charged in Year	(195)	-	-	(195)
Transfer to Capital Grant Unapplied	-	-	-	-
Revenue Provision for the Repayment of Debt	(232)	-	-	(232)
Application of Capital Grants to CAA	-	-	-	-
Other Income and Expenditure	(24,763)	387	1,016	(23,360)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services	(11,576)	(855)	1,035	(11,396)

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2023/24			
	Adjustments for Capital Purposes £'000	Net Change for Pensions Adjustments £'000	Other Adjustments £'000	Total Adjustments £'000
General Fund Assets	1,555	(57)	(4)	1,494
Finance	-	(400)	(6)	(406)
Economic Growth	464	(23)	(2)	439
Governance	-	(31)	-	(31)
Wellbeing & Community Leadership	(43)	(132)	(3)	(178)
Leisure & Culture	736	(77)	(3)	656
Corporate	182	(23)	-	159
Neighbourhoods	417	(176)	(7)	234
Planning & Strategic Infrastructure	-	(60)	(3)	(63)
Regulatory	2	(85)	2	(81)
Strategic Growth & Development	-	-	-	-
Strategic Projects	(8,591)	-	-	(8,591)
BTAC	-	(24)	2	(22)
Net Cost of Services	(5,278)	(1,088)	(24)	(6,390)
Other Operating Expenditure	2	-	-	2
Financing & Investment Income & Expenditure	(51)	388	(4,401)	(4,064)
Taxation & Non-Specific Grant Income & Expenditure	(14,057)	-	(728)	(14,785)
Capital Expenditure Charged in Year	(236)	-	-	(236)
Transfer to Capital Grant Unapplied	-	-	-	-
Revenue Provision for the Repayment of Debt	(585)	-	-	(585)
Application of Capital Grants to CAA	-	-	-	-
Other Income and Expenditure	(14,927)	388	(5,129)	(19,668)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services	(20,205)	(700)	(5,153)	(26,058)

Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e., Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income as follows:

- For **Services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

Other Adjustments

Other differences between amounts debited or credited to the Comprehensive Income and Expenditure Statement and amounts payable or receivable to be recognised under statute as follows:

- For **Services** – the other differences column recognises adjustments to the General Fund for accumulated absences.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and business rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

NOTE 6B - SEGMENTAL INCOME

Trading Income received on a segmental basis is analysed below:

Service Segment	Income Area	2024/25 Income from Services £'000	2023/24 Income from Services £'000
General Fund Assets	Bereavement	(897)	(821)
General Fund Assets	Car Parking	(946)	(812)
Leisure and Culture	Leisure	(351)	(687)
Neighbourhoods	Markets	(81)	(81)
Neighbourhoods	Green Waste	(697)	(620)
Neighbourhoods	Commercial Waste	(395)	(395)
Regulatory	Licensing	(181)	(176)
Planning and Strategic Infrastructure	Planning	(594)	(571)
Regulatory	Land Charges	(52)	(62)
Regulatory	Building Control	(244)	(141)
Total Income analysed on a segmental basis		(4,438)	(4,366)

NOTE 7 EXPENDITURE AND INCOME ANALYSED BY NATURE

The authority's expenditure and income is analysed as follows:

Income and Expenditure 2023/24 £'000		Income and Expenditure 2024/25 £'000
	Expenditure	
10,108	Employee benefits expenses	10,181
14,994	Other services expenses	22,796
190	Investment property expenditure	168
2,876	Depreciation, amortisation, impairment	3,260
311	Interest payments	171
12,081	Benefits expenditure	11,879
3,008	Precepts and levies	3,404
411	Increase/(Decrease) in impairment allowance	82
5,486	Business Rates tariff and levy	5,676
246	Change in fair value of investment property	95
1,374	Change in fair value of Financial Assets at Fair Value through Profit and Loss	-
-	Loss on disposal of non-current assets	11
3,118	Pensions interest cost	3,549
54,203	Total Expenditure	61,272
	Income	
(13,324)	Income from council tax and non-domestic rates	(13,685)
(18,541)	Grants and contributions	(9,186)
(14,057)	Other grants and contributions (capital)	(22,633)
(11,874)	Benefits income	(11,647)
(8,549)	Fees, charges and other service income	(10,346)
(115)	Decrease in impairment allowance	(190)
(3,040)	Interest and investment income	(2,480)
-	Gain on disposal of non-current assets	(5)
-	Gain on entry – peppercorn lease	(723)
(6,417)	Premium/(discount) on premature repayment of borrowing	-
-	Change in fair value of Financial Assets at Fair Value through Profit and Loss	(231)
(665)	Investment property income	(635)
(297)	Changes in fair value of investment property	(1,087)
(2,730)	Pensions interest income	(3,162)
(79,609)	Total Income	(76,010)
(25,406)	(Surplus) or Deficit on the Provision of Services	(14,738)

NOTE 8 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against:

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2024/25	Usable Reserves		
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.			
Pensions costs	(855)	-	-
Statutory over-ride for unrealised fair value movements in pooled funds	(231)	-	-
Council tax and business rates	607	-	-
Holiday pay	18	-	-
Movement in the market value of Investment Property	(992)	-	-
Financial instruments	642	-	-
Capital grants and contributions applied to capital financing	(5,963)	-	(8,695)
Capital grants and contributions not applied to capital financing	(16,669)	-	16,669
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure	13,197	-	-
Total Adjustments to Revenue Resources	(10,246)	-	7,974
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	-	-	-
Provision for the repayment of debt	(232)	-	-
Gain on peppercorn lease	(723)	-	-
Capital expenditure financed from revenue balances	(195)	-	-
Total Adjustments between Revenue and Capital Resources	(1,150)	-	-
Adjustments to Capital Resources			
Application of capital grants to finance capital expenditure	-	-	-
Total Adjustments	(11,396)	-	7,974

	Usable Reserves		
2023/24	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.			
Pensions costs	(700)	-	-
Statutory over-ride for unrealised fair value movements in pooled funds	1,374	-	-
Council tax and business rates	(728)	-	-
Holiday pay	(23)	-	-
Movement in the market value of Investment Property	(51)	-	-
Financial instruments	(5,776)	-	-
Capital grants and contributions applied to capital financing	(3,771)	-	-
Capital grants and contributions not applied to capital financing	(21,074)	-	20,924
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure	5,365	-	-
Total Adjustments to Revenue Resources	(25,384)	-	20,924
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	-	-	-
Provision for the repayment of debt	(585)	-	-
Capital expenditure financed from revenue balances	(239)	-	-
Total Adjustments between Revenue and Capital Resources	(824)	-	-
Adjustments to Capital Resources			
Application of capital grants to finance capital expenditure	150	-	(150)
Total Adjustments	(26,058)	-	20,774

NOTE 9 TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2024/25.

Reserve	Balance at 31 March 2023 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2024 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2025 £'000
Capital Funding	(5,642)	54	(802)	(6,390)	138	-	(6,252)
Transformation Reserve	(1,546)	1,104	(539)	(981)	440	(1,189)	(1,730)
Repairs and Renewals	(666)	70	(16)	(612)	37	(15)	(590)
ICT Reserve	(52)	17	-	(35)	-	-	(35)
Housing Reserve	(1,452)	80	(77)	(1,449)	89	(404)	(1,764)
Controlling Migration	(14)	-	-	(14)	-	-	(14)
Insurance Reserve	(250)	42	-	(208)	10	-	(198)
Property Fund Returns Risk Mitigation Reserve	(1,116)	-	-	(1,116)	-	-	(1,116)
Property Fund Reserve	(116)	-	(31)	(147)	68	-	(79)
Planning Reserve	(86)	20	(273)	(339)	15	(110)	(434)
Funding Volatility Reserve	(2,566)	674	-	(1,892)	10	(1,390)	(3,272)
Climate Change Reserve	(84)	1	(18)	(101)	29	(52)	(124)
S106 & Commuted Sums Reserve	(157)	29	-	(128)	20	(1,123)	(1,231)
Contingency Reserve	(578)	196	-	(382)	171	-	(211)
Total	(14,325)	2,287	(1,756)	(13,794)	1,027	(4,283)	(17,050)

NOTE 10 OTHER OPERATING INCOME AND EXPENDITURE

2023/24 £'000		2024/25 £'000
533	Parish council precepts	579
	Internal Drainage Board levies	
1,257	Witham Fourth	1,508
1,139	Black Sluice	1,233
78	Welland and Deeping	83
1	South Holland	1
-	(Gains)/Losses on disposal of non-current assets	6
3,008	Total	3,410

NOTE 11 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2023/24 £'000		2024/25 £'000
311	Interest payable and similar charges	171
388	Net interest on the net defined benefit liability	387
(1,575)	Interest receivable and similar income	(1,767)
(526)	Income and expenditure in relation to investment properties and changes in their fair value	(1,459)
296	Movement in impairment allowance for bad debts	(108)
(1,465)	Income receivable from property fund holdings	(714)
(6,417)	Premium/(discount) on premature repayment of borrowing	-
1,374	Movement in fair value of property funds in year	(231)
(7,614)	Total	(3,721)

NOTE 12 TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

2023/24 £'000		2024/25 £'000
(5,476)	Council tax income	(5,623)
(2,362)	Non-domestic rates income and expenditure retained business rates after payment of tariff	(2,386)
(433)	Revenue Support Grant	(461)
(3,552)	Non ringfenced Government grants	(3,714)
(14,057)	Capital grants and contributions	(22,633)
-	Gain on entry – peppercorn lease	(723)
(25,880)	Total	(35,540)

NOTE 13 PROPERTY, PLANT AND EQUIPMENT - Movement on Balance

Movements in 2024/25	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property Plant and Equipment £'000
Cost or Valuation						
At 1 April 2024	36,339	4,510	62	119	-	41,030
Additions	520	296	50	-	4,278	5,144
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,161)	-	-	-	-	(1,161)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(592)	-	-	-	-	(592)
De-recognition - disposals	-	(51)	-	-	-	(51)
Assets reclassified (to)/ from Held for sale	-	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-	-
At 31 March 2025	35,106	4,755	112	119	4,278	44,370
Accumulated Depreciation and Impairment						
At 1 April 2024	-	(2,300)	(62)	-	-	(2,362)
Depreciation charge	(2,017)	(611)	-	-	-	(2,628)
Depreciation written out to the Revaluation Reserve	1,958	-	-	-	-	1,958
Depreciation written out to the Surplus/Deficit on the Provision of Services	59	-	-	-	-	59
Impairment (losses) Reversals recognised in revaluation reserve	-	-	-	-	-	-
De-recognition - disposals	-	40	-	-	-	40
Other movements in depreciation and impairment	-	-	-	-	-	-
At 31 March 2025	-	(2,871)	(62)	-	-	(2,933)
Net Book Value						
At 31 March 2025	35,106	1,884	50	119	4,278	41,437
At 31 March 2024	36,339	2,210	-	119	-	38,668

Movements in 2023/24	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Community Assets £'000	Surplus Assets £'000	Total Property Plant and Equipment £'000
Cost or Valuation					
At 1 April 2023	35,034	5,139	62	142	40,377
Additions	3,088	363	-	-	3,451
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,712)	-	-	(23)	(1,735)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(71)	-	-	-	(71)
De-recognition - disposals	-	(992)	-	-	(992)
Assets reclassified (to)/ from Held for sale	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-
At 31 March 2024	36,339	4,510	62	119	41,030
Accumulated Depreciation and Impairment					
At 1 April 2023	-	(2,741)	(62)	-	(2,803)
Depreciation charge	(2,234)	(551)	-	-	(2,785)
Depreciation written out to the Revaluation Reserve	2,233	-	-	-	2,233
Depreciation written out to the Surplus/Deficit on the Provision of Services	1	-	-	-	1
Impairment (losses) Reversals recognised in revaluation reserve	-	-	-	-	-
De-recognition - disposals	-	992	-	-	992
Other movements in depreciation and Impairment	-	-	-	-	-
At 31 March 2024	-	(2,300)	(62)	-	(2,362)
Net Book Value					
At 31 March 2024	36,339	2,210	-	119	38,668
At 31 March 2023	35,034	2,398	-	142	37,574

Depreciation

The following useful lives have been used in the calculation of depreciation:

- Other land and buildings 1 - 64 years
- Vehicles, Plant and Equipment 1 - 20 years

Freehold land is not depreciated.

Capital Commitments

There were no material capital commitments in existence at 31 March 2025.

Effects of Changes in Estimates

In 2024/25, no material changes were made to the Council's accounting estimates for Property, Plant and Equipment.

Revaluations

The Council carries out a programme that ensures that all Property, Plant and Equipment required to be measured at current value is regularly revalued. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors Global Standards, incorporating the ISVC International Valuation Standards. Revaluations during 2024/25 were undertaken by Ed Cox MRICS, the South East Lincolnshire Councils Partnership's qualified valuer.

	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Surplus Assets £'000	Community Assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	-	1,884	-	50	4,278	6,212
Valued at current value at 31 March 2025	35,106	-	119	-	-	35,225
Total Cost or Valuation	35,106	1,884	119	50	4,278	41,437

NOTE 14 HERITAGE ASSETS

Reconciliation of the carrying value of Heritage Assets held by the Council.

The Council's Heritage Assets are held in storage, at the Municipal Buildings and Guildhall, and also located at various sites in and around Boston. The Guildhall has collections of heritage assets which are held in support of the primary objective of the Museum i.e., increasing the knowledge, understanding and appreciation of the Council's history and local area.

All the assets have been in the Council's ownership for a number of years and are held for their intrinsic worth as opposed to financial gain. As such they are unlikely to be sold. There were no additions or disposals in the current financial year.

The Council's collection of heritage assets is accounted for as follows:

2024/25	Cost or Valuation at 1 April 2024 £'000	Revaluation adjustment £'000	Cost or Valuation at 31 March 2025 £'000
Coins and Medals	4	-	4
Art Collection	526	-	526
Silverware, Charters and Civic Regalia	644	-	644
Archaeology	2	-	2
Ancient Monuments and Heritage Sites in Boston	39	-	39
Social History	349	-	349
Unaccessioned Pieces	5	-	5
Total	1,569	-	1,569

2023/24	Cost or Valuation at 1 April 2023 £'000	Revaluation adjustment £'000	Cost or Valuation at 31 March 2024 £'000
Coins and Medals	4	-	4
Art Collection	526	-	526
Silverware, Charters and Civic Regalia	644	-	644
Archaeology	2	-	2
Ancient Monuments and Heritage Sites in Boston	39	-	39
Social History	349	-	349
Unaccessioned Pieces	5	-	5
Total	1,569	-	1,569

Ancient Monuments and Heritage Sites

The War Memorial in Strait Bargate, Boston is held on the balance sheet at its insurance valuation.

The Council does not consider that reliable cost or valuation information can be obtained for its ancient monuments. This is because of the nature of the assets held and lack of comparable market values. Consequently, the Council recognises these assets on the balance sheet at nil value.

Civic Regalia

The Council's Civic Regalia was last valued by Bonham's in January 2017 and was based on its insurance valuation as proxy for market value.

Museum Collection

The museum collection is varied and is categorised into Archaeology, Coins and Medals, Fine Art, Natural History, Social History and Ethnographic collections. In addition, there is a small group of objects which have not been accessioned into the collection and form the Educational /Handling collection. The Collection was last valued by Bonham's in January 2017 and was based on its insurance valuation as proxy for market value.

The Manager responsible for the service area which maintains the museum collection has indicated that the value shown on the Balance Sheet reflects all items of material value to the Council.

NOTE 15 INVESTMENT PROPERTIES

The following items of income and expenditure have been accounted for in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

	2024/25 £'000	2023/24 £'000
Rental income from investment property	(635)	(665)
Direct operating expenses arising from investment property	168	190
Net (gains)/losses from fair value adjustments	(992)	(51)
Net gain/(loss)	(1,459)	(526)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year.

	2024/25 £'000	2023/24 £'000
Balance at start of the year	4,679	4,627
Additions		
- Subsequent expenditure	-	-
Net gains/losses from fair value adjustments	992	51
Transfers from Property, Plant and Equipment	-	-
Other Movements	-	1
Balance at end of year	5,671	4,679

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2025 is as follows:

Recurring fair value measurements using:	Significant unobservable inputs (Level 3)	Significant unobservable inputs (Level 3)
	2024/25 £'000	2023/24 £'000
Commercial Industrial Units	1,040	735
Other Commercial Property	4,631	3,944
Balance at end of year	5,671	4,679

Transfers between Levels of Fair Value Hierarchy

There were no transfers between levels of fair value hierarchy in year.

Valuation Techniques Used to Determine Level 3 for Investment Properties

Significant Unobservable Inputs – Level 3

Where the comparable data needs to be adjusted by the valuer in order to reflect the specific circumstances of the valuation subject, the valuer uses his judgement and experience. This includes assumptions regarding rent level and prospective rental growth, occupancy levels, floor area and state of repair.

These adjustments are the valuer's opinion and therefore subjective and considered to be Level 3 in the fair value hierarchy. The measurement technique uses significant unobservable inputs to determine the fair value measurements. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement of the assets.

Highest and best use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is deemed to be their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Reconciliation of Fair Value Measurements (Using Significant Unobservable Inputs) categorised within Level 3 of the Fair Value Hierarchy

	2024/25 £'000	2023/24 £'000
Opening Balance	4,679	4,627
Transfers into Level 3	-	-
Total gains (or losses) for the period included in Surplus or deficit on the Provision of Services resulting from changes in the fair value	992	51
Other Movements	-	1
Closing Balance	5,671	4,679

Gains or losses arising from changes in fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure.

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured at each reporting date. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers regarding all valuation matters.

NOTE 16 INTANGIBLE ASSETS

The Council accounts for its software as intangible assets. Intangible assets include purchased licenses. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £13,000 was charged to an overhead account and then absorbed across service headings in the Cost of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

2023/24 £'000		2024/25 £'000
	Balance at start of year:	
260	- Gross carrying amounts	209
(199)	- Accumulated amortisation	(170)
61	Net carrying amount at start of year	39
	Additions:	
-	- Purchases	-
-	- Derecognition – Others	-
(22)	Amortisation for the period	(13)
39	Net carrying amount at end of year	26
	Comprising:	
209	- Gross carrying amounts	209
(170)	- Accumulated amortisation	(183)
39		26

NOTE 17 FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

The following categories of financial instruments are carried in the Balance Sheet:

Financial Assets	Non-Current				Current					
	Long-term Investments		Long-term Debtors		Short-term Investments		Short-term debtors		Total	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised cost										
Investments										
Principal	-	-	-	-	32,000	23,000	-	-	32,000	23,000
Accrued Interest	-	-	-	-	609	705	-	-	609	705
Cash and cash equivalents										
Principal	-	-	-	-	2,863	5,703	-	-	2,863	5,703
Accrued Interest	-	-	-	-	16	27	-	-	16	27
Mortgages and car loans	-	-	14	14	-	-	2	3	16	17
Trade debtors	-	-	-	-	-	-	3,303	3,339	3,303	3,339
Amortised Cost Total	-	-	14	14	35,488	29,435	3,305	3,342	38,807	32,791
Fair Value through Profit and Loss										
Property Fund Holdings										
Net Asset Value	15,237	15,005	-	-	-	-	-	-	15,237	15,005
Accrued Income	-	-	-	-	93	124	-	-	93	124
Total Financial Assets	15,237	15,005	14	14	35,581	29,559	3,305	3,342	54,137	47,920

Financial Liabilities	Non-Current				Current					
	Long-term Borrowings		Long-term Creditors		Short-term Borrowings		Short-term Creditors		Total	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised cost										
External borrowing										
Principal	(1,000)	(1,000)	-	-	-	-	-	-	(1,000)	(1,000)
Accrued Interest	-	-	-	-	-	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-	-	-	-
Trade creditors	-	-	-	-	-	-	(3,287)	(3,347)	(3,287)	(3,347)
Total financial liabilities	(1,000)	(1,000)	-	-	-	-	(3,287)	(3,347)	(4,287)	(4,347)

External Borrowing - Analysis	Long-Term		Short Term	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£'000	£'000	£'000	£'000
Public Works Loan Board (PWLB)	-	-	-	-
Other Market Debt	(1,000)	(1,000)	-	-
Total External Borrowing	(1,000)	(1,000)	-	-

	2024/25 Surplus or Deficit on the Provision of Services £'000	2023/24 Surplus or Deficit on the Provision of Services £'000
Net gains/losses on:		
Financial assets measured at fair value through profit and loss	(231)	1,374
Total Net gains/ losses	(231)	1,374
Interest Revenue		
Financial assets measured at amortised cost	(1,767)	(1,575)
Financial assets measured at fair value through profit and loss	(713)	(1,465)
Total interest revenue	(2,480)	(3,040)
Interest expense	111	311
Fee Expense		
Property Fund Management Fees	179	182
Brokers fees	3	6
Total Fee Expense	182	188

Fair Value of Financial Assets

Some of the Council's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

The Council held £15.237m in property funds on 31 March 2025 (£15.005m at 31 March 2024). These represent level 1 inputs in the fair value hierarchy. Fair Value has been assessed using the published Net Asset Value of the funds and the balance sheet reflects these valuations.

Financial assets measured at fair value				
Recurring fair value measurements	Input level in the fair value hierarchy	Valuation technique used to measure fair value	31 March 2025 £'000	31 March 2024 £'000
Financial instruments classified as fair value through profit and loss				
Schroder UK Real Estate Property Fund	Level 1	Unadjusted quoted prices in active markets for identical units	3,556	3,593
Threadneedle Property Unit Trust	Level 1	Unadjusted quoted prices in active markets for identical units	3,657	3,519
M & G UK Property Fund	Level 1	Unadjusted quoted prices in active markets for identical units	464	482
BlackRock UK Property Fund	Level 1	Unadjusted quoted prices in active markets for identical units	4,046	3,979
AEW UK Core Property Fund	Level 1	Unadjusted quoted prices in active markets for identical units	3,514	3,432
TOTAL			15,237	15,005

The combined purchase price of property fund investments was £20.990m so the decrease in value since purchase as of 31 March 2025 was £5.753m. This reduction in fair value can partly be offset by £3.664m additional revenue distributions received from M&G as part of the fund liquidation process.

The net increase in value of the capital funds during the year of £231k has been credited to the Capital Adjustment Account in line with the statutory override.

In accordance with the Council's Minimum Revenue Provision Policy approved by Council on 4 March 2024 consideration has been given to the combined fair value of the capital property funds. Based on the increased values a Minimum Revenue Provision of £50k has been made in the 2024/25 financial year.

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between input levels 1 and 2 during the year.

Changes in the Valuation Technique

There has been no change in the valuation technique used during the year for the financial instruments.

Fair Values of Assets and Liabilities that are not measured at Fair Value (but which fair value disclosures are required)

Except for the financial assets carried at fair value, all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, PWLB prevailing rates have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment highlighting the impact of the alternative valuation.
- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

Liabilities	31 March 2025		31 March 2024	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Long Term Borrowing				
Market Loan	(1,000)	(1,638)	(1,000)	(2,194)
PWLB	-	-	-	-
	(1,000)	(1,638)	(1,000)	(2,194)

For long term borrowing, the fair value is higher than the carrying amount because the loan is at a fixed rate where the interest rate payable is higher than the prevailing rate at the Balance Sheet date. This shows a notional future loss (based on economic conditions on 31 March 2025) arising from a commitment to pay interest to lenders above current market rates.

The Long Term PWLB Borrowings were prematurely repaid in full during 2023/24.

Assets	31 March 2025		31 March 2024	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Short term investments	32,609	32,609	23,705	23,705
Long Term Debtors	-	-	-	-
	32,609	32,609	23,705	23,705

As the investments referred to in the above table are short term the fair value is assumed to be the carrying amount.

NOTE 18 DEBTORS

31 March 2024* Net £'000		31 March 2025 Gross £'000	31 March 2025 Impairment £'000	31 March 2025 Net £'000
96	Trade debtors	714	(310)	404
5,017	Council Tax & NNDR debtors	7,428	(1,258)	6,170
3,297	Related parties	2,474	-	2,474
438	Prepayments	501	-	501
240	Costs	740	(484)	256
1,369	Other entities and individuals	3,715	(1,092)	2,623
10,457	Total	15,572	(3,144)	12,428

*Prior year figures have been restated for comparison with current year figures.

NOTE 18A – DEBTORS FOR LOCAL TAXATION

The past due but not impaired amount for local taxation (Council Tax and Non-Domestic Rates) can be analysed by age as follows:

31 March 2024 £'000		31 March 2025 £'000
839	Less than one year	875
1,727	More than one year	1,947
2,566	Total	2,822

NOTE 19 CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2024 £'000		31 March 2025 £'000
1	Cash held by the Council	-
68	Bank Current Accounts	149
5,661	Short term deposits with counterparties	2,730
5,730	Cash and cash equivalents categorised as Current Assets	2,879
-	Bank current accounts – Bank Overdraft	-
-	Cash and cash equivalents categorised as Current Liabilities	-
5,730	Total Cash and Cash Equivalents	2,879

NOTE 20 ASSETS HELD FOR SALE

There are no assets held for sale as at 31 March 2025.

NOTE 21 CREDITORS

2023/24 £'000		2024/25 £'000
(1,357)	Trade Payables	(1,470)
(1,747)	Council Tax & NDR Payables	(1,018)
(311)	Other Payables - Central Government	(541)
(1,990)	Other Payables - Other LA's	(1,803)
(60)	Other Payables	(91)
(1,584)	Receipts in Advance	(941)
(7,049)	Total	(5,864)

NOTE 22 PROVISIONS

	Business Rate Appeals £'000
Balance at 1 April 2024	(302)
Additional provisions made in 2024/25	(144)
Amounts used in 2024/25	-
Unused amounts reversed in 2024/25	121
Balance at 31 March 2025	(325)

The provision represents Boston's share (40% of £0.813m as at 31 March 2025), of the total provision for appeals against the rateable values set by the Valuation Office Agency (VOA) not settled as at 31 March 2025. The total provision has been recognised in the Collection Fund Statement (page 80). Whilst the expected timing of the outflows is uncertain as the decision on these appeals is made by the Valuation Office Agency, it is assumed these will be settled within the next 12 months.

NOTE 23 USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

NOTE 24 UNUSABLE RESERVES

2023/24 £'000		2024/25 £'000
(22,150)	Revaluation Reserve	(21,715)
(19,404)	Capital Adjustment Account	(24,470)
(5,776)	Financial Instruments Adjustment Account	(5,134)
10,782	Pensions Reserve	10,212
(11)	Deferred Capital Receipts Reserve	(11)
(355)	Collection Fund Adjustment Account	252
56	Accumulated Absences Account	74
(36,858)		(40,792)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant, and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost.
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance of the Capital Adjustment Account.

2023/24 £'000		2024/25 £'000
(23,083)	Balance at 1 April	(22,150)
(1,408)	Upward revaluation of assets	(2,423)
909	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	1,627
(499)	Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services	(796)
1,432	Difference between fair value depreciation and historical cost depreciation	1,231
-	Accumulated gains on de-recognition of assets in year	-
-	Accumulated gain on asset transferred to Investment Properties	-
-	Other changes to accumulated gains	-
1,432	Amount written off to the Capital Adjustment Account	1,231
(22,150)	Balance at 31 March	(21,715)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The Account is debited with the cost of the acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on investment properties. The Account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2023/24 £'000		2024/25 £'000
(19,915)	Balance at 1 April	(19,404)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
2,785	Charges for depreciation and impairment of non-current assets	2,713
69	Revaluation losses/(reversals) on property, plant and equipment	533
22	Amortisation of intangible assets	13
2,488	Revenue expenditure funded from capital under statute	9,926
1	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	11
5,365		13,196
(1,432)	Adjusting amounts written out of the Revaluation Reserve	(1,231)
-	Net written out amount of the cost of non-current assets consumed in the year	-
	Capital financing applied in year	
-	Use of Capital Receipts to finance new capital expenditure	-
(3,771)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(14,658)
(150)	Application of grants to capital financing from the Capital Grants Unapplied Account	-
(585)	Provision for financing capital investment charged against the General Fund balance	(232)
(239)	Capital expenditure charged against the General Fund balance	(195)
(4,745)		(15,085)
1,374	Movements in the fair value of property funds debited or credited to the Comprehensive Income and Expenditure Statement	(231)
	Gain on entry of peppercorn lease credited to the Comprehensive Income and Expenditure Statement	(723)
(51)	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	(992)
(19,404)	Balance at 31 March	(24,470)

Financial Instruments Adjustment Account

The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Council uses the account to manage discounts received on the early redemption of loans. During 2023/24 the Council redeemed £15.449m of PWLB loans and received a discount of £6.417m. Discounts are credited to the Comprehensive Income and Expenditure Statement when they are received but reversed out of the General Fund balance to the account in the Movement in Reserves Statement. Over time, the discount is posted back to the General Fund balance in accordance with statutory arrangements for spreading the benefit to council tax. In the Council's case, this period is 10 years from the date the loans were redeemed. As a result, the balance on the account at 31 March 2025 of £5.134m will be credited to the General Fund over the next 8 years.

2023/24 £'000		2024/25 £'000
-	Balance at 1 April	(5,776)
(6,417)	Discounts received in the year on early repayment of borrowing and credited to the Comprehensive Income and Expenditure Statement	-
641	Proportion of discounts to be credited against the General Fund balance in accordance with statutory requirements	642
(5,776)	Difference between discounts credited to the Comprehensive Income and Expenditure Statement and those charged to the General Fund under statute	642
(5,776)	Balance at 31 March	(5,134)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2023/24 £'000		2024/25 £'000
9,220	Balance at 1 April	10,782
2,262	Remeasurement of the net defined benefit liability	285
1,599	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement	1,447
(2,299)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,302)
10,782	Balance at 31 March	10,212

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and business ratepayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2023/24 £'000		2024/25 £'000
373	Balance at 1 April	(355)
(728)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	607
(355)	Balance at 31 March	252

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

2023/24 £'000		2024/25 £'000
79	Balance at 1 April	56
(79)	Settlement or cancellation of accrual made at end of the preceding year	(56)
56	Amounts accrued at the end of the current year	74
(23)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	18
56	Balance at 31 March	74

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2023/24 £'000		2024/25 £'000
(11)	Balance at 1 April	(11)
-	Transfer to the Capital Receipts Reserve upon receipt of cash	-
(11)	Balance at 31 March	(11)

NOTE 25 CASH FLOW - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2024/25 £'000	2023/24 £'000
Interest/income received from investments and property fund holdings	2,576	2,566
Interest paid	(170)	(418)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

	2024/25 £'000	2023/24 £'000
Depreciation	2,714	2,785
Impairments and downward valuations	533	69
Amortisation	13	22
Movement in contract assets IFRS15	-	-
Increase / (decrease) in short term creditors	(1,840)	(1,097)
(Increase) / decrease in short term debtors	(873)	1,388
(Increase) / decrease in inventories	-	-
Movement in pension liability	(855)	(700)
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	12	2
Other non-cash items charged to the net surplus or deficit on the provision of services	(1,926)	1,194
	(2,222)	3,663
<i>The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities</i>		
Proceeds from the sale of non-current assets	-	-
Any other items for which the cash effects are investing or financing cash flows	(22,633)	(24,695)
	(22,633)	(24,695)

NOTE 26 CASH FLOW - INVESTING ACTIVITIES

	2024/25 £'000	2023/24 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(4,918)	(3,169)
Purchase of short term investments	(32,000)	(23,000)
Purchase of property fund holdings	-	-
Other payments for investing activities	-	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-	-
Proceeds from short term and long term investments	23,000	14,000
Other receipts from investing activities	22,812	24,547
Net cash flows from investing activities	8,894	12,378

NOTE 27 CASH FLOW - FINANCING ACTIVITIES

	2024/25 £'000	2023/24 £'000
Cash receipts of short and long term borrowing	-	-
Repayments of short and long term borrowing	-	(15,449)
Amounts relating to major preceptors & NNDR	(1,552)	(2,636)
Cash payments for the reduction of outstanding liabilities relating to leases	(77)	-
Net cash flows from financing activities	(1,629)	(18,085)

NOTE 28 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2024/25 1 April £'000	Financing Cashflows £'000	Non-Cash Changes £'000	2024/25 31 March £'000
Council Tax & NNDR Debtors	(4,808)	-	(1,150)	(5,958)
Council Tax & NNDR Creditors	884	-	(402)	482
Cash payments for the reduction of outstanding liabilities relating to leases	-	(77)	-	(77)
Total Liabilities from Financing Activities	(3,924)	(77)	(1,552)	(5,553)

NOTE 29 MEMBERS' ALLOWANCES

The Council paid the following amounts to its elected members during the year.

	31 March 2025 £'000	31 March 2024 £'000
Allowances	363	271
Expenses	4	5
Total	367	276

NOTE 30 OFFICERS' REMUNERATION

a. Senior Officers Remuneration

The tables below include those officers who report directly to members or the Chief Executive and who have responsibility for the strategies of the Council. During 2021/22 a partnership was created between Boston Borough Council, East Lindsey District Council and South Holland District Council to form the South and East Lincolnshire Council's Partnership (S&ELCP) where senior officers are shared between the three authorities.

This includes the Chief Executive Officer, Monitoring Officer, Deputy Chief Executive for Communities and SIRO, and an element of the Deputy Chief Executive (Programme Delivery) and Assistant Director General Fund Assets role are employed by East Lindsey District Council. The Deputy Chief Executive (Corporate Development & S151) is employed by South Holland District Council. The costs are recharged to the Council.

The total remuneration for these employees are as follows; Boston Borough Council's costs for these roles are shown separately. Details relating to other costs of the partnership arrangements are included in the Related Party Transactions Note 33.

2024/25	Salary, fees, and allowances	Expenses Allowances	Pension Contribution	Severance Payments	Total	BBC Costs Only
Job Title	£	£	£	£	£	£
*Chief Executive Officer	165,282	337	36,993	-	202,612	46,601
*Deputy Chief Executive (Programme Delivery) & Assistant Director General Fund Assets	111,289	1,472	26,354	-	139,115	31,997
*Deputy Chief Executive (Programme Delivery & SIRO)	65,069	-	14,935	-	80,004	18,401
*Deputy Chief Executive (Corporate Development & S151)	146,297	505	33,632	-	180,434	41,500
*Deputy Chief Executive (Communities)	131,128	-	30,980	-	162,108	37,285
*Assistant Director (Governance and MO)	92,778	1,330	21,540	-	115,648	26,599

2023/24	Salary, fees, and allowances	Expenses Allowances	Pension Contribution	Severance Payments	Total	BBC Costs Only
Job Title	£	£	£	£	£	£
*Chief Executive Officer	142,162	237	35,164	-	177,563	40,839
Deputy Chief Executive (Growth) (to 10/09/23)	53,080	5,855	11,322	-	70,257	16,159
*Deputy Chief Executive (Programme Delivery & SIRO)	119,747	-	27,962	-	147,709	33,973
*Deputy Chief Executive (Corporate Development & S151)	130,697	1,170	29,141	-	161,008	37,032
*Deputy Chief Executive (Communities)	124,905	-	29,141	-	154,046	35,431
*Assistant Director (Governance and MO)	87,737	612	20,365	-	108,714	25,004

*These statutory officers are employed by either East Lindsey District Council or South Holland District Council, with their costs being recharged to the Council as part of the shared management arrangement for the strategic alliance and S&ELCP, included for completeness.

Costs relating to the Interim Director of Finance, who commenced in March 2025, totalled £22,848, of which Boston Borough Council contributed £5,255.

b. Employees by remuneration band

Other employees employed and paid by Boston Borough Council receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration band	2024/25	2023/24
£50,000-£54,999	3	6
£55,000-£59,999	1	3
£60,000-£64,999	1	-
£65,000-£69,999	-	-
£70,000-£74,999	-	1
£75,000-£79,999	-	-
£80,000-£84,999	1	-
£85,000-£89,999	-	-
£90,000-£94,999	-	3
£95,000-£99,999	-	-
£100,000-£104,999	2	-

c. Exit packages

The numbers of exit packages with total cost per band and total cost of compulsory and other redundancies are set out in the table below:

The total cost of £24,848 in the table below for exit packages has been charged to the Council's Comprehensive Income and Expenditure Statement in the current year.

Exit Package cost band (including special payments)	Number of Compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
£0 - £20,000	7	-	3	7	10	7	24,848	18,426
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
Total cost included in bandings	7	-	3	7	10	7	24,848	18,426
Total cost included in CIES	7	-	3	7	10	7	24,848	18,426

NOTE 31 EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and to non-audit services provided by the Council's external auditors:

	2024/25 £'000	2023/24 £'000
Statutory Audit Services		
Fees payable to KPMG LLP with regard to external audit services carried out by the appointed auditor for the year	153	131
Fees payable to KPMG LLP with regard to external audit services carried out by the appointed auditor for the prior year	26	-
Fees payable to KPMG LLP with regard to certification of grants and claims	45	-
Total	224	131

NOTE 32 GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2024/25.

	2024/25 £'000	2023/24 £'000
Credited to Taxation and Non-Specific Grant Income and Expenditure		
Revenue Support Grant	(461)	(433)
S31 Grant – Business Rate Grant	(2,678)	(2,591)
New Homes Bonus Scheme Grant	(343)	(288)
Other non-specific grants	(693)	(674)
Grants and contributions in relation to capital expenditure	(22,633)	(14,057)
	(26,808)	(18,043)
Credited to Services		
Housing Benefit Subsidy	(11,488)	(11,711)
Housing Benefits and Council Tax Administration Grant	(159)	(163)
Discretionary Housing Payment	(75)	(74)
Disabled Facilities Grant	-	(688)
Dispersal Grant	(325)	-
Towns Fund	(48)	(9,826)
Levelling Up	(332)	(781)
Boston Partnership Funding	(240)	-
UKSPF	(1,047)	(772)
Other	(2,944)	(2,414)
	(16,658)	(26,429)
Total of all Grants and Contributions	(43,466)	(44,472)
Of which, received from Central Government		
Central Government	(42,707)	(43,141)

NOTE 33 – RELATED PARTIES

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

UK Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g., housing benefits).

Details of material transactions with Central Government are shown below. 2023/24 comparators shown in brackets.

• Funding from Government	Note 32	£42.707m	(£43.141m)
• Non-Domestic Rates Share Payable	Collection Fund	£10.138m	(£9.572m)
• Debtors	Note 18	£2.315m	(£1.178m)
• Creditors	Note 21	£0.541m	(£0.311m)

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in Note 29. During 2024/25, a number of Members were also Directors of Public Sector Partnership Services, or were elected members of Lincolnshire County Council. Payments to Lincolnshire County Council, including Collection Fund precept payments, totalled £40,102,597 in 2024/25 (£37,972,840 in 2023/24) and receipts totalled £140,707 in 2024/25 (£116,282 in 2023/24). The net balance owing to the Council from Lincolnshire County Council at 31 March 2025 was £94,391 (£69,586 in 2023/24).

Twelve members declared interest in organisations which transacted with the Council in 2024/25 for the purchase or supply of goods and services, being board members of voluntary organisations which are supported with grants or contributions from the Council, their business received grants from the Council, being employees of organisations that transact with the Council, being board members of organisations who are precepting bodies, or undertaking charitable activities which have been supported by the Council. The Council has chosen not to disclose these transactions as they are below £10k and are therefore deemed to be immaterial.

The transactions over £10k for which Members declared an interest relating to the organisation were:

- payments totalling £59k to Boston Woods Trust
- payments of £21k to The Parish of Boston
- payments of £213k to Heritage Lincolnshire

These transactions were deemed to be in the normal course of business of the Council.

Details of specific transactions where members declared their interests are recorded in the Register of Members' Interest, open to public inspection at the Council Offices during office hours. The Council is compliant with the Localism Act 2012.

Management Team Officers

Management Team Officers have a requirement to declare their interests in associated companies and organisations in the year. In 2024/25, a number of Officers were also directors of Public Sector Partnership Services Board Member and held roles within Local Community Associations.

Other Public Bodies

During 2021/22 a partnership was created between Boston Borough Council, East Lindsey District Council and South Holland District Council to form the South and East Lincolnshire Council's Partnership (S&ELCP). The partnership shares a Chief Executive, Deputy Chief Executives, Assistant Directors and along with a number of shared officers.

In 2024/25, Boston Borough Council were charged by South Holland District Council £364,924 and by East Lindsey District Council £874,598 for their share of these posts. Boston Borough received income of £335,272 from South Holland District Council and £679,216 from East Lindsey District Council for the share of the costs it incurred in the year.

