



Public Document Pack
Boston Borough Council

**Chief Executive
Rob Barlow**

Municipal Buildings
Boston
Lincolnshire PE21 8QR
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Monday 13 April 2026

Notice of meeting of the Audit & Governance Committee

Dear Councillor

You are invited to attend a meeting of the Audit & Governance Committee
on **Tuesday 21st April 2026 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:	Anton Dani, Anne Dorrian, Neil Drayton, Andy Izard, Jonathan Noble, Ralph Pryke, Lina Savickiene, David Scoot and Stephen Woodliffe
Co-opted Independent Members:	Adam Cartwright and Gideon Hall

Quorum 3

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 - 10)

To sign and confirm the minutes of the last meeting.

D Actions (Pages 11 - 14)

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 Thursday 16th April 2026.

Part II - Agenda Items

1 Internal Audit Progress Report - April 2026 (Pages 15 - 30)

(A report by Mark Harrison, Audit Manager – Lincolnshire County Council)

2 Internal Audit Annual Plan 2026/2027 (Pages 31 - 40)

(A report by Mark Harrison, Audit Manager – Lincolnshire County Council)

3 External Audit plan and strategy for the year ending 31 March 2026 (Pages 41 - 80)

(A report by KPMG, External Auditors)

4 Accounting Policies 2025/26 (Pages 81 - 100)

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

5 Regulation of Investigatory Powers Act (RIPA) 2000 - Annual Update (Pages 101 - 108)

(A report by Christian Allen, Assistant Director-Regulatory)

6 Q3 Treasury Report 2025/26 (Pages 109 - 126)

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

7 Quarter 3 25/26 Risk Report (Pages 127 - 146)

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

8 Work Programme (Pages 147 - 150)

(For Members to consider the Committee's work programme for the current year and the draft work programme for 2026/27.)

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 19th January 2026 at 6.30 pm.

Present:

Councillor Barrie Pierpoint, in the Chair.

Councillors , Anton Dani, Anne Dorrian, Neil Drayton, Andy Izard, Jonathan Noble, Ralph Pryke, Lina Savickiene and Stephen Woodliffe.

Co-opted Independent Members: Adam Cartwright and Gideon Hall.

In attendance:

Councillor John Baxter, Portfolio Holder - Housing.

Officers:

Director of Finance, Assistant Director - Regulatory, Group Manager Building Control, Treasury and Investment Manager (PSPSL), Internal Audit Team Manager, Democratic Services Team Leader and Democratic Services Officer.

42 Apologies for Absence

Apologies for absence were received from Councillors James Cantwell and David Scot.

43 Declarations of Interest

No declarations of interest were made.

44 Minutes

The minutes of the meeting held on 17th November 2025 were agreed and signed by the Chairman.

45 Actions

The action sheet from the meeting held on 17th November 2025 had been circulated with the agenda; no outstanding actions were reported.

A clarification regarding thresholds in the Contract Procedure Rules, raised at the previous meeting, had been addressed by a written response following Full Council.

46 Public Questions

No public questions were received.

47 Audit & Governance Committee Personal Skills Audit

The Committee received the Personal Skills Audit, presented by the Scrutiny & Policy Officer, as a key component of its annual programme of governance improvement. Members were reminded that the Audit had originated from the Committee's earlier

self-assessment exercise, during which the need for a structured assessment of Members' knowledge and competencies had been identified. The Audit was designed to support the Committee in meeting the expectations set out in the CIPFA Audit Committee Knowledge and Skills Framework, ensuring that Members collectively possessed the required level of understanding across core areas including governance, financial management, internal and external audit, risk management and treasury management.

The Committee was informed that the Skills Audit would capture a broad range of transferable skills and professional experience, recognising that Members often brought significant knowledge from outside the Council which could enhance assurance activity. The Audit would feed into the Committee's next formal self-assessment later in 2026, helping to identify areas where further training, development or officer support might be required.

Members were advised that although paper copies were available, the Audit would primarily be provided via an online survey circulated after the meeting. The Chairman requested that Members complete the Audit following the meeting so that the Committee could focus on the scheduled agenda.

The Committee undertook a detailed and reflective discussion of the purpose, scope and value of the Skills Audit. Members acknowledged the importance of ensuring that the Committee, given its statutory and regulatory responsibilities, maintained a high level of collective competency. The Committee routinely considered extensive and technical documentation, often including audit assurance reports, treasury indicators, governance updates, and analyses of complex financial or regulatory issues. Members noted that this level of complexity made it essential for the Committee to regularly assess whether its skill base remained current and sufficiently broad to scrutinise such material effectively.

The Committee discussed the structure of the Audit, noting that it captured both core audit-related knowledge (such as governance frameworks, risk management principles, internal audit methodology and financial reporting standards) and wider skills such as communication, analytical reasoning, commercial understanding, IT literacy, negotiation and leadership. Members welcomed this holistic approach, recognising that broader competencies often strengthened the quality of questioning, challenge and oversight provided during meetings.

During discussion, Members raised concerns regarding the volume and technicality of reports routinely presented to the Committee. It was noted that many documents, particularly those originating from CIPFA-based frameworks, contained specialist terminology, acronyms and complex concepts. Members emphasised the importance of ensuring that all Committee papers used plain English wherever possible and included clear glossaries where technical language could not be avoided. This, Members felt, would support newer Members, reduce potential barriers to participation, and ensure that all Members were able to fully engage with the material. Officers confirmed that this feedback would be reflected in future report preparation.

Members observed that not all councillors felt able or confident to serve on the Audit & Governance Committee due to the perceived heavy workload and the depth of understanding expected of Members. It was acknowledged that this resulted in a waiting list for some committees but not for this one. The Skills Audit was therefore seen as an

important tool for helping Members understand their development needs, strengthening their confidence and improving both engagement and retention on the Committee.

The Committee also recognised that the Audit could help identify where supplementary officer briefings or training would be beneficial. Members discussed the value of face-to-face discussions between Members and officers outside of formal meetings, particularly in relation to complex reports where additional explanation could enhance understanding. It was agreed that this should be incorporated into the training and development plan formed after analysing the Audit results.

Members further reflected on earlier conversations at previous meetings about the requirement for the Committee to complete an annual self-assessment. Members agreed that the Skills Audit would support the timely completion of future self-assessments and strengthen the Committee's evidence base when reporting assurance to Full Council. Finally, Members recognised that by identifying skills gaps early, the Audit could support succession planning, ensure continued alignment with best-practice expectations, and contribute to more effective governance across the Council.

At the conclusion of the discussion, the Committee thanked officers for preparing the Skills Audit materials and reiterated the importance of using the results to develop a structured Member development plan.

Resolution:

That Members complete the Personal Skills Audit following the meeting and return responses to the Scrutiny & Policy Officer.

[The Scrutiny & Policy Officer left the meeting at 6.48pm, following consideration of the above item.]

48 Internal Audit Progress Report

The Committee received the Internal Audit Progress Report for the 2025/26 year presented, by the Audit Manager, as the second interim update. Members were reminded that internal audit activity provided independent assurance on the effectiveness of governance, risk management, internal control arrangements and key financial systems across the Council.

The Audit Manager reported that substantial audit work had been completed since the previous update, with notable reviews covering Health & Safety Actions Implementation, PSPS Contract Management, Leisure Services Procurement, Section 106, and Funds & Grants Administration. The Committee noted that, following intervention by the new Section 151 Officer, all outstanding post-audit feedback questionnaires had been submitted, achieving a 100% completion rate. This represented a significant improvement on earlier performance and ensured that the audit team received full feedback from services to support continuous improvement.

The Committee also received an update on audits still in progress, audits at draft-report stage awaiting management responses, and the status of overdue and completed

management actions. Overall plan delivery remained on schedule, with all work expected to be completed within the financial year.

The Committee undertook a detailed examination of the report. Members reviewed progress against the approved Internal Audit Plan and examined the assurance ratings, noting where findings indicated areas requiring strengthened controls.

A key area of focus was the Identification and Monitoring of Savings audit. Members were reminded that during the earlier review, Internal Audit was unable to confirm sufficient control arrangements due to gaps in processes at that time. A revised set of processes had since been introduced by management, and the Committee noted that the audit was being redone from the beginning, with the new methodology now in fieldwork stage. Members agreed that completing this repeat review was essential to provide assurance over the robustness of the Council's savings delivery framework.

The Committee also examined audits at draft-report stage, noting that responses remained overdue for the Funds & Grants Administration and Planning review, despite a closure meeting having taken place in November. It was confirmed that this remained under follow-up and would be revisited in Quarter 4. Members stressed the importance of timely management responses to ensure the audit cycle remained efficient and assurance outcomes were delivered promptly.

The Committee further discussed the findings arising from the PSPS Contract Management audit. Members noted that although governance arrangements were broadly adequate, some internal control improvements had been identified, including the need for a check on whether councillor appointments to PSPS Board roles had been properly declared in published interests. The Committee requested that this be confirmed and reported back through the management action process.

During scrutiny of the Section 106 audit, the Committee noted that although allocation and monitoring processes were largely sound, the statutory deadline for publication of the Infrastructure Funding Statement had been missed earlier in the year and would now be addressed through management actions. The Committee expressed the importance of ensuring statutory deadlines were observed, particularly where financial transparency was a legal requirement.

The Committee also considered the timeliness and escalation of overdue or extended management actions. Members received reassurance that escalation procedures were proportionate and depended on the materiality of the outstanding issue. Where delays stemmed from capacity or workload pressures, these were monitored, whereas persistent non-engagement would be escalated to senior leadership and, if required, brought back to the Committee for further review. This approach was noted to support constructive improvement while maintaining accountability.

A further point discussed was the presentation of audit dashboards. Members noted that although the dashboard visuals were useful, some charts lacked narrative explanation, making interpretation challenging. The Committee requested that future dashboards include concise commentary to explain ratings, changes in status, or anomalies, to strengthen transparency and support Members in understanding complex datasets. The Audit Manager confirmed this enhancement would be adopted.

Members recognised the positive performance in several completed audits, such as Leisure Services Procurement, where substantial assurance had been given. The Committee welcomed the positive findings and acknowledged the professional support provided by internal audit in strengthening the Council's assurance environment.

At the conclusion of the discussion, Members agreed that the report demonstrated meaningful progress and that the actions identified would continue to enhance the Council's risk management and internal control environment.

Resolved:

That the Internal Audit Progress Report be noted.

49 Draft Treasury Management Policy Statement; Draft Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2026/27; and Treasury Management & Investment Management (Non-Treasury) Principles and Practices.

The Committee received the suite of draft Treasury Management documents for the 2026/27 financial year, comprising the Treasury Management Policy Statement, Treasury Management Strategy Statement, Minimum Revenue Provision (MRP) Policy Statement and the Annual Investment Strategy. These documents were presented, by the Treasury and Investment Manager (PSPSL), as part of the Council's annual cycle of financial governance and pre-decision scrutiny.

It was explained that the documents had been prepared in accordance with the CIPFA Prudential Code and the CIPFA Treasury Management Code, and that they formed a key component of the Council's overall financial framework, governing the management of borrowing, investments, cashflow, and financial risk. Members were reminded that the papers were being presented in draft form pending completion of the wider budget setting process, after which Cabinet and Full Council would consider the finalised versions.

The Committee was informed that the Treasury Management Policy Statement itself remained unchanged from the previous year. The focus of this annual review was therefore on the Strategy, which detailed how the Council planned to manage its borrowing requirements and investment activity for 2026/27, including prudential indicators, borrowing and investment limits, and the Council's overall approach to risk.

Members noted that the Council continued to operate an under-borrowed position, meaning internal resources were being used to finance capital expenditure where feasible, thereby avoiding external borrowing at higher interest rates. The draft documents also set out proposed changes to prudential borrowing limits, reflecting the Council's projected Capital Financing Requirement (CFR) and major capital commitments planned across the medium term. These included proposals to increase the Operational Boundary for borrowing from £15m to £35m, and the Authorised Limit from £18m to £38m.

Finally, Members noted the proposal to increase the maximum permitted investment in the Council's main Money Market Fund from £7.5m to £10m, to provide additional short-term liquidity flexibility during periods of peak cashflow activity.

The Committee undertook an extended review of the draft Treasury Management documents, examining the prudential indicators, borrowing strategy, investment criteria and MRP policy in technical detail.

Members explored the rationale behind the significant increase in the Operational Boundary and Authorised Limit for external borrowing. It was clarified that these higher limits did not signal an intention to borrow immediately, but instead provided the statutory headroom required to meet future borrowing needs if market conditions became favourable. Members were reminded that the Council's CFR was expected to rise due to planned capital expenditure, and that the revised limits reflected these projections.

The Committee noted that the Council had chosen, in recent years, to meet borrowing needs through internal resources, but that this position could not be maintained indefinitely as reserves diminished through use.