The Council has a Jointly Controlled Operation with South Holland District Council and Lincolnshire County Council, called the Joint Strategic Planning Committee for South East Lincolnshire. It exists to produce a Joint Local Development Plan where each Council agreed 50/50 matching for all relevant costs. This resulted in the value to be shared of £24,742 (£33,819 in 2023/24).

The Council works together with East Lindsey District Council whereby some refuse services are delivered by Boston Borough Council within the East Lindsey area using a shared resource. During 2024/25 the Council received £448,831 (£451,931 in 2023/24) in respect of this sharing arrangement.

Pension Fund – The Council paid an employer's contribution of £2.302m into Lincolnshire County Council's Superannuation Fund (£2.299m in 2023/24). Under the requirements of IAS19 the actuarial estimate shows a contribution of £2.422m payable in 2025/26. The fund provides its members with defined benefits related to pay and service. Full disclosure on Retirement Benefits is shown in Note 36.

Precepts paid to other authorities from Council Tax collected and other authorities retained share of National Non-Domestic Rates are detailed in the Collection Fund note.

The payments to internal drainage boards and parish and town councils is included in Other Operating Expenditure in Note 10 and was £3.404m in 2024/25 (£3.008m in 2023/24).

Entities Controlled or Significantly Influenced by the Council

Public Sector Partnership Services (formerly Compass Point Business Services)

Joint merged service organisation arrangements for the shared provision of a number of back office services with South Holland District Council and East Lindsey District Council were implemented with effect from 1 August 2010, delivered through Public Sector Partnership Services Ltd (PSPS, formerly Compass Point Business Services (CPBS) (East Coast) Ltd). The company added a further shareholder on 1 April 2021 in Boston Borough Council, and the Council accounts for this as an associate within the Group Accounts from 2021/22. The net balance outstanding between the Council and the Company at the 31 March 2025 was £52,983 (£4,776 in 2023/24).

Two officers and two councillors were directors of PSPS Ltd during the year. During 2024/25 payments totalling £4.693m were paid to PSPS (£4.251m 2023/24), and receipts from PSPS were £103,366 (nil in 2023/24).

Further information about the accounts of PSPS is available from the Company Secretary, New Bailey, 4 Stanley Street, Manchester M3 5JL.

NOTE 34 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2024/25 £'000	2023/24 £'000
Opening Capital Financing Requirement	18,405	17,211
Capital Investment		
Property, Plant and Equipment	5,144	3,452
Investment properties	-	-
Intangibles	-	-
Revenue Expenditure Funded from Capital under Statute	9,926	2,487
Leases	187	-
Sources of finance		
Government grants and other contributions	(14,658)	(3,921)
Direct revenue contributions	(195)	(239)
Minimum Revenue Provision	(154)	(585)
Minimum Revenue Provision – Leases	(78)	-
Closing Capital Financing Requirement	18,577	18,405
Explanation of movements in year		
(Decrease)/increase in underlying need to borrow	404	1,779
(Unsupported by government financial assistance)	(232)	(585)
(Decrease)/increase in the Capital Financing Requirement	172	1,194

NOTE 35 LEASES

In 2024/25, the Authority has applied IFRS 16 Leases as adopted by the Code of Accounting Practice. The main impact of the new requirements is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as liability), a right-of-use asset and a lease liability are to be brought into the balance sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2024 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. The details of the changes in accounting policies and transitional provisions are disclosed below.

Definition of a lease

On transition to IFRS 16, the Authority elected to apply the practical expedient not to reassess whether a contract is, or contains, a lease at 1 April 2024, except in relation to leases for nil consideration and housing tenancies.

The Council as a Lessee

As a lessee, the Authority previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Authority. Under IFRS 16, the Authority recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Authority decided to apply recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets. The Authority recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases classified as operating leases under IAS 17

The Authority used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Authority's incremental borrowing rate at that date
- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics
- The weighted average of the incremental borrowing rates used to discount liabilities was 5.23%
- Right-of use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded
- All leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 balance sheet
- For right-of-use assets for peppercorn or nominal lease payments a right-of use asset has been recognised at fair value on 1 April 2024 with the between that fair value and the lease liability credited as a gain in the surplus/deficit on the provision of services.

The Council did not previously disclose in 2023/24 leases where they were a lessee, therefore application of the Code's adaptation of IFRS16 has not resulted in additions to the balance sheet at 1 April 2024.

Leases classified as finance leases under IAS 17

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 April 2024 are determined at the carrying amount of the lease asset and lease liability under IAS 17 at 31 March 2024.

The Council as a Lessor

The Authority is not required to make any adjustment on transition to IFRS 16 for leases in which it acts as a lessor, except for authorities acting as an intermediate lessor (subletting an asset it has acquired under a lease), or where the Authority is party to a lease for nil consideration.

- Subleases have been reassessed at 1 April 2024 under IFRS 16 with reference to the right-of-use asset, not the underlying asset, over the remaining contractual terms and conditions of the headlease and sublease at that date.
- Where a sublease has changed classification from an operating lease to a finance lease, the sublease is accounted for as if it were a new finance lease entered into on 1 April 2024.

The Authority was not party to any sublease arrangements as lessor as at 1 April 2024.

Sale-and-leaseback

The Authority did not have any Sale and Leaseback transactions as at 1 April 2024.

The Council as a Lessee

Right of Use Assets

The authority has entered into a small number of lease arrangements, including for the provision of temporary accommodation.

The table below shows the change in the value of right-of-use assets held under leases by the authority:

	Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Total £'000
Balance at 1 April 2024	-	-	-
Additions	831	79	910
Revaluations	-	-	-
Depreciation and Amortisation	(24)	(64)	(88)
Disposals	-	-	-
Balance at 31 March 2025	807	15	822

Transactions under leases

The Authority incurred the following expenses and cash flows in relation to leases:

	2024/25 £'000
Comprehensive Income and Expenditure Statement	
Interest expense on lease liabilities	7
Cash Flow Statement	
Total cashflow for leases	84
Cash payments for interest portion of lease liabilities	7

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected payments):

	2024/25 £'000
Less than one year	42
One to five years	76
More than five years	-
Total undiscounted liabilities	118

Council as Lessor – Operating Leases

The Council leases out property under operating leases for the following purposes:

- For the provision of community services, such as sports facilities, tourism services and community centres, and
- For economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2025 £'000	31 March 2024 £'000
Not later than 1 year	528	542
Later than 1 year and not later than 5 years	687	953
Later than 5 years	276	283
	1,491	1,778

In addition, the Council received £85,000 as a charge for office space (£85,000 in 2023/24) from Public Sector Partnership Services (formerly Compass Point Business Services (East Coast) Ltd) in respect of the usage of office space only. No formal long term arrangement currently exists.

There are no contingent rents payable to/from the Council, both as lessee and lessor.

NOTE 36 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered by Lincolnshire County Council. This is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The Lincolnshire pension scheme is operated under the regulatory framework for the Local Government Pension

Scheme and the governance of the scheme is the responsibility of the pensions committee of Lincolnshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme, changes to inflation, bond yields, and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme	
	2024/25 £'000	2023/24 £'000
Comprehensive Income and Expenditure Statement		
Cost of services:		
<i>Service cost comprising:</i>		
Current service cost	927	1,164
Past service cost (including curtailments)	76	-
Administration Expenses	57	47
<i>Financing and investment income and expenditure</i>		
Net interest expense	387	388
Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services	1,447	1,599
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement		
Re-measurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	766	(2,959)
Other actuarial gains/(losses) on assets	-	-
Changes in Demographic Assumptions	(179)	(990)
Actuarial (gains) and losses arising on changes in financial assumptions	(8,073)	(988)
Other Experience	(154)	206
Changes in effect of asset ceiling	7,925	6,993
Total remeasurements recognised in Other Comprehensive Income and Expenditure	285	2,262
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	1,732	3,861
Movement in Reserves Statement		
Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	855	700
Actual amount charged against the General Fund Balance for pensions in the year		
Employer's contributions payable to the Scheme	2,302	2,299

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	Local Government Pension Scheme	
	2024/25 £'000	2023/24 £'000
Present value of the defined benefit obligation	(57,947)	(65,558)
Fair value of plan assets	63,505	62,342
Impact on asset ceiling	(15,276)	(6,993)
Sub total	(9,718)	(10,209)
Present value of the unfunded liabilities	(494)	(573)
Net liability arising from defined benefit obligation	(10,212)	(10,782)

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	Local Government Pension Scheme	
	2024/25 £'000	2023/24 £'000
Opening fair value of scheme assets	62,342	57,054
Interest income	3,162	2,730
Settlement prices received/ (paid)	-	-
Other actuarial gains/(losses)	-	-
Remeasurement gain / (loss):		
The return on plan assets, excluding the amount included in the net interest expense	(766)	2,959
Contributions from employer	2,229	2,230
Contributions in respect of unfunded benefits	73	69
Contributions from employees into the scheme	550	433
Admin expenses (on current service cost)	(57)	(47)
Benefits paid	(4,028)	(3,086)
Closing fair value of scheme assets	63,505	62,342

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Local Government Pension Scheme	
	2024/25 £'000	2023/24 £'000
Opening balance at 1 April	(66,131)	(66,274)
Current service cost	(927)	(1,164)
Past service cost	(76)	-
Interest cost	(3,191)	(3,118)
Contributions by scheme participants	(550)	(433)
Remeasurement gains / losses:		
Changes in demographic assumptions	179	990
Actuarial gains / losses arising from changes in financial assumptions	8,073	988
Other experience	154	(206)
Effect of Settlements		
Benefits paid	4,028	3,086
Closing balance at 31 March	(58,441)	(66,131)

Reconciliation of Asset Ceiling

	Local Government Pension Scheme	
	2024/25 £'000	2023/24 £'000
Opening Balance at 1 April	6,993	-
Interest on impact of asset ceiling	358	-
Actuarial losses/(gains)	7,925	6,993
Closing Balance at 31 March	15,276	6,993

The asset ceiling is the present value of any economic benefit available to the employer in the form of refunds or reduced future employer contributions. Actuaries have calculated the asset ceiling following their interpretation of IFRIC14. The calculations of asset ceiling is based on following factors:

- There is no prospect of the Council having an unconditional right to a refund of surplus on the basis that such a payment would be at the discretion of the Fund.
- The Council is a scheduled body and assumed to participate indefinitely.
- Primary contributions are considered to be a minimum funding requirement (MFR)
- The MFR exceeds the current cost of accrual and so the potential economic benefit from future contributions reductions is nil. Therefore the surplus is restricted to nil.

Local Government Pension Scheme assets comprised:

	2024/25				2023/24			
	Quoted prices in active markets £'000	% of total assets	Quoted prices not in active markets £'000	% of total assets	Quoted prices in active markets £'000	% of total assets	Quoted prices not in active markets £'000	% of total assets
Cash and Cash Equivalents	1,905	3%	-	-	1,870	3%	-	-
Equity Instruments								
UK	5,080	8%	-	-	4,987	8%	-	-
Overseas	25,402	40%	-	-	26,184	42%	-	-
Debt Securities								
Corporate Bonds - UK	8,256	13%	-	-	7,481	12%	-	-
Corporate Bonds - Overseas	-	-	-	-	-	-	-	-
Fixed Interest Government - UK	-	-	-	-	-	-	-	-
Fixed Interest Government – Overseas	-	-	-	-	-	-	-	-
Index Linked Government - UK	-	-	-	-	-	-	-	-
Index Linked Government – Overseas	-	-	-	-	-	-	-	-
Property	3,175	5%	1,270	2%	3,117	5%	1,247	2%
Private equity	-	-	4,445	7%	-	-	4,364	7%
Others								
Hedge Fund	-	-	3,810	6%	-	-	3,741	6%
Infrastructure Bonds	-	-	3,176	5%	-	-	2,494	4%
Commodities	-	-	-	-	-	-	-	-
Credit Diversified Income	6,351	10%	-	-	6,234	10%	-	-
Other Diversified Alternatives	-	-	-	-	-	-	-	-
Private Debt	-	-	635	1%	-	-	623	1%
Forward Currency Contracts	-	-	-	-	-	-	-	-
Net Current Assets – Debtors	-	-	-	-	-	-	-	-
Total Assets	50,169	79%	13,336	21%	49,873	80%	12,469	20%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The financial assumptions have been set with consideration of the duration of the Employer's past service liabilities, estimated to be 14 years.

The Local Government Pension Scheme liabilities have been estimated by Barnett Waddingham, an independent firm of actuaries, estimates for the Lincolnshire Pension Fund being based on the latest full valuation of the scheme as at 31 March 2022. The next actuarial valuation of the Fund will be carried out as at 31 March 2025.

Lex Leisure operates under a pass-through agreement with Boston Borough Council and the actuaries have therefore included their contribution and payroll information in calculating the value of defined benefit obligation.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2024/25 £'000	2023/24 £'000
Mortality assumptions:		
Longevity at 65 for current pensioners (years):		
Men	19.5	19.5
Women	22.7	22.7
Longevity at 65 for future pensioners (years):		
Men	20.8	20.8
Women	24.1	24.1
Rate of inflation (RPI)	3.20%	3.25%
Rate of increase in salaries	3.90%	3.90%
Rate of increase in pensions	2.90%	2.90%
Rate for discounting scheme liabilities	5.80%	4.90%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Benefit Obligation in the Scheme	
	Present Value of Obligation £'000	Projected Service Cost £'000
0.1% decrease in Discount Rate	59,205	851
0.1% increase in the Salary Increase Rate	58,498	820
0.1% increase in the Pension Increase Rate	59,169	852
1 year increase in life expectancy obligation	60,977	852

Impact on the Council's Cash Flows

The contributions paid by the Council are set by the Fund Actuary at each triennial actuarial valuation, the most recent being 31 March 2022. The employer's contribution rate, over the period to 31 March 2024, has been stabilised. The stabilisation is for employer contribution rates to increase at 1.25% p.a. from the 2020/21 level.

Employer contributions payable to the scheme in 2025/26 are estimated to be £2.422m

Other Considerations

Virgin Media Ltd vs NTL Trustees On 25 July 2024, the Court of Appeal dismissed the appeal in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others. The appeal was brought by Virgin Media Ltd against aspects of the High Court's ruling handed down in June 2023 relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. On 2 September 2025, the Government published draft amendments to the Pensions Scheme Bill which would give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The draft legislation will need to be agreed by both Houses of Parliament before it passes into law. Following the publication of draft legislation, we do not now expect the ruling to give rise to any additional liabilities.

NOTE 37 CONTINGENT LIABILITIES

At 31 March 2025 the Council has identified no material contingent liabilities.

NOTE 38 CONTINGENT ASSETS

At 31 March 2025 the Council has identified no material contingent assets.

NOTE 39 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council's activities expose it to a variety of financial risks. The main risks are:

- **credit risk** – the possibility that other parties might fail to pay amounts due to the Council.
- **liquidity risk** – the possibility that the Council might not have funds available to meet its commitments to make payments.
- **re-financing risk** – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- **market risk** – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Overall procedures for managing risk

The Council's overall financial risk management processes focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the Annual Capital and Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

This Council uses the creditworthiness service provided by MUFG (previously Link Asset Services). This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The full Investment Strategy for 2024/25 was approved by Full Council on 3 March 2024 and is available on the Council's website together with the Council's Capital Strategy. Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The following analysis summarises the Council's maximum exposure to credit risk as at 31 March 2025. The table (composite defaults from Fitch & Moody's and Standard & Poor's) gives details of global corporate finance average cumulative default rates for the period to December 2024. Defaults shown are by long term rating category on investments out to one year, which were the most commonly held investments during the year.

	Credit Risk Rating %	Gross Carrying Amount £'000	Potential Credit Risk £'000
Local Authorities	0.00	26,350	-
'A' rated counterparty	0.05	6,259	3
Total		32,609	3

The Council maintains strict credit criteria for investment counterparties. As a result of these high credit criteria, we have maintained historical default rates as a good indicator under these current conditions. There was a minor breach of the Council's Money Market Fund credit limit but this was rectified the following day. The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

	Amount at 31 March 2025 £'000	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2025 %	Estimated maximum exposure to default and uncollectability at 31 March 2025 £'000	Estimated maximum exposure 31/03/2024 £'000
Customers	714	11.99	11.99	86	9

The past due amount can be analysed by age as follows:

	31 March 2025 £'000	31 March 2024 £'000
Less than three months	466	566
Three months to one year	38	367
More than one year	210	371
	714	1,304

The Council does not generally allow credit for its customers. However, there are also aged debtors within the debtor's balance on the balance sheet, especially with regard to overpaid housing benefits where recovery is largely governed by ongoing benefit entitlement rules. A provision is made in the accounts for bad or doubtful debts on historical experience of collection. Therefore, risk of default has already been accounted for in the balance sheet. During the reporting period the Council held no collateral as security.

Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury and Investment Strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council's borrowings on 31 March 2025 consisted of a loan totalling £1m repayable in 2051. Short term liquidity is managed through the investment portfolio.

Refinancing and Maturity risk

The Council maintains a debt and investment portfolio. The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments for greater than one year in duration are the key parameters used to address this risk. The approved treasury and investment strategies address the main risks and the treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt, and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provides stability of maturities and returns in relation to the longer term cash flow needs.

Interest rate risk

The Council is currently exposed to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the surplus or deficit on the provision of services will rise
- borrowings at fixed rates – the fair value of the borrowing will fall
- investments at variable rates – the interest income charged to the surplus or deficit on the provision of services will rise
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the provision of services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy, a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The Treasury team monitors the market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

According to this assessment strategy, at 31 March 2025, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	292
Impact on Surplus or deficit on the Provision of Services	292

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk - The Council does not generally invest in equity shares.

However, it does have a shareholding in Public Sector Partnership Services, a joint venture with South Holland District Council and East Lindsey District Council. These shares have been elected/classified as Fair Value through

Other Comprehensive Income, meaning that all movements in price will impact on gains and losses recognised in the Financial Instruments Revaluation Reserve.

The Council held £15.005m in property funds at the start of the financial year which are classified as 'fair value through profit and loss', meaning that all movements in price will impact on gains and losses recognised with the cost of services with the Comprehensive Income and Expenditure Statement, with the statutory override currently providing an opposite entry in the Capital Adjustment Account. A general shift of 5% in the general price of units (positive or negative) would therefore result in a £750k gain or loss being reflected in these statements for 2024/25.

Foreign Exchange Risk - The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

COLLECTION FUND STATEMENT

2023/24			2024/25		
Council Tax £'000	NNDR £'000	Total £'000	Council Tax £'000	NNDR £'000	Total £'000
(42,257)	-	(42,257)	(44,499)	-	(44,499)
-	(18,050)	(18,050)	-	(19,937)	(19,937)
-	(1,202)	(1,202)	-	(385)	(385)
-	(923)	(923)	-	-	-
(28)	(739)	(767)	(53)	-	(53)
(153)	(185)	(338)	(289)	-	(289)
(30)	-	(30)	(56)	-	(56)
(42,468)	(21,099)	(63,567)	(44,897)	(20,322)	(65,219)
Income			Income		
Council Tax (Note 2)			Council Tax (Note 2)		
Business Rates (Note 3)			Business Rates (Note 3)		
Transitional Protection Payments			Transitional Protection Payments		
Contributions towards previous year's Collection fund deficit			Contributions towards previous year's Collection fund deficit		
Central Government			Central Government		
Boston Borough Council			Boston Borough Council		
Lincolnshire County Council			Lincolnshire County Council		
Police and Crime Commissioner for Lincolnshire			Police and Crime Commissioner for Lincolnshire		
Total Income			Total Income		
Expenditure			Expenditure		
Precepts, demands and shares			Precepts, demands and shares		
Central Government			Central Government		
Boston Borough Council			Boston Borough Council		
Lincolnshire County Council			Lincolnshire County Council		
Police and Crime Commissioner for Lincolnshire			Police and Crime Commissioner for Lincolnshire		
Impairment of debts/appeals			Impairment of debts/appeals		
Increase in allowance for impairment			Increase in allowance for impairment		
Increase/(decrease) in provision for appeals			Increase/(decrease) in provision for appeals		
Cost of Collection Allowance			Cost of Collection Allowance		
Renewable Energy			Renewable Energy		
Transitional Protection Payments			Transitional Protection Payments		
Contributions towards previous year's Collection fund surplus			Contributions towards previous year's Collection fund surplus		
Central Government			Central Government		
Boston Borough Council			Boston Borough Council		
Lincolnshire County Council			Lincolnshire County Council		
Police and Crime Commissioner for Lincolnshire			Police and Crime Commissioner for Lincolnshire		
42,686	19,387	62,073	45,330	21,608	66,938
218	(1,712)	(1,494)	433	1,286	1,719
235	760	995	453	(952)	(499)
453	(952)	(499)	886	334	1,220

NOTES TO THE COLLECTION FUND STATEMENT

NOTE 1 PURPOSE OF COLLECTION FUND STATEMENT

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the government of council tax and non-domestic rates.

NOTE 2 COUNCIL TAX INCOME

Council Tax Income derives from charges raised according to the value of residential properties that have been classified into eight Valuation Bands (A to H). Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Lincolnshire County Council, Police and Crime Commissioner for Lincolnshire and Boston Borough Council, together with the relevant Parish requirement.

This is then divided by the Council Tax base, i.e., the number of chargeable dwellings in each valuation band (adjusted for discounts and exemptions), converted to an equivalent number of Band D dwellings.

The calculation of the Council Tax base for the year is shown below:

Band	No. of properties on Valuation List	Chargeable Dwellings	Ratio	Band D Equivalent
A (with Disabled Relief)		23	5/9	13
A	15,407	11,282	6/9	7,521
B	6,510	5,786	7/9	4,500
C	6,196	5,504	8/9	4,892
D	2,339	2,344	9/9	2,344
E	863	808	11/9	988
F	232	225	13/9	325
G	81	74	15/9	123
H	16	8	18/9	16
Band D Equivalents				20,722
Allowance for Non collection (2.01%)				(420)
District Tax Base				20,302

The basic level of council tax for a band D property, including the average parish element, was £2,165.35 (£2,067.74 in 2023/24). To calculate the charge payable for a specific property, the appropriate parish Band D charge is added to the basic level and then multiplied by the relevant factor for the band assigned to the property.

NOTE 3 NATIONAL NON-DOMESTIC RATES (NNDR) – BUSINESS RATES

Under the arrangements for non-domestic rates, the Council collects rates for its area based on local rateable values (determined by the Valuation Office Agency, an executive agency of HM Revenue and Customs) multiplied by the multiplier (determined by the Government). For 2024/25 there are two multipliers, the non-domestic rating multiplier of 54.6p and the small business non-domestic rating multiplier of 49.9p.

The Council's total Non-Domestic Rates Rateable Value at 31 March 2025 was £55.715m (£55.868m at 31 March 2024).

NOTE 4 NON-DOMESTIC RATES PROVISION FOR APPEALS

The Collection Fund provides for a provision for appeals against the Rateable Value set by the Valuation Office Agency (VOA) not settled at 31 March 2025.

	Business Rate Appeals	
	£'000	£'000
Balance at 1 April 2024		(755)
Amounts used/reversed in 2024/25	301	
Additional Provisions made in 2024/25	(359)	
Increase in Provision		(58)
Balance at 31 March 2025		(813)
Boston Share (40%)		325

NOTE 5 COLLECTION FUND

As at 31 March 2025, the deficit on the Collection Fund is £1.220m (£0.499m surplus at 31 March 2024). The Council Tax surplus is apportioned to the relevant precepting bodies based on the following year's Council Tax requirement. Non Domestic Rates surplus/deficit is apportioned to Central Government (50%), Boston Borough (40%), and Lincolnshire County Council (10%).

	2024/25		2023/24	
	Council Tax £'000	NNDR £'000	Council Tax £'000	NNDR £'000
Central Government	-	167	-	(476)
Boston Borough Council	118	134	59	(381)
Lincolnshire County Council	640	33	330	(95)
Lincolnshire Police and Crime Commissioner	128	-	64	-
(Surplus)/Deficit	886	334	453	(952)

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2023/24				2024/25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
3,609	(2,452)	1,157	General Fund Assets	3,512	(2,423)	1,089
15,825	(13,570)	2,255	Finance	16,036	(13,490)	2,546
1,238	(1,003)	235	Economic Growth	8,962	(1,020)	7,942
1,000	(121)	879	Governance	1,336	(496)	840
4,384	(3,096)	1,288	Wellbeing and Community Leadership	5,157	(2,713)	2,444
2,612	(923)	1,689	Leisure and Culture	2,128	(610)	1,518
2,040	(179)	1,861	Corporate	2,331	(491)	1,840
4,112	(1,749)	2,363	Neighbourhoods	4,320	(2,036)	2,284
762	(662)	100	Planning and Strategic Infrastructure	839	(1,937)	(1,098)
1,549	(555)	994	Regulatory	1,125	(684)	441
775	(757)	18	Strategic Growth and Development	1,646	(1,048)	598
1,139	(9,826)	(8,687)	Strategic Projects	-	-	-
1,013	(85)	928	BTAC	725	(56)	669
40,058	(34,978)	5,080	Cost of Services	48,117	(27,004)	21,113
3,008	-	3,008	Other operating expenditure	3,415	(5)	3,410
5,651	(13,265)	(7,614)	Financing and investment income and expenditure	4,065	(7,786)	(3,721)
5,486	(31,366)	(25,880)	Taxation and non-specific grant income and expenditure	5,675	(41,215)	(35,540)
54,203	(79,609)	(25,406)	(Surplus)/Deficit on the Provision of Services	61,272	(76,010)	(14,738)
-	-	-	Excess of fair value of net assets over the cost of investments of associates	-	-	-
-	34	34	Share of the (Surplus)/Deficit on the provision of services by associates	-	(142)	(142)
(2)	-	(2)	Tax expenses of associates and subsidiaries	23	-	23
54,201	(79,575)	(25,374)	Group (Surplus)/Deficit on the Provision of Services	61,295	(76,152)	(14,857)
		(499)	Surplus on revaluation of property, plant and equipment assets			(797)
		2,262	Remeasurements of the net defined benefit liability			285
		1,763	Other Comprehensive Income and Expenditure			(512)
		(23,611)	Total Comprehensive Income and Expenditure			(15,369)

GROUP MOVEMENT IN RESERVES STATEMENT

2024/25	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Boston Town Area Committee	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority Share of Reserves of Associates	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024	2,000	13,794	275	26,371	207	42,647	36,858	79,505	170	79,675
Movement in Reserves during 2024/25										
Total comprehensive income and expenditure	14,738	-	-	-	-	14,738	512	15,250	119	15,369
Adjustments between accounting basis and funding basis under regulations	(11,396)	-	-	7,974	-	(3,422)	3,422	-	-	-
(Increase)/decrease for year	3,342	-	-	7,974	-	11,316	3,934	15,250	119	15,369
Transfer to/(from) earmarked reserves	(3,256)	3,256	-	-	-	-	-	-	-	-
Transfer to/(from) other reserves	(86)	-	-	-	86	-	-	-	-	-
Balance at 31 March 2025	2,000	17,050	275	34,345	293	53,963	40,792	94,755	289	95,044

2023/24	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Boston Town Area Committee £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	Authority Share of Reserves of Associates £'000	Total Council Reserves £'000
Balance at 31 March 2023	2,000	14,325	275	5,597	328	22,525	33,337	55,862	219	56,081
Movement in Reserves during 2023/24										
Total comprehensive income and expenditure	25,406	-	-	-	-	25,406	(1,763)	23,643	(32)	23,611
Adjustments between accounting basis and funding basis under regulations	(26,058)	-	-	20,774	-	(5,284)	5,284	-	-	-
(Increase)/decrease for year	(652)	-	-	20,774	-	20,122	3,521	23,643	(32)	23,611
Transfer to/(from) earmarked reserves	531	(531)	-	-	-	-	-	-	-	-
Transfer to/(from) other reserves	121	-	-	-	(121)	-	-	-	-	-
Balance at 31 March 2024	2,000	13,794	275	26,371	207	42,647	36,858	79,505	187	79,692

GROUP BALANCE SHEET

31 March 2023 £'000		31 March 2025 £'000
38,668	Property, plant and equipment	46,905
-	Right of use assets	822
1,569	Heritage assets	1,569
4,679	Investment property	5,671
39	Intangible assets	26
15,005	Long-term investments	15,237
14	Long-term debtors	14
187	Investment in associates	289
60,161	Long-term Assets	70,533
23,829	Short-term investments	32,702
-	Assets Held for Sale	-
10,457	Short-term debtors	12,428
5,730	Cash and cash equivalents	2,879
40,016	Current Assets	48,009
-	Short-term borrowing	-
(7,049)	Short-term creditors	(5,864)
-	Short term lease liabilities	(37)
(302)	Provisions	(325)
-	Cash and Cash Equivalents – bank overdraft	-
(7,351)	Current Liabilities	(6,226)
(1,000)	Long-term borrowing	(1,000)
-	Long term lease liabilities	(71)
(12,134)	Other long-term liabilities	(10,733)
(13,144)	Long-term Liabilities	(11,804)
79,692	Net assets	100,522
43,184	Usable reserves	54,602
36,508	Unusable reserves	45,910
79,692	Total Reserves	100,522

GROUP CASH FLOW STATEMENT

2023/24 £000	2023/24 £000		2024/25 £000	2024/25 £000
	25,406	Net surplus on the provision of services		14,738
3,703		Adjustments to net surplus or deficit on the provision of services for non-cash movements	(2,222)	
(24,695)	(20,992)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(22,633)	(24,855)
	4,414	Net cash flows from Operating Activities		(10,117)
	12,377	Investing Activities		8,894
	(18,085)	Financing Activities		(1,629)
	(1,294)	Net increase/(decrease) in cash and cash equivalents		(2,852)
	7,065	Cash and cash equivalents at the beginning of the reporting period		5,730
	(41)	Other movements		1
	5,730	Cash and cash equivalents at the end of the reporting period		2,879

The accompanying notes form an integral part of the Financial Statements.

The Council has prepared Group Accounts that include the relevant proportion of Public Sector Partnership Services Ltd. It is accounted for as an associate using the equity method.

Public Sector Partnership Services Limited

On 1 April 2021, the Council purchased 240 shares in Public Sector Partnership Services Limited (PSPS Ltd) at a cost of £240. PSPS Ltd was set up on 1 August 2010 by South Holland and East Lindsey District Councils, who transferred a number of their back office services to the company. Each Council is required to incorporate the relevant proportion of PSPS Ltd's financial position into the Group Accounts using the equity method. For Boston Borough Council, the relevant proportion is 19%.

In 2024/25, the Company's statement of comprehensive income shows a surplus for the year of £0.627m. Of this, the Council's proportion of £0.119m is included in the Group Comprehensive Income and Expenditure Statement. At 31 March 2025, the net worth of PSPS Ltd was £1.523m, taking into account the pension defined benefit obligations asset ceiling adjustment. Boston's share of the net worth of £0.289m has been incorporated into the Group Balance Sheet.

Voting Rights

At 31 March 2025, Boston held 2 seats on the Board of Directors, therefore holding 25% of the voting rights of the company.

Accounting Policies

The Company's accounting policies are in line with the Council's accounting policies.

Council Interest

The Council has the following interest in PSPS Ltd.

2023/24 £'000		2024/25 £'000
448	Current Assets	513
103	Non-Current Assets	116
(291)	Current Liabilities	(248)
(73)	Long Term Liabilities	(92)
187	Shown in Balance Sheet	289
32	Interest in Income and Expenditure	(119)
219	Total Interest	170

GLOSSARY OF TERMS

ACCOUNTING PERIOD

The length of time covered by the Council's Accounts. This is twelve months commencing on 1 April. The end of the accounting period is the balance sheet date, i.e., 31 March.

ACCOUNTING POLICIES

The principles, bases, conventions, rules, and practices applied by the Council that determine how transactions and events are reflected in the accounts.

ACCRUALS

Amounts included in the accounts for income and expenditure in relation to the financial year but not received or paid as at 31 March.

ACTUARY

An expert on pension scheme assets and liabilities.

ACTUARIAL GAINS AND LOSSES (RELATES TO IAS 19 - PENSIONS)

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- events have not coincided with the actuarial assumptions made in the last valuation, or
- the actuarial assumptions have changed.

AMORTISATION

The writing down in value of intangible assets, which is charged to service revenue accounts to reflect the cost of such assets, used in the provision of those services. This is the equivalent of depreciation for non-current assets.

ANNUAL GOVERNANCE STATEMENT

The annual governance statement is a statutory document that explains the processes and procedures in place to enable the council to carry out its functions effectively.

AUDIT OF ACCOUNTS

An independent examination of the Council's accounts to ensure that they comply with the necessary legislation and follow best accounting practice. The Council's accounts are audited by KPMG.

BALANCE SHEET

This statement is fundamental to the understanding of the Council's financial position at the year-end. It shows the balances and reserves at the Council's disposal and its long-term indebtedness, and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.

BILLING AUTHORITY

A local authority responsible for collecting the council tax and non-domestic rates i.e., Boston Borough Council.

BUDGET

A statement of a Council's plans for revenue and capital expenditure over a specified period.

CAPITAL EXPENDITURE

Payments for the acquisition, construction, enhancement or replacement of assets such as land, buildings, vehicles and computer equipment.

CAPITAL GRANT

A grant received towards the capital expenditure incurred on a particular service or project. A local authority can also make capital grants e.g., Disabled Facilities Grants.

CAPITAL RECEIPTS

Income from the sale of land, buildings, vehicles, plant or equipment. (With a value of at least £10,000).

CARRYING VALUE

An accounting measure of value, where the asset is based on the figure in the Balance Sheet. For assets, the value is based on the original cost of the asset less any depreciation, amortisation or impairment costs made against the asset.

CASH EQUIVALENTS

Short-term, liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the financial year.

CIPFA (CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY)

The leading professional accountancy body for the public sector.

CODE OF PRACTICE

Published by CIPFA, sets out proper accounting principles and practices required for the statements of accounts, in accordance with the statutory framework for accounts, as established for England and Wales. The aim is to produce financial statements which “present a true and fair view” of the financial position of the Council. It supplements the principles and practice set out in the Code of Practice on Local Authority Accounting (known as the Code), by establishing practice for consistent reporting.

COLLECTION FUND

An account that shows the income due from NNDR and Council Tax payers and the sums paid to central government and to the precepting authorities.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

A statement which details the total income received and expenditure incurred by the Council during a year in line with IFRS reporting as required by the Code.

CONTINGENT ASSETS AND LIABILITIES

A condition, which exists at the Balance Sheet date, where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events.

COUNCIL TAX

A local tax on properties within the whole Borough set by the billing (Boston Borough Council) and precepting authorities. Precepts are issued by Lincolnshire County Council, Police and Crime Commissioner for Lincolnshire and Parish Councils. The level is determined by the revenue expenditure requirements for each authority divided by the council tax base for the year.

COUNCIL TAX BASE

The amount calculated for each billing authority from which the grant entitlement of its share is derived. The number of properties in each band is multiplied by the relevant band proportion in order to calculate the number of Band D equivalent properties in the area. The calculation allows for exemptions, discounts, appeals and a provision for non-collection.

CREDITORS

Amounts owed by the Council for goods and services received, but not paid for as at 31 March.

CURRENT ASSET

An asset where the value may change on a daily basis, e.g., cash balances and debtors.

CURRENT LIABILITY

An amount which will become payable or could be called in within the next year, e.g., creditor, cash overdrawn.

DEBT IMPAIRMENT

Outstanding amounts owed to the Council, which are highly unlikely to be collected.

DEBTORS

Amounts owed to the Council for goods and services provided, but where the associated income was not received as at 31 March.

DEPRECIATION

A measure of the economic benefits of operational buildings, vehicles plant and equipment consumed during the period.

EARMARKED RESERVES

Money put aside that the Council intends to use only for a certain, stated purpose.

ECONOMIC BENEFITS

Benefits quantifiable in terms of money, such as revenue, net cash flow, net income.

EXCEPTIONAL ITEMS

Material items deriving from events or transactions that fall within the ordinary activities of the Council, but which need to be disclosed separately by virtue of their size and/or incidence, to give fair presentation of the accounts.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an “arm’s length” transaction, less where applicable, any grants receivable towards the purchase or use of that asset.

FINANCIAL INSTRUMENTS

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another, such as trade payables and receivables, borrowings, bank deposits and investments.

GENERAL FUND

The account to which the cost of providing the Council Services is charged that are paid for from Council Tax, Business Rates, government grants, fees and charges and investment returns.

GOING CONCERN

The accounts have been prepared on the assumption that the Council will continue to provide operational services for the foreseeable future.

GOVERNMENT GRANTS

Grants by UK central government towards revenue or capital expenditure incurred by the Councils in the delivery of its services. These may be in respect of particular services e.g., Housing Benefits Subsidy, or to finance local services in general, e.g., Revenue Support grant or New Homes Bonus grant.

HOUSING BENEFIT

This is a national system for giving financial assistance to individuals towards certain housing costs. The cost of the service is subsidised by central government.

IMPAIRMENT

Impairment of non-current assets relates to downward revaluation of assets during the year caused by clear consumption of economic benefit and is recognised in the Comprehensive Income and Expenditure Statement.

INCOME

This is the money that the Council receives or expects to receive from any source, including fees and charges, government grants, contributions and interest.

INTANGIBLE ASSETS

An item in a balance sheet where there is no tangible asset, but the asset has continuing value to the Council at the Balance Sheet date, e.g., computer software licences.

INTERNATIONAL ACCOUNTING STANDARD (IAS)

Accounting standards developed by the International Accounting Standards Board that are primarily applicable to general purpose company accounts. These standards are adopted by the CIPFA Code of Practice except where the standards conflict with specific statutory requirements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

International Financial Reporting Standards (IFRS) are a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board (IASB)

MATERIALITY

In using its professional judgment, the Council has considered the size and nature of any transaction or set of transactions. An item is considered material where its omission or misstatement would reasonably change the substance of the information presented in the accounts.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount that the Council must charge to the income and expenditure statement to provide for the repayment of debt or other credit liabilities.

MOVEMENT IN RESERVES STATEMENT

This financial statement presents the movement in usable and unusable reserves (the Council's total reserve balances).

NATIONAL NON-DOMESTIC RATES (NNDR)

The rates, payable by businesses on their properties, are calculated by applying a nationally determined multiplier to the rateable value of the property. This is collected by the Council and nationally determined proportionate shares are paid to the Government and Lincolnshire County Council with a share retained by Boston Borough Council.

NET BOOK VALUE

The amount at which non-current assets are included in the Balance Sheet, i.e., their historical cost or current value, less the cumulative amount provided for depreciation.

NON-CURRENT ASSETS

Assets that yield benefit to the Council and the services it provides for a period of more than one year e.g., Land and Buildings, Vehicles, Plant and Equipment.

NON - OPERATIONAL ASSETS

Non-Current assets held by the Council but not directly occupied, used or consumed in the direct delivery of services e.g., investment properties.

OPERATING LEASE

This is a type of lease usually for computer equipment or office furniture and equipment where the balance of risks and rewards of holding assets remains with the lessor. The assets remain the property of the lessor and the lease costs are revenue expenditure to the Council.

OPERATIONAL ASSETS

Non-Current assets held and occupied, used or consumed by the Council, in the direct delivery of those services for which it has either a statutory or discretionary responsibility e.g., Council Offices, Geoff Moulder Leisure Centre, Princess Royal sports arena, Guildhall.

POST BALANCE SHEET EVENTS

Those events, both favourable and unfavourable, which occur between the Balance Sheet date (31 March) and the date on which the Chief Finance Officer signs the statements of accounts.

PRECEPTS

These are demands made upon the Collection Fund, by the Boston Borough Council, Lincolnshire County Council, Police and Crime Commissioner for Lincolnshire, Special Expenses and Parish Councils, which it requires to finance the services it provides.

PROVISIONS

An amount set aside in the accounts and charged to individual services for liabilities that are likely to be incurred in the future but cannot be accurately quantified.

PUBLIC WORKS LOAN BOARD (PWLb)

A Central Government Agency, which provides loans, for one year and above, to Councils at interest rates only slightly higher than those at which the government can borrow itself.

RELATED PARTY TRANSACTIONS

Two or more parties are related when at any time during the financial period:

- one party has direct or indirect control of the other party; or
- the parties are subject to common control from the same source; or
- one party has influence over the financial and operational policies of the other party, to an extent that the other party may be inhibited from pursuing at all times its own interests; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interests.

Advice from CIPFA is that related parties to a local authority include UK Central Government, bodies precepting or levying demands on the Council Tax, members and chief officers of the Council and its pension fund.

RESERVES

The accumulation of surpluses, deficits and appropriations arising from previous financial years. Reserves can either be usable; that is, available to meet the Council's future expenditure plans and unusable; that is, those maintained purely for accounting purposes.

REVENUE EXPENDITURE

Day-to-day payments on the running of Council services including salaries, wages, contract payments, supplies, housing benefits and capital financing costs.

RIGHT OF USE ASSET

An asset representing the lessee's right to use the leased asset for the lease term.

SEGMENT

Distinguishable service of the Council that is engaged in providing a service or a group services. Segments in the Statements are based on the Council's management structure.

TREASURY MANAGEMENT

This is the process by which the Council controls its cash flow and its borrowing and lending activities.

TREASURY MANAGEMENT STRATEGY

A strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.

USEFUL LIFE

The period over which the Council will derive benefits from the use of a non-current (fixed) asset.

ANNUAL GOVERNANCE STATEMENT 2024/25

1. **Scope of Responsibility**

- 1.1 Boston Borough Council (BBC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. BBC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, BBC is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 The Council has approved and adopted a code of corporate governance. This is consistent with the principles of the latest CIPFA / SOLACE Framework *Delivering Good Governance in Local Government guidance*. This statement explains how the Council has met the requirements of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement. [Local Code of Corporate Governance \(boston.gov.uk\)](https://www.boston.gov.uk/local-code-of-corporate-governance)

2. **The Purpose of the Governance Framework**

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the Council for the year ended 31 March 2025 and up to the date of approval of the annual Accounts.

3. **The Governance Framework**

- 3.1 The Council's review of the effectiveness of its governance arrangements is set out below against the key elements identified in *Delivering Good Governance in Local Government: Framework*.

Key Elements	Description of Governance Mechanisms	Assurance Received
Identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and service users	<ul style="list-style-type: none"> The Sub-regional Strategy was approved at Council on the 12 November 2023. It sets out the vision and priorities for the Partnership and for the Council. The Alignment and Delivery Plan (ADP) for the Partnership sets out the projects/activities that will be taken forward to deliver on corporate priorities. In addition, the Boston Borough Plan 2040, setting out three key priorities of Thriving Economy, Community Cohesion and 	<ul style="list-style-type: none"> The Performance Management Framework quarterly report is reported through the Cabinet and the Environment and Performance Scrutiny Committee. Portfolio Holders receive updates as required. The Leadership Team receive the full quarterly reports to check the position on each indicator.

Key Elements	Description of Governance Mechanisms	Assurance Received
	<p>Resilience, and A Healthy and Sustainable Borough, was agreed by Council in March 2025.</p> <ul style="list-style-type: none"> The Council is pro-active in reporting activity and outcomes to the public through the local press and online. Most Council business is undertaken in public meetings 	<p>Quarterly governance clinics (covering performance and risk) are also in place.</p> <ul style="list-style-type: none"> The Strategic Risk Register and Internal Audit Plan support the achievement of the Council's priorities The Medium Term Financial Strategy which is reported at the March Council meeting not only sets the scene financially, it also identifies any change to priorities and/or new areas of focus.
Reviewing the Authority's vision and its implications for the Authority's governance arrangements	<ul style="list-style-type: none"> Challenge sessions are held annually with Senior Managers to consider the service priorities and the associated targets set in the performance framework. Council approves the performance framework, following discussion at Joint Strategy Board. 	<ul style="list-style-type: none"> Review of current performance against priorities reported to Portfolio Holders. Performance reporting is aligned to the Strategic Priorities of the Partnership Business Case and Sub-regional Strategy Feedback from community/member/staff consultation on Partnership and Council priorities
Translating the Vision into objectives	<ul style="list-style-type: none"> The Alignment and Delivery Plan identifies activity that helps to deliver the priorities The Medium Term Financial Strategy identifies risks and opportunities to achieving the delivery of the priorities The Risk Strategy and Risk Registers support the delivery of priorities. 	<ul style="list-style-type: none"> The Alignment and Delivery Plan sets out the deliverables in the year-ahead. Service performance is monitored via Performance Framework which reports into Cabinet and Scrutiny quarterly. MTFS recommended by the Cabinet and agreed by Council
Measuring the quality of service for users, for ensuring they are delivered in accordance with the Authority's objectives and for ensuring that they represent the best use of resources and value for money	<ul style="list-style-type: none"> A range of surveys are carried out each year, co-ordinated through the Corporate Consultation programme Monitoring of social networking Quarterly Monitoring report contains both performance and finance indicators and to show the overall health of the organisation Regular Portfolio Holder meetings held with key staff to monitor performance, project activity and new areas of work or policy. Individual Services carry out their own customer satisfaction surveys which feed into service improvement 	<ul style="list-style-type: none"> Performance Management Framework quarterly report, reported through Cabinet and the Environment and Performance Scrutiny Committee Feedback from service level surveys Portfolio Holder meetings held as required.
Defining and documenting the roles and responsibilities of the Executive, non-Executive, scrutiny and officer functions,	<ul style="list-style-type: none"> This is set out in the Council's Constitution 	<ul style="list-style-type: none"> Proposed changes/updates to the Constitution brought to Council for consideration including responsibility for functions.

Key Elements	Description of Governance Mechanisms	Assurance Received
with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements	<ul style="list-style-type: none"> The Constitution is updated where necessary. Significant changes are reported to the Audit & Governance Committee and then to Council 	<ul style="list-style-type: none"> The South & East Lincolnshire Councils Partnership has a Memorandum of Agreement in place signed up to by all three Councils. Monitoring of partnering arrangements on an ongoing basis take place through the Partnerships Portfolio; and include reports to the Finance Portfolio Holder where appropriate. Stakeholder Board and Joint Strategy Board in place to support the delivery of partnership activity between the Councils.
Developing, communicating and embedding codes of conduct , defining the standards of behaviour for members and staff	<ul style="list-style-type: none"> This is set out in the Council Constitution Expectations and requirements of staff behaviour are set out in the Staff Handbook provided to all new staff The Constitution sets out expectations and guidance on Councillor/Officer working relationships Training is provided to all members on the member code of conduct arrangements (mandatory training) Audit & Governance Committee monitor member standards arrangements. This role is set out in the Constitution. The Monitoring Officer provides ongoing support and advice to Councillors as required and/or requested. The Monitoring Officer considers, and may investigate, complaints about BBC Councillors, and Town and Parish Councillors 	<ul style="list-style-type: none"> Audit & Governance Committee oversees and receives reports from a Standards Sub-Committee on the local Member Code of Conduct A Standards Sub-Committee provides a Hearing Panel function for dealing with any serious complaints The Officer Code of Conduct is embedded in the Council Constitution. A Monitoring Officer is shared with the three Councils and Deputy Monitoring Officers support Councillors as required.
Reviewing the effectiveness of the Authority's decision-making framework , including delegation arrangements, decision making in partnerships and robustness of data quality	<ul style="list-style-type: none"> This is set out in the Constitution Decision making arrangements meet legislative requirements Data sharing protocols are in place where necessary Service Level Agreements with partners are in place and monitored carefully (financial and performance), with named officers and Portfolio responsibilities set out Memoranda of Understanding documents are produced/signed up to where appropriate. 	<ul style="list-style-type: none"> All members and officers are provided with guidance on decision making arrangements with detailed delegations set out in the Constitution; these are updated when necessary and reported to Council. Contractual arrangements or partnering arrangements are subject to GDPR reviews on an ongoing basis, particularly where there are any changes.
Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability	<ul style="list-style-type: none"> Partnership Risk Register in place and monitored by SLT and members Strategic Risk register in place and monitored by managers and members 	<ul style="list-style-type: none"> The Risk Strategy has been fully refreshed and brought in-line with up to date methods of managing risk, and approved through Full Council.

Key Elements	Description of Governance Mechanisms	Assurance Received
	<ul style="list-style-type: none"> Operational Risk Registers and a Fraud Risk Register are in place and monitored by the Insights and Transformation Team and Senior Leadership Team Operational staff able to escalate risks reporting to Management Team. Risk Strategy aligned across the Partnership Councils and agreed at Boston Full Council on 15th January 2024 	<ul style="list-style-type: none"> An audit of our Risk Management arrangements in 2023 resulted in Substantial Assurance and included some very positive feedback. Management Team update the Strategic Risk Register quarterly and feed into quarterly reporting to members – Cabinet and Audit & Governance Committee. Operational Risks are identified Service level monitoring Risk is a standing item on the quarterly governance clinic agenda The committee report template includes risk management implications.
Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained	<ul style="list-style-type: none"> A Counter Fraud Policy has been in place since 2023/4 and is being reviewed across the Partnership for 2025/26 Service Managers complete an on-line training programme on fraud The Council actively takes part in the National Fraud Initiative A counter fraud e-learning package is provided for all staff The Council is a member of the Lincolnshire Counter Fraud Partnership which provides access to best practice, guidance and support. 	<ul style="list-style-type: none"> Audit & Governance Committee and Staff training Work with DWP arrangements Reminders provided to staff to be aware of fraud risk. Internal Audit have completed their counter fraud risk work which created the fraud risk register which is now part of the quarterly reporting alongside strategic and operational risks.
Ensuring effective management of change and transformation	<ul style="list-style-type: none"> Reporting of significant changes to policy or provision are reported through Portfolio and Cabinet (and Council where appropriate) Innovation, Transformation and Efficiency board in place in 24/25 A Corporate Staff Development programme is in place Workforce Strategy in place to ensure appropriate levels of support and training are in place to enable staff to manage change Workforce Strategy Action plan in place and being delivered. Strong internal communication to keep staff and members informed 6-monthly staff survey to help monitor impact of change 	<ul style="list-style-type: none"> Leadership Team decisions Portfolio/Cabinet reports and decisions Cabinet reports considered by Scrutiny Committees prior to decision making Client/Contractor management meetings are held regularly to discuss planned changes to service delivery and priorities The Client Officer and members of Leadership Team were engaged with PSPS in the development of their Transformation Programme in 24/25. A Workforce Strategy is in place.

Key Elements	Description of Governance Mechanisms	Assurance Received
	<ul style="list-style-type: none"> • A Project Management Framework is in place • Members of Corporate Management Team have corporate responsibility for projects that deliver change • Improved working relationship with PSPS that enables joint working on change programmes within back office services. • An Organisational Development function and transformation resource is in place to support change arrangements across the council – providing additional support to managers; • There is a shared management team in place to support the development of the Partnership between BBC, ELDC and SHDC. • Below Management Team, there are a range of other shared positions that support the bringing together of the Partnership. 	
Ensuring the Authority's financial management arrangements conform with the governance requirements of the <i>CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)</i> and, where they do not, explain why and how they deliver the same impact	<ul style="list-style-type: none"> • Full compliance with the CIPFA guidance: <ul style="list-style-type: none"> – The Section 151 Officer has responsibilities set out in the Constitution; key member of Senior Leadership Team (SLT) and Corporate Management Team (CMT); professionally qualified accountant with direct access to the Chief Executive, Leader, Cabinet, Audit & Governance Committee & the appointed auditors – The Finance team is fit for purpose and has been reviewed by CIPFA for adequacy. <p>The Medium Term Financial Strategy, annual budget process, compliance with CIPFA codes and guidance on capital finance, treasury management and management of reserves</p>	<ul style="list-style-type: none"> • Adequacy of financial arrangements are overseen by S151 Officer, Portfolio Holder for Finance, Cabinet, Audit & Governance Committee and Full Council.
Ensuring the authority's assurance arrangements conform with the governance requirements of the <i>CIPFA Statement on the Role of the Head of Internal Audit (2019)</i> and, where they do not, explain why and how they deliver the same impact	<ul style="list-style-type: none"> • Full compliance with the CIPFA guidance: <ul style="list-style-type: none"> – The Internal Audit Team/Head of Internal Audit provide an objective and evidence based opinion on all aspects of governance, risk management and internal control – Internal Audit is delivered through Lincolnshire County Council with a principal auditor allocated to Boston Borough Council. This has improved the resilience of the audit team and enables access to specialist audit which previously had to be commissioned. – The internal audit service is fit for purpose – Team and Section 151 Officer, the Audit & Governance Committee and is able to meet separately with the Chair of 	<ul style="list-style-type: none"> • The Corporate Management Team receives and considers all Internal Audit reports • Senior Leadership Team reviews all low assurance reports. • Low assurance reports are subject to follow up audits. • Audit & Governance Committee monitor audit recommendations and receive updates where necessary • Audit recommendations are discussed at Governance Clinic.

Key Elements	Description of Governance Mechanisms	Assurance Received
	<p>the Audit & Governance Committee should that be required (as set out in the Constitution)</p> <ul style="list-style-type: none"> – Audit Team attend external training as necessary, and access national network of governance support through CIPFA – The service has been assessed as conforming to the UK Public Sector Internal Audit Standards, a Quality Assurance Improvement Programme is maintained as part of those standards. The next external assessment is in 2026. <p>The overall themed areas of Governance, Risk Management, Internal Control and Financial Control are all assessed as performing adequately.</p>	
Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function	<ul style="list-style-type: none"> • Set out in the Constitution • The Council shares a monitoring officer with East Lindsey District Council and South Holland District Council. 	<ul style="list-style-type: none"> • Council through the Constitution • Deputy Monitoring Officers appointed • The Monitoring Officer sits on the Senior Leadership Team
Ensuring effective arrangements are in place for the discharge of the head of paid service function	<ul style="list-style-type: none"> • Set out in the Constitution • The Council shares a Head of Paid Service with East Lindsey District Council and South Holland District Council. 	<ul style="list-style-type: none"> • Council through the Constitution
Undertaking the core functions of an Audit Committee , as identified in CIPFA's <i>Audit Committees: Practical Guidance for Local Authorities</i>	<ul style="list-style-type: none"> • The Terms of Reference which include the core functions are set out in the Constitution • The Audit & Governance Committee have had training to help them understand their role and responsibility • Training for a new Audit & Governance Committee and substitution members is now identified as mandatory in the Constitution. • The Chair and Vice Chair attend external training as necessary 	<ul style="list-style-type: none"> • Council through the Constitution • Audit & Governance Committee • Annual Self-Assessment exercise undertaken and Annual Report submitted to Council
Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful	<ul style="list-style-type: none"> • Annual Internal Audit Plan work includes the review of compliance in some of these areas • The Section 151 Officer and Monitoring Officer advise on the legality of activity where appropriate, and Legal Services Lincolnshire provides advice on legislation and law • An Assurance Framework has been created to monitor conformance with all Regulatory, Legislative, Policy and Operational requirements 	<ul style="list-style-type: none"> • Corporate Management Team, Audit & Governance Committee (through Internal Audit reporting) • External Audit Plan • Annual Assurance Report to Senior Management Team and Audit and Governance Committee following the creation of the Assurance Framework
Whistleblowing and for receiving and investigating complaints from the public	<ul style="list-style-type: none"> • A Whistleblowing policy is in place 	<ul style="list-style-type: none"> • Senior Leadership Team Governance Meeting

Key Elements	Description of Governance Mechanisms	Assurance Received
	<ul style="list-style-type: none"> • A clear Feedback Policy and procedure is in place (including complaints) • A dedicated team delivers the complaints process and also trains and advises staff accordingly. • CMT receives a regular report setting out the number and type of complaints. 	<ul style="list-style-type: none"> • Corporate Feedback Policy reviewed and aligned with Ombudsman guidance • Feedback levels included in the Quarterly Performance Report
Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training	<ul style="list-style-type: none"> • Reserved Member Days are held for any training or awareness sessions requested by members and/or suggested by officers. • A very thorough member induction programme is delivered following District Council elections, with further development / training delivered through rolling programmes thereafter. • Training for named Committees is mandatory as set out in the Constitution • Training and development opportunities are circulated to members on a regular basis alongside internal training provision • Groups are encouraged to identify development priorities through local and national networks • Annual staff appraisals with interim check-ins mid-year. • An annual corporate training programme is developed and implemented annually, linked to service requirements and development needs 	<ul style="list-style-type: none"> • Member induction programme in May 2023 • A corporate training system has been developed and rolled out to staff. This will enable both individual staff and the organisation to more easily monitor completed training, especially where it is a requirement, and/or is linked to professional standards. • The Corporate Training Programme budget continues to be protected to ensure staff are able to access mandatory and discretionary training and development. • Corporate and Group training opportunities can be supported.
Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation	<ul style="list-style-type: none"> • 'Bulletin' e-magazine is produced monthly with a combination of Council and partner articles with a readership database that is continually growing. • A range of consultations are carried out with service users (co-ordinated through a central team) • Pro-active communication through the press, along with communication through the BBC website, Facebook and twitter • A Town and Parish newsletter is issued regularly. • Thorough public consultations take place where there is a potentially significant change to a service and feedback is reported through the decision making process e.g. sub-regional strategy and town centre strategy. 	<ul style="list-style-type: none"> • Partnership Communications Team in place to support messages to the public, including during emergency situations. • Corporate Management Team • Cabinet for key pieces of consultation • Town and Parish newsletter • Information and feedback provided via the council website • Communication Strategy approved in 2023/4
Enhancing the accountability for service delivery and effectiveness of other public service providers	<ul style="list-style-type: none"> • The Corporate and Community Scrutiny Committee take an active role in overseeing scrutiny of other public service providers 	<ul style="list-style-type: none"> • Corporate and Community Scrutiny Committee Reserved Members' Days

Key Elements	Description of Governance Mechanisms	Assurance Received
	<ul style="list-style-type: none"> Significant changes to other public services communicated to members through briefing or awareness sessions Members are informed of any significant consultations being held by key partner organisations (e.g. NHS) There is now joint scrutiny of common topics for BBC, ELDC and SHDC. 	<ul style="list-style-type: none"> Joint Scrutiny undertaken by members where there are common topics across the partnership sub-region Member and Senior Officer contribution to the Community Safety framework. Joint scrutiny framework in place.
Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships and reflecting these in the Authority's overall governance arrangements	<ul style="list-style-type: none"> Operational /strategic partnering arrangements are subject to contractual agreements and performance monitoring and reported on as part of service and budget monitoring Portfolio Holders have responsibilities for receiving reports on key partner arrangements A management Agreement and Service Level Agreements are in place with PSPS with a single PSPS Client Liaison Officer in place at the Councils (Assistant Director – Corporate fulfils this role). PSPS provide briefing sessions to members on a regular basis. Joint working arrangements are subject to written agreements approved by Leadership Team and portfolio holders Memorandum of Understanding documents are developed and signed up to where appropriate. 	<ul style="list-style-type: none"> Audit & Governance Committee Corporate Management Team Portfolio Holder (Leader) Full Council The governance arrangements of the PSPS Board have been reviewed following an external evaluation of the current contractual arrangements. Client/Partner meetings held regularly
Information Governance	<ul style="list-style-type: none"> All staff and Members have access to Data Protection Act (DPA) training. Specific and tailored training has been requested and delivered to key teams. Further training will be designed to incorporate changes in Data (Use and Access) Act 2025. The Data Protection Officer is experienced and qualified to provide advice and shared across the Partnership. 	<ul style="list-style-type: none"> Audit & Governance Committee Leadership Team Portfolio Holder Performance Report A Data Protection Officer (DPO) is engaged by the Council Data Sharing Agreements and contractual arrangements are reviewed by the DPO on an ongoing basis to ensure compliance with the UK GDPR. All new DSAs are assessed by the DPO before being signed, and challenged where necessary.

4 **Review of Effectiveness**

4.1 The Council has responsibility for conducting, at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

4.2 The effectiveness of the governance framework has been evaluated in the following ways:

The Council:	The Council approves and keeps under regular review all the strategic policies which it reserves for its own consideration, including <ul style="list-style-type: none"> • The Constitution, • The Sub-regional Strategy • The Medium Term Financial Plan and Capital Strategy, • The Licensing Authority Policy Statement, • The Asset Management Strategy • The plan and Strategy which comprise the Housing Investment Programme • The Treasury Management and Investment Strategies, and • The Gambling Policy Statement.
The Leader:	Executive powers vest in the Leader and the Leader may determine to exercise any of the executive functions of the Council personal or may arrange for the exercise of any of the Council's executive functions by the Cabinet.
Cabinet	The Cabinet is appointed by the Leader and carries out the executive functions of the Council as required by legislation and the Council's constitution and accordingly: <ul style="list-style-type: none"> • Takes executive decisions, • Approves policies other than those reserved for Council, and • Recommends to Council policies and budgetary decisions.
Scrutiny	The Overview and Scrutiny Committees (Corporate and Community and Environment and Performance) may undertake any work relating to the four key principles of scrutiny as follows: <ul style="list-style-type: none"> • Hold the Cabinet to Account (Call-In), • Performance Management, • Assist Policy Development and Review, and • Internal/External Scrutiny.
Audit and Governance Committee	The Audit and Governance Committee: <ul style="list-style-type: none"> • Considers and approves audit plans, • Considers audit reports, • Comments on the work of audit in addressing the authority's significant risks, • Satisfies itself that the control and governance arrangements have operated effectively by considering audit and risk reports and undertaking ad hoc reviews,

	<ul style="list-style-type: none"> • Annually self-assess themselves against best practice guidance to check their effectiveness, • Approves the Statements of Accounts, • Reviews treasury policy and performance, and • Considers standards arrangements.
Senior Leadership Team (SLT)	SLT review corporate responsibility, direction and delivery of the sub-regional strategy , direction and delivery of resources, horizon scanning and key controls. SLT has a monthly meeting focused specifically on governance and receives regular reports from a variety of governance boards which have been set up to manage corporate performance and risk. These boards cover performance and risk, employee relations, safeguarding, health and safety, emergency planning, and finance, as well as the statutory officers group. There are several other groups covering cross cutting themes and specific services.
Service Managers	Managers have carried out self-assessments of the processes and controls they have in place to allow them to achieve their service objectives. These are reviewed by Finance to provide assurance that effective controls were in place.
External Audit	External audit is provided by KPMG. Following the annual audit they issue an Audit Results Report to the Audit & Governance Committee covering the opinion on the financial statements, value for money and the Whole of Government Accounts submission. The Council takes appropriate action where improvements need to be made.
Internal Audit	Internal Audit is provided by Assurance Lincolnshire Regular reports are provided to the Audit and Governance Committee and the lead auditor attends monthly LT meetings focused around Governance Issues.

5 Update to Significant Governance Issues 2024/25

Action	Lead	Status
In-year Audit Committee update and review of AGS and action plan on Forward Plan for 2024/25 (from internal audit annual report)	AD - Governance	Complete
Monitoring of controls around procurement cards (following no assurance audit)	DCX S151 Officer/PSPS	Complete and follow up audit undertaken
Monitoring of controls around payroll reconciliation (following limited assurance audit)	DCX S151 Officer/PSPS	Complete and follow up audit undertaken
Align key elements of Council constitutions	AD - Governance	Partnership alignment programme paused pending more clarity around Local Government Reorganisation.
Relaunch of the Member Development Group across the Partnership	AD - Governance	Closed - Agreement for sovereign Member Development approach to continue in each Council with opportunities for sharing development opportunities where appropriate.

6 Internal Audit Report 2024/25

6.1 The Council's Combined Assurance report is a key element of its governance and assurance arrangements. It provides the Senior Leadership & Audit and Governance Committee with better understanding on the assurances across all the Council's critical services, key risks, partnerships, and projects – identifying any areas for greater oversight, improvement and assurance gaps. Overall, there is a positive realistic assurance picture for the Council but one that reflects the complex environment in which it operates, recognising that some areas will remain Amber.

- Red Assurance – Up from 0% to 1%
- Amber Assurance – Down from 40% to 37%
- Green Assurance – Up from 60% to 62%

6.2 The Internal Audit Annual Report 2024/25 includes an opinion on the overall adequacy of and effectiveness of the Council's governance, risk and control framework and therefore the extent to which the Council can rely on it. It is the auditor's opinion that "the frameworks of governance, risk management and management controls provide adequate assurance."

7 Summary

7.1 We propose over the coming year to address and/or monitor the above matters to further enhance our governance arrangements and the understanding of those arrangements where there is any change. We are satisfied this will address the need for improvements that were identified in our review of effectiveness, or manage any significant change, and will monitor their implementations and operation as part of our annual review.

Action	Lead	Timescale
Establishing improved governance and processes to support the preparation of the 2026/27 budget and MTFS	S151 Officer	April 25 – March 26
Monitor the government's plans for remote meetings, proxy voting and standards arrangement and develop policies and procedures as appropriate	AD Governance and Monitoring Officer	April 25 – March 26

Chief Executive

Leader of the Council

DATE:

DATE:



Annual Governance Statement - Action Plan Update

The Annual Governance Statement is a statutory document, which explains the processes and procedures in place to enable the council to carry out its functions effectively. It is produced following a review of the council's governance arrangements and is published with the Statement of Accounts. It includes an action plan to address and/or monitor any significant matters identified which will enhance governance arrangements and the understanding of those arrangements where there is a significant change. It is good practice to review the action plan every 6 months.

Progress against the actions identified in the latest Annual Governance Statement is set out below for noting.

Action	Lead	Status
Establishing improved governance and processes to support the preparation of the 2026/27 budget and MTFS	S151 Officer	New process in place with regular updates to Committee
Monitor the government's plans for remote meetings, proxy voting and standards arrangement and develop policies and procedures as appropriate	AD Governance and Monitoring Officer	Government consultation has concluded. The Government plans to legislate to support permanent provision for remote attendance and proxy voting for local authority meetings when parliamentary time allows. It also intends to work with the sector to develop guidance in these areas. The outcome of the strengthening the standards and conduct framework for local authorities in England consultation is awaited.

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Report To:	Audit and Governance Committee
Date:	17 th November 2025
Subject:	Quarter 2 25/26 Risk Report
Purpose:	To provide an update on risk as at the end of September 2025
Key Decision:	No
Portfolio Holder:	Councillor Dale Broughton, Leader of the Council
Report Of:	John Medler, Assistant Director – Governance and Monitoring Officer
Report Author:	Corey Gooch, Business Intelligence and Change Manager
Ward(s) Affected:	All
Exempt Report:	No

Summary

This is the quarterly report covering risk monitoring information for Quarter 2 of 2025/26 (as at the end of September 2025).

Recommendations

That the committee notes the quarterly performance and risk monitoring information for Q2 of 2025/26.

Reasons for Recommendations

To monitor governance and to support future planning and decision making within the Council.

Other Options Considered

Alternative reporting arrangements.

1. Risk management (Appendix A,B,C)

1.1 The strategic risk register has been reviewed for Q2, as at the end of September 2025.

1.2 Risk training sessions were held with Committee members in September and October. Actions agreed at those sessions include:

- Lead officers will be requested to attend meetings to look at specific risks where they are of particular interest to the Committee; managed via the work programme
- Officers will review mitigations for high risks and report back via quarterly reports
- Risk appetite workshops are planned before the end of the financial year

1.3 A summary of the risks and scores are set out in the table below, with full details in Appendix A,B,C.

In response to recommendations from the recent Internal Audit review of risk management practices, enhancements have been made to the this report to improve clarity and focus on key areas of concern

- **Target Status:** Each strategic risk now includes an indication of whether it is currently being managed at its target level. This addition supports better prioritisation by highlighting risks that require further mitigation to reach their desired state.
- **Mitigation Action Tracking:** The summary also incorporates the status of planned mitigation actions, using a RAG (Red, Amber, Green) rating. This provides assurance that actions are progressing as expected and helps identify where further attention may be needed.


These changes aim to strengthen the Council's oversight of strategic risks and ensure alignment with best practice recommendations outlined in the Internal Audit report.


Boston Strategic Risks	Risk score	Direction of travel	Target Status
BBC02: Health	Medium (9)	↔	At Target Score
BBC03: Local economy	Medium (9)	↔	At Target Score
BBC05: Budget	High (16)	↔	At Target Score
BBC06: Civil contingency risks	Medium (8)	↔	At Target Score


Boston Strategic Risks	Risk score	Direction of travel	Target Status
BBC07: Infrastructure risks	Medium (8)	↔	At Target Score
BBC08: Capital Programme	Medium (6)	↔	At Target Score
BBC09: General Fund Assets	Low (4)	↔	At Target Score
BBC10: Cyber Incident	High (15)	↔	At Target Score
BBC11: Technology infrastructure failure	High (10)	↔	At Target Score
BBC12: Implementation of the Environment Act 2021	High (16)	↔	Not at Target
BBC13: Introduction of Extended Producer Responsibility	Low (4)	↔	At Target Score
BBC14: Identification and Suitability of future Depot Accommodation	Medium (9)	↔	At Target Score
BBC15: Waste Collection Round Pressures	Medium (6)	↔	Not at Target
BBC16: Capacity	Medium (6)	↔	At Target Score
BBC17: Third Party Service Delivery	Medium (9)	↔	At Target Score
BBC18: External Communication	Medium (6)	↔	At Target Score
BBC19: Retention of staff	Medium (8)	↔	At Target Score
BBC20: Service Delivery	Medium (9)	↔	Not on Target
BBC21: Internal Communications	Medium (6)	↔	At Target Score
BBC22: Net Zero target	Medium (8)	↔	At Target Score
BBC24: Health and Safety	Medium (9)	↔	Not on Target
BBC25: Information	Medium (8)	↔	At Target Score
BBC26: Local Plan being considered out of date	Medium (6)	↔	At Target Score
BBC27: Safeguarding	Medium (8)	↔	At Target Score
BBC28: Local Government Reform (LGR) in Greater Lincolnshire	High (15)	↔	At Target Score
BBC29: Inadequate mitigation of infrastructure risks in the BBC server room	High (12)	↓	Not on Target


Risk Scoring Matrix						
Impact	Critical		11	10		
	High	9	6; 7; 19; 25; 27		5; 12	
	Medium		4; 8; 18; 21;	2; 3; 14; 15; 17; 20; 23;16;24	29	
	Low		13	26	22	
	Minimal					
		Rare	Unlikely	Possible	Likely	Almost certain
Likelihood						


Risk Score Colour

Minimal Risk 

Low Risk 

Medium Risk 

High Risk 

Critical Risk 

1.4 As set out in the risk policy, we use the 4Ts of risk control:

- Terminate – rarely, we may be able to stop doing the activity altogether and thereby remove the risk altogether
- Tolerate – accept the risk and live with it because it is within our risk appetite and the cost of mitigating action would outweigh the benefits
- Transfer – move all or part of the risk to a third party or through insurance; however, sometimes accountability remains, particularly with a Council, so caution is advised
- Treat - take action to control the likelihood and/or impact and set a target to move the risk to within the risk appetite once the action has been implemented

1.5 The strategic risks for the Partnership have also been reviewed for Quarter 2, as at the end of September 2025.

1.6 A summary of the Partnership risks and scores are set out in the table below, with full details in Appendix B.

SELCP Partnership Risks	Risk score	Direction of travel	Target Status
SELCP-01: Vision	Medium (8)	↔	At Target Score
SELCP-02: Trust	High (12)	↔	At Target Score
SELCP-03: Sovereignty	Medium (9)	↔	At Target Score
SELCP-05: Culture	Medium (6)	↔	At Target Score
SELCP-06: LGR	High (12)	↔	At Target Score
SELCP-07: Funding	High (16)	↔	Not on Target
SELCP-08: Staffing	High (12)	↔	Not on Target

SELCP Partnership Risks	Risk score	Direction of travel	Target Status
SELCP-09: PSPS	Medium (6)	↔	At Target Score

Risk Scoring Matrix						
Impact	Critical					
	High		1		7	
	Medium		5; 9	3	2; 6; 8	
	Low					
	Minimal					
		Rare	Unlikely	Possible	Likely	Almost certain

Risk Score

Minimal Risk


Low Risk

Medium Risk

High Risk

Critical Risk

Colour



1.7 The fraud risks have also been reviewed for Q2, as at the end of September 2025.

1.8 A summary of the fraud risks and scores are set out in the table below, with full details in Appendix C.

Fraud Risks	Risk score	Direction of travel	Target Status
1: Asset - Equipment	Minimal (1)	↔	At Target Score
3: Assets – Land and Property	Minimal (1)	↔	At Target Score
4: Procurement – Contracts	Medium (6)	↔	At Target Score
5: Procurement – Contract Payments	Medium (8)	↔	At Target Score
6: Council Tax – Credit Refund and Income Fraud	Medium (6)	↔	At Target Score
7: Council Tax Fraud	Low (4)	↔	At Target Score
8: Council Tax Support Scheme	Low (4)	↔	At Target Score
9: National Non-Domestic Rate (NNDR) Fraud	Medium (9)	↔	At Target Score
10: Housing Benefit Fraud	Low (4)	↔	At Target Score

Risk Scoring Matrix					
Critical					
High		5			
Medium		4; 6	9		
Low		7; 8; 10			
Minimal	1; 3				
	Rare	Unlikely	Possible	Likely	Almost certain
	Likelihood				

Risk Score

Minimal Risk

Low Risk

Medium Risk

High Risk

Critical Risk

Colour

2. Conclusion

2.1. The governance reporting and review arrangements support the Council to manage its services in an effective and efficient manner.

Implications

South and East Lincolnshire Councils Partnership

A Partnership approach has been agreed for 2025/26.

Corporate Priorities

Whole report. Performance information is set out by priority.

Staffing

No implications specific to this report. Risks relating to staffing are included in the report.

Workforce Capacity Implications

No implications specific to this report. Risks relating to workforce capacity are included in the report.

Constitutional and Legal Implications

No implications specific to this report

Data Protection

No implications specific to this report

Financial

No implications specific to this report

Risk Management

Section 1 of the report and Appendix A.

Stakeholder / Consultation / Timescales

Consultation with SLT

Reputation

No implications specific to this report. Potential reputational risks are included in the report.

Contracts

No implications specific to this report. KPIs and risks relating to contracts and procurement are included in the report.

Crime and Disorder

No implications specific to this report.

Equality and Diversity / Human Rights / Safeguarding

No implications specific to this report.

Health and Wellbeing

No implications specific to this report.

Climate Change and Environmental Implications

No implications specific to this report.

Acronyms

- 2Y: 2 year rolling period
- A&G: Audit & Governance Committee
- B&B: Bed & Breakfast accommodation
- BAU: Business As Usual
- CC: Customer Contact
- DD: Direct Debit
- EAP: Employee Assistance Programme
- KPIs: Key Performance Indicators
- LGR: Local Government Reorganisation
- OFLOG: Office for Local Government
- Q: Quarterly (Q1: April to June; Q2: July to September; Q3: October to December; Q4: January to March)
- NDR: Non-domestic rates (business rates)
- R&B: Revenues & Benefits
- SLA: Service Level Agreement
- SLT: Senior Leadership Team

- YE: Year End (April to March)

Appendices

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

Appendix A	BBC Strategic Risks
Appendix B	Partnership Risk Register
Appendix C	Fraud Risk Register

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

A report on this item has not been previously considered by a Council body.