A detailed explanation was provided regarding the forecast borrowing requirement for 2026/27, estimated at approximately £7.7m, arising largely from capital programme commitments. Members reviewed the classification of expenditure that contributed to the CFR, including historic unfinanced expenditure, refuse fleet replacement, property fund investments, and other capital projects.

The Committee also scrutinised the Council's under-borrowed strategy, noting that while this approach remained prudent, rising capital commitments were expected to exert increasing pressure on available cash balances. Members discussed how external borrowing would be timed to secure the most favourable interest rates, taking account of short-medium- and long-term rate forecasts. Assurance was provided that interest rates and borrowing opportunities were monitored daily, enabling borrowing to be undertaken when financially advantageous.

Members examined the movements in expected investment balances, including the projected reduction from £6.5m to £2.1m, and received clarification that this movement was driven by the timing of capital payments, collection of income streams such as Council Tax, and fluctuations in creditor and debtor positions. The Committee recognised that these cashflow dynamics required flexibility in short-term investment activity, supporting the proposed increase in the Money Market Fund limit.

Detailed questions were raised about the Medium-Term Financial Strategy, specifically the emerging budget gap of £1.3m for the coming financial year and the steps being taken to reduce this before the final budget was presented to Cabinet and Full Council. The Committee was informed that if the gap could not be fully closed through savings and efficiencies, reserves could be used as a temporary measure, but this would require longer-term solutions.

Members also examined the updated Minimum Revenue Provision (MRP) Policy Statement, which incorporated changes required under the 2024 statutory guidance. Clarification was provided on the treatment of property fund investments, the calculation of MRP for "right-of-use" lease assets introduced under IFRS 16, and the prohibition on using capital receipts in place of MRP. Members received assurance that the Council conformed fully with these revised requirements.

The Committee also sought assurance on the governance of the Council's property fund investments, including how decisions to continue holding or divesting would be reached. Members discussed the need for clear metrics or triggers that would prompt a formal review, particularly given movements in capital values and interest rate trends. Officers explained that property funds were monitored regularly and remained appropriate within the current Treasury Strategy, although further review would continue.

Members also discussed longer-term borrowing risks, including global macroeconomic uncertainty, interest rates volatility, potential market shocks, and the approach taken to liability benchmarking. Assurance was given that interest rate movements were subject to continuous monitoring and that borrowing would only be undertaken when prudent.

Finally, Members noted the importance of incorporating Environmental, Social and Governance (ESG) considerations more explicitly in future years, recognising this as an increasing area of focus for the sector. Plans to strengthen the Council's ESG framework within treasury operations were acknowledged.

The recommendations were proposed by Councillor Anton Dani and seconded by Councillor Lina Savickiene.

Resolved:

That the draft Treasury Management documents be recommended to Cabinet (February 2026) and Full Council (March 2026).

50 Audit of Building Control Service by the Building Safety Regulator

The Committee received the report on the Audit of the Council's Building Control Service, presented by the Assistant Director – Regulatory with support from the Group Manager Building Control and Councillor John Baxter, Portfolio Holder for Housing, undertaken by the Building Safety Regulator (BSR), the national body established following the Grenfell Tower Inquiry to oversee and enforce improved building safety standards. The Committee was advised that Boston Borough Council had been selected as one of the first authorities in the country to undergo the new regulatory audit, reflecting the national roll-out of strengthened audit and assurance processes across local authority building control services.

The report provided an overview of the regulatory framework introduced post-Grenfell and outlined the scope of the BSR audit, which examined the Council's performance against a new set of Operational Standards Rules. The Committee was informed that the audit process was extensive, covering a nine-month period, involving the examination of records, internal processes, case tracking arrangements, system usage, and the overall governance of the Building Control function. Officers confirmed that the audit outcome had identified three areas for improvement, with two relating to the management and monitoring of legacy inspections and one relating to the implementation of an ICT improvement project designed to meet the regulator's enhanced reporting requirements.

Members were advised that deadlines had been set by the regulator for the submission of updated compliance information, the two inspection-related actions by the end of January, and the ICT-related action by the end of May. Work was already underway to complete the

necessary evidence submissions, with correspondence in preparation to provide progress updates to the BSR.

The Committee undertook an in-depth discussion of the audit findings and wider operational context. Members welcomed the overall positive narrative of the report and expressed appreciation for the scale of effort required to prepare for and undergo the first full BSR audit under the new nationwide regime.

The Committee noted that the two inspection-related improvement areas concerned the management of legacy cases, many of which originated from historic building projects that had not reached a formal completion point. Members were informed that some applications had been submitted with no subsequent action by applicants, some had remained dormant for years, and some required risk-based follow-up to determine whether any further regulatory intervention was needed. Officers explained that the audit had therefore emphasised the importance of applying a structured, risk-led process to closing or progressing these cases, ensuring that all outstanding applications were systematically reviewed and managed in line with the new regulatory standards.

The Committee also considered the third improvement action, relating to the development and updating of an ICT system capable of meeting the BSR's new reporting and evidencing requirements. Officers advised that the ICT project would support improved accuracy and consistency in data capture and strengthen communication with the regulator. It was noted that the level of detail required by the BSR represented a significant uplift from previous standards, and that Building Control teams nationally were working to upgrade systems to meet these expectations.

The Committee acknowledged that this represented a meaningful but necessary investment to support long-term compliance and improved audit trails. Discussion also focused on staffing levels and resource implications.

Members sought assurance given the national shortage of registered building inspectors; however, it was confirmed that Boston had sufficient registered inspectors in post to meet operational requirements. The improvement areas identified by the BSR related not to capacity, but to ensuring that officers had sufficient structured time to review legacy caseloads and embed new regulatory processes.

The Committee discussed the increased operational demands placed upon the Building Control Service. Officers confirmed that the audit process had created a substantial additional workload over a nine-month period, involving evidence gathering, attendance at meetings, responding to regulatory enquiries, and preparing documentation. The Committee recognised that the service had not experienced such an extensive audit process in many years and commended the team for managing both the audit requirements and their ongoing statutory duties simultaneously.

Members also explored how learning from the audit would be shared more widely. Officers confirmed that Boston had already contributed to regional and national conversations through Building Control service networks and had shared experiences with partner authorities to support their preparation for future BSR audits. The Committee was advised that learning from this audit had already informed subsequent audits conducted within the partnership, demonstrating early benefits of Boston's involvement in the first national cohort.

The Committee discussed whether the identified improvements would be included within quarterly performance reporting. Officers advised that while the BSR improvement actions would not form part of the regular corporate performance framework, senior leadership oversight mechanisms were in place, and the risk implications of any outstanding items would be captured within internal risk monitoring processes.

Finally, Members considered the regulator's expectation that all Building Control Bodies (BCBs) would be subject to ongoing monitoring at least once every five years. The Committee noted that this interval related specifically to the regulator's audit cycle, and not to the Council's own routine monitoring of building work, which will continue on a case-by-case basis throughout the year. Members were satisfied with this clarification.

Resolved:**That the report be noted.**

[Councillor Savickiene left the meeting at 7.59pm, during consideration of the above item.]

[The Assistant Director – Regulatory, the Group Manager Building Control and Councillor John Baxter left the meeting at 8.04pm, following consideration of the above item.]

51 Audit and Governance Committee Annual Report 2024/2025

The Committee received the Audit & Governance Committee Annual Report for 2024/25 which was introduced, by the Democratic Services Team Leader, as the formal summary of the Committee's activity during the previous municipal year. Members were reminded that the report served an important governance function, providing assurance to Full Council that the Audit & Governance Committee had effectively discharged its responsibilities in accordance with the Council's Constitution, the CIPFA Position Statement on Audit Committees, and wider regulatory expectations.

The Annual Report outlined the Committee's work across key areas including internal and external audit oversight, financial reporting, risk management, treasury management, information governance and the Annual Governance Statement. Members noted that the report encapsulated a year of intensified audit and governance activity and demonstrated the Committee's role in providing robust, evidence-based challenge and oversight across the organisation.

The Committee was advised that, subject to approval, the Annual Report would be submitted to Full Council, ensuring transparency and enabling all Members to understand the Committee's assurance work over the year.

The Committee expressed appreciation for the officers involved in supporting its work throughout the year, and no amendments were proposed to the draft Annual Report.

The recommendations were proposed by Councillor Anton Dani and seconded by Councillor Jonathan Noble.

Resolved:

That the Annual Report be approved for submission to Full Council.

52 Work Programme

The Committee received the updated Work Programme, presented as part of its routine forward-planning responsibilities. The Work Programme set out the schedule of reports, assurance updates and decision items expected to come before the Committee over the remainder of the municipal year. It provided Members with clear visibility of forthcoming business and ensured that the Committee could fulfil its statutory and regulatory responsibilities relating to audit, governance, risk, financial reporting and treasury management.

Members discussed the overall volume and cadence of reports scheduled for the forthcoming meetings and it was noted that Audit & Governance agendas were often substantial due to the breadth and complexity of the Committee's remit.

The Committee also reflected on the importance of embedding Member training and development sessions within the forward plan. Members noted earlier discussions under the Personal Skills Audit item and recognised that training requirements identified through that process should be incorporated into future iterations of the Work Programme. Officers confirmed that training opportunities would continue to be annotated into the Work Programme where appropriate.

The Committee confirmed that it was content with the Work Programme as presented.

Resolved:

That the Work Programme be noted.

The Meeting ended at 8.05 pm.

Actions from Audit & Governance Committee meeting on 19th January 2026

	Action	Status / Update	Due Date	Responsible Officer(s)
1	<p>Minute 47 – Audit & Governance Committee Personal Skills Audit</p> <p>Action for Committee Members to complete and return Personal Skills Audit.</p>	<p align="center">Complete</p> <p>Some responses have been received. This will be monitored and a reminder sent out at an appropriate time. Results from this will feed into the self-assessment for the committee, which usually takes place in early summer.</p>	2 Apr 26	Committee Members / RJ
2	<p>Minute 47 – Audit & Governance Committee Personal Skills Audit</p> <p>Action for officers to ensure that future reports minimise the use of acronyms and include a clear glossary of terms where technical language is unavoidable.</p>	<p align="center">Complete</p> <p>Officers have been made aware of this requirement.</p>	2 Apr 26	ALL
3	<p>Minute 48 – Internal Audit Progress Report</p> <p>Action for officers to check and confirm compliance of PSPS board members' declarations of interest.</p>	<p align="center">Complete</p> <p>Interest forms are up to date.</p>	2 Apr 26	AD

	Action	Status / Update	Due Date	Responsible Officer(s)
4	<p>Minute 49 – Draft Treasury Management Policy Statement; Draft Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2026/27; and Treasury Management & Investment Management (Non-Treasury) Principles and Practices</p> <p>Action for officers to consider the Council’s approach to Environmental, Social and Governance (ESG) investment matters in consultation with SLT and provide a written response.</p>	<p>Complete</p> <p>A response will be provided by the S151 Officer in due course.</p>	18 May 26	RS
5	<p>Minute 49 – Draft Treasury Management Policy Statement; Draft Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2026/27; and Treasury Management & Investment Management (Non-Treasury) Principles and Practices</p> <p>Action for officers to circulate to Committee Members clarification on the updated asset valuations raised at Full Council.</p>	<p>Complete</p> <p>A response has been circulated.</p>	2 Apr 26	AD

	Action	Status / Update	Due Date	Responsible Officer(s)
6	<p>Minute 50 – Audit of Building Control Service by the Building Safety Regulator</p> <p>Action for officers to monitor progress against the Building Safety Regulator audit non-conformances and provide update reports to the Committee as appropriate.</p>	<p>Complete</p> <p>This is a continuous process.</p>	2 Apr 26	CA
7	<p>Additional</p> <p>Action for Democratic Services to submit the Minutes to a future Full Council meeting.</p>	<p>Complete</p> <p>The draft minutes were considered by Full Council on 2nd March 2026.</p>	13 Feb 26	RF

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Internal Audit Progress Report – April 2026 Executive Summary

Purpose of the report - The Head of Internal Audit is required to provide a written status report to Senior Management and the Committee, summarising internal audit activity:

- Role of Internal Audit.
- The purpose of the report.
- Performance dashboard
- Analysis of 'live' audit reviews.
- Executive summaries limited and no opinions.
- Planning and resourcing.
- Appendix 1 – Overdue management actions

Page 5 – Feedback. For completed 2025/26 audits officers provided 100% feedback responses to requests issued following completed audit assignments.

Page 6 – Performance dashboard. 100% of the plan has been completed by end of quarter four. There were no areas of concern with the current delivery model and staffing structure.

Page 7 – Analysis of audit reviews. All work completed to date, along with the audits currently in progress. All scheduled work remains on track for delivery.

Page 11 – Planning and Resourcing. This gives an update on progress against all audits in the 25/26 plan.

Page 14 – Overdue management actions. During quarter four follow up reviews were conducted resulting in the evidenced closure of 12 actions 58 actions were not due at the time of extracting the data.