Report Approval

Report author:	Corey Gooch – Business Intelligence and Change Manager corey.gooch@sholland.gov.uk
Signed off by:	John Medler – Assistant Director Governance and Monitoring Officer john.medler@e-lindsey.gov.uk
Approved for publication:	Councillor Dale Broughton, Leader of the Council dale.broughton@boston.gov.uk

Appendix A

Ref	Risk name	Risk description	Lead	Cause/s	Potential impact/consequences	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Target risk likelihood	Target risk impact	Target risk score	Changes since last update
BBC02	Health	The risk of long term health issues on local people; the opportunity to work with health partners to address these	AD-CHS	Long term health issues in the local population; Deprivation;Wider determinants of health; Access to services	Poor health outcomes; Increased costs to local health services; Unsustainable health services.	The opportunity to work with health and wider system partners to address long term health issues and deprivation, to raise awareness and promote good health, to support the sustainability of local health services. Close working with LCC Public Health, VCS and wider system partners to ensure appropriate support and treatment measures are carried out.	3	3	Medium (9)	Tolerate	3	3	Medium (9)	
BBC03	Local economy	Risk to local businesses, lack of growth, lack of inward investment and tourism; opportunity to encourage growth and stimulate the local economy	D-ED	Continuing impact of general wider economic impact on businesses and the local economy; Increasing costs, including fuel costs; Lack of buses, particularly in rural areas, and increasing costs of travel	Struggling/failing local businesses; Stagnating local economy; Lack of inward investment; Low skills and aspirations; Low visitor numbers; Future sustainability of the Town Centre - retail, evening economy, housing, heritage, culture, leisure, events, car parking; Community perceptions. Threat to infrastructure, local services and housing	Town Deal and Levelling Up projects; Emergency Planning Team represented on County Wide LRF Group looking at issues of winter pressures / cost of living and industrial action.	3	3	Medium (9)	Tolerate	3	3	Medium (9)	
BBC05	Budget	Risk around the long term balancing of the budget with economic and funding uncertainty	D-F	Reduction of government funding; Reduction in income; Capital expenditure; Impact of Internal Drainage Board (IDB) levy; Inflation; Fuel shortages; Ukraine conflict	Lack of money and lack of certainty going forward; Failure to balance budget in future years	Medium Term Financial Strategy; Budgetary process; Sound level of reserves; Continued close monitoring; Continued lobbying regarding the IDB pressure. Savings and Efficiency Plan developed to support the MTFS	4	4	High (16)	Tolerate	4	4	High (16)	
BBC06	Civil contingency risks	Community risks shared across Lincolnshire, managed in partnership with the Lincolnshire Resilience Forum (LRF) and through S&ELCP	AD-R	Any incident/emergency that requires a response from the council as a category 1 responder under the civil contingencies act	Failure in service delivery; Impact on local people; Reputational damage; Detrimental economic impact on business; inability to support partners during an incident through LRF structures	Community Risk Register monitored by the Lincolnshire Resilience Forum (LRF); Work with partners to assess, monitor, train, plan and exercise to enable effective response to and recovery from an incident. Strategic and Tactical Out of Hours duty rota in place. S&ELCP providing resilience for response and recovery from emergencies/incidents affecting a single council. Strategic Management Group in place to monitor performance and report to LT Governance. Partnership Emergency Plan in place for the Sub-region. Business Continuity Plans in place for all critical services across the S&ELCP. Partnership resilience manager appointed and in place from 1st August	2	4	Medium (8)	Tolerate	2	4	Medium (8)	
BBC07	Infrastructure risks	Risks to infrastructure - roads, rail, waste management, water supply, energy, digital connectivity	D-ED	Lack of investment, upgrade and development into infrastructure, broadband/digital connectivity, highways/public transport; Increased demand on infrastructure from population growth and rapid urbanisation	Impact on health, the economy and businesses; Opportunity to generate employment and boost living standards; Opportunity to encourage inward investment.	Sub-regional focus and briefings; Support with the evolution of ideas and solutions; Scrutiny Committee looking at the theme of highways/public transport.	2	4	Medium (8)	Tolerate	2	4	Medium (8)	
BBC08	Capital Programme	Failure to deliver Major capital schemes within the capital programme	D-PD	Escalating costs Onsite Issues Grant funding withdrawal Non-compliance of grant funding obligations Insufficient Pre-project planning and specs (Brief-Creep) Partners withdrawal	Reputational Damage Financial impact Failure to deliver council objectives Reduced ability to secure future funding	Robust programme and project management; Regular and structured reporting mechanisms; Robust and effective governance (financial and project); Effective working with partners and 3rd Party delivery; Risk transferrance and mitigation; Requesting extra funding prior to project commencement where required	2	3	Medium (6)	Tolerate	2	3	Medium (6)	
BBC09	General Fund Assets	This risk identifies the need for the council to adhere to all prevailing statutory codes as they relate to council assets and functions	AD-GFA	Escalating costs Onsite Issues Grant funding withdrawal Non-compliance of grant funding obligations	Failure to meet statutory requirements in regard to general fund assets	All assets either have compliance contracts in place or local contractors with the jobs in hand. Database updated and restructure in place, with clear roles and responsibilities. Training takes place on a required basis.	1	4	Low (4)	Tolerate	1	4	Low (4)	
BBC10	Cyber Incident	The risk of the council's ICT infrastructure being severally impact as the result of a cyber incident, both in terms of downtime of systems and loss of data/information.	AD-C	The threat landscape across the UK is continuously increasing and appears on the national risk assessment. The Council need to constantly adapt in its security mitigation and training to ensure they are both prepared from a technical and from a people aspect	Theft of corporate information theft of financial information (eg bank details or payment card details) theft of money disruption to servrice provision loss of business or contract loss of trust in customers/residents and partners	Defence in depth in the form of firewalls, Mimecast and antivirus is deployed both at the perimeter and the internal Local Area Network. The ICT team play an active part in the East Midlands WARP (Warning, Advice and Reporting Point) which allow us to have early sight of issues being experienced across neighbouring Authorities and Agencies. ICT is also a member of the CISP formed by the National Cyber Security Centre, this allows us early awareness from the central agency responsible for cyber threats across the UK as well as allowing them to monitor our environment to a degree. These mitigations afford ICT awareness of emerging threats. We are about to commission an external validation of our cyber response plan for ICT. We have also recently enabled and implemented further cyber security controls within Mimecast which will ensure further mitigation in this area is in place.	3	5	High (15)	Tolerate	3	5	High (15)	
BBC11	Technology infrastructure failure	The loss of ICT impacting upon the organisation to operate effectively and deliver services to residents.	AD-C	Human error, Power failure, Security, Hardware, Link failure	The Council relies heavily on the ICT infrastructure for normal business operation. Whilst resilience is built into the environment, the loss of a service is always possible. Depending on the service lost, the impact could be severe	The Council has a series of resilience arrangements in place through its service provider, PSPS. Work is continuous to ensure these are fit for purpose across a range of areas. As part of business continuity planning, services are considering in detail how they would continue to operate should an ICT outage occur	2	5	High (10)	Tolerate	2	5	High (10)	

Appendix A

Ref	Risk name	Risk description	Lead	Cause/s	Potential impact/consequences	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Target risk likelihood	Target risk impact	Target risk score	Changes since last update
BBC12	Environment Act	The legislation will have an impact on the way that waste services are delivered, and will require operational changes. Changing service delivery requires financial support, and although some New Burdens has been made available information has not been provided to date on the ongoing New Burgdens revenue funding to meet the additional cost of service delivery.	AD-N	The Environment Act 2021 allows the UK to enshrine better environmental protection into law. It provides the Government with powers to set new binding targets, including for air quality, water, biodiversity, and waste reduction. This will change and impact the way environmental services are currently delivered	Failure to comply with legislation Negative effect on climate both locally and globally	A SELCP Waste Improvement Programme Board (WIPB) is established and comprises lead members from Neighbourhoods and PSPS services. The WIPB meets monthly for progress updates. A Programme Manager has been recruited to support the WIPB. Additionally the authorities comprising the Lincolnshire Waste Partnership work together to identify the impact of the Environment Act across the county, and make preparations for changes to service delivery.	4	4	High (16)	Treat	3	3	Medium (9)	
BBC13	Extended Producer Responsibility (EPR)	The UK is undergoing a major overhaul of packaging producer responsibility legislation, which will transform the way local authorities receive funding for household waste collections. This risk covers the changes this legislation will bring which will be positive but also important to ensure we as an organisation are prepared for these changes.	AD-N	Reforms seek to introduce principles of extended producer responsibility (EPR) to the UK's packaging waste management sector and will, primarily, see the cost burden of collecting householders' packaging waste shift from local taxpayers to the producers of packaged products	Funding Gaps Negative Press Budget Implications	Officers closely follows all policy and practice changes being implemented by the Government and has responded to relevant consultations. This is also being monitored through the countywide Strategic Officer Working Group. Officers are attending Defra webinars on a regular basis, and taking part in research where relevant. The SLECP Waste Improvement Programme Board is made aware of any updates from Defra.	2	2	Low (4)	Tolerate	2	2	Low (4)	Wording and planned action reviewed and updated.
BBC14	Depot	This risk identifies the need for additional depot capacity to be identified and secured to deliver the required food waste collection service and meet future housing growth	AD-N	Additional housing developments which means more waste and therefore more resources and vehicles required. Depot at St Johns Road does not currently have sufficient capacity on the operators license for future growth or additional vehicles for food waste	Failure to complete rounds; Budget implications; Failure to increase garden waste and commercial services, failure to provide a food waste collection	Extension to depot has been identified and lease agreed from 1st April 2025.	1	3	Low (3)	Treat	1	2	Miminal (3)	Likelihood reduced futher, commentary added
BBC15	Waste Collection Round Pressures	Increased housing growth has led to an increase in the amount of waste presented for collection each week, putting pressure on the service.	AD-N	Housing growth Increased waste from more residents at home	Increase in missed collections Reputational Damage Failure to increase Garden waste and commercial services Staff Absence Budget Implications	Round review will form part of rounds revision as a result of food waste collection. Hire in Vehicles to enable waste collection	3	3	Medium (9)	Treat	2	2	Low (4)	
BBC16	Capacity	Capacity to deliver the work programme for the Partnership/Councils	AD-C	The workload increasing to a point where it becomes unmanageable within existing staff resources.	Delivery of work programme slipping. Staff wellbeing concerns. Disruption to services. Reputation reduced with partners.	Alignment and Delivery Plan in place to help manage the work programme. Services when bringing forward new initiatives to consider the capacity required and the need to bid for capacity if it can't be accommodated within existing resources. Council report templates have a specific section on capacity. Services have been informed they can bid into the transformation reserve for short term capacity if they have a suitable proposal. Resourcing is tracked via the Assistant Director quarterly survey so concerns regarding capacity can be escalated to Leadership Team. Recent audit which linked to Capacity, Aims and Priorities gave 'Adequate Assurance'.	3	3	Medium (6)	Tolerate	3	3	Medium (9)	
BBC17	Third Party service delivery	Risk around resilience and quality of service delivery arrangements with third parties	AD-C	This risk relates to the potential for the failure of of a major supplier of Council services or partners with whom the Council co-delivers/enables provision of services and operations	In the event of a failure, either in resilience or quality, there are likely to be a mix of financial, service delivery and reputational impacts to the Council.	Regular performance reports and monitoring meetings with third parties. Some key partnerships based on open book approach to financial monitoring. Regular contract meetings in place to manage risk. SELCP approach to some contracts provides resilience.	3	3	Medium (9)	Tolerate	3	3	Medium (9)	
BBC18	External Communication	Poor quality external communication with stakeholders, residents and the wider public impacts upon the council's reputation and its ability to effectively deliver services	AD-C	Low frequency of communications No communication from senior leadership team Failure to understand residents needs	Lack of awareness of partnership and councils delivery and plans Failure to gauge residents needs and interests	External communications are quality checked by the Communications Team to ensure that the messaging is effective and relevant to its audience. The team also gather statistics across a range of areas to understand how much interaction is being achieved through social media channels, for example, and adapt messages and channel shift to ensure messages are being heard and well received. Recently we have adopted an engagement charter across the partnership.	2	3	Medium (6)	Tolerate	2	3	Medium (6)	
BBC20	Service Delivery	The risk to service delivery, impacting residents and partners we work with.	AD-C	Lack of training Lack of leadership No resources/budget Communication failure Poor performance Innefective governance Lack of learning/feedback	Failure to meet needs of residents and partners Negative feedback and press coverage Reputational damage	Staff resources maximised under the Partnership. Working with external partners to deliver shared priorities. HR support on recruitment and retention. Training plans. Values & behaviours work; Annual Delivery Plan, Workforce Development, policies, and procedures.	3	3	Medium (9)	Treat	2	3	Medium (6)	
BBC21	Internal Communications	The risk is that internal colleagues do not fully understand the aims and ambitions of the partnership and the role they play in the partnership's success.	AD-C	Low frequency of communications No communication from senior leadership team Lack of engagement from partners/PSPS Failure to understand staff needs/feedback	Staff do not feel informed Reduction in morale/engagement High turnover Lack of service delivery	Internal communications approach has been reviewed. There isn't a one size fits all approach for the Council/Partnership given the breadth of services provided and this is reflected in the internal communications model. Staff informed levels are monitored through the performance framework on a quarterly basis with the results being considered by scrutiny and Cabinet. Regular all staff bulletins with key information are issued. Regular videos from Senior leadership team to the workforce. Briefings on key corporate topics take place. Regular team meetings between service managers and their officers to cascade information. Monthly service manager meetings. Single Partnership Intranet in place	2	3	Medium (6)	Tolerate	2	3	Medium (6)	

Appendix A

Ref	Risk name	Risk description	Lead	Cause/s	Potential impact/consequences	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Target risk likelihood	Target risk impact	Target risk score	Changes since last update
BBC22	Net Zero target	Risk of failure to meet agreed corporate ambition of Net Zero by 2040 with a 45% reduction by 2027	AD-R	Impact on Net Zero target (i.e. carbon emissions) not fully evaluated at outset of all projects and developments and through service delivery objectives. Agreed model to assess the environmental impacts of decisions and projects yet to be established Financial resourcing required to decarbonise some areas may not be available or resources are not targeted effectively	Decisions taken which increase carbon emissions leading to failure to meet Net Zero ambition. Potential reputational risk to authority. Investment is not properly informed to deliver sufficient carbon reduction to meet target	Carbon Reduction Action Plan approved. Partnership Environment Policy approved. Climate Change Strategy approved. MEES project delivered. Decarbonisation feasibility studies completed for Municipal Buildings, Crematorium and Guildhall - funds yet to be secured from Government. 3 year funding round awarded called Warm Homes:Local Grant securing a domestic retrofit programme for 2025 to 2028. LEAD enaergy advice project extended to the BBC area for 25 to 27.	4	2	Low	Treat	2	2	Low (4)	
BBC24	Health and Safety	Risk of failure to comply with Health and Safety requirements	AD-R	The Council has a clear responsibility to both staff and recipients of services under Health and Safety legislation and needs to effectively manage its responsibilities.	There can be consequences to the organisation's finances and reputation relating to non-compliance of health and safety requirements. There is also the risk of harm to individuals.	The establishment of the S&ELCP has increased the resilience and capability of the 3 partner councils. Resources can be more easily shared across the sub-region and procedures and policies are being harmonised, with assistance from PSPS, to provide a more efficient and effective approach towards H&S compliance. The partner Councils receive specialist Health and Safety advice from Public Sector Partnership Services who support the Partnership Health and Safety Governance Group (chaired by the Assistant Director – Regulatory) and each sovereign council Staff Health and Safety Forum. Both operate under agreed terms of reference and feed into the LT – Governance. LT Governance receive minutes and recommendations for approval from the Governance Group and the staff Forums. Policies and procedures are revised by PSPS, consulted upon through Staff H&S forums before being recieved and approved by the Governance Group and referred to LT Governance for information. Health and Safety is included within Internal Audit's annual audit plan.	3	3	Medium (9)	Treat	2	3	Medium (6)	
BBC25	Information	Risk of failure to comply with Information Governance and Management requirements	AD-G	Increased understanding of the public's right to information means that we have to be fully aware of our legal duties. The increase in data also means we have to be able to manage information more effectively, including reducing the amount of unnecessary data held.	Data protection breaches which can result in significant fines from the Information Commissioner's Office.	All employees receive annual online training in data protection. Arrangements are in place to ensure that the organisation is compliant with the new General Data Protection Regulation (GDPR) requirement, including lead staff attending training. PSPS also have a lead officer overseeing compliance. An experienced Data Protection Officer is in place who monitors training, compliance and development of policy; also, full assessment of any breaches, providing recommendations for continual improvement. There is now additional resilience with two qualified DPOs in place across the Partnership which allows for cover.	2	4	Medium (8)	Tolerate	2	4	Medium (8)	
BBC26	Local Plan	The South East Lincolnshire Local Plan (2019) seeks to support proposals which assist in the delivery of economic prosperity and some jobs in Boston across the Plan period. Risk relates to failure to deliver an updated version of the local plan.	AD-PSI	Failure to adopt in time (stopping/pausing) Out of date evidence base Failure to understand housing need Issues with site selection processes Poor co-operation and engagement Misalignment with development management policies Local plan out of date	Lack of economic growth and inward investment Lack of new jobs and opportunity Failure to attract residents from outside of the district	Monitoring of the Plan policies. Taking of decision on planning applications. Review of the Local Plan where necessary.	3	2	Medium (6)	Tolerate	3	2	Medium (6)	
BBC27	Safeguarding	Risk of failure to deliver safeguarding children, young people and vulnerable adults responsibilities	AD-CHS	The Council has statutory duties in relation to safeguarding. Section 11 of the Children Act requires a regular audit to assess our capacity to respond appropriately and identify improvements needed. The Council also has statutory duties to safeguard individuals and communities in relation to the Care Act 2014, the Mental Capacity Act 2005, Modern Slavery Act 2015 and in relation to Prevent.	In relation to non-compliance there are potentially significant reputational risks to the Council	Lead Officer and Deputies identified, with Portfolio Holders engaged. The Safeguarding Policy and Procedures have been reviewed. The lead officer liaises regularly with other District Councils and external agencies. Team leaders identify relevant actions and staff training in their service plans. Human Resources supports safer recruitment (including DBS checks) and training for officers, volunteers and councillors. An incident reporting mechanism is in place to monitor the Council's responses. Wellbeing Lincs Service has provided a countywide response and support service for vulnerable and clinically vulnerable residents. Safeguarding was a key focus of a report to LCC during the Covid response. The District Councils and County Council continue to meet to collaborate and discuss matters around safeguarding policy and procedures.	2	4	Medium (8)	Tolerate	2	4	Medium (8)	
BBC28	Local Government Reform (LGR) in Greater Lincolnshire	LGR would lead to the creation of new Councils to replace existing Councils	AD-C	English Devolution White Paper	If LGR proceeds, there will be a period of uncertainty for Members, Officers and the community.	Regular staff and member briefings are taking place to share the latest information.	4	3	High (12)	Tolerate	4	3	High (12)	
BBC29	Inadequate mitigation of infrastructure risks in the BBC Server Room	There has been a significant delay in addressing known infrastructure risks associated with the BBC Server Room, including a high fire risk. Despite early identification and funding approval, the project to relocate or upgrade the server room has not progressed due to previous instructions to halt the initiative. The issue has since dropped off key governance agendas and lacked momentum, increasing the likelihood of operational disruption or data loss.	AD-C	Despite early identification and funding approval, the project to relocate or upgrade the server room has not progressed due to previous instructions to halt the initiative.	Loss of critical ICT infrastructure and services Disruption to council operations and service delivery Reputational damage Financial loss due to emergency response or data recovery Non-compliance with health and safety obligations	Support from new Administration to continue with the project Confirm and commit to a delivery timeline (targeting Q4) Monitor progress through the Strategic Risk Register	3	2	Medium (6)	Tolerate	3	2	Medium (6)	Reduced in liklehood and impact as project has been agreed to migrate

Ref	Risk name	Risk description	Lead	Cause/s	Potential impact/consequences	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Target risk likelihood	Target risk impact	Target risk score	Changes since last update
BBC30	Net Zero target	Risk of failure to meet agreed corporate ambition of Net Zero by 2040 with a 45% reduction by 2027	AD-R	<p>Impact on Net Zero target (i.e. carbon emissions) not fully evaluated at outset of all projects, decisions and developments and through service delivery objectives.</p> <p>Financial resourcing required to decarbonise some areas may not be available.</p>	<p>Decisions taken which increase carbon emissions leading to failure to meet Net Zero ambition.</p> <p>Potential reputational risk to authority. Failure to invest in a targeted and effective way.</p>	Carbon Reduction Action Plan approved. Partnership Environment Policy approved Q2 24.25. Climate Change Strategy approved. Green Home Grants are in delivery. Energy Advice Demonstrator in delivery. Fleet telematics project approved for delivery.	2	2	Low (4)	Treat	2	2	Low (4)	Risk has been reviewed and likelihood reduced to target score as all mitigations are now in place and programme of works (including policy reviews) is on track.

Ref	Risk name	Risk description	Lead	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Target risk likelihood	Target risk impact	Target risk score	Changes since last update
SELCP-01	Vision	A lack of clear and shared vision; the reasons for shared management and sharing of joint services	AD-C	The partnership exploration phase developed this understanding. Engagement with members to ensure the objectives of the business case were clearly understood, through the proposal recommendations, scrutiny process and final Council decisions. Adoption of a Sub-regional Strategy across the Partnership to embed shared vision, objectives and priorities. Quarterly stakeholder board meetings are underway which focus on ensuring the vision of the partnership is clear and aligned. A significant number of services have now aligned workforce through service reviews.	2	4	Medium (8)	Tolerate	2	4	Medium (8)	
SELCP-02	Trust	A poor relationship or lack of trust between members, leaders or senior staff	CX	Openness, transparency and accessibility for all groups. Building on the existing positive relationships between Members and Officers	3	3	Medium (9)	Tolerate	3	3	Medium (9)	
SELCP-03	Sovereignty	Concerns around the loss of sovereignty of a council	AD-G	Each Council continues to be governed by its own Constitution which is a key principle of the Memorandum of Agreement between the three Councils.	3	3	Medium (9)	Tolerate	3	3	Medium (9)	
SELCP-05	Culture	A fundamental difference in the organisational culture of the councils	AD-C	A shared set of values and behaviours are in place across the Partnership and a significant number of services reviews have now taken place creating single teams serving the three Councils in many areas. A job evaluation and pay structure has also been introduced for shared officers	2	3	Medium (6)	Tolerate	2	3	Medium (6)	
SELCP-06	LGR	Local Government Reorganisation (LGR)	CX	The South and East Lincolnshire Councils Partnership is designed to have a positive influence on Local Government Reorganisation in Lincolnshire. The Councils are working together to develop a proposal for Government in response to the invitation to Greater Lincolnshire from the Secretary of State.	4	3	High (12)	Tolerate	4	3	High (12)	
SELCP-07	Funding	Local Government Funding	D-F	Local Government funding challenges are inevitable and evidenced by each partner's funding gaps. The business case assumes a shared opportunity for efficient services and shared commercial opportunities and provides a significant opportunity to respond to this on-going challenge.	4	4	High (16)	Treat	3	3	Medium (9)	

Ref	Risk name	Risk description	Lead	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Target risk likelihood	Target risk impact	Target risk score	Changes since last update
SELCP-08	Staffing	Staff retention and resilience	AD-C	<p>The workforce strategy is aligned across the 3 Councils. A training programme is in place to assist with both personal and professional development and to further develop the talents of individual employees. This programme sits alongside a package of personal support for staff. Managers are encouraged to have regular 'one to ones' with staff to ensure that they are fully supported in their roles. Appraisal process in place. We have launched our own recruitment academy which seeks to recruit and develop apprentices specifically in those services where it is harder to recruit. The new managers development programme has launched, with the first cohort inducted. We also continue to have in place our Future Leaders' Programme to support colleagues in their career development. Corporate Management Team invest time in mentoring colleagues within the organisation through both of these development programmes.</p> <p>Alignment and Delivery Plan in place to help manage the work programme. Services when bringing forward new initiatives to consider the capacity required and the need to bid for capacity if it can't be accomodated within existing resources. This matter was discussed at a recent internal conference for senior managers, email appears to be the biggest pressure and services are considering how they best manage this. Services have been informed they can bid into the transformation reserve for short term capacity if they have a suitable proposal.</p>	4	3	High (12)	Treat	3	3	Medium (9)	
SELCP-09	PSPS	Relationship with PSPS	AD-C	<p>The Partnership's relationship with PSPS could become strained due to demands being placed on the company to support organisational change. This is mitigated via SLAs being in place setting out the work programme, regular client liaison meetings, PSPS Stakeholder Board being in place to direct the company strategically and a process for Additional Work Requests that manages additional work required by the company. I think its medium but reduced to a low due to the mitigation</p>	2	3	Medium (6)	Tolerate	2	3	Medium (6)	

Appendix C

Ref	Risk name	Risk description	Lead	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Target risk likelihood	Target risk impact	Target risk score
F-01	Assets - Equipment	Selling asset for less than market value; Collusion between staff and purchaser; Disposal of assets no longer required by the council	AD-GFA	Asset Disposal policy -within constitution; Asset register; Financial Regulations; Anti-Fraud & Corruption Strategy; Staff counter-fraud training; Segregation of duties - includes systems administration,raising and authorising of financial procurements; Internal Audit reviews; Whistleblowing Policy; Register of Gifts& Hospitality & Register of Interests; Counter-fraud page on website detailing how public can report fraud; Counter Fraud section on intranet; Financial Regulations training for all appropriate staff	1	1	Minimal (1)	Tolerate	1	1	Minimal (1)
F-02	Assets- land and Property SHDC	Selling asset for less than market value; Collusion between staff and purchaser - may include provision of insider knowledge (e.g. planning, leases& covenants)	AD-GFA	Asset Management Plan; Asset register; Segregation of duties; Independent valuation or auction; Financial Regulations; Anti-Fraud & Corruption Strategy; Staff counter-fraud training; Internal Audit reviews; Whistleblowing Policy; Register of Gifts & Hospitality/Register of Interests; Credit checks on potential purchasers; Counter-fraud page on website detailing how public can report fraud; Counter Fraud section on intranet	2	2	Low (4)	Tolerate	2	2	Low (4)
F-03	Assets- land and Property ELDC and BBC	Selling asset for less than market value; Collusion between staff and purchaser - may include provision of insider knowledge (e.g. planning, leases & covenants)	AD-GFA	Asset Management Plan; Constitutional Guidance for Asset Disposal; Legal Framework; Scheme of delegation for officers; Asset register; Segregation of duties; Independent valuation or auction; Financial Regulations; Anti-Fraud & Corruption Strategy; Staff counter-fraud training; Internal Audit reviews; Whistleblowing Policy; Register of Gifts& Hospitality/Register of Interests; Credit checks on potential purchasers; Counter-fraud page on website detailing how public can report fraud; Counter Fraud section on intranet	1	1	Minimal (1)	Tolerate	1	1	Minimal (1)
F-04	Procurement - Contracts	Credit/procurement cards; manipulation of accounts; false invoices & claims; BACS fraud - fraudulent change of bank details; mandate fraud; fake details for internet payments	PSPS - Finance	Financial Regulations; Anti-Fraud & Corruption Strategy- last reviewed March 2021, due this March for a review; Whistleblowing Policy Confidential Reporting Code -due in March; Segregation of duties for reconciliation; Reconciliation; Escalation of highvalue invoices; System team audited and logged; PCards- No cash withdrawals and card limits. Following P Card Review updated training issued. Process re-evaluated for checking transactions and receipts; Minor petty cash; Counter fraud training for the staff; Transparency reporting; Financial reporting training for all staff to be rolled out 2024; Segregation of duties within AP; confirmation with company regarding change of bank details; reconciliation; staff training	2	4	Medium (8)	Tolerate	2	4	Medium (8)

Appendix C

Ref	Risk name	Risk description	Lead	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Target risk likelihood	Target risk impact	Target risk score
F-05	Procurement - Contract Payments	Bribery of officers or Members involved in contract award; Collusion between officers and contractors involved in tendering; Violation of procedures; Manipulation of accounts; Asset Misappropriation; Fictitious requirement; Bid rigging & cartels; Failure to supply; Failure to supply to contractual standard; Inflating performance information to attract greater payments; Bid suppression; Price fixing; Bid rotation; Fictitious vendor	PSPS - Procurement	NAFN & fraud alerts; Contract procedure rules; Financial Regulations; Contract management; Contract Terms & Conditions; Code of Conduct; Whistleblowing policy; Register of Gifts & Hospitality/Register of Interests; Anti-Fraud & Corruption Strategy; Staff counter-fraud training; Internal Audit reviews; Separation of duties; Etender system - single login provides an audit trail; Contract management training; Transparency Code 2014 and Transparency agenda; CIPFA guidance - Managing the Risk of Procurement Fraud; Minimum quote dependant on value; Valuation methodology; Breach of contract clauses; Instant terminations; Self certificated questionnaires	2	4	Medium (8)	Tolerate	2	4	Medium (8)
F-06	Council Tax - Credit Refund and Income Fraud	Council tax/NNDR/Rents; Suppression of notification of debt to be raised; Improper write-off; Failing to institute recovery proceedings; Switching or transferring arrears; manipulation of credit balances; Payment using false/ fraudulent instrument then re-claim of refund; Employee based; false payment then request for refund	PSPS - Revs/Bens	Up to date Council Financial Regulations; Up to date Council Anti-Fraud & Corruption Strategy; Debit/credit card payments monitoring checking against pay.net system; Review of unusual activity; Refund to original card/bank account where appropriate; Authorisation procedures& levels; Checking against other accounts (Council Tax etc.) to ensure no other money owed to SELCP; Staff counter-fraud training; Audit trail/personal logins; Reconciliations; Budgetary controls; Write off policy; Debt recovery procedures; Supervisory controls; Review of credit balances and suspense items; Internal Audit reviews; Whistleblowing Policy; Counter-fraud page on website detailing how public can report fraud; Counter Fraud details on intranet; Financial Regulations training for all appropriate staff; Follow up payment sources	2	3	Medium (6)	Tolerate	2	3	Medium (6)
F-07	Council Tax Fraud	False applications; failure to notify change in circumstances	PSPS - Revs/Bens	Council Financial Regulations; Council Anti-Fraud & Corruption Strategy; National Fraud Initiative - data matching; Monitoring of council tax base; Application checks; Check electoral register; Information from planning re Developments where full planning not required; Checks on documentary evidence for exemptions; Visual inspection; Internal Audit reviews; Whistleblowing Policy; Separation of duties; Counter-fraud page on website detailing how public can report fraud; Single Person Discount review; Field officers available for investigations; Annual review of long-term empty properties	2	2	Low (4)	Tolerate	2	2	Low (4)

Ref	Risk name	Risk description	Lead	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Target risk likelihood	Target risk impact	Target risk score
F-08	Council Tax Support Scheme	False applications; failure to notify change in circumstances	PSPS - Revs/Bens	Most controls are the same as Housing Benefits; Council Anti-Fraud & Corruption Strategy; Council Tax Support policy; Counter-fraud page on website detailing how public can report fraud; Council Financial Regulations; Whistleblowing Policy; Inclusion in National Fraud Initiative (data matching) from October 2016; Closer working - Council Tax and Housing share intelligence and identify potential fraud opportunities (sharing intelligence - informal arrangement); Fraud hotline; Dedicated team for fraud hotline; DWP verification	2	2	Low (4)	Tolerate	2	2	Low (4)
F-09	National Non-Domestic Fraud	Failure to declare occupation; Payment using false bank details; Companies going into liquidation then setting up as new companies; Avoidance of liability through fraudulent claim for discount or exemption; Empty rate avoidance	PSPS - Revs/Bens	Up to date Council Financial Regulations; Up to date Council Anti-Fraud & Corruption Strategy; Ensure liable person identified for each assessment on the list; Information sharing with other Business Units; Inspections of occupied properties; Checking empty properties; Information from Landlords or letting agents; Public complaints- reports to valuation office; Internal Audit reviews; Whistleblowing Policy; Separation of duties; Register of Gifts & Hospitality/Register of Interests; Supporting evidence requested; Counter-fraud page on website detailing how public can report fraud; Use of Analyse Local to monitor threats; Field officers; Undertaking reviews; NFI Matching	3	3	Medium (9)	Tolerate	3	3	Medium (9)
F-10	Housing Benefit Fraud	False applications; False documents; Failing to notify change	PSPS - Revs/Bens	Housing Benefit Anti-Fraud Strategy; Annual participation in National Fraud Initiative; NFI coordinator; HBMS - Government housing benefit matching scheme; Use prosecution, caution & admin penalties; Key controls in the housing benefit application process - prevention & detection; Authorised officer powers- access to employers, landlords, banks & building societies; Council Financial Regulations; Experienced and trained benefits staff; Mandatory benefit counter fraud training; Combined database with revenues; Only accept original documents in support of claims; Subscription to National Anti-Fraud Network; Housing Benefit review; Communications & publicity; Internal Audit reviews; Whistleblowing Policy; Counter-fraud page on website detailing how public can report fraud; Council Tax and Housing teams sharing intelligence to identify potential fraud; Counter Fraud Hotline; Dedicated Team for Counter Fraud; Data matching from DWP; Full case reviews; Customer contact team thoroughly trained; Dedicated intranet page	2	2	Low (4)	Tolerate	2	2	Low (4)

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Report To:	Audit and Governance Committee
Date:	17 th November 2025
Subject:	2025/26 Mid-Term Treasury Report
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 and Economic Growth
Report Of:	Russell Stone, Director of Finance (S151 Officer)
Report Author:	Sean Howsam, Treasury & Investments Manager (PSPSL)
Ward(s) Affected:	None directly
Exempt Report:	No

Summary

Attached at **Appendix 1** is the 2025/26 Mid-Term Treasury Report 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 2025/26 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 2025/26;
- A review of the Council's borrowing strategy for 2025/26;
- Debt Rescheduling;
- A review of compliance with Treasury and Prudential Limits for 2025/26.

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 2025/26.

Recommendations

That Audit and Governance Committee note this report, the treasury activity as detailed in **Appendix 1** and make any comments for consideration by Council at their meeting on 12 January 2026.

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 2025/26 Mid-Term update on the Council's "Treasury Management Strategy Statement and Annual Investment Strategy" (**Appendix 1**).
- 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 Sections 3 of **Appendix 1** provides an economic update for the first half year and interest rate forecasts. The expected direction of interest rates for the remainder of the financial year is a reduction in Bank Rate.
- 2.5 Section 5 of **Appendix 1** provides details of the Council's capital position and prudential indicators as of 30 September 2025.
- 2.6 Section 6 of **Appendix 1** provides details of the Council's borrowing position and PWLB borrowing rates.
- 2.7 In July the Council repaid its £1m State Street loan at a premium £469,215.75 and replaced it with a £1m PWLB loan at 4.81%. The overall saving to the Council over the remaining life of the loan will be approximately £662k. Full details are provided in Section 7 of **Appendix 1**.
- 2.8 Section 9 of **Appendix 1** provides a review of the Council's Annual Investment Strategy and updates on investments held by the Council and investment returns in relation to budget.
- 2.9 The table below provides an analysis of the net treasury position as at 30 September 2025 and the projected outturn for the year:

	2025/26 Budget Quarter 2	2025/26 Actual Quarter 2	2025/26 Variance Quarter 2	2025/26 Annual Budget	2025/26 Forecast Outturn	2025/26 Forecast Variance
Net Investment Income	(863,414)	(1,094,855)	(231,441)	(1,722,111)	(1,849,667)	(127,556)
M&G Property Fund Liquidation Distributions (to be used for MRP Contributions)	0	(216,288)	(216,288)	0	(219,037)	(219,037)
Total Borrowing Costs	55,777	41,063	(14,714)	111,250	65,047	(46,203)
Overall Net Position	(807,637)	(1,270,080)	(462,443)	(1,610,861)	(2,003,657)	(392,796)

At Quarter 2 the net treasury position shows a combined favourable variance of £462,443 (Q1 £281,601) and the forecast outturn is a favourable variance of £392,796 (Q1 £428,778).

The liquidation distribution from M&G which is included in these figures will be used to finance a corresponding MRP charge.

- 2.10 Treasury investments achieved an average rate of 4.949% (Q1 5.110%) and property fund investments achieved an estimated average rate of 3.119% (Q1 3.457%). The combined rate achieved on all investments was 4.326% (Q1 4.563%).
- 2.11 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 2025/26 and balances available for investment being higher due to slippage in the capital programme.

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 1** 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
GDP – Gross Domestic Product
GF – General Fund
HRA – Housing Revenue Account
LOBO – Lender Option Borrower Option (a type of loan)
MPC - Monetary Policy Committee
MRP – Minimum Revenue Provision
MUFG – External Treasury Advisors (formerly known as Link Group)
PWLb - Public Works Loan Board
TMSS – Treasury Management Strategy Statement

Appendices

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

Appendix 1 2025/26 Mid-Term Treasury Report

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 2025/26	<u>(Public Pack)Agenda Document for Full Council, 03/03/2025 18:30</u>
State Street Loan Cabinet Report (21 April 2010)	<u>\$State Street Loan.doc.pdf</u>

Chronological History of this Report

Name of Body	Date
Audit and Governance	Q1 Update Report - 13 October 2025
Audit and Governance	2025/26 Mid-Term Treasury Report

Report Approval

Report author:	Sean Howsam, Treasury & Investments Manager (PSPSL) Sean.Howsam@pspsl.co.uk
Signed off by:	Russell Stone, Director of Finance (S151 Officer) russell.stone@sholland.gov.uk
Approved for publication:	Councillor Sandeep Ghosh, Portfolio Holder for Finance and Economic Growth Sandeep.ghosh@boston.gov.uk

2025/26 Mid-Term Treasury Report

ended 30 September 2025

Boston Borough Council

1. Treasury Management

The Council operates a balanced revenue 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.

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 - 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 2025/26 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 2025/26;
- A review of the Council's borrowing strategy for 2025/26;
- A review of any debt rescheduling undertaken during 2025/26;
- A review of compliance with Treasury and Prudential Limits for 2025/26.

3. Economic Update & Interest Rate Forecasts (provided by MUFG)

3.1 Economic Update

The first half of 2025/26 saw:

- A 0.3% pick up in Gross Domestic Product (GDP) for the period April to June 2025. More recently, the economy flatlined in July, with higher taxes for businesses restraining growth.
- The 3 month year on year rate of average earnings growth excluding bonuses has fallen from 5.5% to 4.8% in July;
- Core Consumer Price Index (CPI) inflation has ebbed and flowed but finished September at 3.8%, whilst core inflation eased to 3.6%;
- The Bank of England cut interest rates from 4.50% to 4.25% in May and then to 4% in August.
- The 10-year gilt yield fluctuates between 4.4% and 4.8%, ending the half year at 4.70%.

MPC meetings: 8 May, 19 June, 7 August, 18 September 2025

There were four Monetary Policy Committee (MPC) meetings in the first half of the financial year. In May, the Committee cut Bank Rate from 4.50% to 4.25%, while in June policy was left unchanged. In June's vote, three MPC members voted for an immediate cut to 4.00%, citing loosening labour market conditions. The other six members were more cautious, as they highlighted the need to monitor for "signs of weak demand", "supply-side constraints" and higher "inflation expectations", mainly from food prices rising. By repeating the well-used phrase "gradual and careful", the MPC continued to suggest that rates will be reduced further.

In August, a further rate cut was implemented. However, a 5-4 split vote for a rate cut to 4% laid bare the different views within the MPC, with the accompanying commentary noting the decision was "finely balanced" and reiterating that future rate cuts would be undertaken "gradually and carefully". Ultimately, Governor Bailey was the casting vote for a rate cut but with the

CPI measure of inflation expected to reach at least 4% later this year, the MPC will be wary of making any further rate cuts until inflation begins its slow downwards trajectory back towards 2%.

The Bank of England does not anticipate CPI getting to 2% until early 2027, and with wages still rising by just below 5%, it was no surprise that the September meeting saw the MPC vote 7-2 for keeping rates at 4%.

The Bank also took the opportunity to announce that they would only shrink its balance sheet by £70bn over the next 12 months, rather than £100bn. The repetition of the phrase that “a gradual and careful” approach to rate cuts is appropriate suggests the Bank still thinks interest rates will fall further but possibly not until February, which aligns with both our own view and that of the prevailing market sentiment.

3.2 Interest rate forecasts

The Council has appointed MUFG Corporate Markets as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The following Public Works Loan Board (PWLB) rate forecasts are based on the Certainty Rate (the standard rate minus 20 basis points) which has been accessible to most authorities since 1 November 2012.

The latest forecast was provided on 11 August 2025.

MUFG Corporate Markets Interest Rate View 11.08.25													
	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28
BANK RATE	4.00	4.00	3.75	3.75	3.50	3.50	3.50	3.50	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	4.00	4.00	3.80	3.80	3.50	3.50	3.50	3.50	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.30	3.40	3.40	3.40
12 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.40	3.50	3.60	3.60
5 yr PWLB	4.80	4.70	4.50	4.40	4.30	4.30	4.30	4.20	4.20	4.20	4.20	4.10	4.10
10 yr PWLB	5.30	5.20	5.00	4.90	4.80	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60
25 yr PWLB	6.10	5.90	5.70	5.70	5.50	5.50	5.50	5.40	5.40	5.30	5.30	5.30	5.20
50 yr PWLB	5.80	5.60	5.40	5.40	5.30	5.30	5.30	5.20	5.20	5.10	5.10	5.00	5.00

4. Treasury Management Strategy and Annual Investment Strategy Update

The Treasury Management Strategy Statement (TMSS) for 2025/26, which includes the Annual Investment Strategy, was approved by Council on 3 March 2025.

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 2025/26	Approved Budget £'000	Latest Revised Prudential Indicator £'000
Authorised Limit	38,000	38,000
Operational Boundary	35,000	35,000
Capital Financing Requirement	19,610	19,536

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 Indicators for Capital Expenditure

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

Capital Expenditure	2025/26 Approved Budget £'000	2025/26 Latest Revised Budget £'000	Actual Expenditure As At 30/09/25 £'000	2025/26 Estimated Outturn £'000
Towns Fund Projects	14,849	14,849	4,603	14,849
UKSPF Projects	404	404	60	392
LUF Projects	10,870	10,970	2,012	10,970
LUP Projects	8,080	8,080	645	8,080
Other Projects	4,282	4,260	835	3,037
Grand Total	38,485	38,563	8,155	37,328

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	2025/26 Approved Budget £'000	2025/26 Latest Revised Budget £'000	Actual Expenditure As At 30/09/25 £'000	2025/26 Estimated Outturn £'000
Total capital expenditure	38,485	38,563	8,155	37,328
Financed by:				
External Grants	(35,364)	(35,386)	(7,794)	(35,589)
Capital reserve	(738)	(738)	(228)	(446)
Other reserve	(7)	(30)	(28)	(28)
Section 106	(1,074)	(1,074)	0	0
Total financing	(37,183)	(37,228)	(8,050)	(36,063)
Borrowing requirement	1,302	1,335	105	1,265

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

	2025/26 Approved Budget £'000	2025/26 Latest Revised Budget £'000	Actual Expenditure As At 30/09/25 £'000	2025/26 Estimated Outturn Limit £'000
Prudential Indicator – Capital Financing Requirement				
Total CFR	19,610	19,536	18,306	19,466
Net movement in CFR	956	959	(271)	889
Prudential Indicator – the Operational Boundary for external debt				
Borrowing	30,000	30,000	1,000	30,000
Other long-term liabilities*	5,000	5,000	0	5,000
Total debt (year end position)	35,000	35,000	1,000	35,000

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 2025/26 and next two financial years. This allows some flexibility for limited early borrowing for future years.

	2025/26 Original Estimate £'000	2025/26 Latest Approved Budget £'000	Actual Expenditure As At 30/09/25 £'000	2025/26 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)	19,610	19,536	18,306	19,466

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	2025/26 Original Limit £'000	2025/26 Latest Approved Limit £'000	Actual Borrowing As At 30/09/25 £'000	2025/26 Estimated Outturn Limit £'000
Borrowing	33,000	33,000	1,000	33,000
Other long-term liabilities	5,000	5,000	0	5,000
Total	38,000	38,000	1,000	38,000

6. Borrowing

The Council's capital financing requirement (CFR) for 2025/26 is £18.306m. 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. The Council has borrowings of £1m and had utilised £17.306m of cash flow funds in lieu of borrowing as at 30 September 2025. 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).

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

Borrowing Type	2025/26 Budget Quarter 2	2025/26 Actual Quarter 2	2025/26 Annual Budget	2025/26 Forecast Outturn
State Street LOBO	55,777	30,784	111,250	30,784
PWLB Loan	-	10,279	-	34,263
Total Borrowing Costs	55,777	41,063	111,250	65,047

PWLB maturity certainty rates (gilts plus 80bps) year to date to 30 September 2025

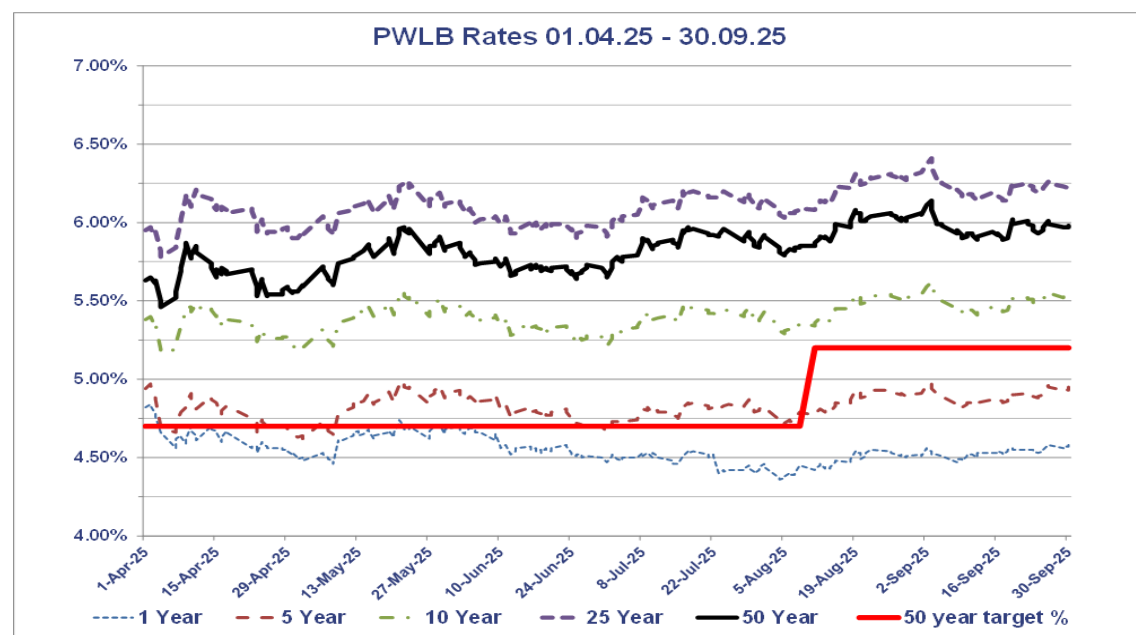
Gilt yields and PWLB certainty rates have remained relatively volatile throughout the six months under review, but the general trend has been for medium and longer dated parts of the curve to shift higher whilst the 5-year part of the curve finished September close to where it began in April.