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Internal Audit Progress Report – April 2026.

The Head of Internal Audit is required to provide a written status report to Senior Management and the Committee, summarising internal audit activity.

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Role of Internal Audit

The requirement for an internal audit function in local governance is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance.’

The standards relevant for the financial year 2025/26 relating to proper practices are laid down in the Global Internal Audit Standards, 2024 and the Application Note: Global Internal Audit Standards in the UK Public Sector, 2025.

The role of internal audit is best summarised through the purpose statement contained within the Standards, which states:

“Internal audit strengthens the organisation’s ability to create, protect, and sustain value by providing the board and management within independent, risk-based and objective assurance, advice, insight and foresight.

Internal auditing enhances the organisation’s:

- *Successful achievement of its objectives.*
- *Governance, risk management and control processes.*
- *Decision-making and oversight.*
- *Reputation and creditability with their stakeholders.*
- *Ability to serve the public interest.*

Internal audit is most effective when:

- it is performed by competent professionals in conformance with the GIIA Standards, which are set in the public interest.
- The internal audit function is independently positioned with accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation’s objectives.

The Purpose of the Report

In accordance with the proper internal audit practices (Global Internal Audit Standards), and the Internal Audit Charter, the Head of Internal Audit is required to provide a written status report to Senior Management and Members summarising:

- the status of live internal audit reports.
- an update on progress against the internal audit plan.
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Head of Internal Audits annual opinion.

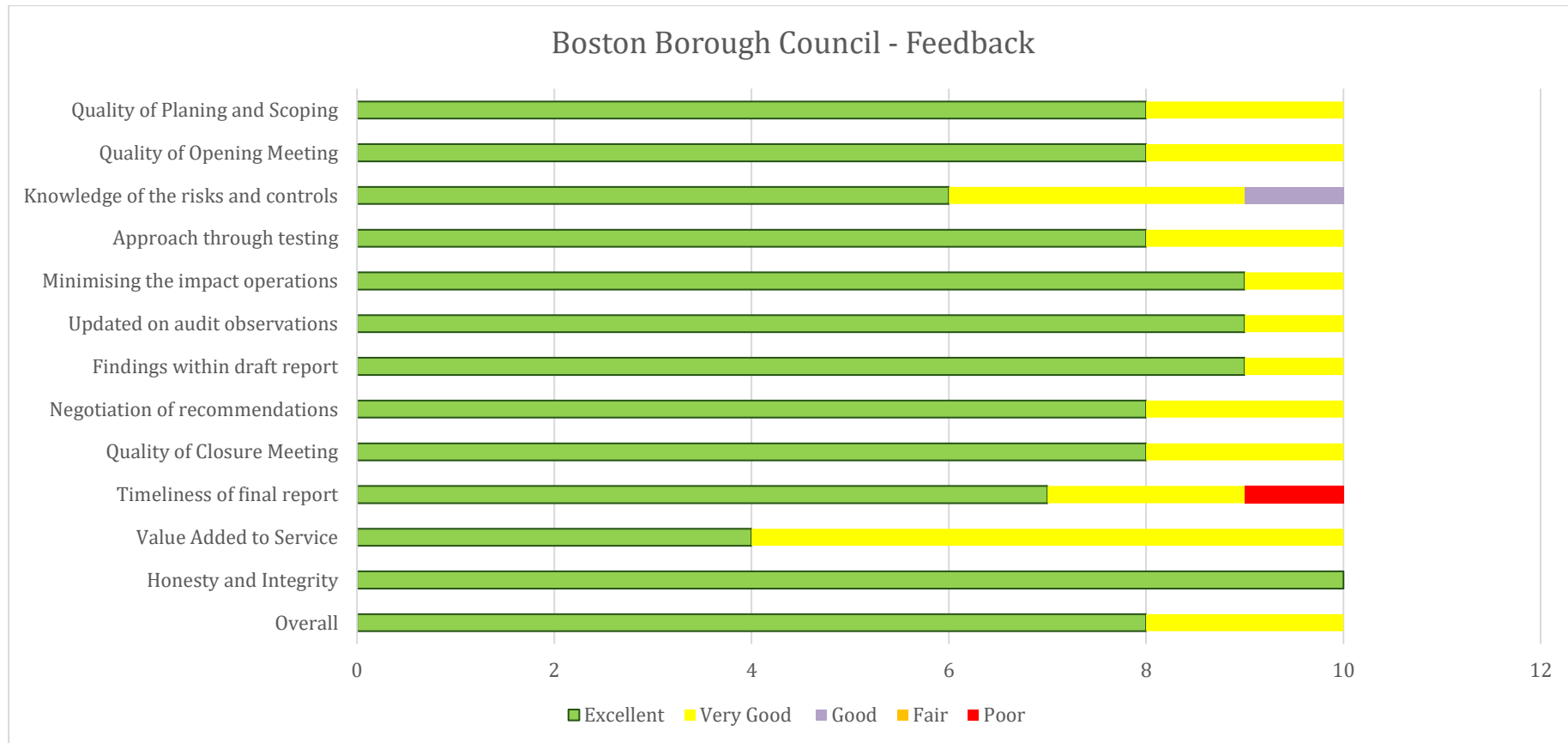
Internal audit reviews culminate in an opinion rating on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. Assurance opinions are categorised as follows:

Substantial	A reliable system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Adequate	There is a generally reliable system of governance, risk management and control in place. Some issues of non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control are inadequate to effectively manage risks in the achievement of the objectives for the area audited.

Internal quality assurance checks are undertaken at multiple points throughout assurance and advisory reviews. This culminates in the Head of Internal Audit signing off each audit report prior to its release which includes the approval of the final assurance award. This approach provides consistency in assurance ratings and robustness in the level of assurance the committee can take from assurances.

Performance Dashboard

Figure 1



Feedback is an essential aspect of our internal quality assurance programme. Post audit feedback questionnaires (PAQs) are issued after every audit assignment. For completed 2025/26 audits officers provided feedback responses to ten of the ten requests issued following completed audit assignments. The feedback when broken down was 102 Excellent, 26 Very Good, 1 Good and 1 Poor response.

Figure 1 summarises the feedback received from the following reviews risk register, ICT cyber security, leisure services, Section 106, health and safety actions, capital budget monitoring, PSPS contract management, administration of grants, Identification and Monitoring of Savings

feedback from the advisory review relating to values. As demonstrated by the data, the majority of feedback received has been positive. The poor graded feedback concerns the ICT cyber security review delivered by a specialist third party, was discussed at the November audit committee.

Figure 2 audit plan delivery

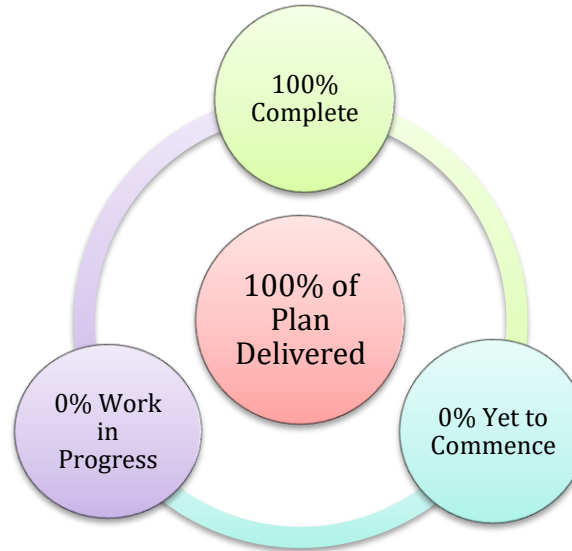


Figure 2 the internal audit plan is progressing as expected, with 100% of the plan completed by the end of quarter four. Tracking processes have been a focus for development during the current year along with improving and communicating the importance of tracking delivery and performance. The delivery model has delivered efficiency as a result of improvements made.

This financial year to date as seen the internal audit team adequately resourced to deliver the agreed audit plan, advisory engagements, and follow-up activity. The team utilised contingency within the annual audit plan to address risk-based needs arising during the year. In addition, the team continued to enhance its advisory function with the intention to and raise awareness and sharing lessons learned to support strong governance, effective risk management, and robust control processes.

There has been no recruitment during the current year as the team has no vacancies. All senior auditors are supervised by a qualified and skilled principal auditor. Management and quality processes have been sufficient to monitor conformance with the IIA’s Global internal Audit Standards and CIPFA’s Application Notes.

Analysis of ‘live’ Audit Reviews

Table 1

Internal audits in progress				
Assignment Area	Audit Profile	High Level Risks	Completion Due	Audit Sponsor

Table 2

Draft internal audit reports issued, awaiting management responses				
Assignment Area	Report due to Committee	Management Responses Overdue	Assurance Rating	Audit Sponsor

Final internal audit reports completed		
Assignment Area	Assurance rating	Findings Summary
Identification and monitoring of savings	Insufficient Controls	The audit was unable to establish sufficient first or second-line controls to test for adequacy and fulfil the agreed assignment scope to provide a reliable assurance rating. Seven key findings were reported with five root causes identified. The recommendations included for management to take immediate action to implement effective, formal and management led controls to provide a foundation level for the control environment and that an assurance driven audit is rearranged to provide an update on systems and processes implemented. A repeat audit will be undertaken once sufficient controls have been implemented. This anticipated to be in quarter four.
Risk Register Review	Adequate	The review identified one high, four medium and one low rated finding requiring management action to address. Risk register for Boston Borough Council met core requirements, but several risk entries lacked measurable outcomes, assigned ownership, and strategic objective alignment. Controls and mitigations were inconsistently recorded, with no formal validation process or assessment of effectiveness. Risk appetite was referenced but not formally defined or applied. Training records were unavailable due to the absence of a central tracking system. While oversight, by the Audit Committee and senior leadership was evident, report formats and executive summaries were often unclear or overly detailed. Strengthening

		documentation, formalising risk appetite, and improving strategic alignment and oversight would enhance risk management effectiveness.
ICT Cyber Security	Adequate	The review identified five medium rated findings requiring management action to address. Cyber security controls across Boston Borough Council were generally well-managed, supported by a formal strategy, ICT roadmap, and structured governance. The IT team had defined roles and processes, with cyber risks reviewed and reported appropriately. A successful ransomware simulation and appropriate network monitoring were noted. Testing identified the absence of documented procedures for threat escalation, undefined remediation timescales, and unresolved vulnerabilities without senior approval. Threat scanning intervals did not align with vendor guidance, and oversight reports lacked full visibility of identified risks. Addressing these areas would strengthen cyber resilience and assurance.
Values (Advisory)	N/A	The review identified seven key findings. Internal Audit identified that Boston Borough Councils commitment to its values framework through the workforce development strategy, though its revision for 2025/26 was delayed. Testing identified that values were not consistently linked to staff conduct codes, and the workforce strategy lacked provisions for accountability or consequences. Induction processes did not include a standard checklist for values training, limiting assurance. Communication methods varied, with some staff missing key information, and appraisals did not require reflection on values. Delays in completing appraisals further hindered performance discussions. Strengthening links between values, conduct, and performance processes would improve consistency and accountability.
Capital Budget Monitoring	Adequate	The review identified one medium rated finding requiring management action to address. Internal audit testing confirmed that updates to the capital budget monitoring process, completed in preparation for the 2025/2026 financial year, had been implemented effectively in Quarter one. Meetings with budget holders were documented using software, and agreed actions were recorded on SharePoint for monitoring, with relevant mitigations completed. Outcomes of these meetings were shared with Assistant Directors, and regular discussions were held with the Section 151 Officer regarding the position of budgets within the capital programme. Audit testing evidenced a clear audit trail for amendments to capital budgets, in line with financial regulations and procedures at each council. The Section 151 Officer had developed guidance for the 2026/2027 budget-setting process, including a review of the capital programme to ensure future revenue impacts were considered. The Capital Monitoring Team operated at full capacity, and further development was planned to ensure all expenditure was included in monitoring. Overall, internal audit testing confirmed that key risks relating to capital budget monitoring were managed effectively.
PSPS Contract Management	Adequate	The review identified eight medium and one low rated finding's requiring management action to address. Audit testing confirmed that the contract had been monitored by the Shareholder Board, Stakeholder Board, and Client Liaison Group, attended by councillors and officers from the partner councils and PSPS. KPIs were in place within individual Service Level Agreements and monitored through regular