Concerns around the stickiness of inflation, elevated wages, households' inflation expectations reaching a six-year high, and the difficult funding choices facing the Chancellor in the upcoming Budget on 26 November dominated market thinking, although international factors emanating from the Trump administration's fiscal, tariff and geo-political policies also played a role.

At the beginning of April, the 1-year certainty rate was the cheapest part of the curve at 4.82% whilst the 25-year rate was relatively expensive at 5.92%. Early September saw the high point for medium and longer-dated rates, although there was a small reduction in rates, comparatively speaking, by the end of the month.

At this juncture, MUFG Corporate Markets still forecasts rates to fall back over the next two to three years as inflation dampens, although there is upside risk to all forecasts at present. The CPI measure of inflation is expected to fall below 2% in early 2027 but hit a peak of 4% or higher later in 2025.

The Bank of England announced in September that it would be favouring the short and medium part of the curve for the foreseeable future when issuing gilts, but market reaction to the November Budget is likely to be the decisive factor in future gilt market attractiveness to investors and their willingness to buy UK sovereign debt.



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 **National Wealth Fund** will lend to local authorities that meet its scheme criteria at a rate currently set at gilt plus 40bps (G+40bps).

7. Debt Rescheduling (State Street LOBO Loan)

The Council had a £1m Lender Option Borrower Option (LOBO) loan with State Street Nominees at a rate of 11.125% which was taken out on 29 January 1991 for a period of 60 years.

The full circumstances around the loan were subject to a report by the Chief Executive and submitted to Cabinet on 21 April 2010.

The Council enquired on numerous occasions to prematurely repay the State Street LOBO loan, but the premium required in March 2025 was £817k so there was no financial benefit in repaying early.

In June 2025 the Council received a revised offer of £1.5m “all in” to prematurely repay the loan subject to repayment being made on or before 31 July 2025. This was a onetime offer because the owners of the loan were undergoing a restructuring of the fund’s investments.

Following a discussion between the Treasury & Investments Manager and the S151 Officer the decision was made by the S151 Officer under delegated authority to repay the loan with a one off repayment of £1.5m being £1m principal repayment, £30,784.25 accrued interest and finally a premium of £469,215.75.

A new £1m loan was taken out with the PWLB at a rate of 4.81% for 5 years with a view to reborrowing after the 5 years at a lower rate due to interest rate forecasts showing that rates were likely to fall over the short to medium term.

A calculation of the overall savings to the Council over the remaining life of the loan was as follows:

Interest payments to State Street (saving)	-£2,842,513.70
Premium paid	£ 469,215.75
New PWLB loan interest payments (4.81%)	£1,228,460.82
PWLB borrowing charge	£ 350.00
Interest lost on premium payment @ 4%	£ 482,585.19
Overall Saving Over the Life of the Loan	£ 661,901.93

The above calculation assumes that the PWLB loan will remain at 4.81% for the life of the old State Street loan and interest foregone of 4% on repaying the premium out of the Council's cash balances. If the future PWLB borrowing rate is lower and investment rates are lower, the overall saving will be higher and vice versa.

8. Compliance with Treasury and Prudential Indicators

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 quarter ended 30 September 2025 the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement.

The Director of Finance/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 for 2025/26, which includes the Annual Investment Strategy, was approved by the Council on 3 March 2025. It sets out the Council's investment priorities as being:

- Security of capital;
- Liquidity; and
- Yield

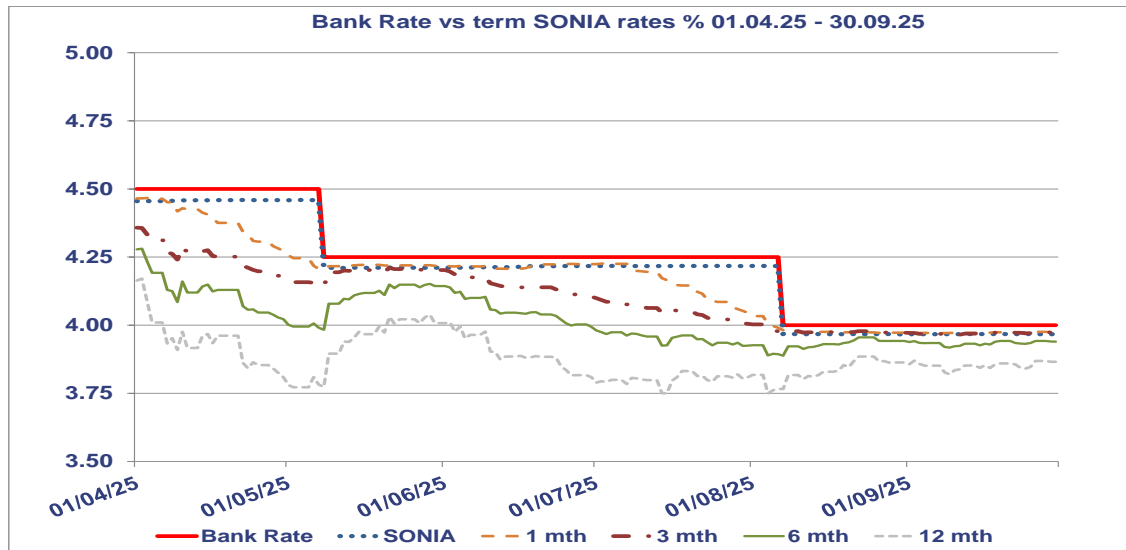
The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity aligned with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit quality financial institutions, using the MUFG Corporate Markets 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 2025/26. The Government is expected to outline in detail its future fiscal proposals in the Budget scheduled for 26 November 2025.

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 performance year to date as at 30 September 2025 - The following graph 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 Boston BC's own resources.

The following table provides details of the cash investments held by the Council on 30 September 2025. 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 Bank	UK	19,974	N/A	Instant Access	N/A	0.00%
CCLA* Money Market Fund	Various	7,500,000	N/A	Instant Access	Variable	4.04%
Barclays Bank	UK	816,905	N/A	Instant Access	Variable	2.50%
Gloucester City Council	UK	2,000,000	03/01/25	03/10/25	Fixed	5.40%
The Highland Council	UK	2,000,000	24/10/24	23/10/25	Fixed	5.00%
North Lanarkshire Council	UK	2,000,000	11/11/24	10/11/25	Fixed	5.05%

Financial Institution	Country	Amount (£)	Start Date	Maturity Date	Fixed/ Variable	Yield (%)
The Moray Council	UK	2,000,000	28/11/24	27/11/25	Fixed	5.35%
Blackpool BC	UK	2,500,000	26/08/25	17/12/25	Fixed	4.30%
Broxbourne BC	UK	2,500,000	20/06/25	22/12/25	Fixed	4.25%
Lancashire County Council	UK	2,000,000	19/09/25	19/01/26	Fixed	4.30%
Basildon BC	UK	2,000,000	18/02/25	17/02/26	Fixed	5.65%
Great Yarmouth BC	UK	2,000,000	24/02/25	24/02/26	Fixed	5.60%
Aberdeen City Council	UK	2,000,000	28/03/25	27/03/26	Fixed	5.50%
Police & Crime Commissioner for Herts	UK	2,000,000	29/08/25	29/05/26	Fixed	4.15%
TOTAL		31,336,879				

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

At Quarter 1 the level of investments was £32.5m.

Maturity structure of investment

A breakdown of the maturity structure of investments on 30 September 2025 is as follows:

Period to Maturity	Amount (£)	% of Portfolio
Instant Access	8,336,879	17%
Less than one month	4,000,000	8%
One to three months	9,000,000	19%
Three to six months	8,000,000	17%
Six to nine months	2,000,000	4%
Nine months to a year	0	0%
>12 Months	17,109,755	35%
TOTAL	48,446,634	100%

Property Fund Investments

The Council purchased property fund units between 2016 and 2018.

The overall change in the combined Net Asset Values for all funds during the first half of 2025/26 has been an increase of £41,983.

The movement in fair value of the Capital Funds gets charged to the revenue account and reversed out through the MIRS to the capital adjustment account each year end so there is no bottom-line impact.

The M&G UK Property fund is liquidating its assets and therefore their fund valuation is reducing as repayments are made. Of the £4m originally invested, M&G have now paid Boston BC distribution payments totalling £3,880,011 as of 30 September 2025 leaving a book value of £119,989 outstanding.

The following table provides details of purchase cost, current fair value and performance information of the property fund investments on 30 September 2025 and projected outturns for the year.

Property Funds (Capital Expenditure)

Financial Institution	Purchase Cost (£)	Q2 Budgeted Net Revenue 2025/26 (£ & %)	Q2 Estimated Net Revenue (£ & %)	2025/26 Budgeted Net Revenue (£ & %)	2025/26 Estimated Outturn Net Revenue (£ & %)	Net Asset Value (£)	Total Gain/(Loss) Since Purchase (£ & %)	Capital Gain/(Loss) Since 31/03/25 (£ & %)	2025/26 Combined Annual Return (%)
BlackRock UK Property Fund	4,500,006	90,247 4.00%	66,609 2.95%	180,000 4.00%	145,144 3.23%	4,067,839	(432,167) (9.60%)	22,328 0.55%	3.78%
Schroder UK Real Estate Fund	4,250,006	85,233 4.00%	77,042 3.55%	170,000 4.00%	151,359 3.56%	3,475,447	(774,559) (18.22%)	(81,036) (2.28%)	1.28%
Threadneedle Property Unit Trust	4,239,754	85,027 4.00%	90,809 4.26%	169,590 4.00%	164,802 3.88%	3,699,643	(540,111) (12.74%)	43,143 1.18%	5.06%
M&G Investments UK Property Fund (After Distribution Payments)	119,989	6,484 4.00%	2,086 N/A	12,932 4.00%	2,085 N/A	275,207	155,218 N/A	27,443 N/K	N/K
AEW UK Core Property Fund	4,000,000	80,219 4.00%	32,170 1.60%	160,000 4.00%	101,979 2.55%	3,544,164	(455,836) (11.40%)	30,105 0.86%	3.41%
GRAND TOTAL	17,109,755	347,210	268,716	692,523	565,369	15,062,300	(2,047,455)	41,983	

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 the forecast outturn position.

Investment Type	2025/26 Budget Quarter 2	2025/26 Actual Quarter 2	2025/26 Variance Quarter 2	2025/26 Annual Budget	2025/26 Forecast Outturn	2025/26 Forecast Variance
<u>Treasury Investments</u>						
Gross Interest	(521,218)	(826,138)	(304,920)	(1,039,588)	(1,284,298)	(244,710)
Brokers Fees	5,014	0	(5,014)	10,000	0	(10,000)
Net Position	(516,204) (4.708%)	(826,138) (4.949%)	(309,934) (0.241%)	(1,029,588)	(1,284,298)	(254,710)
<u>Property Funds</u>						
Gross Distributions	(432,443)	(334,682)	97,761	(862,523)	(704,155)	158,368
Less Management Fees	85,233	65,965	(19,268)	170,000	138,786	(31,214)
Net Distributions	(347,210) (4.000%)	(268,717) (3.119%)	78,493 0.881%	(692,523)	(565,369)	127,154
M&G Property Fund Liquidation Distributions <i>(to be used for MRP Contributions as the original capital purchase was unfinanced)</i>	0	(216,288)	(216,288)	0	(219,037)	(219,037)
Total Net Income	(863,414) (4.400%)	(1,311,143) (4.326%)	(447,729) 0.074%	(1,722,111)	(2,068,704)	(346,593)

Treasury investments achieved an average rate of 4.949% (Q1 5.110%) and property fund investments achieved an estimated average rate of 3.119% (Q1 3.457%). The combined rate achieved on all investments was 4.326% (Q1 4.563%).

At 30 September 2025 there was a favourable variance of £447,729 compared with £281,601 at Quarter 1. At Quarter 2 the forecast outturn was a favourable variance of £346,593 compared with £428,778 at Quarter 1.

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 2025/26 and balances available for investment being higher due to slippage in the capital programme.

10. Summary Net Treasury Position as of 30 September 2025

The following table provides an analysis of the net treasury position as at Quarter 2 and the projected outturn for the year:

	2025/26 Budget Quarter 2	2025/26 Actual Quarter 2	2025/26 Variance Quarter 2	2025/26 Annual Budget	2025/26 Forecast Outturn	2025/26 Forecast Variance
Net Investment Income	(863,414)	(1,094,855)	(231,441)	(1,722,111)	(1,849,667)	(127,556)
M&G Property Fund Liquidation Distributions (<i>to be used for MRP Contributions</i>)	0	(216,288)	(216,288)	0	(219,037)	(219,037)
Total Borrowing Costs	55,777	41,063	(14,714)	111,250	65,047	(46,203)
Overall Net Position	(807,637)	(1,270,080)	(462,443)	(1,610,861)	(2,003,657)	(392,796)

At Quarter 2 the net treasury position shows a combined favourable variance of £462,443 (Q1 £281,601) and the forecast outturn is a favourable variance of £392,796 (Q1 £428,778).

The liquidation distribution from M&G which is included in these figures will be used to finance a corresponding MRP charge.

11. 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.



Report To:	Audit & Governance Committee
Date:	17 th November 2025
Subject:	Counter Fraud, Bribery and Corruption Policy
Purpose:	To update the Counter Fraud, Bribery and Corruption Policy for the Council and align the document so the Policy is the same across the Partnership.
Key Decision:	N/A
Portfolio Holder:	Councillor Sandeep Ghosh, Portfolio Holder for Finance and Economic Growth
Report Of:	Russell Stone, Director of Finance (S151 Officer)
Report Author:	Rebecca James, Policy & Scrutiny Officer
Ward(s) Affected:	None
Exempt Report:	No

Summary

The Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council. For this purpose, the Counter Fraud, Bribery and Corruption Policy captures the approach and procedures to prevent and deal with fraud, bribery and corruption. This report seeks approval and adoption of a revised and updated Policy with the intention being to align this for the Councils within the S&ELCP.

Recommendations

1. That the Counter Fraud, Bribery and Corruption Policy is approved by the Audit & Governance Committee; and
2. That authority be delegated to the S151 Officer, to review and make minor amendments to the Policy to reflect changes in legislation, statutory guidance or contact details.

Reasons for Recommendations

By seeking to prevent fraud and encouraging the reporting of potential corruption, the Council can better safeguard the public funds that it administers.

Other Options Considered

Not having a Counter Fraud, Bribery and Corruption Policy - rejected as the Council has statutory obligations to have measures in place to tackle fraud.

1. Background

- 1.1 As part of its governance arrangements Boston Borough Council must ensure that an effective Policy for Counter Fraud, Bribery and Corruption is in place. The Policy was due a review and update, and as part of this, the intention is to align the Policy across the Partnership, so staff are working to the same arrangements.
- 1.2 The Council has a zero-tolerance approach to fraud, corruption, theft, and bribery, recognising the significant risks these pose, both to the Council, as well as the adverse impact on public services.

2. Report

- 2.1 The proposed Policy, attached at **Appendix 1** has been developed using the CIFAS five principles to “fight fraud.” and CIPFA guidance. CIFAS is a not-for-profit organisation fighting fraud across the public sector. Their Fighting Fraud Locally Strategy [FFCL - Strategy for the 2020s.pdf](#) outlines five principles/ pillars. These are detailed in the graphic below.



- 2.2 The document includes policy aims, the approach to tackling fraud, bribery and corruption and section on key roles and responsibilities to enable the Policy to be fully implemented and embedded across the Council and Partnership. It also details the Council's Fraud Response Plan.

3. Conclusion

- 3.1. It is recommended that the draft Policy is approved and adopted to ensure that Council's Policy remains fit for purpose and compliant with the law and best practice.

Implications

South and East Lincolnshire Councils Partnership

None

Corporate Priorities

Efficiency and Effectiveness – accelerating the alignment of service provision and policies where it makes sense to do so.

Staffing

None

Workforce Capacity Implications

None

Constitutional and Legal Implications

The Accounts and Audit Regulations 2015 state that the Council must have measures in place "to enable the prevention and detection of inaccuracies and fraud." The Section 151 Officer is required to ensure on behalf of the authority that these measures are in place.

More recently the Economic Crime & Corporate Transparency Act 2023, created a new corporate criminal offence "Failure to prevent fraud". Under the offence, an organisation may be criminally liable where an employee, agent, subsidiary undertaking, or other "associated person," commits a fraud intending to benefit the organisation and the organisation did not have reasonable fraud prevention procedures in place.

The updated Policy is designed to strengthen the council's governance framework and compliance with statutory requirements and mitigate legal and financial risks by setting out clear and robust measures for fraud prevention, detection, and investigation.

Data Protection

None

Financial

There are no direct financial costs associated with this report. The maintenance of an appropriate - Counter Fraud, Bribery and Corruption policy should support the safeguarding of public funds and reduce potential financial loss to the Council.

Risk Management

The maintenance of a robust Counter Fraud, Bribery and Corruption policy is designed to reduce the levels of financial and reputational risk to the Council.

Stakeholder / Consultation / Timescales

Internal Audit and Counter Fraud Team at LCC, PSPS Benefits Team, Monitoring Officer, S151 Officer, Portfolio Holder, Senior Leadership Team.

Reputation

The maintenance of robust Counter Fraud, Bribery and Corruption policy is designed to reduce the levels of financial and reputational risk to the Council.

Contracts

None

Crime and Disorder

None

Equality and Diversity / Human Rights / Safeguarding

None

Health and Wellbeing

None

Climate Change and Environmental Implications

None

Acronyms

CIPFA – Chartered Institute of Public Finance and Accountancy

Appendices

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

Appendix 1 Draft Counter Fraud, Bribery and Corruption Policy

Background Papers

CIFAS Fighting Fraud Locally Strategy [FFCL - Strategy for the 2020s.pdf](#)

CIPFA [Code of Practice on Managing the Risk of Fraud and Corruption | CIPFA](#)

Chronological History of this Report

Name of Body

Cabinet

Date

June 2017

Report Approval

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South & East Lincolnshire Councils Partnership



COUNTER FRAUD, BRIBERY AND CORRUPTION POLICY

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INTRODUCTION

Boston Borough Council is committed to conducting its affairs with the highest standards of probity, honesty, integrity, and accountability. The Council adopts a zero-tolerance approach to fraud, corruption, theft, and bribery, recognising the significant risks these pose to the achievement of its aims and objectives, as well as the adverse impact on public services.

This Policy outlines clear responsibilities for officers, members, and partners, and is regularly reviewed to ensure it remains effective and up to date with legislative and regulatory changes.

DEFINITIONS

Fraud

The Fraud Act 2006 (Section 1) provides that a person is guilty of fraud if they commit fraud by false representation; fraud by failing to disclose information; and fraud by abuse of position. These offences are each detailed below:

Fraud by False Representation (Section 2):

- Definition: Dishonestly makes a false representation and intends by making the representation to make a gain for himself or another or to cause loss to another or to expose another to a risk of loss.
- Key Elements: Dishonesty, knowing the representation is or might be untrue or misleading, and intending to gain or cause loss

Fraud by Failing to Disclose Information (Section 3):

- Definition: Dishonestly fails to disclose to another person information when there is a legal duty to do so, with the intent by failing to disclose such information to make a gain for himself or another or to cause loss to another or to expose another to a risk of loss.
- Key Elements: Dishonesty, legal duty to disclose, and intending to gain or cause loss

Fraud by Abuse of Position (Section 4)

- Definition: Occupies a position with an expectation to safeguard or not to act against the financial interests of another and dishonestly abuses that position intending to make a gain for himself or another or to cause a loss to another or expose another to a risk of loss.
- Key Elements: Dishonesty, abuse of a position where there is an expectation to safeguard another's financial interests and intending to gain or cause loss.

In all three cases, the fraudulent act is characterised by dishonesty with the intention of making personal gain or causing loss to another.

Key elements of fraud can include:

- criminal deception
- forgery
- blackmail
- corruption
- conspiracy
- the covering up of material facts and collusion

By using a deception, a fraudster can:

- obtain an advantage
- avoid an obligation
- cause loss to another party

Failure to prevent fraud

Section 199 of the Economic Crime and Corporate Transparency Act 2023 introduced significant reforms in corporate criminal liability. This section established a new offence where a “large” organisation can be held criminally liable if an associated person (such as an employee, agent, or subsidiary) commits fraud intending to benefit the organisation or its clients. The offence places a statutory responsibility on relevant organisations to prevent employees from committing fraud and came into force on 1 September 2025.

A “large organisation” is defined by meeting at least two out of three specified criteria, similar to the definition used in the Companies Act 2006. These criteria are:

- Turnover: More than £36 million
- Balance sheet total: More than £18 million
- Number of employees: More than 250

Key points include:

- Definition of Associated Persons: This includes employees, agents, subsidiaries, or anyone performing services for the organisation, like suppliers, distributors, or consultants.
- Scope of Liability: An organisation can be liable if it benefits directly or indirectly from the fraudulent act. This includes frauds benefiting a group company or a client, provided the associated person performs services on behalf of the organisation.
- Defences: Organisations can defend themselves by proving they had reasonable fraud prevention procedures in place or that it was unreasonable to expect such procedures given the circumstances.

Bribery

The Bribery Act 2010 criminalises four distinct types of conduct (offences):

- bribing another person
- soliciting or accepting a bribe

- bribing a foreign public official, and
- (for a business only) failing to prevent bribery

Common to each of these offences are:

- •a financial or other advantage is given, promised or requested, and
- •there is improper performance of a function or activity Bribery is a form of corruption.

Corruption

Corruption means purposely doing an act which the law forbids as tending to corrupt. Any improper and unauthorised gift, payment or other inducement that is given in connection with the recipient's office or duties will likely be deemed to be corrupt.

The Bribery Act 2010 makes it possible for senior officers to be convicted where they are deemed to have given their consent or tacit approval in giving or receiving a bribe. It also created the corporate offence of 'Failing to prevent bribery on behalf of a commercial organisation' (corporate liability). The Act requires organisations to have 'adequate procedures in place to prevent bribery.' This policy, plus our code of conduct and whistleblowing policy are designed to meet that requirement.

Theft

There are a range of offences defined under the Theft Act 1968. Under Section 1, a person is guilty of theft if they dishonestly appropriate property belonging to another with the intention of permanently depriving the other of it.

PURPOSE

The purpose of this policy is to set out the Council's commitment to preventing, detecting, and responding to fraud, corruption, theft, and bribery. It provides clear guidance to elected Members, employees, contractors, partner organisations, and the public on the Council's expectations and the responsibilities of all parties in upholding these standards.

SCOPE

This policy applies to:

- All Council employees and councillors.
- Partners, suppliers, contractors, and consultants.
- Residents and members of the public interacting with the Council.

AIMS

We aim to:

- reduce fraud, corruption, and losses within the Council to an absolute minimum and maintain that level,
- protect our valuable resources by ensuring they are not lost through fraud, bribery, corruption or theft but are used for improved services to Lincolnshire residents,
- promote our counter fraud culture which:
 - highlights our zero tolerance of fraud, corruption, and theft,
 - defines roles and responsibilities,
 - actively engages everyone – the public, councillors, staff, managers, and policy makers,
- proactively deter, prevent, and detect fraud, corruption, theft, and loss,
- investigate suspected or detected fraud, corruption, and theft,
- apply appropriate sanctions and recover all losses,
- provide recommendations to inform policy, system, and control improvements. This will reduce our exposure to fraudulent activity.

RESPONSIBILITIES

Clear roles and responsibilities are defined to ensure effective implementation and oversight of this Policy.

Chief Executive

- To be ultimately accountable for the effectiveness of the council's arrangements for countering fraud and corruption.
- To ensure the council promotes a culture that will not tolerate fraud or corruption.

Section 151 Officer

- To develop and maintain a Counter Fraud, Corruption and Bribery Policy in order to minimise the risk of fraud or financial irregularities occurring.
- To advise senior leaders of their responsibilities under the Policy.
- To ensure that a zero tolerance to fraud is applied.
- To ensure the council maintains adequate and effective internal control arrangements to prevent and detect fraud.
- To ensure that the council takes part in national counter-fraud measures, such as the National Fraud Initiative.

Monitoring Officer

- To advise Councillors and officers on ethical issues, standards, and powers to ensure that the Council operates within the law and statutory codes of practice.

Corporate Management Team

- To notify the Section 151 Officer immediately of any suspected fraud, bribery, corruption or theft, irregularity, improper use or misappropriation of the authority's property or resources.
- Take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- To ensure that potential irregularities remain confidential and to determine what action should be taken as a result of an investigation.
- To take immediate action to minimise the risk of any or further loss arising from actual or suspected fraud or financial irregularity.
- To follow the council's Disciplinary Procedures against any member of staff where the outcome of an investigation indicates improper behaviours.

Internal Audit

- To ensure that action is taken to improve controls and reduce the risk of fraud.

External Audit

- Subject to the concept of materiality, provide reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity.

Audit & Governance Committee

- To review the assessment of fraud risks and potential harm to South Holland District Council arising from fraud and corruption.
- To monitor the effectiveness of our financial regulations, procurement policy and procedures and other strategies for counter fraud and anti-bribery, whistleblowing and anti-money laundering.

All Council Officers

- To undertake their duties with honesty and integrity and lead by example in ensuring legislation and internal requirements are met.
- To ensure they and their staff do not implement any financial system or procedures that would compromise the council's financial controls, without written agreement by the Section 151 Officer.
- To ensure recruitment is conducted in accordance with the council's recruitment policy to ensure steps are taken to stop people with a history of dishonest behaviour being employed in positions of trust by the council.
- To complete the relevant Fraud Prevention, Anti-bribery and Money Laundering training as part of their induction training.

APPROACH

Boston Borough Council adopts a proactive and robust approach to counter fraud, bribery, corruption, and theft, recognising the significant risks these pose to public services and the achievement of the Council's objectives. The Council's approach is underpinned by the principles set out in the national 'Local Government Fraud Strategy – Fighting Fraud and Corruption Locally,' which provides a framework for effective prevention, detection, and response [FFCL - Strategy for the 2020s.pdf](#):



The Council will fulfil its responsibility to minimize fraud, corruption, theft, and bribery through a strategic approach consistent with that outlined in the 'Local Government Fraud Strategy - Fighting Fraud and Corruption Locally,' the principles of which are the five key pillars of activity. The Pillars are outlined in the graphic above. The approach we will take towards these pillars of activity are as follows:

- We will continuously assess those areas most vulnerable to the risk of fraud in conjunction with our Risk Management arrangements and risk based Internal Audit reviews.
- We will maintain robust whistleblowing procedures which support those who come forward to report suspected fraud.
- All reports will be treated seriously and acted upon. We will not, however, tolerate malicious allegations.

- We will strengthen measures to prevent fraud – the Corporate Management Team will work with managers and policy makers to ensure new and existing systems and policy initiatives are adequately fraud proofed.
- We will promote and develop a strong counter fraud culture, raise awareness, and communicate activity on our counter fraud work.
- We will ensure our governance procedures identify responsibilities for decision making and rules of procedure and ensures the highest standards of conduct are practiced by staff, managers, directors, and those we do business with.
- We will carry out due diligence when appointing staff, carrying out relevant checks on references and qualifications and providing appropriate training.
- Through the Corporate Risk Management framework and risk based Internal Audit reviews we will identify potentially vulnerable areas.
- We will make greater use of data and analytical software to prevent and detect fraudulent activity. We will look for opportunities to share data and fraud intelligence to increase our capability to uncover potential and actual fraud.
- Our systems are designed to meet key control objectives and minimise the opportunity for fraud. We will continue to review systems and make sure appropriate internal controls are in place and adhered to and implement improvements.
- A crucial element of our response to tackling fraud is recovering any monies lost through fraud – this is an important part of our approach and will be rigorously pursued, where possible.
- We will apply realistic and effective sanctions for individuals or organisations where an investigation reveals fraudulent activity. This may include legal action, criminal and/or disciplinary action, where appropriate.
- We will investigate any fraud detected through the planned proactive work; cases of suspected fraud referred from internal or external stakeholders or received via the whistle blowing arrangements.
- We will review any cases of fraud we deal with and learn lessons to help minimise future instances of fraud.

Managers are responsible for making sure that all staff are familiar with the content of this policy. Under this Policy, it is the role of the Section 151 Officer to review the council procedures, incidents, and actions for handling allegations from whistle blowers, and Counter fraud corruption and bribery policy.

Communication plans and training are especially important in highlighting awareness, and the Senior Leadership Team and Managers have a key role to play in making sure this happens.

FRAUD RESPONSE PLAN

Reporting concerns of Fraud, Corruption and Bribery

We have a zero tolerance to all forms of fraud, corruption, bribery and theft. This means we will apply the toughest sanctions where fraud is proven – disciplinary and criminal.

Anyone who has a concern that a potential incident of fraud, corruption or bribery has arisen should always attempt to raise these concerns at the earliest opportunity. The Council acknowledges that this can be difficult and challenging to do in some cases and the Whistleblowing Policy has been established to provide those raising concerns with a safe avenue with which to do so. It also offers sources of advice and guidance that they may turn to. The Whistleblowing Policy can be found here. **(Link to be added once approved.)**

The Council has specific arrangements around dealing with Benefit Fraud. Details can be found by following this link: [Benefit Fraud - Boston Borough Council](#)

What to do if you suspect fraud

Immediately report your suspicions to the following:

- Section 151 Officer (or Monitoring Officer if the S151 is involved)

Alternatively, you may also want to report your concerns using the whistleblowing facility:

- whistleblowing@lincolnshire.gov.uk
- whistleblowing hotline: 0800 0853716
- confidential PO Box: Lincolnshire County Council, PO Box 640, Lincoln, LN1 1WF

Additionally, advice is available for staff via the Counter Fraud Advice Line. This is provided to the Council by LCC as part of their support package and the number can be found on the staff intranet.

Do:

- record your suspicions – write down what you have found, seen, and heard
- keep any evidence you have in a safe place until you can pass it to Counter Fraud Team, unless you risk alerting the suspect
- tell us who you are – we will want to talk to you as you may know more than you realise
- keep calm

Do not:

- delay - report the matter quickly
- approach or accuse individuals directly. You may alert them, and evidence may be destroyed
- tell anybody else – you do not know who may be involved
- investigate yourself – you may spoil the evidence and prevent a criminal prosecution

Safeguards

Harassment, bullying or victimisation

If you have raised your concerns in good faith, we will take action to prevent you from reprisal.

Confidentiality

If you feel it is necessary, we will try to protect your identity. This will not be possible if the investigation leads to criminal action.

Anonymous referrals

We do not encourage these as it affects our ability to investigate. However, we will always look into any case of suspected fraud.

Malicious referrals

If we find that your referral is malicious or has been made for personal gain, we will take action against you under our disciplinary policy or relevant agreement if you work for one of our partners.

How we will proceed

All suspected fraud must be reported using the process outlined above. The appropriate officer will assess the initial information and decide how to proceed. This will include the option to appoint an external investigator.

Potential outcomes

Criminal prosecution

The Section 151 Officer will authorise any referral to the police for investigation.

Disciplinary action

At the end of any investigation, a report will be requested, with recommendations based on the evidence gathered. If a disciplinary hearing is formed and fraud is proven, this could result in summary dismissal.

If an investigation concludes that there is no evidence of fraud, corruption, or bribery then there will be no case to answer.

Recovery through civil or criminal proceedings

We will seek to recover all losses subject to legal advice and where it is cost effective to do so. We will recover any loss caused by an employee through salary, pension, or insurance.

Weaknesses in the system of controls

Where appropriate, we will produce an action plan for the service area to:

- address any system or management weaknesses
- reduce the risk of fraud and error in the future

GOVERNANCE

This policy is to be reviewed at least every three years.

The Council's S151 Officer is authorised to make amendments to the Policy to ensure the Policy remains up to date and to reflect changes to CIPFA guidance and recommendations.

Version Control			
Issue No	Author	Issue date	Reason For Issue
1.0	Assistant Director – Governance & Monitoring Officer	TBC	Full update, plus alignment to a single Policy across the S&ELCP

Approval		
Issue	Approval Authority	Approval Date
1.0	Cabinet	TBC



Report To:	Audit & Governance Committee
Date:	17 th November 2025
Subject:	Proposed Amendments to the Council's Contract Procedure Rules
Purpose:	To introduce a new updated version of the Contract Procedure Rules
Key Decision:	N/A
Portfolio Holder:	Councillor Sandeep Ghosh, Portfolio Holder for Finance and Economic Growth
Report Of:	John Medler, Assistant Director – Governance and Monitoring Officer
Report Author:	Martin Gibbs, Head of Procurement & Contracts (PSPSL)
Ward(s) Affected:	All
Exempt Report:	No

Summary

The purpose of this report is to present to the Committee a revised draft set of Contract Procedure Rules.

The Committee is asked to review the revised set of Contract Procedure Rules and any comments are then to be considered prior to the final draft revised documents being presented to Council for approval.

Recommendations

That the Governance & Audit Committee notes the draft revised Contract Procedure Rules at **Appendix 1a** to this report.

Reasons for Recommendations

- To ensure that the Council has robust, up-to-date Contract Procedure Rules that provide clarity to officers, members, and potential suppliers.
- To ensure a clear and consistent approach in the award of contracts and safeguard the public's trust and confidence and promote public accountability and procurement practice.

Other Options Considered

To do nothing – which would result in the retention of the existing Contract Procedure Rules. This would not be deemed best practice as the Contract Procedure Rules have not been reviewed or updated for 3 years.

1. Report

- 1.1 In accordance with Section 135 of the Local Government Act 1972 every Local Authority must adopt standing orders with respect to the making by them or on behalf of contracts for the supply of goods or materials or for the execution of works.
- 1.2 The basic principles in relation to public procurement require all procurement procedures must:
 - 1.2.1 Ensure all stages of the procurement process are open and clearly documented, allowing stakeholders to understand how decisions are made.
 - 1.2.2 Ensure fairness and equal treatment in allocating public contracts.
 - 1.2.3 Be consistent with the highest standards of integrity.
 - 1.2.4 Achieve best value for public money spent.
 - 1.2.5 Comply with all legal requirements
 - 1.2.6 Support the Council's corporate and departmental aims and aligns with the Council's corporate Procurement Strategy and other relevant policies.
- 1.3 The draft Contract Procedure Rules at **Appendix 1a (Clean Version) and 1b (Tracked Changes)** to this report seek to ensure, as a minimum, the Council meets these basic principles.
- 1.4 The Council's current Contract Procedure Rules were approved by Council in January 2023. Public procurement legislation has changed since then (with the implementation of the Procurement Act 2023 in February 2025).
- 1.5 The intention is to seek adoption of the amended CPR (shown at **Appendix 1a**) and the Delegations to Officers (shown at **Appendix 2**) across the three Councils that make up the South & East Lincolnshire Councils Partnership (SELCP) to ensure continued alignment of the Contract Procedure Rules, as they currently are. The adoption of the proposed Rules ensure the Council has Rules that reflect the current public procurement legislation. The CPRs also set out clarity of the appropriate authority aligned to the value of the contract, and these are reflected in the Delegated Decisions (shown at **Appendix 2**).

1.6 The only amendment to **Appendix 2** is aligning values with the proposed CPR thresholds.

1.7 The key changes being proposed are explained fully at **Appendix 3** of this report.

Implications

South and East Lincolnshire Councils Partnership

The opportunity to continue to work more collaboratively across the SELCP through the proposed continued alignment of the Rules.

Corporate Priorities

The Contract Procedure Rules are essential components of the Council's governance framework which underpins delivery of its corporate strategy priorities.

Staffing

None

Workforce Capacity Implications

None

Constitutional and Legal Implications

By virtue of Section 135 of the Local Government Act 1972 every Local Authority must adopt standing orders with respect to the making by them, or on their behalf, of contracts for the supply of goods or materials or for the execution of works.

It is imperative that the CPRs are kept under review and reflect current legal requirements.

Data Protection

None

Financial

The financial implications and specifically the procurement thresholds are referenced throughout the draft Contract Procedure Rules, and the Delegations to Officers.

Risk Management

By reviewing the CPRs and updating them to reflect current best practice, the Council can seek to mitigate against the risk of acting unlawfully in respect of its procurement activity.

Stakeholder / Consultation / Timescales

The SELCP Senior Leadership Team have been consulted and approved the proposed CPRs to go through the governance process for review / approval.

The Portfolio Holder for Finance has been consulted regarding the proposed amendments.

Reputation

Improper procurement activity can have a direct impact on the reputation of the Council, officers, and Members. It is important therefore, that the Council adopts up to date, robust CPRs, to mitigate against this potential for adverse reputational impact.

Contracts

None

Crime and Disorder

None

Equality and Diversity / Human Rights / Safeguarding

None

Health and Wellbeing

None

Climate Change and Environment Impact Assessment

Not undertaken

Acronyms

CPR – Contract Procedure Rules

SELCP – South & East Lincolnshire Councils Partnership

Appendices

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

Appendix 1a	Proposed Contract Procedure Rules – Clean Version
Appendix 1b	Proposed Contract Procedure Rules – Tracked Changes
Appendix 2	Revised Delegations to Officers
Appendix 3	Key Changes

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

N/A

Report Approval

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CONTRACT PROCEDURE RULES

1. INTRODUCTION

- 1.1 These Contract Procedure Rules set out the rules that apply to all Officers, Members and agents acting on behalf of the Council, involved in procurement and contract management. The rules must be read in conjunction with relevant laws, regulations and policies/procedures including the Councils' Financial Procedure Rules.
- 1.2 These Contract Procedure Rules form part of the Council's Constitution
- 1.3 These Rules seek to protect the Council's reputation by minimising the risk of allegations of unfair process, dishonesty, and failure to meet legal obligations. If in doubt and/or if advice on these Rules / associated legislative requirements (such as the Procurement Act 2023) is required, please contact the Procurement & Contracts service.
- 1.4 Should a conflict be found between these Rules and the law, the order of precedence shall be the law and then these Rules.
- 1.5 All thresholds referred to in these Rules are inclusive of VAT.
- 1.6 In the case of a breach to these Contract Procedure Rules, the Responsible Officer must inform the Head of Procurement & Contracts detailing the nature of the breach and any management action taken to address the issues arising from the breach. The Procurement & Contracts service will maintain a record of all such breaches which will be reported to the Senior Leadership Team periodically.

2. BASIC PRINCIPLES

- 2.1 All procurement procedures must
 - 2.1.1 deliver value for money by awarding contracts that have the most advantageous contribution to delivering the Council's objectives,
 - 2.1.2 maximise public benefit
 - 2.1.3 be consistent with the highest standards of integrity,
 - 2.1.4 operate in a transparent manner,
 - 2.1.5 ensure fairness in allocating public contracts including managing conflicts of interest,
 - 2.1.6 comply with all legal requirements including but not limited to the Procurement Act 2023 and the Procurement Regulations 2024.*,
 - 2.1.7 support all relevant Council priorities and policies, including the Medium-Term Financial Plan.

**Where a procurement / contract was started under the Public Contract Regulations 2015, that procurement or contract continues to be governed by those Regulations until the contract expiry date.*

NB: These Rules shall be applied to the contracting activities of any partnership for which the Council is the accountable body unless the Council expressly agrees otherwise (*see the Delegations to Officers for details of Officers who may action this rule*).

- 2.2 Procurements must also have regard to the National Procurement Policy Statement which sets out the national priorities for procurement.

3. RELEVANT CONTRACTS

3.1 All Relevant Contracts must comply with these Contract Procedure Rules. A Relevant Contract is any arrangement made by, or on behalf of, the Council for the carrying out of works, supplies, goods, materials, or services.