		liaison, with systems established to ensure compliance with TECKAL guidance. A medium risk relating to the PSPS relationship was recorded in the partnership risk register, although one council's operational register did not include PSPS-related risks. The audit noted ongoing reviews of resourcing in finance and service delivery in light of potential Local Government Reorganisation changes. Separation of duties existed for PSPS Board members; however, not all councillor board members had declared their roles in published interests. While specific contract management was not in place, governance arrangements covered key elements effectively, though some internal controls required strengthening to maintain effectiveness.
Leisure Services Procurement	Substantial	No findings were identified during the review. Audit testing confirmed full compliance with the Public Contracts Regulations 2015 during Stages 1 and 2 of the procurement, with legal scrutiny applied at each stage and governance evidenced through senior leadership oversight, member briefings, and Joint Scrutiny Committee involvement. Documented procedures and templates had been followed, and evidence showed clear segregation of duties across procurement design, bid evaluation, legal review, and decision-making. Whistleblowing arrangements were in place across the councils and PSPS, reducing bias and supporting impartiality in line with Regulation 24. Testing of Stage 3 found no issues, and the procurement was expected to conclude within anticipated timelines, meeting regulatory requirements and strategic objectives. Overall, substantial assurance was provided that controls and processes for managing the procurement were operating effectively.
Section 106	Adequate	The review identified five medium rated findings requiring management action to address. Internal audit testing confirmed that documentation for the allocation of s106 funds was accurate and supported by regular stakeholder engagement. Monitoring records aligned with published Infrastructure Funding Statements (IFS) as required under the Community Infrastructure Levy Regulations, and budget monitoring was integrated with financial reporting. However, the statutory deadline for IFS publication was missed at ELDC and BBC, and s106-related risks were not formally recognised within operational risk registers. Delays in implementing the Uniform planning system also affected progress towards aligning planning processes across the partnership. While key risks were managed effectively, internal audit identified areas where controls could have been strengthened.
Administration of Grants	Adequate	The review identified four medium rated findings requiring management action to address. Audit testing confirmed that grant income had been accurately coded, aligned with expenditure, and fully reconciled across all three councils. Sampled grants were compliant with all terms and conditions and had complete audit trails from award to year-end reporting, with required returns submitted to oversight bodies. Although key controls had been operating effectively, the audit identified areas for improvement, including clearer responsibility assignments, more standardised monitoring, better continuity planning, and the need for a centralised grants register and stronger risk oversight. Good practice was noted in the preparation and review of Note 32 working papers, particularly at SHDC and BBC.

Health and Safety Actions	Adequate	The review identified four medium and one low rated finding requiring management action to address. The review identified that the Partnership had strengthened oversight of Health and Safety actions through a shared action tracker, regular clinics and improved reporting to SLT, which enhanced accountability and closure evidence. Controls had been operating effectively, though inconsistent update timeliness, informal escalation routes and the lack of a formal training or reporting framework indicated where further standardisation was needed. The tracker and clinics had improved monitoring and communication across all three councils, and interviews showed growing ownership of H&S responsibilities. Recent improvements and closer collaboration with PSPS and council leadership demonstrated a proactive approach to embedding more consistent and robust H&S practices.
Planning	Adequate	<p>The review identified one high, one medium and two low rated findings requiring management action to address. The review found that the SELCP Planning Service had established effective governance, statutory processes, and performance monitoring, with overall performance meeting national standards. All councils had adopted Local Plans, but each had exceeded the required review period, and one council did not have a five-year housing land supply, which increased planning appeal risks.</p> <p>Shared service transition arrangements had been put in place, although documentation of wider staff feedback and the accuracy of recorded mitigation actions required improvement. Monitoring of the Planning Guarantee had relied on manual processes due to system limitations, though no breaches were identified. The planned implementation of automated reporting within the new system was expected to strengthen assurance and reduce risk.</p>
ICT AI Governance	Adequate	<p>The review identified three medium and three low rated findings requiring management action to address. The review found that the Partnership had an emerging but effective framework for governing AI and automation, supported by clear policies, oversight arrangements, and DPIAs for higher-risk automated processes. AI use had been limited to low-risk, assistive tools, and informal governance had worked effectively in practice, with no data protection breaches identified.</p> <p>However, this informal approach had led to inconsistent awareness and limited central visibility of AI use, including early impacts such as AI-generated correspondence. The audit concluded that improvements were needed in operational guidance, service-level oversight, risk management, and training. Lower-risk tools had been managed through proportionate information governance processes, which would require ongoing review as AI adoption increased.</p>
Disability Facilities Grants	Adequate	The review identified one medium and two low rated findings requiring management action to address. The review found that the Partnership had effective controls in place for managing DFGs, with policies, clear approval processes, and appropriate checks throughout grant administration. Sample testing showed grants had been processed in line with statutory requirements.

		<p>Although some legacy systems and varied documentation remained, key controls had operated effectively through system workflows, manual approvals, and management oversight. As the service continued integrating, improvements were needed in inspection verification and standardising documentation and workflow processes.</p> <p>Overall, the control framework had worked well for the stage of integration reached, with further system unification expected to strengthen consistency and governance.</p>
<p>Finance Resilience including Skills Capacity and Management Code Compliance</p>	Adequate	<p>The review identified one high and seven medium rated findings requiring management action to address. The review found that the PSPSL Finance Service had operated effective financial management and controls across SELCP, supported by appropriate governance and performance monitoring arrangements. While senior management oversight supported operational delivery, workforce planning and capability arrangements had not been formally assessed or embedded within a structured control framework.</p> <p>Skills development, professional assurance, and workforce planning processes were underdeveloped, and the finance service level agreement was outdated. Overall, the control environment had been adequate, but improvements had been required to strengthen workforce planning, capability monitoring, and professional assurance arrangements.</p>

Executive Summaries of ‘Limited’ or ‘No’ Assurance Opinions

There has been one finalised limited or no assurance awarded for April to March 2026.

<p>Identification and Monitoring of Savings</p>	Limited	<p>The review identified three medium rated findings requiring management action to address. Audit testing found that since the completion of the previous audit in quarter 1 of 2025/26, a governance process has been implemented to deliver monitoring and oversight of the required savings in 2026/27. Members of the Senior Leadership Team (SLT) and the Section 151 Officer were actively involved. As 2026/27 is the first year of the new process, there is currently limited assurance over the effectiveness and consistent embedding of the new methodology, and a residual financial risk remains over delivery of savings until it is fully tested.</p> <p>Testing of the 2026/27 budget setting process for the three councils found that no efficiency targets were required within the balanced budgets for the forthcoming year. Internal work had been completed to reduce potential deficits that were presented for scrutiny in two of the councils in January 2026.</p> <p>The audit also identified that although processes are in place to monitor savings, there is no formally documented escalation process for any savings proposals that are not on schedule to be delivered within the year.</p>
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Planning and Resourcing

Table four shows delivery progress against the annual audit plan agreed by the Committee in March 2025.

Table five shows delivery progress for advisory engagements. The team retain a flexible approach to regularly reviewing our plan to ensure we can respond adequately to the council's risk needs and profile should that change mid-year and agree to share changes or amendments with the audit committee along with risk-based rationale and any arising implications.

The audit team is adequately resourced to deliver the remainder of the audit plan for 2025/26. An annual report and opinion will be presented to the audit committee in July 2026 which will include all outcomes. It is expected the audit programme will be delivered in its entirety and will be sufficient to inform the annual audit opinion.

Table 4 – Audit plan delivery

Audit Review	Audit Sponsor	Scoping	Audit Objective	Fieldwork	Draft Report	Final Report	Assurance Opinion or Equivalent
ASSURANCE WORK 2024/2025							
Risk Register Review	Monitoring Officer	✓	✓	✓	✓	✓	Adequate
Capital Budget Monitoring	S151 Officer	✓	✓	✓	✓	✓	Adequate
ICT Cyber Security	AD Corporate	✓	✓	✓	✓	✓	Adequate
Identification and Monitoring of Savings	S151 Officer	✓	✓	✓	✓	✓	Insufficient Controls Report
PSPS Contract Management	S151 Officer	✓	✓	✓	✓	✓	Adequate
Leisure Services Procurement	AD Leisure & Local Services	✓	✓	✓	✓	✓	Substantial

Administration of Grants	S151 Officer	✓	✓	✓	✓	✓	Adequate
Section 106	AD Planning	✓	✓	✓	✓	✓	Adequate
Health and Safety Actions Implementation	Director of Communities	✓	✓	✓	✓	✓	Adequate
Planning	AD Planning	✓	✓	✓	✓	✓	Adequate
Finance Resilience including Skills Capacity and management Code Compliance	Section 151 Officer	✓	✓	✓	✓	✓	Adequate
ICT AI Governance	AD Corporate	✓	✓	✓	✓	✓	Adequate
Identification and Monitoring of Savings	S151 Officer	✓	✓	✓	✓	✓	Limited
Disability Facilities Grants	AD Communities and Housing Services	✓	✓	✓	✓	✓	Adequate

Table 5 – Advisory assignment delivery

Audit Review	Audit Sponsor	Scoping	Audit Objective	Fieldwork	Draft Report	Final Report	Assurance Opinion or Equivalent
ASSURANCE WORK 2024/2025							
Values	Monitoring Officer	✓	✓	✓	✓	✓	Not Applicable

Appendix 1 Overdue management actions

Table 6 below shows all actions now under internal audit management and oversight. During quarter four, follow up reviews are to be conducted covering 12 management actions. 58 actions were not due at the time of extracting the data. The audit team have improved follow up procedures now that the team are proficient in assessing the adequacy and effectiveness of management actions. A programme of delivery is in place to provide the committee with the residual risk should management actions remain outstanding after the agreed implementation date, or if actions fail to mitigate the finding and associated risk to the council.

Future reports will inform the committee should any dates be delayed by management alongside their rationale.

Table 6 All Management Actions

Audit Year	Audit	Audit Report Date	Audit Sponsor	Assurance Opinion	Management Actions Total	Management Actions - Closed	Management Actions - Not Due	Management Actions - Follow Up Required	Open Management Actions - Risk Analysis			
									Critical	High	Medium	Low
2021/22	Boston BC - Key Controls	Jun-22	S151 Officer	Substantial	6	5	1	0	0	0	1	0
2024/25	Budget Monitoring - Revenue	Mar-25	S151 Officer	Adequate	4	3	1	0	0	0	1	0
2024/25	Capacity, Aims and Priorities	Apr-25	AD, Corporate	Adequate	4	3	1	0	0	0	1	0
2024/25	Insurance	Jan-25	S151 Officer	Limited	8	6	2	0	0	2	0	0
2024/25	Towns Fund	May-25	Director, Econ Dev	Adequate	4	1	3	0	0	0	3	0
2024/25	Housing Benefits and Council Tax Support	Nov-24	S151 Officer	Substantial	1	0	1	0	0	0	1	0
2025/26	Risk Register Review	Jul-25	AD, Governance	Adequate	6	0	6	0	0	1	4	1
2025/26	ICT Cyber Security	Aug-25	AD, Corporate	Adequate	5	4	1	0	0	0	1	0
2025/26	Capital Budget Monitoring	Sep-25	S151 Officer	Adequate	1	0	1	0	0	0	1	0
2025/26	Section 106	Oct-25	AD, Planning	Adequate	5	0	5	0	0	0	5	0
2025/26	PSPS Contract Management	Oct-25	S151 Officer	Adequate	9	0	9	0	0	0	8	1
2025/26	Health and Safety Actions	Jan-26	Director, Communities	Adequate	8	0	8	0	0	0	8	0
2025/26	Grants Administration	Jan-26	S151 Officer	Adequate	4	0	4	0	0	0	4	0
2025/26	Disabled Facilities Grants	Mar-26	AD, Communities and Housing Services	Adequate	3	0	3	0	0	0	1	2
2025/26	AI Governance Review	Mar-26	AD, Corporate	Adequate	6	0	6	0	0	0	3	3
2025/26	Identification of Savings - 2nd R	Mar-26	S151 Officer	Limited	3	0	3	0	0	0	3	0
2025/26	Planning	Mar-26	AD, Planning	Adequate	4	0	4	0	0	1	1	2
TOTAL					75	17	58	0	0	4	45	9



Internal Audit Plan – 2026/2027 Executive Summary

Purpose of the report - The Head of Internal Audit is required to provide a Audit Plan to Senior Management and the Committee for approval.

- Draft Plan for 2026/2027.

This plan is for the attention, consideration and approval of the committee.

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Boston Borough Council
Internal Audit Annual Plan
2026-2027

February 2026 Version 1.0

Introduction

The Role of Internal Audit

In accordance with the Global Internal Audit Standards, 2024 internal auditing strengthens the organisation's ability to create, protect and sustain value by providing the Board and management with independent, risk-based and objective assurance, advice, insight and foresight.

Boston Borough Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Authority that these arrangements are in place and operating effectively.

The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the Council's objectives.

The aim of the internal audit work programme is to provide independent and objective assurance to management, in relation to the business activities, systems and/or processes under review that:

- the frameworks of internal control, risk management and governance are appropriate and operating effectively; and
- risks to the achievement of the Council's objectives is identified, assessed, and managed to a defined acceptable level.

The internal audit plan provides the mechanism through which the Head of Internal Audit can ensure the most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control, and governance arrangements.

Internal audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the relevant audit sponsors, to ensure it continues to reflect the needs of the Council. Amendments to the plan will be identified through continued contact and liaison with those responsible for the governance of the Council. Any material changes will be agreed with the Audit Committee and immaterial changes reported to the Audit Committee at the next progress update.

Your Internal Audit Team April 2026

Your internal audit service is led by Claire Goodenough as Head of Internal Audit (HIA) for Lincolnshire County Council (LCC), supported by Mark Harrison Audit Manager. The team comprises of auditors at various points within their career development, from Chartered auditors through to auditors working towards their certified qualifications.

The audit team consists of three audit managers, five principal auditors, and ten senior auditors. All auditors are members of professional bodies and hold a range of accountancy and audit qualifications. Quality assurance processes are embedded in all aspects of delivery, allowing high standards to be maintained. All work is overseen and signed off by the Head of Internal Audit.

Conformance with Global Internal Auditing Standards (GIAS), 2024

The release of the new GIAS has been implemented in the toolkit, workflow and routine practices in operation across all the team's delivery. It will not be possible to demonstrate full conformance until sufficient delivery has taken place, however, systems and processes are sufficient to collect evidence to develop conformance from 2025/26 onwards.

GIAS requires audit services to have an external quality assessment every five years. In February 2022, CIPFA were commissioned to complete an external quality assessment of the Internal Audit Team at Lincolnshire County Council, concluding that

"Assurance Lincolnshire partnership's self-assessment is accurate and as such we conclude that they FULLY CONFORM to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note."

The next external quality assessment is due in 2027 and the team will be collating data and evidence throughout 2026 to support the assessment when the date has been confirmed.

Conflicts of Interest

The audit teams have a standardized conflict of interest process, completed annually by all auditors as well as for each audit assignment. The HIA must review and sign off any conflicts or perceived conflicts that arise at any point in delivery. Assessments are made against individual assignments to ensure sufficiency in awareness and transparency. At the time of drafting the 2026/27 audit plan the HIA is not aware of any relationships that may affect the independence and objectivity of the team and would be required to be disclosed under the Global Internal Audit Standards. Internal audit is the only service provided to the Council.

Corporate Aims/Objectives

Boston Borough Council aims to build a thriving, inclusive and sustainable borough. It seeks to support a thriving economy through growth, investment and regeneration; strengthen community cohesion and resilience by promoting safety, inclusion and financial security; and create a healthy and sustainable borough by improving health, wellbeing and environmental sustainability.

Developing the Internal Audit Plan for 2026/2027

The Head of Internal Audit utilised various information sources and data to inform the development of the internal audit plan.

In determining the areas of work covered by the internal audit team, various sources of information, shown in figure one, are utilised to inform the audit plan. This plan builds upon the assurance work delivered throughout 2025/26 and focuses on areas central to the Council’s evolving operating environment—such as strengthening financial and governance arrangements, supporting the alignment of systems and processes across the Partnership, and providing assurance over transformation and efficiency activity identified through shared-service integration.

In accordance with the GIAS there is an acknowledgement that internal audit is most effective when it is independently positioned, free from undue influence and remains committed to making objective assessments. These principles are at the core of our delivery plans for the coming year and the establishment of a risk-based audit plan to align with the organisation’s goals.

Boston Borough Council and Committee are reminded that internal audit is only one source of assurance and through the delivery of this plan cannot, and do not, seek to cover all risks and processes within the organisation. Internal audit will continue to work closely with other assurance providers to ensure that duplication is minimised, and a suitable breadth of assurance is obtained.

The internal audit plan has been developed to specifically respond to and support the development of the Council through its evolving role within the South & East Lincolnshire Councils Partnership, the alignment of governance, shared workforce arrangements, and the wider transformation of how services are planned and delivered, if delivered in its entirety will be sufficient to provide a reliable statutory annual opinion. Consultation has taken place with relevant senior leaders.

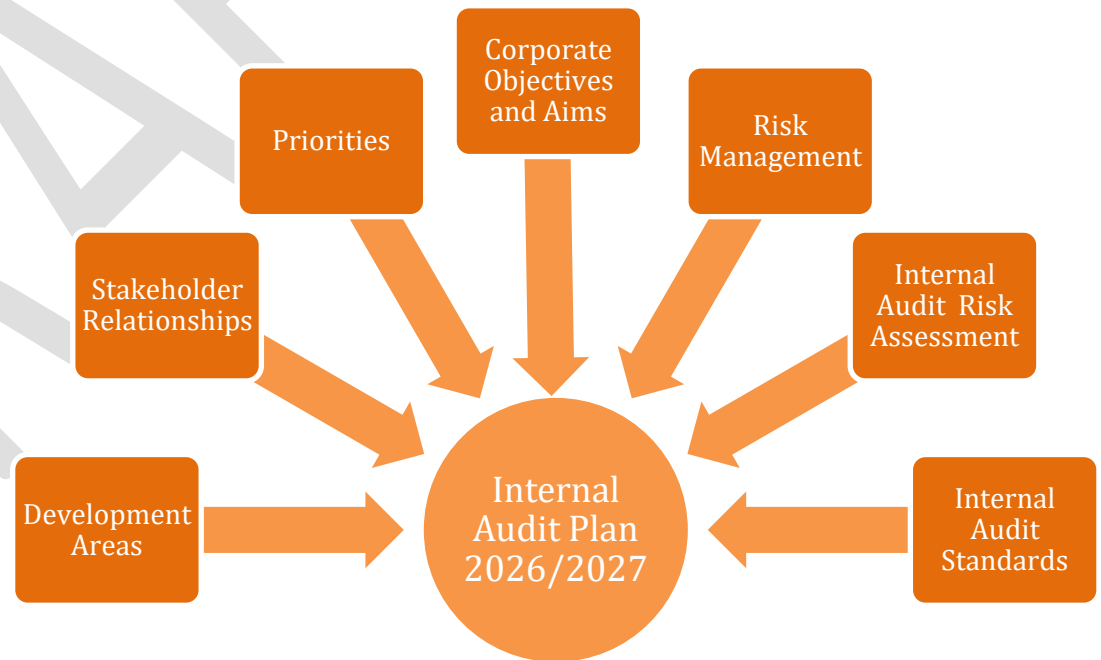


Figure 1

Internal Audit Plan 2026/27

Audit Review	Area	Audit Sponsor	Potential Scope	Risk Link	Proposed Timing
Risk Management: Training, Awareness, Engagement. (15)	GOVERNANCE	Governance and Monitoring Officer	The audit will review how effectively Boston Borough Council promotes and embeds risk management through its training, awareness activities, and staff engagement. It will assess whether officers and members receive appropriate guidance, understand their responsibilities, and are supported by clear communication and training processes. The audit will also consider how well risk-aware behaviours are encouraged across services and whether monitoring and feedback mechanisms help strengthen the Council's overall risk management.	Risk Management	Q1
Payroll: Controls, Application and Implementation. (25)	FINANCE	Section 151 Officer	The audit will review whether Boston Borough Council's payroll controls are designed and applied effectively, focusing on the accuracy, authorisation, and processing of payroll information. It will consider how well system checks, oversight arrangements, and control activities ensure payroll is reliable, compliant, and securely implemented across the organisation.	BBC20 - Service Delivery	Q1
HR: Performance Management. (30)	CORPORATE	Assistant Director – Corporate	The audit will review how effectively Boston Borough Council's performance management framework supports consistent staff appraisal, objective-setting, and ongoing performance monitoring. It will consider whether roles and expectations are clearly communicated, whether performance discussions are carried out reliably across services, and whether HR oversight arrangements ensure that performance management is fair, consistent, and aligned with organisational priorities.	BBC20 - Service Delivery	Q1
Procurement Act: Compliance Testing. (20)	PROCUREMENT	Section 151 Officer	The audit will review how effectively Boston Borough Council is implementing the requirements of the Procurement Act, focusing on compliance with updated procedures and the readiness of staff involved in procurement activity. It will assess whether key controls, guidance, and training support consistent application of the new rules, and whether engagement across services and within the South & East Lincolnshire Councils Partnership promotes a compliant and well-understood procurement approach.	BBC20 - Service Delivery	Q2

Audit Review	Area	Audit Sponsor	Potential Scope	Risk Link	Proposed Timing
Savings: Accountability & Delivery. (15)	FINANCE	Section 151 Officer	The audit will review how effectively Boston Borough Council identifies, monitors, and delivers planned savings, with a focus on accountability, governance, and transparency. It will consider whether responsibilities are clearly assigned, progress is accurately tracked, and reporting arrangements support timely oversight and informed decision-making. The review will also examine whether savings plans are realistic, supported by robust evidence, and implemented in a way that ensures sustainable financial outcomes.	BBC05 - Budget	Q3
GDPR Compliance. (20)	DATA PROTECTION	Governance and Monitoring Officer	The audit will review how effectively Boston Borough Council ensures compliance with GDPR requirements, focusing on how personal data is collected, stored, processed, shared, and retained across services. It will consider whether staff understand their responsibilities, whether policies and procedures are consistently applied, and whether governance, oversight, and monitoring arrangements adequately protect personal data and support ongoing compliance.	BBC25 - Information Management	Q3
Combined Assurance. (30)		SLT	The Combined Assurance Framework at Boston Borough Council provides a coordinated, organisation-wide view of assurance over key risks, governance, financial management, service delivery, and major projects. It covers all council services and draws on assurance from management, corporate oversight functions, and independent auditors or regulators. The process maps where assurance is strong, highlights any gaps or duplication, and supports effective risk management, the Annual Governance Statement, and Internal Audit planning. It is completed annually with input from service leads, Internal Audit, corporate leadership.		Q3
Waste Management: Change Management and Implementation Activity. (15)	COMMUNITIES	Director of Communities	The audit will review how effectively Boston Borough Council manages and implements change within its waste management services, focusing on the planning, communication, and execution of service changes. It will consider whether change activities are clearly governed, whether operational impacts and risks are identified and managed, and whether staff, stakeholders, and residents are appropriately engaged during	BBC15 - Waste Collection Round Pressures	Q4

			implementation. The review will also assess whether monitoring and feedback mechanisms support smooth transitions, continuous improvement, and the sustainable delivery of waste services.		
Audit Review	Area	Audit Sponsor	Potential Scope	Risk Link	Proposed Timing
Follow up reviews	GOVERNANCE	N/A	Assess validity and completeness of management actions to mitigate risks identified from 2025/6 programme and any 2026/7 management actions due. Overdue actions will be reported to management and audit committee.	Management Response	Qs1,2,3&4
Management Tasks			Quality, preparation, reporting and presentation.		

DRAFT

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External Audit plan for the year ended 31 March 2026 **Executive summary**

Materiality (page 3)

Materiality for the financial statements as whole is set at £1.44m for the Group which is 2.8% of forecasted group expenditure. This is set at £1.4m for the Council which is 2.7% of forecast expenditure.

We design audit procedures to detect individual errors to performance materiality. This is set at £1.08m for the Group, £1.05m for the Council.

We report all misstatements to the Audit and Governance above our audit misstatement posting threshold which is set at £72k for the Group, and £70k for the Council.

Significant Risks (page 5)

We have identified three significant risks:

1. Valuation of land and buildings (other land and buildings valued using DRC model):

The Code of Practice on Local Authority Accounting in the UK 2025/26 ('the Code') has introduced changes to asset revaluation.

The Code requires revaluations for each class of relevant land and buildings are undertaken using one of the following:

- A quinquennial revaluation, supplemented by annual indexation in intervening years.
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the intervening four years.

The Council undertook a full revaluation of 'Other Land and Buildings' as at 31 March 2025. For the year-ended 31 March 2026, management is planning to implement a five-year rolling basis valuation (valuing approx. 20% of the assets in 2025/26) and indexing the remainder. The assets to be valued will be selected by management, however, the valuations and indexation will be undertaken by the internal valuer.

As at 31 March 2025, the value of the Council's 'Other Land and Buildings' was £35.12m, of which £30.18m were valued using the DRC model, which is where we are focussing our significant risk. We anticipate at least £7m of these assets to be revalued as part of the 2025/26 cycle. Due to the level of estimation uncertainty associated with the obsolescence and external fee assumption used by the valuer,

this creates a significant risk of error that the year-end carrying value of these assets differs materially from their fair value.

As this is the first year of the change, there is a significant risk assets may be misstated due to the estimation uncertainty resulting from the selection of inappropriate indices also.

2. Management override of control:

No change in this significant risk from the prior year. Professional standards require us to communicate the fraud risk from management override of controls as significant. We have not identified any specific additional risks of management override relating to this audit.

3. Valuation of post retirement benefit obligations:

No change in this significant risk from the prior year. 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.

Value for money risk assessment (page 17)

We have not identified any significant risks that there are not appropriate arrangements in place as part of the procedures we have undertaken. We have provided a summary of the procedures performed and our key findings from these on pages 18 to 27.