3.2 Relevant Contracts do not include:

- 3.2.1 contracts of employment which make an individual a direct employee of the authority,
- 3.2.2 agreements regarding the acquisition, disposal, or transfer of land (to which the Financial Procedure Rules apply),
- 3.2.3 the payment of grants to third parties
- 3.2.4 The lending or borrowing of money by the Council.
- 3.2.5 Contracts between Local Authorities as defined by Schedule 2, Paragraph 2 of the Procurement Act 2023
- 3.2.6 Contracts between Local Authorities as defined by Clause 1 of the Local Authorities (Goods and Services) Act 1970.
- 3.2.7 Section 75 NHS Act 2006 arrangements (although details must be recorded on the Council's Contract Register).

Please note, the Council cannot simply choose to treat a project as a Grant in order to avoid complying with these Contract Procedure Rules. Grants will have different conditions with regards to procurement.

Generally, procurement is required when the Council is acquiring goods, services, or works to meet its own needs, and it retains control over the specification and delivery of those services. A grant is awarded to support an activity that aligns with the Council's objectives but is initiated and delivered by the recipient, who retains a degree of autonomy over the process.

Where there is any clarity required, please contact the Procurement & Contracts service.

4. OFFICER RESPONSIBILITIES

4.1 Responsible Officers

4.1.1 Officers will:

- (a) comply with these Contract Procedure Rules (CPRs),
- (b) comply with the Council's Constitution,
- (c) have the appropriate authorisation to procure, complying with the Delegations to Officers;
- (d) declare both, prior to the commencement of the procurement process and throughout the procurement process / contract, any personal interest / conflict of interest they may have in that process;
- (e) ensure all tenders/quotations are kept confidential;
- (f) ensure a written contract is issued and signed by both parties, or a purchase order is issued before the supply of goods, services or carrying out of works begin;

- (g) where appropriate ensure that the contracts for which they are responsible are effectively managed (ensuring a named Contract Manager is allocated to the relevant contract) and monitored ensuring the contract delivers as intended.
- (h) ensure a review of each contract is carried out at an appropriate stage;
- (i) comply with all legal requirements; and
- (j) ensure contracts with a value over £6,000 are recorded on the Contracts Register as held and maintained by the Procurement and Contracts Service;

Officers must ensure that any agents, consultants, and contractual partners acting on their behalf also comply.

4.1.2 Officers must:

- (a) keep any necessary records (such as a record of decisions made or minutes from any meetings) required by these Contract Procedure Rules,
- (b) take all necessary procurement, legal, financial, and professional advice, taking into account the requirements of these Contract Procedure Rules,
- (c) prior to letting a contract on behalf of the Council, check whether:
 - (i) the Contracts Register lists an appropriate contract in place for the Council, or:
 - (ii) an appropriate national, regional, or other collaborative contract is already in place.

Where the Council already has an appropriate contract in place, then this must be used unless it can be established that the contract does not fully meet the Council's specific requirements in this particular case, and this is agreed following consultation with the Procurement & Contracts Service.

Where an appropriate national, regional, or collaborative contract is available, consideration should be given to using this, provided the contract offers value for money.

- (d) ensure that when any employee, either of the Council or of a service provider, may be affected by any transfer arrangement, then any Transfer of Undertaking (Protection of Employment) issues are considered and legal and HR advice from within the Council is obtained prior to proceeding with the procurement exercise.

4.1.3 Failure to comply with any of the provisions of these Contract Procedure Rules, the Council's Constitution or any legal requirements may be brought to the attention of the Monitoring Officer, Head of Internal Audit, or other relevant Officers as appropriate. Depending on the nature of the non-compliance this may result in disciplinary action being taken.

4.1.4 A contract may be let through any framework agreement to which the Council has access. Where the contract to be let is subject to the Procurement Act 2023, or any other relevant UK Legislation, use of such framework agreement shall be subject to compliance with those regulations (*see the Delegations to Officers for details of Officers who may action this rule*).

4.2 Chief Officer/Deputy Chief Officers

4.2.1 Chief Officer/Deputy Chief Officers will:

- (a) ensure their Service complies fully and are familiar with the requirements of these Contract Procedure Rules.
- (b) ensure compliance with English Law and UK legislation and Council policy.
- (c) ensure value for money and optimise risk allocation in all procurement matters.
- (d) ensure compliance with any guidelines issued in respect of these Contract Procedure Rules.
- (e) take immediate action in the event of a breach of the Contract Procedure Rules or any Code of Practice within their directorate or service area.
- (f) ensure that all existing and new contracts anticipated during the forthcoming financial year are clearly itemised in the Budget supporting documentation.
- (g) ensure original contract documents with a total value over £6,000 are forwarded to the Procurement and Contracts Service for safekeeping.
- (h) ensure effective contract management, contract reviews and monitoring during the lifetime of all contracts in their areas.
- (i) seek and act upon advice from the Procurement and Contracts Service where necessary to ensure compliance with these responsibilities.

5. CONFLICTS OF INTEREST

- 5.1 Officers must take all reasonable steps to identify and keep under review any conflicts of interest or potential conflicts of interest. This obligation starts when the need for the procurement is first identified and continues until the termination of the contract.
- 5.2 Officers must take all reasonable steps to ensure that a conflict of interest does not put a supplier at an unfair advantage or disadvantage. If the Officer deems that that advantage or disadvantage cannot be avoided, they must contact the Procurement & Contracts service before progressing further with the procurement.
- 5.3 Where the procurement is valued over the Procurement Act 2023 thresholds a conflicts assessment must be prepared by the Officer in conjunction with the Procurement & Contracts service. The Procurement & Contracts service have a template document for Officers to complete, which includes the provision for details of all conflicts or potential conflicts of interest and any mitigating steps that the Council has taken or will take.
- 5.4 This conflicts assessment must be kept under review and revised as necessary during the procurement and contract term.
- 5.5 Any Officer or Member who fails to declare a conflict of interest may be subject to disciplinary proceedings and risks being prosecuted under the Bribery Act 2010.

6. PRE-MARKET ENGAGEMENT

- 6.1 When Officers are undertaking pre-market engagement, they must ensure it is utilised for the following purposes:
 - 6.1.1 Developing the Council's requirements and approach to the procurement.
 - 6.1.2 Designing a procurement procedure, conditions of participation or award criteria.
 - 6.1.3 Preparing the tender notice and associated tender documents, including the proposed terms and conditions.
 - 6.1.4 Understanding market conditions and identifying potential suppliers.

- 6.1.5 Understanding the resourcing limitations and capacity requirements of suppliers in relation to the procurement process and anticipated timetable.
- 6.2 Suppliers must not be put at an unfair advantage, or disadvantage, when undertaking pre-market engagement. If an Officer deems that a supplier has been put at an unfair advantage, or disadvantage, they must contact the Procurement & Contracts service before progressing further with the procurement.
- 6.3 When engaging with potential suppliers, the Council may use any advice in the planning and conduct of the procurement procedure, provided that it does not have the effect of distorting competition and does not result in a violation of the principles of non-discrimination and transparency.
- 6.4 The Council shall take appropriate measures to ensure that competition is not distorted by the participation of a candidate or tenderer who has provided any advice by ensuring all other candidates and tenderers are provided with all of the information the advising candidate or tenderer has received or given and that all candidates or tenderers are given sufficient time to respond to the tender or quote.
- 6.5 When undertaking any pre-market engagement activities above £60,000, the Officer responsible must seek advice from the Procurement & Contracts Service.

7. EXEMPTIONS

- 7.1 Except where the Procurement Act 2023 thresholds are exceeded, the Cabinet/Executive has the power to waive any requirements within these Contract Procedure Rules for specific projects. An exemption under this Rule 7 allows a contract to be placed by direct negotiation with one or more suppliers rather than in accordance with Rule 13.
- 7.2 These Contract Procedure Rules may be exempted where the circumstances meet any of the following criteria within 7.3. An exemption form must be completed and sent to the Head of Procurement & Contracts in the first instance to allow comments which will assist with the approval or rejection of the exemption.
- 7.3 The Head of Procurement & Contracts will then pass this through to the Section 151 Officer, the Chief Executive, the Portfolio Holder for the relevant area, and the Portfolio Holder for Finance for approval / sign-off. This process must be followed in advance of the award of contract, and in compliance with the criteria set out in the Delegations to Officers. Please see the circumstances for an exemption below:
 - 7.3.1 for works, supplies, or services which are either patented or of such special character that it is not possible to obtain competitive prices.
 - 7.3.2 for supplies purchased or sold in a public market or auction.
 - 7.3.3 with an organisation already engaged by the Council for a similar and related procurement and where there is significant benefit to extending the contract to cover this additional requirement that does not breach legal requirements such as the Procurement Act 2023.
 - 7.3.4 involving such urgency that it is not possible to comply with the Contract Procedure Rules and there is a significant risk to the council of not acting with urgency.
 - 7.3.5 for the purchase of a work of art or museum specimen, or to meet the specific requirements of an arts or cultural event which cannot be procured competitively due to the nature of the requirement.

- 7.3.6 in relation to time-limited grant funding from an external body, where the time limitations will not allow a competitive procurement process to be completed and where the grant conditions allow this.
 - 7.3.7 where relevant legislation not otherwise referred to in these Contract Procedure Rules prevents the usual procurement process from being followed.
 - 7.3.8 goods, works or services contracts may be awarded directly to a legal person where that legal person meets the criteria as set out in Schedule 2, Paragraph 2 of the Procurement Act 2023. (formerly known as "Teckal" companies);
 - 7.3.9 where building development opportunities are available to the Council, and have been proven to be financially viable, and the value is under the Procurement Act 2023 Thresholds for Works (as per Appendix 2 – Procurement Act 2023 Thresholds).
 - 7.3.10 where an existing contract is being re-procured and there are delays to that procurement process which means that the new contract cannot start at the expiry of the existing contract (this exemption cannot be for longer than 6-months and cannot make the contract a “convertible contract” under the Procurement Act 2023 by exceeding the applicable threshold).
- 7.4 Every exemption must be recorded on the Council’s Procurement Exemption Form at Appendix 1 to these Contract Procedure Rules and the form will be recorded on a master register to be maintained by the Procurement & Contracts Service.
- 7.5 Where an exemption is necessary because of an unforeseeable emergency involving immediate risk to persons, property or serious disruption to Council services, the Chief Officer/Deputy Chief Officer may approve the exemption but must prepare a report for the next meeting of the Cabinet/Executive to support the action taken.
- 7.6 The Procurement & Contracts service must monitor the use of all exemptions.

8. RECORDS

- 8.1 The Procurement Act 2023 requires contracting authorities to maintain the following comprehensive records of procurement activities:
- 8.1.1 sufficient documentation to justify decisions at all stages of the procurement process
 - 8.1.2 contract details including value
 - 8.1.3 selection decision
 - 8.1.4 justification for use of the selected procedure
 - 8.1.5 names of bidding organisations, both successful and unsuccessful
 - 8.1.6 reasons for selection
 - 8.1.7 reasons for abandoning a procedure
- 8.1A Most contracts and extensions to contracts will be awarded by Officers making a decision under delegated authority (see Delegations to Officers). All such Officer decisions must be published unless the decision is administrative, minor, or not closely connected to the discharge of an executive function. Some decisions will be subject to Call-in. Where Call-in applies, the winning contractor must be advised that the award of contract is subject to Call-in and will not be confirmed until the Call-in period has expired.
- 8.2 For contracts up to £60,000 the following records must be kept:
- 8.2.1 invitations to quote (where applicable)
 - 8.2.2 all tenders/quotes returned;

- 8.2.3 notification to the successful, and unsuccessful (where applicable) bidders of the outcome of the quotation exercise
 - 8.2.4 the contract;
 - 8.2.5 a written record of:
 - (a) any exemptions and reasons for it; and
 - (b) the reasons if the lowest price is not accepted
- 8.3 For contracts where the total value is greater than £60,000.00 but less than £120,000.00 for works, supplies of goods materials or services, the Procurement and Contracts Service must be made aware of any procurement requirements at the earliest opportunity to assist with this process. Where formal advertising via a Request for Quotation is recommended by these rules, the Council's e-Tendering portal should be used. The following records must be kept:
- 8.3.1 invitations to quote/tender;
 - 8.3.2 all communication with suppliers;
 - 8.3.3 all tenders/quotes returned;
 - 8.3.4 a completed evaluation sheet with scores and comments justifying the score awarded, where a formal process is used;
 - 8.3.5 a decision log, including details of why a bidder has been selected, where an informal process is used;
 - 8.3.6 assessment summaries / feedback to the unsuccessful bidders;
 - 8.3.7 all communications with the successful contractor;
 - 8.3.8 the contract;
 - 8.3.9 a written record of:
 - (a) any exemptions and reasons for it; and
 - (b) the reasons if the lowest price is not accepted
 - 8.3.10 written records of communications with the successful contractor.
- 8.4 Where the total value exceeds £120,000.00 for works, supplies of goods, materials or services, the Officer must record the same details as in Rule 8.3 above and any further records as advised by the Procurement & Contracts Service.
- 8.5 Written records required by this Rule 8 must be kept for six years (twelve years if the contract is under seal) after the final settlement of the contract. All documents which relate to unsuccessful candidates (tender responses, feedback letters etc.) must be kept for 12 months from award of contract provided there is no dispute about the award or where there is a dispute, once the dispute is resolved, 12 months from resolution of the dispute.
- 8.6 Prospective candidates must be notified simultaneously in writing and as soon as possible of any contracting decision. If a candidate requests in writing the reasons for a contracting decision, the officer must give the reasons in writing within 15 days of the request.
- 8.7 The Freedom of Information Act 2000 gives a general right of public access to all types of 'recorded' information held by public authorities, sets out exemptions from that general right, and places a number of obligations on public authorities with regard to the disclosures of information. The Council will, as a general rule, allow public access to recorded information where possible and the contractor shall agree to the Council making any disclosures in accordance with the Act.

9. RISK MANAGEMENT / ASSESSMENT

- 9.1 Officers must create a robust risk assessment as part of the procurement planning process for all contracts valued over £120,000 in conjunction with the Procurement & Contracts service.
- 9.2 The risk assessment must be reviewed and updated regularly during the procurement process and throughout the contract term.
- 9.3 Where key risks are identified at the pre-procurement stage which may lead to a future contract modification, these risks must be stated clearly in the tender notice and in relevant procurement documents.

10. ADVERTISING

The Contracts and Procurement Service will ensure that the minimum advertising requirements in the Procurement Act 2023 and as outlined in Rule 8 are met.

11. FRAMEWORKS

- 11.1 Framework has the same meaning as in the Procurement Act 2023. “..a contract between a Contracting Authority and one or more supplier(s) that provides for the future award of contracts by the authority to the supplier(s).”
- 11.2 Contracts based on Frameworks may be awarded in one of two ways, as follows:
 - 11.2.1 Where the terms of the agreement are sufficiently precise to cover the particular call-off, by applying the terms laid down in the Framework Agreement without re-opening competition (Direct Award), or
 - 11.2.2 Where the terms laid down in the Framework Agreement are not precise or complete enough for the particular call-off, by holding a further competition in accordance with the following procedure (Further Competition):
 - (a) Inviting the organisations within the Framework that are capable of executing the subject of the contract, to submit bids, with an appropriate time limit for responses, considering factors such as the complexity of the subject of the contract,
 - (b) Awarding each contract to the bidding organisation who has submitted the most advantageous tender on the basis of the relevant Award Criteria set out in the Framework.
- 11.3 The term of a Framework must not exceed four years when utilising a Closed Framework, or eight years when utilising an Open Framework, as defined in the Procurement Act 2023.
- 11.4 A contract of any value can be procured through a framework. If the proposed contract value is over £60,000, the Procurement & Contracts service must be consulted before the procurement is started.
- 11.5 A framework is considered a compliant procurement route when:
 - 11.5.1 It has been entered into by the Council in compliance with these Rules, or
 - 11.5.2 Another contracting authority, purchasing consortium or central government organisation has tendered the framework in compliance with the relevant

procurement legislation and the Council is named as a potential user of the arrangement (e.g., ESPO / CCS).

- 11.5.3 When using a framework as per 11.5.2, officers must ensure that all of the necessary documentation is completed. Officers must consult with the Procurement & Contracts service before entering into a call-off contract as per 11.5.2.
- 11.6 Officers must carry out due diligence checks at contract award to evidence fulfilment of any conditions of participation and that there are no grounds for exclusion.
- 11.7 Approval to procure and award must be in compliance with the Delegations to Officers.
- 11.8 Most contracts will then be awarded by Officers making a decision under delegated authority. All such Officer decisions must be published unless the decision is administrative, minor, or not closely connected to the discharge of an executive function. Some decisions will be subject to Call-in. Where Call-in applies the winning contractor must be advised that the award of contract will not be confirmed until the Call-in period has expired.

12. DYNAMIC MARKETS

- 12.1 A dynamic market as defined in the Procurement Act 2023 is an open list of qualified suppliers eligible to participate in future procurements (via Further Competition only). Suppliers can join the dynamic market at any time if they meet the specified conditions, enabling the ability to streamline a procurement process by allowing continuous admission of suppliers.
- 12.2 Officers must ensure that there is no existing Council contract, framework or Dynamic Market available before undertaking an alternative procurement.
- 12.3 Only procurements valued over the relevant UK Procurement threshold may be procured via a Dynamic Market.
- 12.4 A dynamic market is considered a compliant procurement route when:
 - 12.4.1 It has been entered into by the Council in compliance with these Rules, or
 - 12.4.2 Another contracting authority, purchasing consortium or central government has tendered the framework in compliance with the relevant procurement legislation and the Council is named as a potential user of the arrangement (e.g., ESPO / CCS).
- 12.5 Officers must seek advice and support from the Procurement & Contracts service whenever they wish to establish or use a Dynamic Market.

13. PROCUREMENT THRESHOLDS

- 13.1 Officers must establish the total value of the procurement including whole life costs, incorporating any potential extension periods which may be awarded. Where the

Procurement Act 2023 rules apply, Officers must also ascertain the value of a contract in accordance with those rules.

13.2 Contracts must not be artificially under / over-estimated or divided into two or more separate contracts where the effect is to avoid the application of the thresholds below.

13.3 Where the estimated total value is within the values in the table below, the corresponding tendering procedure must be followed. (see the Delegations to Officers for details of Officers who may actions this rule).

Procurement Values (exclusive of VAT)	Procurement Values (inclusive of VAT)	Tendering Procedure
£0 to £6,250	£0 to £7,500	One written quote - this should be a local provider wherever possible. A purchase order must be raised.
£6,250.01 - £12,500	£7,500.01 - £15,000	Two written quotes – one should be a local provider wherever possible. A purchase order must be raised.
£12,500.01 - £50,000	£15,000.01 - £60,000	At least three written quotes shall be sought. Local providers must be given an opportunity to provide a quote, wherever possible. A purchase order must be raised
£50,000 - £100,000	£60,000.01 - £120,000	At least three written quotations shall be sought. A Request for Quotation via the e-Tendering Portal is recommended. The Procurement & Contracts service must be involved. Where a formal Request for Quotation process is not utilised, the Procurement & Contracts service must agree the alternative process (e.g., retrieving quotations from suppliers via email etc.). Local providers must be given an opportunity to provide a quote, wherever possible. A purchase order must be raised.
£100,000.01 up to Procurement Act 2023 thresholds	£120,000.01 up to Procurement Act 2023 thresholds	Open tender via the E-Tendering Portal & a below-threshold notice published on Find a Tender. Social value must be considered as part of the specification / award criteria. A purchase order must be raised
Above Procurement Act 2023 thresholds	Above Procurement Act 2023 thresholds	UK Public Procurement Procedure – via E-Tendering Portal & Find a Tender notice. Social value must be considered as part of the specification / award criteria. A purchase order must be raised

* As per Appendix 2 – Above Procurement Act 2023 thresholds*

13.4 Written quotations must include the following information as a minimum:

13.4.1 Details of the goods, services or works to be supplied;

13.4.2 Where and when the delivery is to take place (where applicable);

13.4.3 The total value of the contract; and

13.4.4 The terms and conditions to apply including the price and payment terms

- 13.5 Officers must provide contractual details to the Procurement & Contracts service for contracts over £6,000 so that the contract can be added to the Council's Contracts Register.
- 13.6 Officers must provide contractual details to the Procurement & Contracts service for contracts £30,000 & above where the Procurement & Contracts service have not been involved in the procurement. This must be provided for within 30 days of contract award to allow a Contract Details Notice to be published.
- 13.7 Officers must contact the Procurement & Contracts service for any procurement requirements £60,000.01 & above. For spend of £60,000 and below, Officers can procure without the need to involve the Procurement & Contracts service, following the procurement thresholds above. Where there are any queries, the Procurement & Contracts service should be contacted to avoid non-compliance.
- 13.8 Where the Procurement Act 2023 thresholds apply, Officers must consult the Procurement & Contracts service to determine the procedure for conducting the procurement exercise.
- 13.9 Where it can be determined that there are insufficient suitably qualified candidates to meet the threshold requirements as per the table above, all suitably qualified candidates must be invited. (see the Delegations to Officers for details of Officers who may action this rule.)
- 13.10 Where services are currently purchased internally, i.e., from within the Council, for internal provision, the requirement to obtain other quotations or tenders does not apply. However, the purchaser may choose to seek alternative quotations/tenders for the purpose of market testing.

14. **EVALUATING TENDERS** *(see the Delegations to Officers for details of Officers who may action this rule):*

- 14.1 In any procurement exercise the successful bid should be the one which:
- 14.1.1 Offers the most advantageous proposal based on the award criteria.
- 14.1.2 Such criteria may include:
- (a) Quality including technical merit, aesthetic and functional characteristics, accessibility, design for all users, social, environmental, and innovative characteristics and trading and its conditions;
 - (b) After-sales service and technical assistance, delivery conditions such as delivery date, delivery process and delivery period or period of completion.
 - (c) Price / Commercial approach
 - (d) Social Value / sustainability commitments

- 14.2 Evaluation must be conducted in accordance with the published criteria. Evaluators must undertake evaluations individually initially followed by moderation to reach an agreed tender score.
- 14.3 All criteria must relate to the subject matter of the contract, must be objectively quantifiable and non-discriminatory.
- 14.4 The procurement documentation must clearly explain the basis of the decision to bidding organisations, making clear how the evaluation criteria specified in the process will be applied, the overall weightings to be attached to each of the high-level criteria, whether the high-level criteria are divided into any sub-criteria and the weightings attached to each of those sub-criteria.

15. INVITATION TO TENDER / REQUEST FOR QUOTATION *(see the Delegations to Officers for details of Officers who may action this rule)*

- 15.1 Invitations to Tender/Requests for Quotation must be issued in accordance with the requirements of these Contract Procedure Rules.
- 15.2 All Invitations to Tender shall include the following:
 - 15.2.1 A specification that describes the Council's requirements in sufficient detail to enable the submission of competitive offers, together with the terms and conditions of contract that will apply.
 - 15.2.2 A requirement for candidates to declare that the tender content, price or any other figure or particulars concerning the tender submitted by the candidate has not been disclosed by the candidate to any other party (except where such disclosure is made in confidence for a necessary purpose).
 - 15.2.3 A requirement for candidates to complete fully and sign all tender documents including a form of tender and certificates relating to canvassing and non-collusion.
 - 15.2.4 Notification that tenders are submitted to the Council on the basis that they are compiled at the candidate's expense.
 - 15.2.5 A description of the award procedure and, unless defined in a prior advertisement, a definition of the award criteria in objective terms and the percentage weighting of each criterion in the evaluation.
 - 15.2.6 The method by which arithmetical errors discovered in the submitted tenders are to be dealt with. In particular, whether the overall price prevails over the rates in the tender or vice versa.
- 15.3 The Invitation to Tender or Requests for Quotation must state that the Council is not bound to accept any tender or quotation.
- 15.4 All candidates invited to tender, or quote must be issued with the same information at the same time and subject to the same conditions. Any supplementary information must be given on the same basis. Where a candidate asks a clarification question regarding the tender or quote, the question and the answer will be provided to all candidates.
- 15.5 Tenders received after the tender deadline date and time or tenders which are not submitted in accordance with these Rules and any criteria set out in the procurement documentation will be disqualified unless otherwise agreed by the Monitoring Officer
- 15.6 If there is an obvious ambiguity or error in the tender and that ambiguity or error appears to have a simple explanation, bidders may be invited to correct their tender response.

Advice must be sought from the Procurement & Contracts service before further action is taken.

- 15.7 Under the Procurement Act 2023, the Council is required to request an explanation of the price or costs proposed in a tender where that price or those costs appear to be **abnormally low** in relation to the requirement. If the bidder is unable to demonstrate that the price offered is not abnormally low, its tender may be disregarded. Advice must be sought from the Procurement & Contracts service during this process.

16. SHORTLISTING

Any shortlisting (i.e., supplier selection or conditions of participation) must have regard to the financial standing, legal capacity, and the technical ability of the candidates to deliver the required goods, services or works.

17. SUBMISSION, RECEIPT AND OPENING OF TENDERS / QUOTATIONS *(see the Delegations to Officers for details of Officers who may action this rule):*

17.1 Tenders

- 17.1.1 Bidding organisations must be given an adequate period in which to prepare and submit a proper quotation or tender, consistent with the complexity of the contract requirements.
- 17.1.2 When advertising a tender for a procurement above the Procurement Act 2023 thresholds, the tenders must be advertised for the minimum number of days as specified in the Procurement Act 2023 legislation.
- 17.1.3 Tender Contents:
Each tender must contain, where relevant:
- (a) An undertaking signed by the tenderer that to the best of their knowledge and belief they have complied with all the relevant provisions of the Health and Safety at Work Act 1974 and regulations made under it or where they have not complied, an explanation of the remedial action they have taken to ensure compliance;
 - (b) A statement that the tenderer will comply with all current relevant British Standard Specification or Code of Practice or equivalent international standards offering guarantees of safety, reliability, and fitness for purpose;
 - (c) A statement by the tenderer that they will not try to obtain or receive by whatever means any information which gives or is intended to give the tenderer or another party any unfair advantage over any other tenderer (including the Council's own workforce) in relation to the tendering for and award of any contract;
 - (d) A statement that the Council shall not be liable for expenses incurred in the preparation of tenders; nor shall the Council be bound to accept the lowest or any tenders submitted; and shall have reserved to them the right to invite fresh tenders should they consider that course desirable.

17.2 Electronic Arrangements

- 17.2.1 Tenders, Request for Quotations, Framework Further Competition bids and Conditions of Participation stages will be received electronically and will be opened by the Procurement & Contracts service on the e-Tendering portal. The system will not allow any quotations to be opened until the allocated return date / time has passed.

17.3 Hard Copy Arrangements

- 17.3.1 In the limited circumstances where a Quotation, Further Competition bid or Tender cannot be received electronically, the Procurement and Contracts Service will consult with the Monitoring Officer to agree a suitable way to receive the Quotation, Further Competition bid or Tender.

18. CLARIFICATION PROCEDURES AND POST TENDER NEGOTIATIONS

- 18.1 Seeking clarification of a tender received whether in writing or by way of a meeting is permitted. However, any such clarification must not involve changes to the basic features of the bidding organisation's submission and all tenderers must be treated equally (*see the Delegations to Officers for details of Officers who may action this rule*).
- 18.2 Post tender negotiation means negotiations with any tenderer after submission of a tender and before the award of the contract with a view to obtaining an adjustment in price, delivery, or content. *Where the value of the Tender is above the threshold in the Procurement Act 2023 advice must be sought from the Procurement & Contracts Service. Where post tender negotiation results in a fundamental change to the specification (or contract terms) the contract must not be awarded but re-tendered (see the Delegations to Officers for details of Officers who may action this rule).*
- 18.3 If post tender negotiations are necessary after a single stage tender or at the final stage of a multiple-stage tender, then such negotiations shall only be undertaken with the tenderer who has previously been identified as submitting the best tender. Tendered rates and prices shall only be adjusted in respect of a corresponding adjustment in the scope or quantity included in the tender documents. Officers appointed by the Chief Officer/Deputy Chief Officer to carry out post tender negotiations should ensure that there are recorded minutes of all negotiation meetings and that both parties agree actions in writing.
- 18.4 Post tender negotiation must only be conducted in accordance with guidance given by the Monitoring Officer and the Procurement & Contracts Service.
- 18.5 The Monitoring Officer and the Procurement & Contracts Service must be consulted and agree:
- 18.5.1 Wherever it is proposed to enter into post tender negotiation;
 - 18.5.2 About whether negotiation is with all tenderers;
 - 18.5.3 To either accept or reject late submissions before opening any of the responses. Late submissions must only be accepted in exceptional circumstances.
- 18.6 Negotiations must be conducted by a team of at least two officers, one of whom must be from a section independent to those leading negotiations (*see the Delegations to Officers for details of Officers who may action this rule*).

19. AWARD OF CONTRACT, AND DEBRIEFING OF ORGANISATIONS

- 19.1 **Award of Contract and Contract Extensions** (*see the Delegations to Officers for details of Officers who may action this rule*):
- 19.1.1 The Council is required to notify successful and unsuccessful bidders of the outcome of a procurement process, in writing, in as timely a fashion as possible.

- 19.1.2 Where a contract was advertised with an extension option and that extension option forms part of the contract, the decision to extend the contract may be made after ensuring that taking up the extension option delivers value for money.
- 19.1.3 Decisions on award of contract and contract extensions must be made in accordance with the Delegations to Officers.
- 19.1.4 For the avoidance of doubt, extensions are not permitted where they are not provided for in the original contract.

19.2 Assessment Summaries

- 19.2.1 Assessment Summaries (detailed feedback) will be sent by the Procurement & Contracts Service, in line with the relevant Officer's evaluation comments.

20. CONTRACT DOCUMENTS

20.1 Format of Contract Documents

- 20.1.1 Every Relevant Contract/must be in writing and must state clearly:
 - (a) what is to be supplied (description and quality)
 - (b) payment provisions (amount and timing and seeking electronic invoices)
 - (c) when the Council will have the right to terminate the contract
 - (d) that the contract is subject to the law as to prevention of corruptionThe Council's standard terms and conditions must be used where possible.
- 20.1.2 In addition, every Relevant Contract for purchases over £30,000.00 for works, supplies of goods, materials or services must also as a minimum state clearly:
 - (a) that the contractor may not assign or sub-contract without prior written consent
 - (b) any insurance and liability requirements
 - (c) health and safety requirements
 - (d) ombudsman requirements
 - (e) data protection requirements if relevant
 - (f) that charter standards are to be met if relevant
 - (g) requirements under all applicable Equality legislation
 - (h) a right of access to relevant documentation and records of the contractor for monitoring and audit purposes, including obligations under the FOI Act 2000 and 2015 Transparency Code
 - (i) requirements under the Counter-Terrorism and Security Act 2015 and Prevent Strategy where applicable
 - (j) obligations under the Public Interest Disclosure Act 1998 including employee whistleblowing.
 - (k) Statement requirements under the Modern Slavery Act 2015.
- 20.1.3 All contracts must be concluded formally in writing before the supply, service or construction work begins, except in exceptional circumstances, and then only with the written consent of the Monitoring Officer. An award letter is insufficient.
- 20.1.4 All contracts must include the following paragraph:

‘The Contractor recognises that the Council is under a duty to act in a manner which is compatible with the Convention rights as defined by Section 1(1) of the Human Rights Act 1998 ('Convention Rights'). This duty includes a positive obligation on the Council to ensure that contractors providing services on the Council's behalf act in a way which is compatible

with the Convention Rights. The Contractor therefore agrees to provide the Services and comply with its other obligations under this contract in a manner which is compatible with the Convention Rights.'

20.1.5 The Officer responsible for securing the signature of the contractor must ensure that the person signing for the contracting party has authority to bind it.

20.2 Contract Signature *(see the Delegations to Officers for details of Officers who may action this rule):*

20.2.1 A contract entered into by or on behalf of the Council must:

- (a) Where the contract is in the form of a deed (see below), be made under the Council's seal and attested as required by the Constitution, or;
- (b) Where the contract is in signed under hand, it must:
 - (i) be signed by at least two officers of the Council authorised as required by the Constitution (see Delegations to Officers), or;

20.2.2 A contract must be in the form of a deed (see below) and sealed where;

- (a) The Council wishes to enforce the contract for more than six years after it ends; or
- (b) The price paid or received under the contract is a nominal price and does not reflect the value of the goods or services; or
- (c) Where there is any doubt about the authority of the person signing for the contracting party.

A contract in the form of a deed must state in the signature pages that the Contractor and the Council are executing the contract as a deed. Where an Officer is unsure whether a Contract should be signed under hand, or sealed, they must contact the Procurement & Contracts service to seek advice.

20.3 Legal Services Review of Tenders and Contracts

20.3.1 To ensure the integrity of the procurement process:

- (a) All proposed Invitations to Tender, where they are not in compliance with the Council's harmonised contract documentation or standard terms and conditions issued by a relevant professional body, will be reviewed by the Procurement and Contracts service.

Where the Procurement and Contracts service are unable to advise, it will be escalated to the Deputy Chief Officer with the recommendation that external legal advice is sought.

21. LIQUIDATED DAMAGES, SERVICE CREDITS, BONDS AND PARENT COMPANY GUARANTEES

21.1 Where a bond or guarantee is required to ensure satisfactory contract performance and/or to protect the Council, the requirement must be notified to bidders in the procurement documentation and must be in place no later than four (4) weeks after contract signature.

21.2 Every formal written contract which exceeds £120,000.00 in value and is for the execution of works shall provide for liquidated damages to be paid by the contractor in case the terms of the contract are not duly performed.

21.3 Every formal written contract that includes Key Performance Indicators / Service Level Agreements shall consider reasonable service credits to include within the contract where performance / service standards are not being met.

21.4 The Officer must consult the Deputy Chief Officer when a tenderer is a subsidiary of a parent company and the Officer does not think that a parent company guarantee is necessary, and:

21.4.1 The total value exceeds £120,000.00

21.4.2 Award is based on evaluation of the parent company, or

21.4.3 There is some concern about the stability of the supplier.

21.5 The officer must consult the Deputy Chief Officer about whether a bond is needed:

21.5.1 Where the total value exceeds £120,000.00.

21.5.2 Where it is proposed to make stage payments or other payments in advance of receiving the whole of the subject matter of the contract, or

21.5.3 There is some concern about the stability of the supplier.

22. PREVENTION OF CORRUPTION

22.1 Rules and regulations pertaining to the prevention of corruption are outlined in the Council's Financial Procedure Rules and must be adhered to.

22.2 The following clauses must be put in every written Council contract:

'The Council may terminate this contract and recover all its loss if the Contractor, its employees, or anyone acting on the Contractor's behalf do any of the following things:

22.2.1 Offer, give, or agree to give anyone any inducement or reward in respect of this or any other Council contract (even if the Contractor does not know what has been done); or

22.2.2 Commit an offence under the Bribery Act 2010 or Section 117(2) of the 1972 Act; or

22.2.3 Commit any fraud in connection with this or any other Council contract whether alone or in conjunction with Council members, contractors, or employees.

Any clause limiting the Contractor's liability shall not apply to this cause.'

22.3 Any suspected irregularity shall be referred to the the Monitoring Officer where necessary. Any examination of contractors' or tenderers' books and records as a result of any such suspected irregularity shall be conducted by the Head of Procurement & Contracts. If, in the investigation of any irregularity, the Monitoring Officer considers that disciplinary procedures may need to be invoked, the appropriate Chief Officer/Deputy Chief Officer shall also be notified.

23. DECLARATION OF INTERESTS

Rules and regulations pertaining to the Declaration of Interests are outlined in the Code of Conduct for Employees within the Constitution and must be adhered to.

24. CONTRACT MANAGEMENT / MONITORING

- 24.1 All contracts must have an appointed Contract Manager for the entirety of the contract. The responsible Deputy Chief Officer must ensure a Contract Manager is designated prior to award.
- 24.2 The Contract Manager must monitor the overall performance of the contract in line with the specification, agreed service levels and contract terms.
- 24.3 The Contract Manager must ensure that they undertake contract management meetings with the supplier in line with the agreed timescales as per the contract.
- 24.4 The Officer named in the Contract Register will act as the Contract Manager and will be responsible for ensuring the obligations of these Rules. The Procurement & Contracts service are available to be contacted for any contract management support.

25. CONTRACT MODIFICATIONS

- 25.1 Before modifying a contract, the Procurement & Contracts service must be consulted to ensure the correct modification / variation process is being undertaken.
- 25.2 If the contract is valued above the Procurement Act 2023 threshold, advice from the Procurement & Contracts service must be sought before a modification is made to understand whether the modification is substantial or not, and whether a Contract Change Notice must be published, as per the Procurement Act 2023.
- 25.3 A substantial modification is one which would:
 - 25.3.1 Increase or decrease the term of the contract by more than 10% of the maximum term provided for, or
 - 25.3.2 Materially change the scope of the contracts, or
 - 25.3.3 Materially change the economic value of the contract in favour of the supplier.
- 25.4 A Contract Change Notice would not be required where:
 - 25.4.1 The modification increases or decreases the estimated value of the contract in the case of goods/services by less than 10% or in the case of works by less than 15%, or
 - 25.4.2 The modification increases or decreases the term of the contract by less than 10%.

26. POST CONTRACT MONITORING AND EVALUATION

- 26.1 During the life of the contract the Contract Manager must monitor in respect of:
 - 26.1.1 performance
 - 26.1.2 compliance with specification and contract
 - 26.1.3 cost
 - 26.1.4 any Best Value requirements
 - 26.1.5 user satisfaction and risk management
 - 26.1.6 social value or any other contractual obligations to deliver additional value arising from the contract

- 26.2 Where the total value of the contract exceeds £5,000,000, the Contract Manager must assess performance at least once every 12 months. A Contract Performance Notice must be published – the Procurement & Contracts service can do this providing the relevant Officer provides them with the required information.
- 26.3 If the supplier has breached the contract and the breach results in termination (or partial termination), award of damages, or a settlement agreement between both parties, a Contract Performance Notice must be published within 30 days of the relevant breach.
- 26.4 Where a contract naturally expires or is terminated, a Contract Termination Notice must be published.
- 26.5 Where the Total Value of the contract exceeds £1,000,000.00 the Officer must make a written report evaluating the extent to which the purchasing need and contract objectives were met by the contract. This should be done normally when the contract is completed. Where the contract is to be re-let, a provisional report should also be available early enough to inform the approach to re-letting of the subsequent contract.
- 26.6 For contracts awarded under £120,000, if, at any point during the delivery of the contract, the cost looks likely to exceed £120,000 the Contract Manager must notify the Procurement & Contracts Service who will assess options with the Contract Manager and recommend the best option for that particular project.

27. INTERNAL PROVIDERS

Where an in-house Service is bidding in competition for the provision of goods, works or services, care must be taken to ensure a fair process between the in-house provider Service and external bidding organisations.

28. EXTERNAL BODY GRANT FUNDING

- 28.1 Where a procurement process is funded, in whole or part, by grant funding which has been awarded to the Council by an external funding body, the Procurement & Contracts Service must ensure that any rules or conditions imposed by the funding body are adhered to, in addition to the requirements of these Contract Procedure Rules.
- 28.2 Where there is any conflict between these Contract Procedure Rules and the rules or conditions imposed by the funding body, the stricter requirement should be followed.

29. REVIEW AND AMENDMENT OF CPR

These Contract Procedure Rules shall be reviewed and updated, as necessary.

31. TERMINATION OF CONTRACTS *(see the Delegations to Officers for details of Officers who may action this rule)*

The Delegations to Officers details which Officers may terminate a contract. Any termination must be strictly in accordance with the terms of the contract and subject to consultation with the Monitoring Officer and Section 151 Officer and in some cases with the relevant Portfolio Holder.

CONTRACT PROCEDURE RULES

1. INTRODUCTION

- 1.1 These Contract Procedure Rules set out the rules that apply to all Officers, Members and agents acting on behalf of the Council, involved in procurement and contract management. The rules must be read in conjunction with relevant laws, regulations and policies/procedures including the Councils' Financial Procedure Rules.
- 1.2 These Contract Procedure Rules form part of the Council's Constitution
- 1.3 These Rules seek to protect the Council's reputation by minimising the risk of allegations of unfair process, dishonesty, and failure to meet legal obligations. If in doubt and/or if advice on these Rules / associated legislative requirements (such as the Procurement Act 2023) is required, please contact the Procurement & Contracts service.
- 1.4 Should a conflict be found between these Rules and the law, the order of precedence shall be the law and then these Rules.
- 1.5 All thresholds referred to in these Rules are inclusive of VAT.
- 1.6 In the case of a breach to these Contract Procedure Rules, the Responsible Officer must inform the Head of Procurement & Contracts detailing the nature of the breach and any management action taken to address the issues arising from the breach. The Procurement & Contracts service will maintain a record of all such breaches which will be reported to the Senior Leadership Team periodically.