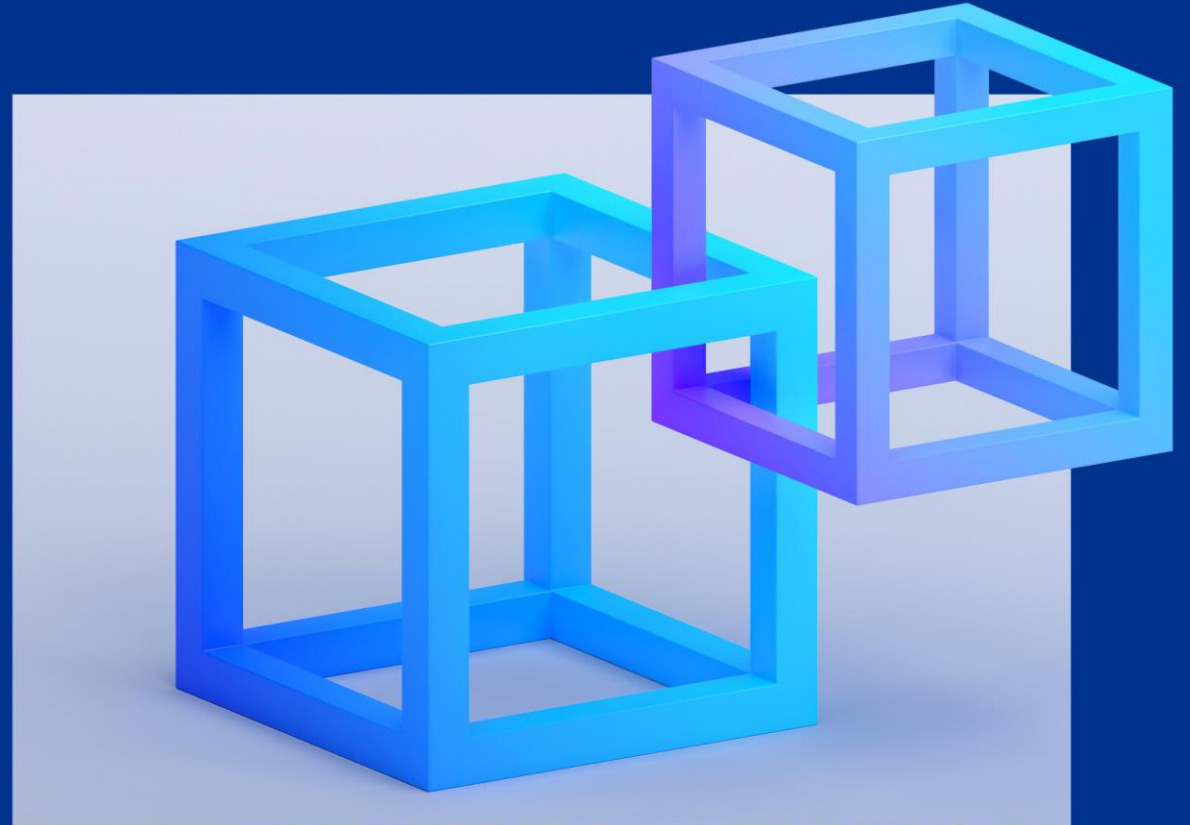


Boston Borough Council

Report to the Audit and Governance Committee

External audit plan and strategy for the year ending 31
March 2026

30 March 2026



Introduction

To the Audit & Governance Committee of Boston Borough Council

We are pleased to have the opportunity to meet with you on 21 April 2026 to discuss our audit of the consolidated financial statements of Boston Borough Council, as at and for the year ending 31 March 2026.

This report provides the Audit & Governance Committee with an opportunity to review our planned audit approach and scope for the 2025/26 audit. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and is carried out in compliance with the NAO's 2024 Code of Audit Practice, auditing standards and other professional requirements.

This report outlines our risk assessment and planned audit approach.

We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

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The engagement team

James Boyle, ACA, is the Engagement Director on the audit. He has over 15 years' of audit experience.

James shall lead the engagement and is responsible for the audit opinion.

Other key members of the engagement team include Rosie Kelly (Engagement Manager), Carter Burnell and Joe Bugg (Assistant Managers) with 10 years' and 3 years' of experience respectively.

Yours sincerely,



James Boyle

30 March 2026

Restrictions on distribution

This report is intended solely for the information of those charged with governance of Boston Borough Council and the report is provided on the basis that it should not be distributed to other parties; 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.

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:

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

We depend on well-planned timing of our audit work to avoid compromising the quality of the audit. This is also heavily dependent on receiving information from management and those charged with governance in a timely manner.

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, 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 raise your complaint as per the following process [Complaints](#).



Overview of planned scope including materiality

Our materiality levels

We determined materiality for the consolidated financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We used a benchmark of forecast expenditure which we consider to be appropriate given the sector in which the entity operates, its ownership and financing structure, and the focus of users.

We considered qualitative factors such as the business environment and lack of shareholders when determining materiality for the financial statements as a whole.

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality, £1.05m for the Council and £1.08m for the Group (75% of materiality), driven by our expectations of a normal level of undetected or uncorrected misstatements in the period. We would also adjust this level further downwards for items that may be of specific interest to users for qualitative reasons

We will report misstatements to the Audit & Governance committee including:

- Corrected and uncorrected audit misstatements above £70k for the Council and £72k for the Group.
- Errors and omissions in disclosure (corrected and uncorrected) and the effect that they, individually and in aggregate, may have on our opinion.
- Other misstatements we include due to the nature of the item.

Control environment

The impact of the control environment on our audit is reflected in our planned audit procedures.

Group and Parent Materiality

	Group*	Parent (Council)
Materiality for the financial statements as a whole	£1.44m (2.79% of forecast group expenditure) (2024/25: £1.21m 2.37% of actual group expenditure)	£1.4m (2.72% of forecast expenditure) 2024/25: £1.2m 2.35% of actual expenditure)
Procedure designed to detect individual errors at this level	£1.08m (2024/25: £907k)	£1.05m (2024/25: £900k)
Misstatements reported to the Audit and Governance Committee	£72k (2024/25: £60.5k)	£70k (2024/25: £60k)

**To date, we have calculated planned materiality for the Group financial statements based on the forecasted parent expenditure for 2025-26 plus actual figures for other components as at 2024-25. This is because the entity does not currently produce a consolidated forecast position for the year-ended 31 March 2026.*

Overview of planned scope including materiality (cont.)

Timing of our audit and communications

We will maintain communication led by the Engagement Director and Manager throughout the audit. We set out below the form, timing and general content of our planned communications:

- We formally debriefed with management in December 2025 to reflect on the 2024/25 audit, and agree audit timings for the 2025/26 audit cycle;
- We had a formal kick-off meeting with management in January 2026 where we discussed the indicative nature, scope and timing of our audit procedures;
- We have presented our audit plan and strategy including our value for money risk assessment commentary to the Audit and Governance Committee in April 2026;
- Status meetings with management throughout the year where we communicate progress on the audit, any misstatements, control deficiencies and significant issues.

Using the work of others and areas requiring specialised skill

We outline below where, in our planned audit response to audit risks, we expect to use the work of others such as Internal Audit or require specialised skill/knowledge to perform planned audit procedures and evaluate results.

Others	Extent of planned involvement or use of work
Internal Audit	<p>We will review the work of Internal Audit as part of our risk assessment procedures but will not place reliance on their work.</p> <p>We meet with Internal Audit colleagues annually to complete our mandatory inquiries.</p>
KPMG Pensions Centre of Excellence	<p>We plan to use our KPMG Pensions Centre of Excellence to assist us in considering the appropriateness of the key assumptions used in deriving the pension asset and liability balances reported in the financial statements.</p>

Significant risks, higher assessed risks and other audit risks

Our risk assessment draws upon our understanding of the applicable financial reporting framework, 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 Internal Audit reports.

Our planning and risk assessment procedures are iterative. Therefore, where any changes are identified that impact on our assessment of the significant risks at the entity, we will amend our audit approach accordingly and communicate this to the Audit and Governance Committee.

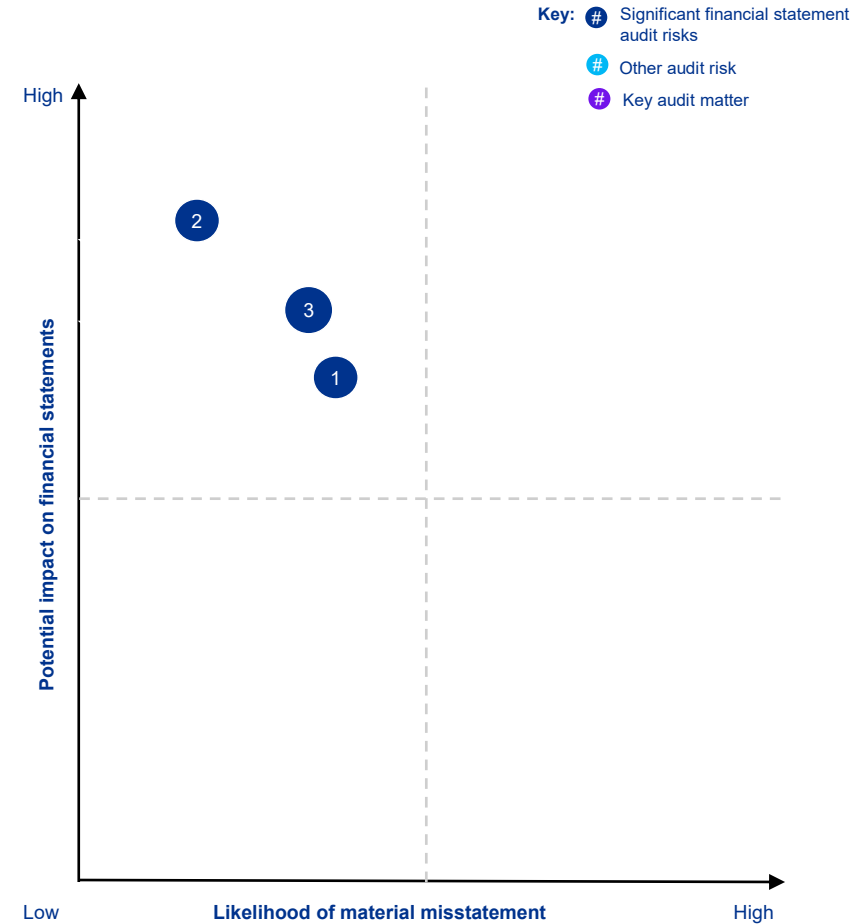
Value for money

We are required to provide commentary on the arrangements in place for ensuring value for money is achieved at the Council and report on this via our Auditor's Annual Report. This will be published on the Council's website and will include a commentary on our view of the appropriateness of the Council's arrangements against each of the three specified domains of Value for Money: financial sustainability; governance; and improving economy, efficiency and effectiveness.

We have outlined the result of our risk assessment procedures on page 17.

Significant risks


1. Valuation of land and buildings (other land and buildings valued using DRC model)
2. Management override of Controls
3. Valuation of post retirement benefit obligation



Audit risks and our audit approach

1 Valuation of land and buildings ('Other Land and Buildings' valued using the DRC model)

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

Change vs prior year 



Significant audit risk

The Code of Practice on Local Authority Accounting in the UK 2025/26 ('the Code') has introduced changes to asset revaluation. The Code requires revaluations for each class of relevant land and buildings are undertaken using one of the following:

- A quinquennial revaluation, supplemented by annual indexation in intervening years.
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the intervening four years.

The Council undertook a full revaluation of 'Other Land and Buildings' as at 31 March 2025. For the year-ended 31 March 2026, management is planning to implement a five-year rolling basis valuation (valuing approx. 20% of the assets in 2025/26) and indexing the remainder. The assets to be valued will be selected by management, however, the valuations and indexation will be undertaken by the internal valuer.

As at 31 March 2025, the value of the Council's 'Other Land and Buildings' was £35.12m, of which £30.18m were valued using the DRC model, which is where we are focussing our significant risk. We anticipate at least £7m of these assets to be revalued as part of the 2025/26 cycle. Due to the level of estimation uncertainty associated with the obsolescence and external fee assumption used by the valuer, this creates a significant risk of error that the year-end carrying value of these assets differs materially from their fair value.

As this is the first year of the change, there is a significant risk assets may be misstated due to the estimation uncertainty resulting from the selection of inappropriate indices also.



Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the valuation:

- We will critically assess the independence, objectivity and expertise of the internal valuer used in developing the valuation of the Council's relevant 'Other Land and Buildings' as at 31 March 2026;
- We will inspect the instructions issued to the valuers for the valuation of relevant 'Other Land and Buildings' to verify that they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code;
- We will evaluate the design and implementation of controls in place for management to review the valuation, and the appropriateness of relevant assumptions used;
- We will challenge the appropriateness of the valuation of relevant 'Other Land and Buildings', including any material movements from the previous revaluations;
- We will challenge the appropriateness of key significant assumptions used within the valuation; and
- Disclosures: We will consider 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.)

2

Management override of controls(a)

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

Change vs prior year



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

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



Planned response

- Our audit methodology incorporates the risk of management override as a default significant risk.
- Assess accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluate the selection and application of accounting policies.
- In line with our methodology, evaluate the design and implementation of controls over journal entries and post-closing adjustments.
- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assess 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 will analyse all journals through the year and focus our testing on those with a higher risk, as defined by our high-risk criteria.

Audit risks and our audit approach (cont.)

3

Valuation of post retirement benefit obligations

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

Change vs prior year



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 actuary will take account of the results of the new triennial valuation as at 31 March 2025 for accounting as at 31 March 2026. This means re-basing their estimate models to allow for actual experience since 2022, which could result in corrections to the defined benefit obligation and asset valuations this year. It also updates the contributions payable, which could have an impact on the assessment of the asset ceiling applying to 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 membership: Local Government Pension Scheme



Planned response

We will perform the following procedures:

- Understand the processes the Councils] have in place to set the assumptions used in the valuation;
- Evaluate the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Perform inquiries of the actuaries to assess the key assumptions made;
- Evaluate 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;
- Challenge, 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;
- Consider the adequacy of the Council's disclosures in light of the updated information and change of contributions following the completion of the funding valuation, and assess the sensitivity of the deficit or surplus to the assumptions made;
- Where applicable, assess the level of surplus that should be recognised by the entity;

Audit risks and our audit approach

Expenditure – rebuttal of Significant Risk

Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered.

Having considered the risk factors relevant to the Council and the nature of expenditure within the Council, we have determined that a significant risk relating to expenditure recognition is not required.

Specifically, despite the Council submitting a balanced budget ahead of the financial year, in the Quarter Two Finance Report (six months ended September 2025), the forecasted deficit is £571k

Given the Council is forecasting a small deficit, we do not consider this to be indicative of a position that would provide an incentive to manipulate expenditure recognition, and the nature of expenditure has not identified any specific opportunities and/or risk factors to facilitate the manipulation of expenditure recognised.

Audit risks and our audit approach

Revenue – Rebuttal of Significant Risk

Professional standards require us to presume, unless rebutted, that the fraud risk from revenue recognition is a significant risk. Due to the nature of the revenue within the sector, we have rebutted this significant risk. We have set out the rationale for the rebuttal of key types of income in the table below.

Description of Income	Nature of Income	Rationale for Rebuttal
Council tax	This is the income received from local residents paid in accordance with an annual bill based on the banding of the property concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of properties in the area and the fixed price that is approved annually based on a band D property. It is highly unlikely for this balance to be subject to fraudulent financial manipulation.
Business rates	Revenue received from local businesses paid in accordance with an annual demand based on the rateable value of the business concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of businesses in the area and the fixed amount that is approved annually. It is highly unlikely for this balance to be subject to fraudulent financial manipulation.
Fees and charges	Revenue recognised from receipt of fixed fee services, in line with the fees and charges schedules agreed and approved annually.	The income stream represents high volume, low value sales, with simple recognition. Fees and charges values are agreed annually. We do not deem there to be any incentive or opportunity to manipulate the income.
Grant income	Predictable income receipted primarily from central government, including for housing benefits.	Grant income at a local authority typically involves a small number of high value items and an immaterial residual population. These high value items frequently have simple recognition criteria and can be traced easily to third party documentation, most often from central government source data. There is limited incentive or opportunity to manipulate these figures.
Other Income	This income is made up of various high volume but low value income streams including car parking income, rental income, green waste collection income, planning income etc.	From our initial analysis based on the transaction listing up to month 8 (30/11/2025), most of this income is supported by sales invoice and cash receipt. These streams have simple recognition criteria and can be traced easily to cash receipt. Due to the individual transactions being high volume and low value, we anticipate that it is highly unlikely for there to be a significant fraud risk in the population due to the lack of opportunity to manipulate the income.

Group involvement – Nature of our planned involvement in the work of component auditors

The table below provides an overview of those components that are most significant to the group and the nature of our planned direction, supervision and review of the work of component auditors.

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. The procedures we will perform for the Council are sufficient to provide assurance at the Group level. We will ensure appropriate evidence is obtained. We will revisit our Group risk assessment when we receive draft consolidated financial statements for 2025-26, and individual draft financial statements for the components.

Component	Individually financially significant	Significant due to risks	Other	Significant matters to be discussed with component auditors
Council	✓			Not applicable. We are the auditors of the Group, and the Council’s financial statements
Public Sector Partnerships (PSPS)			✓	Our risk assessment procedures confirmed the associate is not significant to the Group financially and/or due to risk. The Council reported total interests in PSPS Ltd in 2024/25 of £240k. We do not anticipate a significant increase in 2025/26. Therefore, this is expected to be below our threshold for Group materiality. This component is not scoped in for the Group audit, and, as a result, we will not contact the component auditors.

Mandatory communications - additional reporting

Going concern






We will assess the risk relating to management’s judgement on the use (or otherwise) of the going concern basis and the adequacy of related disclosures, including any possible material uncertainty. Under NAO guidance, including Practice Note 10 - A local authority’s financial statements shall be prepared on a going concern basis; this is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganization) do not negate the presumption of going concern. However, financial sustainability is a core area of focus for our Value for Money responsibilities.

Additional reporting

Your audit is undertaken to comply with the Local Audit and Accountability Act 2014 which gives the NAO the responsibility to prepare an Audit Code (the Code), which places responsibilities in addition to those derived from audit standards on us. We also have responsibilities which come specifically from acting as a component auditor to the NAO. In considering these matters at the planning stage we indicate whether:

 Work is completed throughout our audit and we can confirm the matters are progressing satisfactorily	 We have identified issues that we may need to report	 Work is completed at a later stage of our audit so we have nothing to report
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We have summarised the status of all these various requirements at the time of planning our audit below and will update you as our work progresses:

Type	Status	Response
Our declaration of independence		No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.
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 to date.
Provide a statement to the NAO on your consolidation schedule		This “Whole of Government Accounts” requirement is fulfilled when we complete any work required of us by the NAO.
Provide a summary of risks of significant weakness in arrangements to provide value for money		We are required to report significant weaknesses in arrangements. Work to be completed at a later stage.
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.

Mandatory communications

Type	Statements
Management’s responsibilities (and, where appropriate, those charged with governance)	<p>Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error.</p> <p>Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.</p>
Auditor’s responsibilities	<p>Our responsibilities set out through the NAO Code (communicated to you by the PSAA) can be also found on their website, which include our responsibilities to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
Auditor’s responsibilities – Fraud	<p>This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.</p>
Auditor’s responsibilities – Other information	<p>Our responsibilities are communicated to you by the PSAA and can also be found on their website, which communicates our responsibilities with respect to other information in documents containing audited financial statements. We will report to you on material inconsistencies and misstatements in other information.</p>
Independence	<p>Our independence confirmation at page 32 discloses matters relating to our independence and objectivity including any relationships that may bear on the firm’s independence and the integrity and objectivity of the audit engagement director and audit staff.</p>

Boston Borough Council

Value for money risk assessment

Our approach

Year ended 31 March 2026

30 March 2026

Value for money

Our value for money reporting requirements have been designed to follow the guidance in the Audit Code of Practice.

Our responsibility is to conclude on significant weaknesses in value for money arrangements.

The main output is a narrative on each of the three domains, summarising the work performed, any significant weaknesses and any recommendations for improvement.

We have set out the key methodology and reporting requirements on this slide and provided an overview of the process and reporting on the following page.

Risk assessment processes

Our responsibility is to assess whether there are any significant weaknesses in the Council's arrangements to secure value for money. Our risk assessment will consider whether there are any significant risks that the Council does not have appropriate arrangements in place.

In undertaking our risk assessment, we will be required to obtain an understanding of the key processes the Council has in place to ensure this, including financial management, risk management and partnership working arrangements. We will complete this through review of the Council's documentation in these areas and performing inquiries of management as well as reviewing reports, such as internal audit assessments.

Reporting

Our approach to value for money reporting aligns to the NAO guidance and includes:

- A summary of our commentary on the arrangements in place against each of the three value for money criteria, setting out our view of the arrangements in place compared to industry standards;
- A summary of any further work undertaken against identified significant risks and the findings from this work; and
- Recommendations raised as a result of any significant weaknesses identified and follow up of previous recommendations.

The Council will be required to publish the commentary on its website at the same time as publishing its annual report online.

Financial sustainability

How the body manages its resources to ensure it can continue to deliver its services.

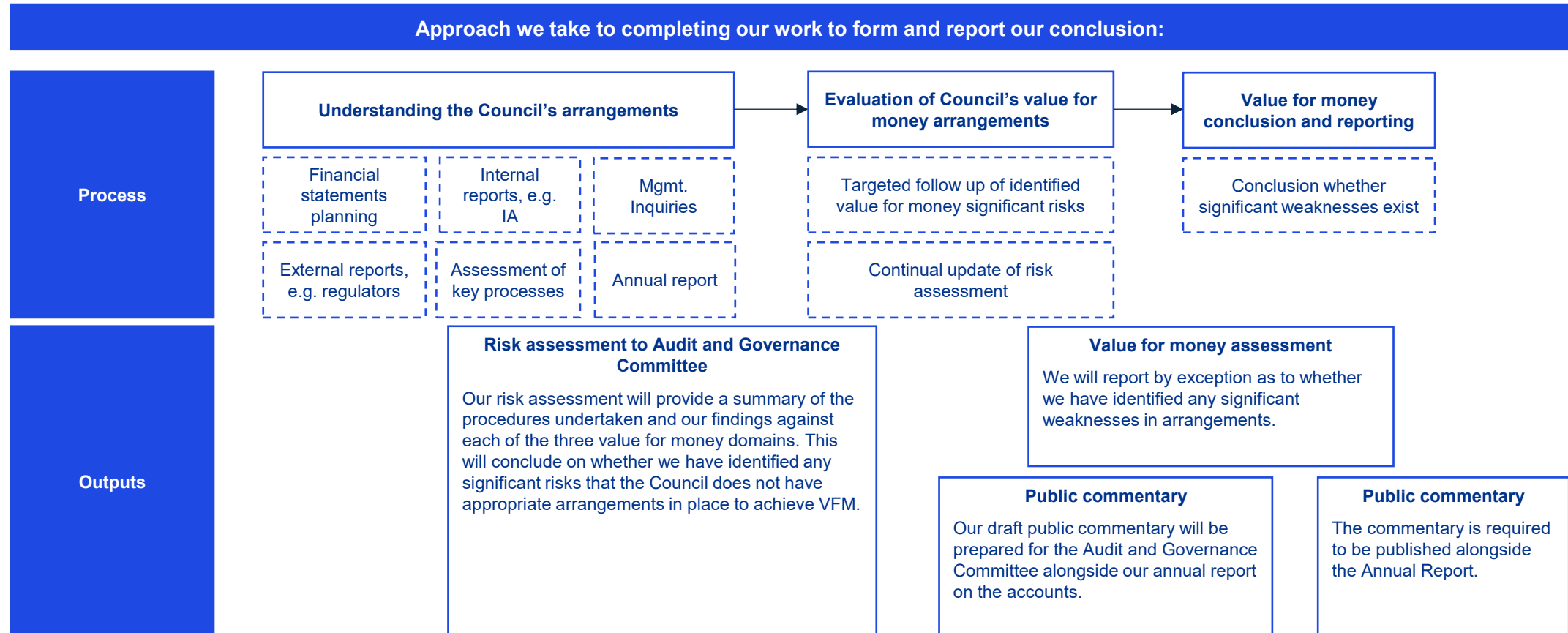
Governance

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

Improving economy, efficiency and effectiveness

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

Value for money



Summary of risk assessment

Summary of risk assessment

As set out in our methodology, we have evaluated the design of controls in place for a number of the Council's systems, reviewed reports from external organisations and Internal Audit and performed inquiries of management. These procedures are consistent with prior year.

Based on these procedures the table below summarises our assessment of whether there is a significant risk that appropriate arrangements are not in place to achieve value for money at the Council for each of the relevant domains:

Domain	Significant risk identified?
Financial sustainability	No significant risks identified
Governance	No significant risks identified
Improving economy, efficiency and effectiveness	No significant risks identified

We have not identified any significant risks that there are not appropriate arrangements in place as part of the procedures we have undertaken. We have provided a summary of the procedures performed and our key findings from these on pages 18 to 27.

We have not raised any recommendations as a result of our risk assessment.

We have not raised any performance improvement observations as a result of our risk assessment.