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2. BASIC PRINCIPLES

- 2.1 All procurement procedures must:
- 2.1.1 realise/deliver value for money by awarding contracts that have the most economically advantageous contribution to delivering the Council's objectives.
- 2.1.2 maximise public benefit
- 2.1.3 be consistent with the highest standards of integrity.
- 2.1.4 operate in a transparent manner.
- 2.1.5 ensure fairness in allocating public contracts including managing conflicts of interest.
- 2.1.6 comply with all legal requirements including but not limited to the Procurement Act 2023 or successor legislation and the Procurement Regulations 2024.*.
- 2.1.7 support all relevant Council priorities and policies, including the Medium-Term Financial Plan.

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**Where a procurement / contract was started under the Public Contract Regulations 2015, that procurement or contract continues to be governed by those Regulations until the contract expiry date.*

NB: These Rules shall be applied to the contracting activities of any partnership for which the Council is the accountable body unless the Council expressly agrees otherwise (see the Delegations to Officers for details of Officers who may action this rule).

- 2.2 Procurements must also have regard to the National Procurement Policy Statement which sets out the national priorities for procurement.

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“written” or “in writing” means any expression consisting of words or figures which can be read, reproduced, and subsequently communicated, including information transmitted and stored by electronic means.

3. RELEVANT CONTRACTS

All Relevant Contracts must comply with these Contract Procedure Rules. A Relevant Contract is any arrangement made by, or on behalf of, the Council for the carrying out of works, supplies, goods, materials, or services. These include arrangements for:

the supply or disposal of goods or materials;
the hire, rental or lease of goods or equipment;
execution of works;

3.1 the delivery of services, including (but not limited to) those related to:

the recruitment of staff
land and property transactions
financial and consultancy services
the supply of staff by employment agents, consultants, or any other companies

3.2 Relevant Contracts do not include:

3.2.1 contracts of employment which make an individual a direct employee of the authority.

3.2.2 agreements regarding the acquisition, disposal, or transfer of land (to which the Financial Procedure Rules apply).

3.2.3 the payment of grants to third parties

3.2.4 The lending or borrowing of money by the Council.

3.2.5 Contracts between Local Authorities as defined by Schedule 2, Paragraph 2 of the Procurement Act 2023

Contracts between Local Authorities as defined by Clause 17 of the Concession Contracts Regulations 2016

3.2.6 Contracts between Local Authorities as defined by Clause 1 of the Local Authorities (Goods and Services) Act 1970.

3.2.7 Section 75 NHS Act 2006 arrangements (although details must be recorded on the Council's Contract Register).

Please note, the Council cannot simply choose to treat a project as a Grant in order to avoid complying with these Contract Procedure Rules. Grants will have different conditions with regards to procurement.

Generally, procurement is required when the Council is acquiring goods, services, or works to meet its own needs, and it retains control over the specification and delivery of those services. A grant is awarded to support an activity that aligns with the Council's objectives but is initiated and delivered by the recipient, who retains a degree of autonomy over the process.

Where there is any clarity required, please contact the Procurement & Contracts service.

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~~NB: While grants are not covered by these Contract Procedure Rules, there are rules on the awarding of grants which do need to be observed. The Council cannot simply choose to treat procurement as a grant in order to avoid conducting a competitive process.~~

~~1. BASIC PRINCIPLES~~

~~1.1 All procurement procedures must:~~

- ~~1.1.1 realise value for money by awarding contracts that have the most economically advantageous contribution to delivering the Council's objectives;~~
- ~~1.1.21.1.1 be consistent with the highest standards of integrity;~~
- ~~1.1.31.1.1 operate in a transparent manner;~~
- ~~1.1.41.1.1 ensure fairness in allocating public contracts including managing conflicts of interest;~~
- ~~1.1.51.1.1 comply with all legal requirements including but not limited to the Procurement Act 2023 or successor legislation;~~
- ~~1.1.61.1.1 support all relevant Council priorities and policies, including the Medium-Term Financial Plan.~~

~~NB: These Rules shall be applied to the contracting activities of any partnership for which the Council is the accountable body unless the Council expressly agrees otherwise (see the Delegations to Officers for details of Officers who may action this rule).~~

~~1.21.1 "written" or "in writing" means any expression consisting of words or figures which can be read, reproduced, and subsequently communicated, including information transmitted and stored by electronic means.~~

~~2.4. OFFICER RESPONSIBILITIES~~

~~2.14.1 Responsible Officers~~

~~2.1.14.1.1 Officers will make sure that:~~

- (a) ~~they~~ comply with these Contract Procedure Rules (CPRs);
- (b) ~~they~~ comply with the Council's Constitution;
- (c) ~~have the appropriate authorisation to procure~~they, complying with the Delegations to Officers;
- (d) ~~they~~ declare both, prior to the commencement of the procurement process and throughout the procurement process / contract, any personal interest / conflict of interest~~interest~~ they may have in that process;
- (e) ensure all tenders/quotations are kept confidential;
- (f) ensure a written contract is issued and signed by both parties, or a purchase order is issued before the supply of goods, services or carrying out of works begin;
- (g) ~~Where appropriate identify a Contract Manager with responsibility for ensuring the contract delivers as intended; where appropriate ensure that the contracts for which they are responsible are effectively managed (ensuring a named Contract Manager is allocated to the relevant contract) and monitored ensuring the contract delivers as intended.~~
- (h) a ensure a review of each contract is carried out at an appropriate stage; and
- (i) they comply with all legal requirements; and;
- (j) ensure contracts with a value over £56,000 are recorded on the Contracts Register as held and maintained by the Contracts and Procurement and Contracts Service;

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Officers must ensure that any agents, consultants, and contractual partners acting on their behalf also comply.

2.1.24.1.2 Officers ~~will~~ must:

- (a) keep any necessary records (such as a record of decisions made or minutes from any meetings) required by these Contract Procedure Rules,
- (b) take all necessary procurement, legal, financial, and professional advice, taking into account the requirements of these Contract Procedure Rules,
- (c) prior to letting a contract on behalf of the Council, check whether:
 - (i) the Contracts Register lists an appropriate contract in place for the Council, or:
 - (ii) an appropriate national, regional, or other collaborative contract is already in place.

Where the Council already has an appropriate contract in place, then this must be used unless it can be established that the contract does not fully meet the Council's specific requirements in this particular case, and this is agreed following consultation with ~~at the~~ Contracts and Procurement & Contracts Service.

Where an appropriate national, regional, or collaborative contract is available, consideration should be given to using this, provided the ~~contract~~ contract offers value for money.

- (d) ensure that when any employee, either of the Council or of a service provider, may be affected by any transfer arrangement, then any Transfer of Undertaking (Protection of Employment) issues are considered and legal and HR advice from within the Council is obtained prior to proceeding with the procurement exercise.

2.1.34.1.3 Failure to comply with any of the provisions of these Contract Procedure Rules, ~~the~~ the Council's Constitution or any legal requirements may be brought to the attention of the Monitoring Officer, Head of Internal Audit, or ~~other~~ relevant Officers ~~s~~ as appropriate. Depending on the nature of the non-compliance this may result in disciplinary action being taken.

2.1.44.1.4 A contract may be let through any framework agreement to which the Council has access. Where the contract to be let is subject to the Procurement Act 2023, or any other relevant UK Legislation, use of such framework agreement shall be subject to compliance with those regulations *(see the Delegations to Officers for details of Officers who may action this rule)*.

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2.2.2 Chief Officer/Deputy Chief Officers

2.2.14.2.1 Chief Officer/Deputy Chief Officers will:

- (a) ensure their Services ~~s~~ complies fully and are familiar with the requirements of these Contract Procedure Rules ~~;~~;
- ~~(b) (a) ensure contracts with a value over £5,000 are recorded on the Contracts Register as held and maintained by a Contracts and Procurement Service;~~
- ~~(c) (b)~~ ensure compliance with English Law and U.K. legislation and Council policy ~~;~~.

- (d)(c) ensure value for money and optimise risk allocation in all procurement matters.;
- (e)(d) ensure compliance with any guidelines issued in respect of these Contract Procedure Rules.
- (f)(e) take immediate action in the event of a breach of the Contract Procedure Rules or any Code of Practice within their directorate or service area.;
- (g)(f) ensure that all existing and new contracts anticipated during the forthcoming financial year are clearly itemised in the Budget supporting documentation.;
- (h) ~~make appropriate arrangements for the opening of tenders and their secure retention using secure electronic means;~~
- (i)(g) ensure original contract documents with a total value over £56,000 are forwarded to the Contracts and Procurement and Contracts Service for safekeeping.;
- (j)(h) ensure effective contract management, contract reviews and monitoring during the lifetime of all contracts in their areas;
- (i) seek and act upon advice from the Contracts and PP Procurement and Contracts Service and Performance team where necessary to ensure compliance with these responsibilities.;
- (k)

~~keep records of variations and exemptions of any provision of these Contract Procedure Rules.~~

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5. CONFLICTS OF INTEREST

- 5.1 Officers must take all reasonable steps to identify and keep under review any conflicts of interest or potential conflicts of interest. This obligation starts when the need for the procurement is first identified and continues until the termination of the contract.
- 5.2 Officers must take all reasonable steps to ensure that a conflict of interest does not put a supplier at an unfair advantage or disadvantage. If the Officer deems that that advantage or disadvantage cannot be avoided, they must contact the Procurement & Contracts service before progressing further with the procurement.
- 5.3 Where the procurement is valued over the Procurement Act 2023 thresholds a conflicts assessment must be prepared by the Officer in conjunction with the Procurement & Contracts service. The Procurement & Contracts service have a template document for Officers to complete, which includes the provision for details of all conflicts or potential conflicts of interest and any mitigating steps that the Council has taken or will take.
- 5.4 This conflicts assessment must be kept under review and revised as necessary during the procurement and contract term.
- 5.5 Any Officer or Member who fails to declare a conflict of interest may be subject to disciplinary proceedings and risks being prosecuted under the Bribery Act 2010.

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6. PRE-MARKET ENGAGEMENT

- 6.1 When Officers are undertaking pre-market engagement, they must ensure it is utilised for the following purposes:
 - 6.1.1 Developing the Council's requirements and approach to the procurement.
 - 6.1.2 Designing a procurement procedure, conditions of participation or award criteria.
 - 6.1.3 Preparing the tender notice and associated tender documents, including the proposed terms and conditions.

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6.1.4 Understanding market conditions and identifying potential suppliers.

6.1.5 Understanding the resourcing limitations and capacity requirements of suppliers in relation to the procurement process and anticipated timetable.

6.2 Suppliers must not be put at an unfair advantage, or disadvantage, when undertaking pre-market engagement. If an Officer deems that a supplier has been put at an unfair advantage, or disadvantage, they must contact the Procurement & Contracts service before progressing further with the procurement.

~~Council may consult potential suppliers, prior to the issue of the Invitation to Tender or Request for Quotation, in general terms about the nature, level and standard of the supply, contract packaging and other relevant matters, provided this does not prejudice any potential organisation (see the Delegations to Officers for details of Officers who may action this rule).~~

6.3 When engaging with potential suppliers, the Council may use any advice in the planning and conduct of the procurement procedure, provided that it does not have the effect of distorting competition and does not result in a violation of the principles of non-discrimination and transparency.

6.4 The Council shall take appropriate measures to ensure that competition is not distorted by the participation of a candidate or tenderer who has provided any advice by ensuring all other candidates and tenderers are provided with all of the information the advising candidate or tenderer has received or given and that all candidates or tenderers are given sufficient time to respond to the tender or quote.

6.5 ~~When~~In undertaking any market testing pre-market engagement activities above £60,000, the Officer responsible must seek advice from a Contracts and Procurement Service the Procurement & Contracts Service.

2.2.2 Chief Officer/Deputy Chief Officers must keep a register of

- (a) ~~contracts entered into by or on behalf of the Council, and~~
- (b) ~~exemptions recorded under Rule 3 and satisfy themselves that the use of exemptions has been monitored and a record kept by a Contracts and Procurement Service.~~

3.7. EXEMPTIONS

3.7.1 Except where the Procurement Act 2023 thresholds are exceeded applies, the Cabinet/Executive has the power to ~~waive~~ waive any requirements within these Contract Procedure Rules for specific projects. An exemption under this Rule 3.7 allows a contract to be placed by direct negotiation with one or more suppliers rather than in accordance with Rule 9.13.

3.7.2 These Contract Procedure Rules may be exempted where the circumstances meet any of the following criteria within 3.7.3. An exemption form must be completed and sent to the Head of Procurement & Contracts in the first instance to allow comments which will assist with the approval or rejection of the exemption.

7.3 The Head of Procurement & Contracts will then pass this through to the Section 151 Officer, ~~for approval prior to consideration by~~ the Chief Executive, ~~and~~ the Portfolio Holder for the relevant area, ~~as well as~~ and as the Portfolio Holder for Finance ~~for approval / sign-~~

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off. This process must be followed in advance of the award of contract, and in compliance with the criteria set out in the Delegations to Officers. Please see the circumstances for an exemption below::

3.3

3.3.47.3.1 for works, supplies, or services which are either patented or of such special character that it is not possible to obtain competitive prices.;

3.3.27.3.2 for supplies purchased or sold in a public market or auction.;

7.3.3 with an organisation already engaged by the Council for a similar and related procurement and where there is significant benefit to extending the contract to cover this additional requirement that does not breach legal requirements such as the Procurement Act 2023.

3.3.3

3.3.47.3.4 involving such urgency that it is not possible to comply with the Contract Procedure Rules and there is a significant risk to the council of not acting with urgency.;

3.3.57.3.5 for the purchase of a work of art or museum specimen, or to meet the specific requirements of an arts or cultural event which cannot be procured competitively due to the nature of the requirement.;

3.3.67.3.6 in relation to time-limited grant funding from an external body, where the time limitations will not allow a competitive procurement process to be completed and where the grant conditions allow this.;

3.3.77.3.7 where relevant legislation not otherwise referred to in these Contract Procedure Rules prevents the usual procurement process from being followed.;

3.3.87.3.8 goods, works or services contracts may be awarded directly to a legal person where that legal person meets the criteria as set out in Schedule 2, Paragraph 2 of the Procurement Act 2023. (formerly known as "Teckal" companies);

7.3.9 where building development opportunities are available to the Council, and have been proven to be financially viable, and the value is under the Procurement Act 2023 Thresholds for Works (as per Appendix 2 – Procurement Act 2023 Thresholds.;

3.3.97.3.10 where an existing contract is being re-procured and there are delays to that procurement process which means that the new contract cannot start at the expiry of the existing contract (this exemption cannot be for longer than 6-months and cannot make the contract a "convertible contract" under the Procurement Act 2023 by exceeding the applicable threshold).

3.4 In addition to approval by a Contracts and Procurement Service:

3.4.1 the Monitoring Officer must be consulted where purchases are to be made using standing arrangements with another local authority, government department, health authority, primary care trust or statutory undertaker.

3.4.2 The Monitoring Officer must be consulted where the contract is an extension to an existing contract and a change of supplier would cause:

- (a) Disproportionate technical difficulties
- (b) Diseconomies
- (c) Significant disruption to the delivery of Council services.

3.57.4 Every variation/exemption must be recorded on the Council's Procurement Exemption Form at Appendix 1 to these Contract Procedure Rules and the form will be recorded on a master register to be maintained by thea Contracts and Procurement & Contracts Service.

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~~3.67.5~~ Where ~~an exemption a variation/exemption~~ is necessary because of an unforeseeable emergency involving immediate risk to persons, property or serious disruption to Council services, ~~the~~ Chief Officer/Deputy Chief Officer may approve the exemption but must prepare a report for the next meeting of the Cabinet/Executive to support the action taken.

~~3.7~~ Where ~~grant conditions require expenditure to be incurred within a financial year, and notification of grant is received so late as to prevent compliance with Rule 9, an exemption may be approved by the Chief Executive on receipt of a report from the relevant service where the Section 151 Officer and Monitoring Officer have been consulted.~~

~~3.87.6~~ ~~A Contracts and Procurement Service~~ The Procurement & Contracts service must monitor the use of all exemptions.

4.1. RELEVANT CONTRACTS

~~4.11.1~~ All Relevant Contracts must comply with these Contract Procedure Rules. A Relevant Contract is any arrangement made by, or on behalf of, the Council for the carrying out of works, supplies, goods, materials, or services. These include arrangements for:

- ~~4.1.11.1.1~~ the supply or disposal of goods or materials;
- ~~4.1.21.1.1~~ the hire, rental or lease of goods or equipment;
- ~~4.1.31.1.1~~ execution of works;
- ~~4.1.41.1.1~~ the delivery of services, including (but not limited to) those related to:
 - ~~(a)~~ the recruitment of staff
 - ~~(b)(a)~~ land and property transactions
 - ~~(c)(a)~~ financial and consultancy services
 - ~~(d)(a)~~ the supply of staff by employment agents, consultants, or any other companies

~~4.21.1~~ Relevant Contracts do not include:

- ~~4.2.11.1.1~~ contracts of employment which make an individual a direct employee of the authority;
- ~~4.2.21.1.1~~ agreements regarding the acquisition, disposal, or transfer of land (to which the Financial Procedure Rules apply);
- ~~4.2.31.1.1~~ the payment of grants to third parties
- ~~4.2.41.1.1~~ The lending or borrowing of money by the Council;
- ~~4.2.51.1.1~~ Contracts between Local Authorities as defined by Schedule 2, Paragraph 2 of the Procurement Act 2023
- ~~4.2.61.1.1~~ Contracts between Local Authorities as defined by Clause 17 of the Concession Contracts Regulations 2016
- ~~4.2.71.1.1~~ Contracts between Local Authorities as defined by Clause 1 of the Local Authorities (Goods and Services) Act 1970;
- ~~4.2.81.1.1~~ Section 75 NHS Act 2006 arrangements (although details must be recorded on the Council's Contract Register);

~~NB: While grants are not covered by these Contract Procedure Rules, there are rules on the awarding of grants which do need to be observed. The Council cannot simply choose to treat procurement as a grant in order to avoid conducting a competitive~~

process.

5.8. RECORDS

5.48.1 The Procurement Act 2023 requires contracting authorities to maintain the following comprehensive records of procurement activities:

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5.1.48.1.1 sufficient documentation to justify decisions at all stages of the procurement process

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5.1.28.1.2 contract details including value

5.1.38.1.3 selection decision

5.1.48.1.4 justification for use of the selected procedure

5.1.58.1.5 names of bidding organisations, both successful and unsuccessful

5.1.68.1.6 reasons for selection

5.1.78.1.7 reasons for abandoning a procedure

58.1A Most contracts and extensions to contracts will be awarded by Officers making a decision under delegated authority (see Delegations to Officers). All such Officer decisions must be published unless the decision is administrative, minor, or not closely connected to the discharge of an executive function. Some decisions will be subject to Call-in. Where Call-in applies, the winning contractor must be advised that the award of contract is subject to Call-in and will not be confirmed until the Call-in period has expired.

5.28.2 For contracts up to £460,000 the following records must be kept:

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5.2.48.2.1 invitations to quote (where applicable)

5.2.2 all quotes returned

5.2.38.2.2 all tenders/quotes returned;

5.2.48.2.3 notification to the successful, and unsuccessful (where applicable) bidders of the outcome of the quotation exercise

5.2.58.2.4 the contract;

5.2.68.2.5 a written record of:

(a) any exemptions and reasons for it; and

(b) the reasons if the lowest price is not accepted

5.3

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5.48.3 For contracts where the total value is greater than £60,000.00 but less than £120,000.00 for works, supplies of goods materials or services, A the Contracts and Procurement and Contracts Service should must be made aware of any procurement requirements at the earliest opportunity to assist with this process. Where formal advertising via a Request for Quotation is required recommended by these rules, the Council's e-Tendering portal should be used. competitive procurement processes must be advertised on the Council's e-Tendering portal. Where the total value is greater than £40,000.00 but less than £85,000.00 for works, supplies of goods materials or services, the following records must be kept:

5.4.48.3.1 invitations to quote/tender;

5.4.28.3.2 all communication with suppliers;

5.4.38.3.3 all tenders/quotes returned;

8.3.4 a completed evaluation sheet with scores and comments justifying the score awarded, where a formal process is used;

8.3.5 a decision log, including details of why a bidder has been selected, where an informal process is used;

~~5.4.4 a completed evaluation sheet with scores and comments justifying the score awarded;~~

~~5.4.58.3.6 feedback assessment summaries letters-/ feedback~~ to the unsuccessful bidders;

~~5.4.68.3.7~~ all communications with the successful contractor;

~~5.4.78.3.8~~ the contract;

~~5.4.88.3.9~~ a written record of:

(a) any exemptions and reasons for it; and

(b) the reasons if the lowest price is not accepted

~~5.4.98.3.10~~ written records of communications with the successful contractor.

~~5.5 For contracts up to £40,000 records should be kept following the principles as above but the actual record kept should be proportionate to the value of the contract.~~

~~5.68.4~~ Where the total value exceeds £85120,000.00 for works, supplies of goods, materials or services, the Officer must record the same details as in Rule ~~58.3~~ above and any further records as advised by ~~a Contracts and Procurement Service~~ the Procurement & Contracts Service.

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~~5.78.5~~ Written records required by this Rule ~~58~~ must be kept for six years (twelve years if the contract is under seal) after the final settlement of the contract. All documents which relate to unsuccessful candidates (tender responses, feedback letters etc.) must be kept for 12 months from award of contract provided there is no dispute about the award or where there is a dispute, once the dispute is resolved, 12 months from resolution of the dispute.

~~5.88.6~~ Prospective candidates must be notified simultaneously in writing and as soon as possible of any contracting decision. If a candidate requests in writing the reasons for a contracting decision, the officer must give the reasons in writing within 15 days of the request.

~~8.7~~ The Freedom of Information Act 2000 gives a general right of public access to all types of 'recorded' information held by public authorities, sets out exemptions from that general right, and places a number of obligations on public authorities with regard to the disclosures of information. The Council will, as a general rule, allow public access to recorded information where possible and the contractor shall agree to the Council making any disclosures in accordance with the Act.

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~~5.9~~

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6.9. RISK MANAGEMENT / ASSESSMENT

~~Officers must consider any risks in the procurement process including the skills and capacity within the Council to manage the procurement process. Where any risk assessment identifies a need for further specialist advice that specialist advice must be procured in accordance with these rules.~~

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~~9.1 Officers must create a robust risk assessment as part of the procurement planning process for all contracts valued over £120,000 in conjunction with the Procurement & Contracts service.~~

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~~9.2 The risk assessment must be reviewed and updated regularly during the procurement process and throughout the contract term.~~

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~~6.49.3~~ Where key risks are identified at the pre-procurement stage which may lead to a future contract modification, these risks must be stated clearly in the tender notice and in relevant procurement documents.

7.10. ADVERTISING

The Contracts and Procurement Service will ensure that the minimum advertising requirements in the Procurement Act 2023 and as outlined in Rule 98 are met.

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8.11. FRAMEWORKS AGREEMENTS

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8.1 Framework has the same meaning as in the Procurement Act 2023. "...a contract between a Contracting Authority and one or more supplier(s) that provides for the future award of contracts by the authority to the supplier(s)."s Agreements (see the Delegations to Officers for details of Officers who may action this rule):

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11.1

Contracts based on Frameworks may be awarded in one of two ways, as follows:

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where the terms of the agreement are sufficiently precise to cover the particular call-off, by applying the terms laid down in the Framework Agreement without re-opening competition, or

where the terms laid down in the Framework Agreement are not precise or complete enough for the particular call-off, by holding a further competition in accordance with the following procedure:

inviting the organisations within the Framework Agreement, that are capable of executing the subject of the contract, to submit bids, with an appropriate time limit for responses, taking into account factors such as the complexity of the subject of the contract,

awarding each contract to the bidding organisation who has submitted the most economically advantageous tender on the basis of the relevant Award Criteria set out in the Framework Agreement.

11.2 Contracts based on Frameworks may be awarded in one of two ways, as follows:

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11.2.1 Where the terms of the agreement are sufficiently precise to cover the particular call-off, by applying the terms laid down in the Framework Agreement without re-opening competition (Direct Award), or

11.2.2 Where the terms laid down in the Framework Agreement are not precise or complete enough for the particular call-off, by holding a further competition in accordance with the following procedure (Further Competition):

(a) Inviting the organisations within the Framework that are capable of executing the subject of the contract, to submit bids, with an appropriate time limit for responses, considering factors such as the complexity of the subject of the contract.

(b) Awarding each contract to the bidding organisation who has submitted the most advantageous tender on the basis of the relevant Award Criteria set out in the Framework.

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11.3 The term of a Framework must not exceed four years when utilising a Closed Framework, or eight years when utilising an Open Framework, as defined in the Procurement Act 2023.

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11.4 A contract of any value can be procured through a framework. If the proposed contract value is over £60,000, the Procurement & Contracts service must be consulted before the procurement is started.

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11.5 A framework is considered a compliant procurement route when:

11.5.1 It has been entered into by the Council in compliance with these Rules, or

11.5.2 Another contracting authority, purchasing consortium or central government organisation has tendered the framework in compliance with the relevant procurement legislation and the Council is named as a potential user of the arrangement (e.g., ESPO / CCS).

11.5.3 When using a framework as per 11.5.2, officers must ensure that all of the necessary documentation is completed. Officers must consult with the Procurement & Contracts service before entering into a call-off contract as per 11.5.2.

11.6 Officers must carry out due diligence checks at contract award to evidence fulfilment of any conditions of participation and that there are no grounds for exclusion.

11.7 ~~Where a Framework Agreement is used and the arrangements under that Agreement Framework include further competition, the~~ Approval to procure and award must be in compliance with the ~~Delegations to Officers~~.

11.8 Most contracts will then be awarded by Officers making a decision under delegated authority. All such Officer decisions must be published unless the decision is administrative, minor, or not closely connected to the discharge of an executive function. Some decisions will be subject to Call-in. Where Call-in applies the winning contractor must be advised that the award of contract will not be confirmed until the Call-in period has expired.

12. DYNAMIC MARKETS

12.1 A dynamic market as defined in the Procurement Act 2023 is an open list of qualified suppliers eligible to participate in future procurements (via Further Competition only). Suppliers can join the dynamic market at any time if they meet the specified conditions, enabling the ability to streamline a procurement process by allowing continuous admission of suppliers.

12.2 Officers must ensure that there is no existing Council contract, framework or Dynamic Market available before undertaking an alternative procurement.

12.3 Only procurements valued over the relevant UK Procurement threshold may be procured via a Dynamic Market.

12.4 A dynamic market is considered a compliant procurement route when:

12.4.1 It has been entered into by the Council in compliance with these Rules, or

12.4.2 Another contracting authority, purchasing consortium or central government has tendered the framework in compliance with the relevant procurement legislation and the Council is named as a potential user of the arrangement (e.g., ESPO / CCS).

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12.5 Officers must seek advice and support from the Procurement & Contracts service whenever they wish to establish or use a Dynamic Market.
details which Officers may seek, receive, and evaluate quotations/tenders.

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8.1.1 Framework has the same meaning as in the Procurement Act 2023: "...a contract between a contracting authority and one or more suppliers that provides for the future award of contracts by the authority to the supplier(s)."

8.1.2 The term of a Framework Agreement must not exceed four years, when utilising a Closed Framework, or eight years when utilising an Open Framework, as defined in the Procurement Act 2023.

8.1.31.1.1 Contracts based on Frameworks may be awarded in one of two ways, as follows:

(a) where the terms of the agreement are sufficiently precise to cover the particular call off, by applying the terms laid down in the Framework Agreement without re-opening competition, or

(b)(a) where the terms laid down in the Framework Agreement are not precise or complete enough for the particular call off, by holding a further competition in accordance with the following procedure:

(i) inviting the organisations within the Framework Agreement, that are capable of executing the subject of the contract, to submit bids, with an appropriate time limit for responses, taking into account factors such as the complexity of the subject of the contract;

(ii)(i) awarding each contract to the bidding organisation who has submitted the most economically advantageous tender on the basis of the relevant Award Criteria set out in the Framework Agreement.

Where a Framework Agreement is used and the arrangements under that Agreement Framework include further competition, the Delegations to Officers details which Officers may seek, receive, and evaluate quotations/tenders.

8.1.4 Most contracts will then be awarded by Officers making a decision under delegated authority. All such Officer decisions must be published unless the decision is administrative, minor, or not closely connected to the discharge of an executive function. Some decisions will be subject to Call-in. Where Call-in applies the winning contractor must be advised that the award of contract will not be confirmed until the Call-in period has expired.

13. COMPETITION REQUIREMENTS / ASSETS FOR DISPOSAL PROCUREMENT THRESHOLDS

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13.1 Officers must establish the total value of the procurement including whole life costs, incorporating any potential extension periods which may be awarded. Where the Procurement Act 2023 rules apply, Officers must also ascertain the value of a contract in accordance with those rules.

13.2 Contracts must not be artificially under / over-estimated or divided into two or more separate contracts where the effect is to avoid the application of the thresholds below.

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13.3 Where the estimated total value is within the values in the table below, the corresponding tendering procedure must be followed. (see the Delegations to Officers for details of Officers who may actions this rule).

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9.1 Competition Requirements

- 9.1.1 Chief Officers/Deputy Chief Officers must establish the total value of the procurement including whole life costs and incorporating any potential extension periods which may be awarded. Where the Procurement Act 2023 rules apply, Chief Officers/Deputy Chief Officers must also ascertain the value of a contract in accordance with those rules.
- 9.1.2 Contracts must not be artificially under or over-estimated or divided into two or more separate contracts where the effect is to avoid the application of Contract Procedure Rules, or the Procurement Act 2023.
- 9.1.3 Where the estimated total value for a purchase or concession is within the values in the first and second columns of the table below, the tendering procedure in the third column must be followed (see the Delegations to Officers for details of Officers who may action this rule).

Procurement Values (exclusive of VAT)	Works and Concessions Supply of Goods, Materials and Services Procurement Values (inclusive of VAT)	Tendering Procedure
<u>£0 to £6,250</u>	<u>£0 to £57,0500</u> <u>£0 to £5,000</u>	One <u>written</u> quote - this should be a local provider wherever possible. A purchase order must be raised.
<u>£6,250.01 - £12,500</u>	<u>£5,001 - £10,000</u> <u>£7,500.01 - £15,000</u> <u>£5,001 - £10,000</u>	Two written quotes – one should be a local provider wherever possible. A purchase order must be raised.
<u>£12,500.01 - £50,000</u>	<u>£15,000.01 - £60,000</u> <u>£10,001 to £40,000</u> <u>£10,001 to £40,000</u>	At least three written quotes shall be sought and two must be received . Local providers must be given an opportunity to provide a quote, wherever possible. A purchase order must be raised
<u>£50,000.01 - £100,000</u>	<u>£40,001 to £85,000</u> <u>£60,000.01 - £120,000</u> <u>£40,001 to £85,000</u>	At least five <u>three</u> written quotations shall be sought. <u>A via a Request for Quotation via the e-Tendering Portal is recommended. The Procurement & Contracts service must be involved. Where a formal Request for Quotation process is not utilised, the Procurement & Contracts service must agree the alternative process (e.g., retrieving quotations from suppliers via email etc.).</u> Local providers must be given an opportunity to provide a quote, wherever possible. A purchase order must be raised.
<u>£100,000.01 up to Procurement Act 2023 thresholds</u>	<u>£85,001 up to Procurement Act 2023 thresholds</u> <u>£120,000.01 up to Procurement Act 2023 thresholds</u> <u>£85,001 up to Procurement Act 2023 thresholds*</u>	Open tender <u>—via the E-Tendering Portal & a below-threshold notice published on Find a Tender. A social value clause must be built into the specification and contract. (Public Service (Social Value) Act 2012</u> <u>Social value) must be considered as part of the specification / award criteria. A purchase order must be raised</u>
<u>Above Procurement Act 2023 thresholds</u>	<u>Above Procurement Act 2023 thresholds</u> <u>Above Procurement Act 2023 thresholds*</u> <u>Above Procurement Act 2023 thresholds*</u>	UK Public Procurement Procedure – via E-Tendering Portal & Find a Tender notice. <u>Social value must be considered as part of the specification / award criteria.</u> <u>Local social value clause must be built into the specification of the</u>

**contract. (Public Service (Social Value) Act 2012).
A purchase order must be raised**

* As per Appendix 2 – Above Procurement Act 2023 thresholds*

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13.4 Written quotations must include the following information as a minimum;

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13.4.1 Details of the goods, services or works to be supplied;

13.4.2 Where and when the delivery is to take place (where applicable);

13.4.3 The total value of the contract; and

13.4.4 The terms and conditions to apply including the price and payment terms

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13.5 Officers must provide contractual details to the Procurement & Contracts service for contracts over £6,000 so that the contract can be added to the Council's Contracts Register.

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13.6 Officers must provide contractual details to the Procurement & Contracts service for contracts £30,000 & above where the Procurement & Contracts service have not been involved in the procurement. This must be provided for within 30 days of contract award to allow a Contract Details Notice to be published.

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13.7 Officers must contact the Procurement & Contracts service for any procurement requirements £60,000.01 and above. For spend of £60,000 and below, Officers can procure without the need to involve the Procurement & Contracts service, following the procurement thresholds above. Where there are any queries, the Procurement & Contracts service should be contacted to avoid non-compliance.

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13.8 Where the Procurement Act 2023 thresholds apply, Officers must consult the Procurement & Contracts service to determine the procedure for conducting the procurement exercise.

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13.9 Where it can be determined that there are insufficient suitably qualified candidates to meet the threshold requirements as per the table above, all suitably qualified candidates must be invited. (see the Delegations to Officers for details of Officers who may action this rule.)

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13.10 Where services are currently purchased internally, i.e., from within the Council, for internal provision, the requirement to obtain other quotations or tenders does not apply. However, the purchaser may choose to seek alternative quotations/tenders for the purpose of market testing.

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9.1.4 Where it can be demonstrated that there are insufficient suitably qualified candidates to meet the competition requirements, all suitably qualified candidates must be invited (see the Delegations to Officers for details of Officers who may action this rule).

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9.1.5 Where services are currently purchased internally, i.e., from within the Council, for internal provision, the requirement to obtain other quotations or tenders does not apply. However, the purchaser may choose to seek alternative quotations/tenders for the purpose of market testing.

Where the Procurement Act 2023 thresholds apply, the procuring Officer shall consult a Contracts and Procurement Service to determine the procedure for conducting the procurement exercise.

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9.1.6

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~~9.2 — Assets for Disposal (see the Delegations to Officers for details of Officers who may action this rule):~~

~~9.2.1 — Assets for disposal must be dealt with in accordance with the Council's Financial Procedure Rules.~~

~~9.2.2 — Assets for disposal must be sent to Public Sale except where better value for money is likely to be obtained by inviting quotations and tenders. In the latter event, the method for disposal of surplus or obsolete stocks/stores or assets other than land must be determined as follows:~~

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Total Value	Procedure
Where the cost of disposal is likely to outweigh the value of the asset for disposal	By (in order of preference) 1. gifting to a local organisation if they can make use of the asset; 2. disposal for recycling; or 3. disposal by the most environmentally friendly option possible.
Up to £10,000	Two written quotations or public sale
£10,000.01 and above	At least three written quotations or public sale, or an invitation to tender

10. PRE-TENDER MARKET TESTING AND CONSULTATION

~~10.1 — The Council may consult potential suppliers, prior to the issue of the Invitation to Tender or Request for Quotation, in general terms about the nature, level and standard of the supply, contract packaging and other relevant matters, provided this does not prejudice any potential organisation (see the Delegations to Officers for details of Officers who may action this rule).~~

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~~10.2 — When engaging with potential suppliers, the Council may use any advice in the planning and conduct of the procurement procedure, provided that it does not have the effect of distorting competition and does not result in a violation of the principles of non-discrimination and transparency.~~

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~~10.3 — The council shall take appropriate measures to ensure that competition is not distorted by the participation of a candidate or tenderer who has provided any advice by ensuring all other candidates and tenderers are provided with all of the information the advising candidate or tenderer has received or given and that all candidates or tenderers are given sufficient time to respond to the tender or quote.~~

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~~10.4 — In undertaking any market testing activities, the Officer responsible must seek advice from a Contracts and Procurement Service.~~

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~~14. EVALUATION CRITERIA AND STANDARDSEVALUATING TENDERS~~ (see the Delegations to Officers for details of Officers who may action this rule);

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~~The evaluation of bids must be conducted in accordance with the evaluation criteria set out in the procurement documents provided to bidding organisations, and in line with any guidance given by a Contracts and Procurement Service.~~

~~The arithmetic in compliant tenders must be checked. If arithmetical errors are found they should be notified to the tenderer, who should be requested to confirm or withdraw their tender. Alternatively, if the rates in the tender, rather than the overall price, were stated within the Invitation to Tender as being~~

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dominant, an amended tender price may be requested to accord with the rates given by the tenderer.

Deputy Chief Officers must ensure that submitted tender prices are compared with any pre-tender estimates and that any discrepancies are examined and resolved satisfactorily.

11. —

14.1 In any procurement exercise the successful bid should be the one which:

14.1.1 Offers the most advantageous proposal based on the award criteria.

14.1.2 Such criteria may include:

(a) Quality including technical merit, aesthetic and functional characteristics, accessibility, design for all users, social, environmental, and innovative characteristics and trading and its conditions;

(b) After-sales service and technical assistance, delivery conditions such as delivery date, delivery process and delivery period or period of completion.

(c) Price / Commercial approach

(d) Social Value / sustainability commitments

14.2 Evaluation must be conducted in accordance with the published criteria. Evaluators must undertake evaluations individually initially followed by moderation to reach an agreed tender score.

14.3 All criteria must relate to the subject matter of the contract, must be objectively quantifiable and non-discriminatory.

14.4 The procurement documentation must clearly explain the basis of the decision to bidding organisations, making clear how the evaluation criteria specified in the process will be applied, the overall weightings to be attached to each of the high-level criteria, whether the high-level criteria are divided into any sub-criteria and the weightings attached to each of those sub-criteria.

11.1 Evaluation Criteria

11.1.1 In any procurement exercise the successful bid should be the one which:

(a) offers the lowest price where payment is to be made by the Council, or offers the highest price if payment is to be received, or:

(b) offers the most advantageous balance between quality and price.

In the latter case, the Council will use criteria such as qualitative, environmental and/or social aspects, linked to the subject matter of the contract to determine that an offer is the most advantageous. Such criteria may include:

(i) quality, including technical merit, aesthetic and functional characteristics, accessibility, design for all users, social, environmental, and innovative characteristics and trading and its conditions;

(ii) organisation, qualification, and experience of staff assigned to performing the contract, where the quality of the staff assigned can

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- have a significant impact on the level of performance of the contract;
or
(iii) ~~after sales service and technical assistance, delivery conditions such as delivery date, delivery process and delivery period or period of completion.~~

- ~~11.1.2 Issues that are important to the Council in terms of meeting its corporate objectives can be used to evaluate bids. The criteria can include, for example sustainability considerations, support for the local economy, or the use of sub-contractors. The bidding organisations' approaches to continuous improvement and setting targets for service improvement or future savings could also be included. All criteria must relate to the subject matter of the contract, be in line with the Council's corporate objectives and must be objectively quantifiable and non-discriminatory.~~
- ~~11.1.3 The procurement documentation should clearly explain the basis of the decision to bidding organisations, making clear how the evaluation criteria specified in the process will be applied, the overall weightings to be attached to each of the high-level criteria, how the high-level criteria are divided into any sub-criteria and the weightings attached to each of those sub-criteria.~~
- ~~11.1.4 The evaluation criteria must not include:~~
- ~~(a) Non-commercial considerations~~
 - ~~(b) Matters which discriminate against suppliers who are signatories to the Government Procurement Agreement.~~

~~11.2 Standards~~

- ~~11.2.1 Relevant British and International standards which apply to the subject matter of the contract, and which are necessary to properly describe the required quality must be included within the contract.~~
- ~~11.2.2 Officers should refer to the Procurement and Contracts Service if they have any queries or require further guidance.~~

12.15. INVITATION TO TENDER / REQUEST FOR QUOTATION *(see the Delegations to Officers for details of Officers who may action this rule)*

- 12.15.1** Invitations to Tender/Requests for Quotation must be issued in accordance with the requirements of these Contract Procedure Rules.

- ~~12.2 The Invitation to Tender shall state that no tender will be considered unless it is received by the date and time stipulated in the Invitation to Tender, subject to 15.5.3. No tender delivered in contravention of this Rule 12 shall be considered.~~

- 12.315.2** All Invitations to Tender shall include the following:

- 12.3.115.2.1** A specification that describes the Council's requirements in sufficient detail to enable the submission of competitive offers, together with the terms and conditions of contract that will apply.
- 12.3.215.2.2** A requirement for candidates to declare that the tender content, price or any other figure or particulars concerning the tender submitted by the candidate has not been disclosed by the candidate to any other party (except where such disclosure is made in confidence for a necessary purpose).
- 12.3.315.2.3** A requirement for candidates to complete fully and sign all tender documents including a form of tender and certificates relating to canvassing and non-collusion.
- 12.3.415.2.4** Notification that tenders are submitted to the Council on the basis that they are compiled at the candidate's expense.

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~~12.3.5~~15.2.5 A description of the award procedure and, unless defined in a prior advertisement, a definition of the award criteria in objective terms and the percentage weighting of each criterion in the evaluation.

~~12.3.6~~15.2.6 The method by which arithmetical errors discovered in the submitted tenders are to be dealt with. In particular, whether the overall price prevails over the rates in the tender or vice versa.

~~12.4~~15.3 The Invitation to Tender or Requests for Quotation must state that the Council is not bound to accept any tender or quotation.

15.4 All candidates invited to tender, or quote must be issued with the same information at the same time and subject to the same conditions. Any supplementary information must be given on the same basis. Where a candidate asks a clarification question regarding the tender or quote, the question and the answer will be provided to all candidates.

15.5 ~~Tenders received after the tender deadline date and time or tenders which are not submitted in accordance with these Rules and any criteria set out in the procurement documentation will be disqualified unless otherwise agreed by the Monitoring Officer~~

15.6 ~~If there is an obvious ambiguity or error in the tender and that ambiguity or error appears to have a simple explanation, bidders may be invited to correct their tender response. Advice must be sought from the Procurement & Contracts service before further action is taken.~~
~~12.5~~

12.6 Under the Procurement Act 2023, the Council is required to request an explanation of the price or costs proposed in a tender where that price or those

15.7 costs appear to be **abnormally low** in relation to the requirement. ~~If the bidder is unable to demonstrate that the price offered is not abnormally low, its tender may be disregarded. Advice must be sought from the Procurement & Contracts service during this process.~~

~~12.7 Advice should be sought from the Contracts & Procurement Service during this investigation process to ensure that the requirements of the Procurement Act 2023 are complied with.~~

13.16. **SHORTLISTING**

Any shortlisting (i.e., supplier selection or conditions of participation) must have regard to the ~~economic and~~ financial standing, legal capacity, and the technical ~~and professional~~ ability of the candidates to deliver the required goods, services or works.

14.17. **SUBMISSION, RECEIPT AND OPENING OF TENDERS / QUOTATIONS** (see the Delegations to Officers for details of Officers who may action this rule):

14.17.1 **Tenders**

17.1.1 Bidding organisations must be given an adequate period in which to prepare and submit a proper quotation or tender, consistent with the complexity of the contract requirements.

~~14.1.1~~17.1.2 ~~When advertising a tender for a procurement above the Procurement Act 2023 thresholds, the tenders must be advertised for the minimum number of days as specified in the Procurement Act 2023 legislation.~~

~~14.1.2~~17.1.3 Tender Contents:
Each tender must contain, where relevant:

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- (a) An undertaking signed by the tenderer that to the best of their knowledge and belief they have complied with all the relevant provisions of the Health and Safety at Work Act 1974 and regulations made under it or where they have not complied, an explanation of the remedial action they have taken to ensure compliance;
- (b) A statement that the tenderer will comply with all current relevant British Standard Specification or Code of Practice or equivalent international standards offering guarantees of safety, reliability, and fitness for purpose;
- (c) A statement by the tenderer that they will not try to obtain or receive by whatever means any information which gives or is intended to give the tenderer or another party any unfair advantage over any other tenderer (including the Council's own workforce) in relation to the tendering for and award of any contract;
- (d) A statement that the Council shall not be liable for expenses incurred in the preparation of tenders; nor shall the Council be bound to accept the lowest or any tenders submitted; and shall have reserved to them the right to invite fresh tenders should they consider that course desirable.

44.217.2 Electronic Arrangements

44.2.17.2.1 Tenders, ~~Quotations~~ Request for Quotations, Framework Further Competition bids and Conditions of Participation stages will be received electronically and will be opened by ~~a Contracts and Procurement Service~~ the Procurement & Contracts service on the e-Tendering portal. The system will not allow any quotations to be opened until the allocated return date / time has passed. ~~(See the Delegations to Officers for details of Officers who may action this rule).~~

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44.317.3 Hard Copy Arrangements

44.3.17.3.1 In the limited circumstances where a Quotation, Further Competition bid or Tender cannot be received electronically, ~~thea Contracts and Procurement and~~ Contracts Service will consult with the Monitoring Officer to agree a suitable way to receive the Quotation, Further Competition bid or Tender.

45.18. CLARIFICATION PROCEDURES AND POST TENDER NEGOTIATIONS

45.118.1 Seeking clarification of a tender received whether in writing or by way of a meeting is permitted. However, any such clarification must not involve changes to the basic features of the bidding organisation's submission and all tenderers must be treated equally (see the Delegations to Officers for details of Officers who may action this rule).

45.218.2 Post tender negotiation means negotiations with any tenderer after submission of a tender and before the award of the contract with a view to obtaining an adjustment in price, delivery, or content. *Where the value of the Tender is above the threshold in the Procurement Act 2023 advice must be sought from a Contracts and Procurement* the Procurement & Contracts Service. Where post tender negotiation results in a fundamental change to the specification (or contract terms) the contract must not be awarded but re-tendered (see the Delegations to Officers for details of Officers who may action this rule).

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45.318.3 If post tender negotiations are necessary after a single stage tender or at the final stage of a multiple-stage tender, then such negotiations shall only be undertaken with the tenderer who has previously been identified as submitting the best tender. Tendered rates and prices shall only be adjusted in respect of a corresponding adjustment in the scope or quantity included in the tender documents. Officers appointed by the Chief

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Officer/Deputy Chief Officer to carry out post tender negotiations should ensure that there are recorded minutes of all negotiation meetings and that both parties agree actions in writing.

~~15.4~~18.4 Post tender negotiation must only be conducted in accordance with guidance given by the Monitoring Officer and ~~a Contracts and Procurement Service~~the Procurement & Contracts Service.

~~15.5~~18.5 The Monitoring Officer and ~~a Contracts and Procurement Service~~the Procurement & Contracts Service must be consulted and agree:

~~15.5.1~~18.5.1 Wherever it is proposed to enter into post tender negotiation;

~~15.5.2~~18.5.2 About whether negotiation is with all tenderers;

~~15.5.3~~18.5.3 To either accept or reject late submissions before opening any of the responses. Late submissions must only be accepted in exceptional circumstances.

~~15.6~~18.6 Negotiations must be conducted by a team of at least two officers, one of whom must be from a section independent to those leading negotiations (*see the Delegations to Officers for details of Officers who may action this rule*).

~~16.19.~~ **EVALUATION, AWARD OF CONTRACT, AND DEBRIEFING OF ORGANISATIONS**

~~16.1~~ **Evaluation** (*see the Delegations to Officers for details of Officers who may action this rule*):

~~16.1.11.1.1~~ The evaluation of bids must be conducted in accordance with the evaluation criteria set out in the procurement documents provided to bidding organisations, and in line with any guidance given by a Contracts and Procurement Service.

~~16.1.21.1.1~~ The arithmetic in compliant tenders must be checked. If arithmetical errors are found they should be notified to the tenderer, who should be requested to confirm or withdraw their tender. Alternatively, if the rates in the tender, rather than the overall price, were stated within the Invitation to Tender as being dominant, an amended tender price may be requested to accord with the rates given by the tenderer.

~~16.1.31.1.1~~ Deputy Chief Officers must ensure that submitted tender prices are compared with any pre-tender estimates and that any discrepancies are examined and resolved satisfactorily.

~~16.2~~19.1 **Award of Contract and Contract Extensions** (*see the Delegations to Officers for details of Officers who may action this rule*):

~~16.2.1~~19.1.1 The Council is required to notify successful and unsuccessful bidders of the outcome of a procurement process, in writing, in as timely a fashion as possible.

~~16.2.2~~19.1.2 Where a contract was advertised with an extension option and that extension option forms part of the contract, the decision to extend the contract may be made after ensuring that taking up the extension option delivers value for money.

~~16.2.2~~19.1.3 Decisions on award of contract and contract extensions must be made in accordance with the Delegations to Officers.

~~16.2.2~~19.1.4 For the avoidance of doubt, extensions are not permitted where they are not provided for in the original contract.

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~~16.2.3~~

~~16.3.19.2~~ **Debriefing**Assessment Summaries

~~16.3.19.2.1~~ The ~~debriefing of organisations will~~Assessment Summaries (detailed feedback) will be sent by ~~the Contracts and P~~Procurement & Contracts Service, in line with the relevant Officer's evaluation comments.

17.20. **CONTRACT DOCUMENTS**

17.20.1 **Format of Contract Documents**

17.1.20.1.1 Every Relevant Contract/must be in writing and must state clearly:

- (a) what is to be supplied (description and quality)
 - (b) payment provisions (amount and timing and seeking electronic invoices)
 - (c) when the Council will have the right to terminate the contract
 - (d) that the contract is subject to the law as to prevention of corruption
- The Council's standard terms and conditions must be used where possible.

17.1.220.1.2 In addition, every Relevant Contract for purchases over £~~2530~~,000.00 for works, supplies of goods, materials or services must also as a minimum state clearly:

- (a) that the contractor may not assign or sub-contract without prior written consent
- (b) any insurance and liability requirements
- (c) health and safety requirements
- (d) ombudsman requirements
- (e) data protection requirements if relevant
- (f) that charter standards are to be met if relevant

(g) —requirements under the Equalities Act 2010

~~(h)(g)~~ obligations under the Care Act 2014 in safeguarding adults and childrenall applicable Equality legislation

~~(h)~~(h) a right of access to relevant documentation and records of the contractor for monitoring and audit purposes, including obligations under the FOI Act 2000 and 2015 Transparency Code

~~(j)(i)~~ requirements under the Counter-Terrorism and Security Act 2015 and Prevent Strategy where applicable

~~(k)(j)~~ obligations under the Public Interest Disclosure Act 1998 including employee whistleblowing.

~~(k)~~(k) Statement requirements under the Modern Slavery Act 2015.

17.1.320.1.3 All contracts must be concluded formally in writing before the supply, service or construction work begins, except in exceptional circumstances, and then only with the written consent of the Monitoring Officer. An award letter is insufficient.

17.1.420.1.4 All contracts must include the following paragraph:

'The Contractor recognises that the Council is under a duty to act in a manner which is compatible with the Convention rights as defined by Section 1(1) of the Human Rights Act 1998 ('Convention Rights'). This duty includes a positive obligation on the Council to ensure that contractors providing services on the Council's behalf act in a way which is compatible with the Convention Rights. The Contractor therefore agrees to provide the Services and comply with its other obligations under this contract in a manner which is compatible with the Convention Rights.'

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~~17.1.520.1.5~~ The Officer responsible for securing the signature of the contractor must ensure that the person signing for the contracting party has authority to bind it.

~~17.220.2~~ **Contract Signature** (see the Delegations to Officers for details of Officers who may action this rule):

~~17.2.120.2.1~~ A contract entered into by or on behalf of the Council must:

- (a) Where the contract is in the form of a deed (see below), be made under the Council's seal and attested as required by the Constitution, or:
- (b) Where the contract is in signed under hand, it must be the form of an agreement, either:
 - (i) be signed by at least two officers of the Council authorised as required by the Constitution (see Delegations to Officers), or:
 - (ii) be formalised by the sending of an award letter and the subsequent issuing of a purchase order.

~~20.2.2~~ A contract must be in the form of a deed (see below) and sealed where;

~~17.2.2~~

- (a) The Council wishes to enforce the contract for more than six years after it ends; or
- (b) The price paid or received under the contract is a nominal price and does not reflect the value of the goods or services; or
- (c) Where there is any doubt about the authority of the person signing for the contracting party.

A contract in the form of a deed must state in the signature pages that the Contractor and the Council are executing the contract as a deed. Where an Officer is unsure whether a Contract should be signed under hand, or sealed, they must contact the Procurement & Contracts service to seek advice.

~~17.320.3~~ Legal Services Review of Tenders and Contracts

~~17.3.120.3.1~~ To ensure the integrity of the procurement process:

- (a) All proposed Invitations to Tender, where they are not in compliance with the Council's harmonised contract documentation or standard terms and conditions issued by a relevant professional body, will be reviewed by the Deputy Chief Officer, Procurement and Contracts service.
- (a) Any proposed Invitations to Tender which are subject to the Procurement Act 2023, or which are deemed to be of high risk, must be reviewed by the Deputy Chief Officer.
- (b) Any proposed contract where there is any deviation from the contract terms included in the invitation to tender must be reviewed by the Deputy Chief Officer. Where the Procurement and Contracts service are unable to advise, it will be escalated to the Deputy Chief Officer with the recommendation that external legal advice is sought.

~~18.21.~~ LIQUIDATED DAMAGES, SERVICE CREDITS, BONDS AND PARENT COMPANY GUARANTEES

~~21.1~~ Where a bond or guarantee is required to ensure satisfactory contract performance and/or to protect the Council, the requirement must be notified to bidders in the procurement documentation and must be in place no later than four (4) weeks after contract signature.

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21.2 Every formal written contract which exceeds £12085,000.00 in value ~~or amount~~ and is for the execution of works shall provide for liquidated damages to be paid by the contractor in case the terms of the contract are not duly performed.

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48.421.3 Every formal written contract that includes Key Performance Indicators / Service Level Agreements shall consider reasonable service credits to include within the contract where performance / service standards are not being met.

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48.221.4 The Officer must consult the Deputy Chief Officer when a tenderer is a subsidiary of a parent company and the ~~O~~fficer does not think that a parent company guarantee~~er~~ is necessary, and:

48.2.421.4.1 The total value exceeds £~~85,000.00-120,000.00~~

48.2.221.4.2 Award is based on evaluation of the parent company, or

48.2.321.4.3 There is some concern about the stability of the ~~tenderer~~supplier.

48.321.5 The officer must consult the Deputy Chief Officer about whether a bond is needed:

48.3.421.5.1 Where the total value exceeds £~~85120~~,000.00.

21.5.2 Where it is proposed to make stage payments or other payments in advance of receiving the whole of the subject matter of the ~~contract~~contract, or:

48.3.221.5.3 There is some concern about the stability of the supplier.

49.22. PREVENTION OF CORRUPTION

49.422.1 Rules and regulations pertaining to the prevention of corruption are outlined in the Council's Financial Procedure Rules and must be adhered to.

49.222.2 The following clauses must be put in every written Council contract:

'The Council may terminate this contract and recover all its loss if the Contractor, its employees, or anyone acting on the Contractor's behalf do any of the following things:

49.2.422.2.1 Offer, give, or agree to give anyone any inducement or reward in respect of this or any other Council contract (even if the Contractor does not know what has been done); or

49.2.222.2.2 Commit an offence under the Bribery Act 2010 or Section 117(2) of the 1972 Act; or

49.2.322.2.3 Commit any fraud in connection with this or any other Council contract whether alone or in conjunction with Council members, contractors, or employees.

Any clause limiting the Contractor's liability shall not apply to this cause.'

49.322.3 Any suspected irregularity shall be referred to the ~~Audit Manager who shall notify~~ the Monitoring Officer where necessary. Any examination of contractors' or tenderers' books and records as a result of any such suspected irregularity shall be conducted by the ~~Audit Manager. Head of Procurement & Contracts~~. If, in the investigation of any irregularity, the Monitoring Officer considers that disciplinary procedures may need to be invoked, the appropriate Chief Officer/Deputy Chief Officer shall also be notified.

20.23. DECLARATION OF INTERESTS

Rules and regulations pertaining to the Declaration of Interests are outlined in the Code of Conduct for Employees within the Constitution and must be adhered to.

24.24. **CONTRACT MANAGEMENT / MONITORING**

24.1 All contracts must have an appointed Contract Manager for the entirety of the contract. The responsible Deputy Chief Officer must ensure a Contract Manager is designated prior to award.

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24.2 The Contract Manager must monitor the overall performance of the contract in line with the specification, agreed service levels and contract terms.

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24.3 The Contract Manager must ensure that they undertake contract management meetings with the supplier in line with the agreed timescales as per the contract.

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24.4 The Officer named in the Contract Register will act as the Contract Manager and will be responsible for ensuring the obligations of these Rules. The Procurement & Contracts service are available to be contacted for any contract management support.

25. **CONTRACT MODIFICATIONS**

25.1 Before modifying a contract, the Procurement & Contracts service must be consulted to ensure the correct modification / variation process is being undertaken.

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25.2 If the contract is valued above the Procurement Act 2023 threshold, advice from the Procurement & Contracts service must be sought before a modification is made to understand whether the modification is substantial or not, and whether a Contract Change Notice must be published, as per the Procurement Act 2023.

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25.3 A substantial modification is one which would:

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25.3.1 Increase or decrease the term of the contract by more than 10% of the maximum term provided for, or

25.3.2 Materially change the scope of the contracts, or

25.3.3 Materially change the economic value of the contract in favour of the supplier.

25.4 A Contract Change Notice would not be required where:

25.4.1 The modification increases or decreases the estimated value of the contract in the case of goods/services by less than 10% or in the case of works by less than 15%, or

25.4.2 The modification increases or decreases the term of the contract by less than 10%.

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22-26. **POST CONTRACT MONITORING AND EVALUATION**

22.1.26.1 During the life of the contract the Contract Manager must monitor in respect of:

22.1.126.1.1 performance

22.1.226.1.2 compliance with specification and contract

22.1.326.1.3 cost

22.1.426.1.4 any Best Value requirements

~~22.1.5~~ ~~26.1.5~~ user satisfaction and risk management

~~26.1.6~~ social value or any other contractual obligations to deliver additional value arising from the contract

~~26.2~~ Where the total value of the contract exceeds £5,000,000, the Contract Manager must assess performance at least once every 12 months. A Contract Performance Notice must be published – the Procurement & Contracts service can do this providing the relevant Officer provides them with the required information.

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~~26.3~~ If the supplier has breached the contract and the breach results in termination (or partial termination), award of damages, or a settlement agreement between both parties, a Contract Performance Notice must be published within 30 days of the relevant breach.

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~~26.4~~ Where a contract naturally expires or is terminated, a Contract Termination Notice must be published.
~~22.1.6~~

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~~22.2~~ ~~26.5~~ Where the Total Value of the contract exceeds ~~£85,000.00~~ ~~£1,000,000.00~~ the Officer must make a written report evaluating the extent to which the purchasing need and contract objectives were met by the contract. This should be done normally when the contract is completed. Where the contract is to be re-let, a provisional report should also be available early enough to inform the approach to re-letting of the subsequent contract.

~~26.6~~ For contracts awarded under £120,000, if, at any point during the delivery of the contract, the cost looks likely to exceed £120,000 the Contract Manager must notify the Procurement & Contracts Service who will assess options with the Contract Manager and recommend the best option for that particular project.

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~~For contracts awarded under £85,000, if, at any point during the delivery of the contract, the cost looks likely to exceed £85,000 the Contract Manager must notify a Contracts and Procurement Service. A Contracts and Procurement Service and the Contract Manager will consider the following options: Where the amount by which the total contract value exceeds £85,000 is significant and~~

~~the contract allows termination, terminate the existing contract, and retender.~~

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~~22.3~~

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~~Where the amount by which the total contract value exceeds £85,000 is not significant, allow the contract to run to its natural conclusion;~~

~~Where the amount by which the total contract value exceeds £85,000 is significant and the contract allows termination, terminate the existing contract, and retender.~~

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~~Where the amount by which the total contract value exceeds £85,000 is significant and the contract does not allow termination, or continuing with the contract represents value for money, allow the contract to run to its natural conclusion~~

~~23.27.~~ INTERNAL PROVIDERS

Where an in-house Service is bidding in competition for the provision of goods, works or services, care must be taken to ensure a fair process between the in-house provider Service and external bidding organisations.

24.28. EXTERNAL BODY GRANT FUNDING

24.28.1 Where a procurement process is funded, in whole or part, by grant funding which has been awarded to the Council by an external funding body, ~~a Contracts and Procurement Service~~ **the Procurement & Contracts Service** must ensure that any rules or conditions imposed by the funding body are adhered to, in addition to the requirements of these Contract Procedure Rules.

24.28.2 Where there is any conflict between these Contract Procedure Rules and the rules or conditions imposed by the funding body, the stricter requirement should be followed.

25. APPOINTMENT OF CONSULTANTS

25.1 ~~The engagement of consultant architects, engineers and surveyors or other professional consultants including Counsel shall be subject to completion of a formal letter, contract of appointment or brief.~~

25.2 ~~Consultants shall be required to provide evidence of and maintain professional indemnity policies to the satisfaction of the relevant Deputy Chief Officer for the periods specified in the respective agreement.~~

25.3 ~~Consultants shall be selected, and commissions awarded in accordance with the values and procedures recorded in the table in Rule 9.1.3 above for services.~~

25.4 ~~Records of consultancy appointments shall be maintained in accordance with Rule 5.~~

Commented [MG2]: Suggest removing? Other elements of the CPRs cover all of these points already?

26.29. REVIEW AND AMENDMENT OF CPR

These Contract Procedure Rules shall be reviewed and updated, as necessary.

27.31. TERMINATION OF CONTRACTS *(see the Delegations to Officers for details of Officers who may action this rule)*

The Delegations to Officers details which Officers may terminate a contract. Any termination must be strictly in accordance with the terms of the contract and subject to consultation with the Monitoring Officer and Section 151 Officer and in some cases with the relevant Portfolio Holder.

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Amended Delegations to Officers in relation to Contracts

(Amended delegations approved by Cabinet/Executive.

Amended CPRs approved by full Council)

Abbreviation	Meaning
CX	Chief Executive
DCX	Deputy Chief Executive / Director
AD	Assistant Director
SM	Service Manager
MO	Monitoring Officer

Officer(s)	Subject	Delegation From	Power
CX, DCXs and ADs following consultation with the MO or S151 Officer	Contracts - contracting activities of any partnership for which the Council is the accountable body	Cabinet/Executive	(Note to Contract Procedure Rule 1) Authority to agree that Contract Procedure Rules do not apply to contracting activities of any partnership for which the Council is the accountable body
CX, DCXs, ADs and SMs subject to consultation with the appropriate portfolio holder (consultation is not required for (i) routine contracts (e.g. routine ongoing or annual maintenance contracts, routine purchasing of goods and equipment; routine servicing of vehicles etc); (ii) contracts for 1-off schemes where the scheme has been formally approved and where sufficient money has been allocated within the budget for the contract; and (iii) indirect services such as legal services or consultants for schemes which have been formally approved and where sufficient money has been allocated within the budget for the contract as such contracts are not closely connected	Contracts – letting (awarding) of contracts through framework agreement	Cabinet/Executive	(Contract Procedure Rules 2.1.4 and 11) Authority to let (award) a contract through any framework agreement to which the Council has access where considered expedient by a CO or a DCO subject to the scheme falling within the approved budget which includes the approved 5-year capital programme. (A decision notice must be published for each award of contract unless administrative or minor or not closely connected to discharge of function.) (The signing of contracts is dealt with separately below.)

to the discharge of the function.)			
Approval by the CX, S151 Officer and the Portfolio Holder for finance in advance of the award of contract	Contracts - variation or waiver (exemption) of Contract Procedure Rules	Cabinet/Executive	(Contract Procedure Rule 7.3) Authority to vary or waive any Contract Procedure Rules subject to complying with all relevant requirements of Rule 9, and subject to the scheme falling within the approved budget which includes the approved 5-year capital programme.
CX, DCXs, ADs, SMs and any other officer with the written approval of the CX/DCXs/ADs/SM (any sub-delegations lasting more than 6 months must be reported to the MO)	Contracts - pre tender market testing and consultation	Cabinet/Executive	(Contract Procedure Rule 6) Authority to consult potential suppliers prior to issue of the Invitation to Tender or Request for Quotation subject to the scheme falling within the approved budget which includes the approved 5-year capital programme
CX, DCXs, ADs, SMs and any other officer with the written approval of the CX/DCXs/ADs/SM (any sub-delegations lasting more than 6 months must be reported to the MO)	Contracts – all values – seeking, receiving, and evaluating quotations/tenders for contracts for works, goods materials, and services, and hiring of consultants	Cabinet/Executive	(Contract Procedure Rules 10, 13, 14, 15, 17, and 19) Authority to request and receive tenders and quotations, and to evaluate tenders and quotations subject to compliance with the Contract Procedure Rules (as amended by any authorised variation or waiver) and subject to the scheme falling within the approved budget which includes the approved 5-year capital programme. (The awarding and the signing of contracts are dealt with separately.)

CX, DCXs, ADs and SMs following consultation with the relevant portfolio holder (consultation is not required for (i) routine contracts (e.g. routine ongoing or annual maintenance contracts, routine purchasing of goods and equipment; routine servicing of vehicles etc); (ii) contracts for 1-off schemes where the scheme has been formally approved and where sufficient money has been allocated within the budget for the contract; and (iii) indirect services such as legal services or consultants for schemes which have been formally approved and where sufficient money has been allocated within the budget for the contract as such contracts are not closely connected to the discharge of the function.)	Contracts - awarding of contracts	Cabinet/Executive	(Contract Procedure Rules 8.1A,19.1) Authority to award contracts subject to compliance with the Contract Procedure Rules (as amended by any authorised variation) and subject to the scheme falling within the approved budget which includes the approved 5-year capital programme (Decision notices must be published for each award of contract unless administrative or minor or not closely connected with discharge of function.) (The signing of contracts is dealt with separately.)
CX, DCXs and ADs SMs – up to £120,000	Contracts – signing of contracts which are <u>not under seal</u>	Cabinet/Executive	(Contract Procedure Rule 20.2) Authority to sign contracts which are not under seal, and which come within the jurisdiction of the officer concerned. (Contracts under seal must be signed only by officers who have specific authority to do so – set out in the Council's Constitution
Officers of the Contracts team	Contracts - Authorised Officer of relevant team opening tenders (electronically)	Cabinet/Executive	(Contract Procedure Rules 17.2) Officers appointed as "Authorised Officer of relevant team"
CX, DCXs, ADs, SMs and any other officer	Clarification of an invitation to tender	Cabinet/Executive	(Contract Procedure Rule

with the written approval of the CX/DCXs/ADs/SM (Any sub-delegations lasting more than 6 months must be reported to the MO)			18.1) Authority to provide clarification of an Invitation to tender
CX, DCXs, ADs, and SMs	Post tender negotiations	Cabinet/Executive	(Contract Procedure Rules 18.2 to 18.6) (at least 2 officers are required – see rule 18.6) Authority to undertake post tender negotiations
CX, DCXs, ADs and SMs In consultation with the relevant portfolio holder (consultation is not required for termination of low value or minor contracts (£15,000 or less))	Authority to terminate contracts	Cabinet/Executive	(Contract Procedure Rule 31) Authority to terminate contracts subject to consultation with the MO and S151 Officer

Revised Contract Procedure Rules (CPR) – Key Changes

Appendix 3

Current rule	New rule	Reason for change
No current comparable rule	<p>1 – Introduction</p> <p>This introduction includes “All thresholds referred to in these Rules are inclusive of VAT.”</p>	<p>To provide a basic introductory section detailing what these rules are and the purpose behind them.</p> <p>Made it clear that all values are inclusive of VAT throughout aligning with Procurement legislation.</p>
CPR Rule 4 - Relevant Contracts	<p>CPR Rule 3 – Relevant Contracts</p> <p>Added “Please note, the Council cannot simply choose to treat a project as a Grant in order to avoid complying with these Contract Procedure Rules. Grants will have different conditions with regards to procurement.</p> <p>Generally, procurement is required when the Council is acquiring goods, services, or works to meet its own needs, and it retains control over the specification and delivery of those services. A grant is awarded to support an activity that aligns with the Council’s objectives but is initiated and delivered by the recipient, who retains a degree of autonomy over the process.</p> <p>Where there is any clarity required, please contact the Procurement & Contracts service.”</p>	<p>To provide a brief explanation regarding a Grant versus a procurement requirement.</p>
No current comparable rule	5 – Conflicts of Interest	To provide details of what Officers must do with regards to procurement projects and conflicts of interest.
No current comparable rule	6 – Pre-Market Engagement	To provide details of what Officers can do with regards to engaging with suppliers prior to a procurement process.

Revised Contract Procedure Rules (CPR) – Key Changes

Appendix 3

CPR Rule 3 – Exemptions/Variations	<p>CPR Rule 7 – Exemptions</p> <p>Added an additional circumstance for an exemption (7.3.10):</p> <p>“where an existing contract is being re-procured and there are delays to that procurement process which means that the new contract cannot start at the expiry of the existing contract (this exemption cannot be for longer than 6-months and cannot make the contract a “convertible contract” under the Procurement Act 2023 by exceeding the applicable threshold).”</p>	To enable a compliant approach where unexpected delays occur as part of a procurement process whereby officers can extend the existing contract for a period no longer than 6 months.
CPR Rule 8 – Framework Agreements	<p>CPR Rule 11 – Frameworks</p> <p>In line with the new Procurement Act 2023, outlined the two framework options (Open and Closed).</p>	To ensure officers comply with the new legislation when setting up frameworks.
No current comparable rule	CPR Rule 12 – Dynamic Markets	To provide details of Dynamic Markets (a type of framework) should there be a need to utilise.
<p>CPR Rule 9 – Competition Requirements / Assets for Disposal</p> <p>£0 - £5,000 – One written quote -this should be a local provider wherever possible. A Purchase Order must be raised</p> <p>£5,001 - £10,000 – Two written quotes – one should be a local provider wherever possible. A Purchase Order must be raised</p> <p>£10,001 - £40,000 – At least three written quotes shall be sought and two must be received. Local providers must be given an opportunity to provide a quote, wherever possible. A purchase order must be raised</p> <p>£40,001 - £85,000 – At least five written quotations shall be sought via a Request for Quotation via the e-Tendering Portal.</p>	<p>CPR Rule 13 – Procurement Thresholds</p> <p>£0 - £7,500 – One written quote – this should be a local provider wherever possible. A Purchase Order must be raised.</p> <p>£7,500.01 - £15,000 - Two written quotes – one should be a local provider wherever possible. A Purchase Order must be raised</p> <p>£15,000.01 - £60,000 – At least three written quotes shall be sought. Local providers must be given an opportunity to provide a quote, wherever possible. A purchase order must be raised</p> <p>£60,000.01 - £120,000 – At least three written quotations shall be sought. A request for quotation via the e-Tendering portal is</p>	<p>Increase in thresholds is reflective of current figures being exclusive of VAT and proposed figures being inclusive of VAT.</p> <p>Slight increase in addition to this is to align with inflationary increases.</p> <p>Change to what was “at least five written quotations” to allow more flexibility to go out for a simpler quotation process where it is deemed appropriate. This is to enhance local supplier usage as they often don’t want</p>

Revised Contract Procedure Rules (CPR) – Key Changes

Appendix 3

<p>Local providers must be given an opportunity to provide a quote, wherever possible. A purchase order must be raised.</p> <p>£85,000 up to Procurement Act 2023 thresholds – Open tender via e-Tendering portal. A social value clause must be built into the specification and contract. (Public Service (Social Value) Act 2012). A purchase order must be raised.</p>	<p>recommended. The Procurement & Contracts service must be involved. Where a formal Request for Quotation process is not utilised, the Procurement & Contracts service must agree the alternative process (e.g., retrieving quotations from suppliers via email etc.). Local providers must be given an opportunity to provide a quote, wherever possible. A purchase order must be raised.</p> <p>£120,000.01 up to Procurement Act 2023 thresholds – Open tender via the e-Tendering portal & a below-threshold tender notice published on Find a Tender. Social value must be considered as part of the specification / award criteria. A purchase order must be raised.</p>	<p>to go through the effort of a formal procurement process.</p>
<p>CPR Rule 9 - Competition Requirements / Assets for Disposal</p> <p>9.2 Assets for Disposal</p>	<p>Removing Assets for Disposal section</p>	<p>Covered within Finance Procedure Rules which is considered to be the appropriate place.</p>
<p>CPR Rule 21 – Contract Management / Monitoring</p>	<p>CPR Rule 24 – Addition</p> <p>The Contract Manager must monitor the overall performance of the contract in line with the specification, agreed service levels and contract terms.</p> <p>The Contract Manager must ensure that they undertake contract management meetings with the supplier in line with the agreed timescales as per the contract.</p> <p>The Officer named in the Contract Register will act as the Contract Manager and will be responsible for ensuring the obligations of these Rules. The Procurement & Contracts service are available to be contacted for any contract management support.</p>	<p>To put more importance and emphasis on contract management and what officers are required to do as part of this.</p>

Revised Contract Procedure Rules (CPR) – Key Changes

Appendix 3

No current comparable rule	CPR Rule 25 – Contract Modifications	To ensure a clear process regarding contract changes/variations.
CPR Rule 22 – Post Contract Monitoring and Evaluation	<p>CPR Rule 26 – Post Contract Monitoring and Evaluation - Addition</p> <p>Where the total value of the contract exceeds £5,000,000, the Contract Manager must assess performance at least once every 12 months. A Contract Performance Notice must be published – the Procurement & Contracts service can do this providing the relevant Officer provides them with the required information.</p> <p>If the supplier has breached the contract and the breach results in termination (or partial termination), award of damages, or a settlement agreement between both parties, a Contract Performance Notice must be published within 30 days of the relevant breach.</p> <p>Where a contract naturally expires or is terminated, a Contract Termination Notice must be published.</p>	To align with Procurement Act 2023.



Report To:	Audit & Governance Committee
Date:	17 th November 2025
Subject:	Information Governance Annual Update 2024/25
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, Portfolio Holder for Finance and Economic Growth
Report Of:	John Medler, Assistant Director – Governance and Monitoring Officer
Report Author:	Richard Steele, Group Information Manager and Deputy Data Protection Officer
Ward(s) Affected:	N/A
Exempt Report:	No

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 period 1st April 2024 to 31st March 2025.

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 98.3%. For 5 months it was 100%.
- 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 There has been a marginal 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.

2.1.6 The total number of requests made between 1st April 2024 and 31st March 2025 was **724**. Of these, **87** were for information covered by the Environmental Information Regulation and **14** requests were either withdrawn, or were requests that were not valid under the Acts.

2.1.7 The **710** validated Freedom of Information Request within statutory deadline are displayed in the chart below:

	late	in time	number of requests (validated)	on time
April	0	69	69	100%
May	1	61	62	98%
June	1	46	47	98%
July	2	54	56	96%
August	0	54	54	100%
September	0	46	46	100%
October	0	59	59	100%
November	0	63	63	100%
December	2	42	44	95%
January	2	66	68	97%
February	1	61	62	98%
March	3	77	80	96%

2.1.8 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:

- 38 requests had elements redacted due to containing personal data.
- 33 requests were redacted for Law enforcement reasons.
- was withheld/redacted due to Health and Safety concerns.
- We gave advice to the requestor in 284 of all requests.

2.1.9 There were 47 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.

2.1.10 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

2.1.11 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.

- 2.1.12 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 Data Protection and Digital Information (No. 2) Bill has now been replaced by a new Act called the Data (Use and Access) Act 2025. The ICO is considering the preparation of guidance in respect to the application of this Act.
- 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 regular 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 53 data incidents reported to the Data Protection Team between 1st April 24 and 31st March 25. 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 16 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.
- 2.2.11 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.

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.

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.

Workforce Capacity Implications

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 Wellbeing

None.

Climate Change and Environment Impact Assessment

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

Acronyms

ICO	Information Commissioners Office
DSAR or SAR,	(Data) Subject Access Request
DPA 2018	Data Protection Act 2018

DUAA 2025 Data (Use and Access) Act 2025
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

A report on this item has not been previously considered by a Council body.

Report Approval

Report author: Richard Steele, Group Information Manager and Deputy
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Approved for publication: Councillor Sandeep Ghosh, Portfolio Holder for Finance and
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Audit and Governance Committee Work Programme 2025–26

Meeting Date	Agenda Items	Report Author
7 July 2025	<ul style="list-style-type: none"> • Towns Board Capital Projects (Verbal Presentation) • Internal Audit Annual Report and Opinion 2024/25 • Q4 Risk Report 2024/2025 • Annual Treasury Report 2024/25 • Annual Governance Statement 2024/25 • Unaudited Financial Statements including Annual Governance Statement 2024/2025 • Budget Process 2026/27 • Committee Work Programme • Review of the Council's Property Fund Investments (Exempt) • Governance and Audit Committee Self-Assessment Action Plan 	<ul style="list-style-type: none"> – Director of Economic Development – Internal Audit Manager, LCC – Group Manager – Insights and Transformation – Treasury and Investment Manager, PSPS – Group Manager- Insights and Transformation – Deputy Chief Finance Officer, PSPS – Interim Director of Finance (S151) – Democratic Services Officer – Treasury and Investment Manager, PSPS – Scrutiny and Policy Officer
13 October 2025	<ul style="list-style-type: none"> • External Auditors Progress Report 2024/2025 (Verbal Update) • Internal Audit Progress Report 2024/2025 • Internal Audit Charter • Q1 Risk Report 2025/2026 • Q1 Treasury Report 2025/2026 • Committee Work Programme 	<ul style="list-style-type: none"> – External Audit Manager, KPMG – Internal Audit Manager, LCC – Internal Audit Manager, LCC – Group Manager – Insights and Transformation – Treasury and Investment Manager, PSPS – Democratic Services Officer
17 November 2025	<ul style="list-style-type: none"> • External Audit Completion Report 2024/2025 (ISA 260) • External Auditor's Annual Report 2024/25 • Financial Statements 2024/2025 • Annual Governance Statement – Action Plan update (6monthly) • Q2 2 25/26 Risk Report • 2025/26 Mid-Term Treasury Report • Counter Fraud, Bribery and Corruption Policy 	<ul style="list-style-type: none"> – External Audit Manager, KPMG – External Audit Manager, KPMG – Head of Finance Delivery - Technical and Corporate, PSPS – Group Manager – Insights and Transformation – Group Manager – Insights and Transformation – Treasury and Investment Manager, PSPS – Policy & Scrutiny Officer –

Audit and Governance Committee Work Programme 2025–26

Meeting Date	Agenda Items	Report Author
	<ul style="list-style-type: none"> Proposed Amendments to the Council's Contract Procedure Rules Information Governance Annual Update 2024/25 Committee Work Programme 	<ul style="list-style-type: none"> Head of Procurement PSPS Information Manager and Data Protection Officer Democratic Services Officer
19 January 2026	<ul style="list-style-type: none"> Internal Audit Progress Report Draft Treasury Management Policy and Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2026/2027 Annual Budget Risks presentation (unique to Boston) Audit and Governance Annual Report 2024/2025 Committee Work Programme 	<ul style="list-style-type: none"> Internal Audit Manager, LCC Head of Finance Delivery - Technical and Corporate, PSPS / Treasury & Investment Manager PSPS Interim Director of Finance (S151) Democratic Services Officer Democratic Services Officer
21 April 2026	<ul style="list-style-type: none"> External Audit Strategy and Planning Report 2025/26 Financial Statements – Accounting Policies 2025/2026 Q3 Treasury Report 2025/26 Q3 Risk Report 2025/2026 Internal Audit Progress Report Combined Assurance Status Report 25/26 Draft Internal Audit Plan 2026/27 Update in respect of RIPA 2000 Committee Work Programme 	<ul style="list-style-type: none"> External Audit Manager, KPMG Head of Finance Delivery - Technical and Corporate, PSPS Treasury and Investment Manager, PSPS Group Manager – Insights and Transformation Internal Audit Manager Monitoring Officer Internal Audit Manager, LCC Assistant Director – Regulatory Democratic Services Officer

Chairman: Councillor Barrie Pierpoint
Clerk: Democratic Services Officer

Vice Chairman: Councillor James Cantwell