Value for money arrangements

Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2025/26 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2025/26 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2025/26 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Summary of risk assessment

Setting the 2025/26 financial plan

- The Council has a budget for 2025/26 that was approved by the Council on 3 March 2025.
- The budget setting report for 2025/26 comprises a five-year financial strategy. Budget assumptions are clearly outlined within the budget setting report. These assumptions are subject to challenge at the Audit and Governance Committee and Cabinet before they are presented to Council for final approval. Through our review, nothing has come to our attention which would suggest that the assumptions used were not reasonable and appropriate.
- For 2025/26, the Council has budgeted gross expenditure of £50.8m. The budget sets out how this is planned to be funded, of which £49.4 is planned through various activities such as fees, charges and other income (£36.4m), Council Tax (£5.8m), business rates (£5m), grant income (£2.2m). This leaves a budget gap of £1.4m which is an efficiency target that must be found by the Council to deliver a balanced budget at the end of the year.
- The Internal Drainage Board (IDB) levy continues to be a cost pressure for the Council, with a budgeted cost of £2.9m in 2025/26 (an increase of 3.6% from 2024/25). The Council is liaising with the local Internal Drainage Boards to work towards limiting future increases where possible. To show the additional financial pressure on the Council, the Council splits their efficiency requirement between the IDB Funding Requirement of £0.9m and the Annual Budget Efficiency requirement of £0.5m. Therefore, of the total efficiency requirement noted for 2025/26 in the bullet point above, the IDB pressure makes up 64%.

Developing the 2025/26 efficiency plan

- The efficiency requirement is identified as part of the budget setting process. For 2025/26, this is £1.4m (£0.9m relating to the IDB Funding Requirement and £0.5m relating to the Annual Budget Efficiency requirement).
- In our audit completion reports for the 2023/24 financial year, we reported that 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. On conclusion of the audit for the prior year, we followed-up on this performance improvement observation in October 2025 and confirmed this had not been implemented.

Value for money arrangements

Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2025/26 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2025/26 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2025/26 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

- We have observed through attendance at the October 2025 Audit and Governance Committee, the Council had an Internal Audit review scheduled to review the processes and controls in place regarding the 'Identification and Monitoring of Savings'. However, the Internal Auditors found that there were insufficient processes in place to review and as such, were unable to establish sufficient first or second-line controls to test.
- We have reviewed the quarterly finance reports presented to Cabinet during the year and found that although there is a table for a total amount of efficiencies that have been found against the total requirement, this is at a high level.
- Therefore, based on the findings above, we have concluded that this performance improvement recommendation remains as there is not a formal programme in place to effectively identify, RAG (Red / Amber / Green) rate and/or monitor efficiencies. Not having a formal efficiency programme in place will hinder the Council's ability to effectively make savings, which is of increasing importance as the Council is facing increasing pressure from the IDB levy each year.
- At quarter three, the Council is forecasting a deficit of £457k. As the forecasted deficit is not material to the Group, the issues identified above do not give rise to a significant risk of significant weakness relating to financial sustainability for the year ended 31 March 2026. However, we note this could have an adverse impact on the Council in future years, particularly if recurrent savings are not being effectively identified year-on-year.

Consistency between the financial plan for 2025/26 and workforce and operational plans

- The budget setting report is presented to the Cabinet and the Full Council alongside other key strategies for the entity such as the: Capital Strategy, Treasury Management Policy Statement, Treasury Management Strategy, Minimum Revenue Policy (MRP) and Annual Investment Strategy, Medium Term Financial Plan (5 years) and the Annual Delivery Plan.
- 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 was budgeted to be £33.3m. This will be largely funded through external grants. The capital programme was presented to the 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.

Value for money arrangements

Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2025/26 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2025/26 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2025/26 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

- 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.

Assessing and managing financial sustainability risks

- The Council has a Risk Management Framework in place. The Framework has a review period of every 4 years. This was last approved by the Council in January 2024, so 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 with economic and funding uncertainty. In the quarter three risk report, the Council's strategic risk of "Budget", has a risk score of 16 (High). The risk is at the target risk score which means the Council is 'tolerating' the risk.
- As part of the budget setting process, management includes a section for risk and sensitivity which outlines the key risks to the budget and how they will be treated through risk management practices.
- The governance arrangements relating to risk management are detailed on page 22.

Performance for the year-to-date against the financial plan

- The quarter three finance report was presented to the Cabinet on 26 March 2026. The revenue forecast shows a deficit position of £457k for 2025/26. Of the £1.4m efficiency target set in the 2025/26 budget, at quarter three, £778k has been identified. £654k of the efficiencies achieved (84%) relates to additional central Government funding received to support the IDB levies pressure. The other £124k has been generated through savings within service areas. Therefore, there is still £651k to be identified and delivered by the year-end.
- As at 31 December 2025, the Council's specific reserves forecast outturn position is £14.89m for 2025/26. This is a planned decrease of £932k to cover revenue and capital expenditure. The General Fund Reserve is expected to main stable at £2m for the year ended 31 March 2026, with no planned use of the Reserve expected in year.
- Therefore, we have not identified significant planned use of reserves, or use of the General Fund Reserve to achieve a balanced budget for the year. Therefore, there is no indication of significant risk over financial sustainability for the Council.

Value for money arrangements

Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2025/26 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2025/26 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2025/26 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

- Performance against the capital programme is reported as part of the quarterly finance reports. The capital programme approved by the Council on 3 March was £33.3m. The revised capital budget as of 31 December 2025 is £37.4m, derived from the combination of the 2025/26 approved budget, new in-year approved spend, slippage into future years and decommitted spend. As at 31 December 2025, forecasted capital spend for the year is £23.6m, which will result in a total underspend of £13.6m.

Risk assessment conclusion

We have not identified a significant risk in the Council's arrangements for financial sustainability.

Value for money arrangements

Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2025/26 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.
- How the Council is preparing for Local Government reorganisation

Summary of risk assessment

Identification, monitoring and management of risk

- The Council has a Risk Management Framework in place. This includes well-documented processes 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 also include partnership risks and fraud risks.
- The Council received an adequate assurance rating on a 'Risk Register' review undertaken by Internal Audit during the year. The review identified that strengthening documentation, formalising risk appetite, and improving strategic alignment and oversight would enhance risk management effectiveness.
- Through our attendance at Audit and Governance Committee we are satisfied that there is appropriate oversight and scrutiny of the risk scores and risks

Controls in place to prevent and detect fraud

- The Council has refreshed the Counter Fraud, Corruption and Bribery Policy. This was presented to the November 2025 Audit and Governance Committee.
- The Council has refreshed their Whistleblowing Policy during the year, and this is aligned across the South-East Lincolnshire Councils Partnership.

Related Parties

Our inquiries with management identified that the maintenance of the Register of Interests occurs annually as part of the year-end financial reporting process. We will perform a walkthrough of this process as part of the year-end audit process in July 2026.

Value for money arrangements

Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2025/26 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.
- How the Council is preparing for Local Government reorganisation

Internal audit

- The Council engages Lincolnshire County Council as their Internal Auditors. They are independent to the Council and provide assurance over the Council's internal controls, including core financial controls. The Head of Internal Audit (HoIA) opinion 2024-25 was 'Adequate'.
- 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 on emerging risks. We have obtained the three reports up to the end of quarter three and have not identified any additional fraud risk to the Council, or specific matters that would require audit attention.
- In the January 2026 Internal Audit progress report, it stated that the Council has received one substantial, and six adequate assurance ratings. One review relating to the 'Identification and Monitoring of Savings' was unable to be completed because there was insufficient controls to test, which we have considered on page 19. There have been no 'Limited Assurance' reports issued during the year to date.

Review and approval of the 2025/26 financial plan

- See page 18 for the detail on the setting and approving the 2025/26 financial plan. We have confirmed that this has had sufficient scrutiny throughout the governance structure ahead of the financial year.

Monitoring compliance with laws and regulations

- The Council has a legal service which 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. We have confirmed through management inquiry there have not been any breaches of legislation or regulatory standards during the year that has led to an investigation by any legal or regulatory body. We have not identified any contradictory evidence through other channels such as a media review and minute review for the entity.
- 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 pro-forma is used consistently as part of our minute review of the Audit and Governance Committee, Cabinet and Council.

Value for money arrangements

Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2025/26 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.
- How the Council is preparing for Local Government reorganisation

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. This was refreshed part-way through the year.
- The Council's Gifts and Hospitality Policy for members is included within the Constitution. The Council's Gifts and Hospitality Policy for employees is included within the Employee Code of Conduct.

Ensuring decisions receive appropriate scrutiny

- 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 2025/26 financial year up to 31 January 2026. For a sample of key decisions, we will assess whether the key decisions achieved appropriate scrutiny and that the Council's approval process was appropriately followed.

Value for money arrangements

Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2025/26 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.
- How the Council is preparing for Local Government reorganisation

Preparation for 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.
- Greater Lincolnshire is one of several areas in England that is invited by the Minister for Local Government to submit a proposal for Local Government Re-organisation. Working together, East Lindsey and South Holland Councils developed an interim proposal that was submitted to Government for the March 2025 deadline. In July 2025, Boston confirmed its support for the East Lindsey and South Holland proposal. Boston, East Lindsey and South Holland Councils have been working with a team of expert advisors to prepare their proposal to Government – A Greater Lincolnshire for All.
- On 26 November 2025, Boston's Cabinet approved the proposal for Local Government Re-organisation to be approved, for submission to Government. This plan was submitted on 28 November 2025. This is called 'A Greater Lincolnshire for All' and is a joint proposal from Boston Borough Council, East Lindsey Council and South Holland Council. This is available to view on the Council's website.
- In 2021, Boston Borough Council came together with South Holland District Council and East Lindsey District Council to form the South East Lincolnshire Councils Partnership (SELCP). The proposal approved by the Council includes reference to the efficiencies and cost savings that have been generated since the Partnership came together on larger scale across Lincolnshire.
- The Council have identified a strategic risk on their risk register for Local Government Reform in Greater Lincolnshire. At quarter three, this is currently rated as a high risk, which is currently being tolerated by the Council. This is included within the quarterly risk reports monitored within the Governance structure.

Risk assessment conclusion

We have not identified a significant risk in the Council's arrangements for governance.

Value for money arrangements

Improving economy, efficiency and effectiveness

In assessing whether there was a significant risk relating to improving economy, efficiency and effectiveness we reviewed:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Council has engaged with partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

Summary of risk assessment

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 will sample a list of service reviews that have been planned for 2025/26. For a sample of service reviews that were completed in 2024/25, we will check whether actions identified from the reviews are being implemented.

Development of efficiency plans and how implementation is monitored

- Detail on the Council's efficiency plans and how these are monitored are detailed on page 19.

Performance of services

- 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 each quarter and includes KPIs with commentary to support performance and ratings 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. Most notably, the Councils are working together to produce service reviews on different areas to focus on streamlining the processes across the three Councils. The aim is to achieve recurring, long-term efficiency gains and create a platform to meet future demands and opportunities within the service areas.

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.

Value for money arrangements

Improving economy, efficiency and effectiveness

In assessing whether there was a significant risk relating to improving economy, efficiency and effectiveness we reviewed:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Council has engaged with partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

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. 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. We confirmed there was an SLA in place for 2024/25. However, for 2025/26, an updated SLA was not agreed between PSPS and the Council, mainly due to the turnover of the s151 officer during the year. Management confirmed the 2024/25 SLA remained in place and an updated version was being agreed for 2026/27. Therefore, we do not consider this to constitute a significant risk of weakness in arrangements.
- Within the Internal Audit plan for 2025/26, there is a review planned for PSPS contract management, with potential scope to consider that agreed services are delivered and performance managed. As at January 2026, this review had not yet been completed. We will review the report once it is finalised. However, this provides assurance management are consistently reviewing the performance of their finance function.

Risk assessment conclusion

We have not identified a significant risk in the Council's arrangements for economy, efficiency and effectiveness.

Appendix

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Appendix A Audit team and rotation

Your audit team has been drawn from our specialist local government audit department and is led by key members of staff who will be supported by auditors and specialists as necessary to complete our work. We also ensure that we consider rotation of your audit director and firm.



James Boyle is the director responsible for our audit. He will lead our audit work, attend the Audit and Governance Committee and be responsible for the opinions that we issue.



Rosie Kelly is the manager responsible for our audit. She will co-ordinate our audit work, attend the Audit and Governance Committee and ensure we are co-ordinated across our accounts and Value for Money work.



Carter Burnell and Joe Bugg are the in-charge's responsible for our audit. They will be responsible for our on-site fieldwork. They will complete work on more complex sections of the audit.



To comply with professional standard we need to ensure that you appropriately rotate your external audit partner. There are no other members of your team which we will need to consider this requirement for:



This will be James' third year as your engagement lead. They are required to rotate every five years, extendable to seven with PSAA approval.

Audit cycle & timetable

Our schedule 2025-2026

Key:

■ Timing of AC communications

■ Key events

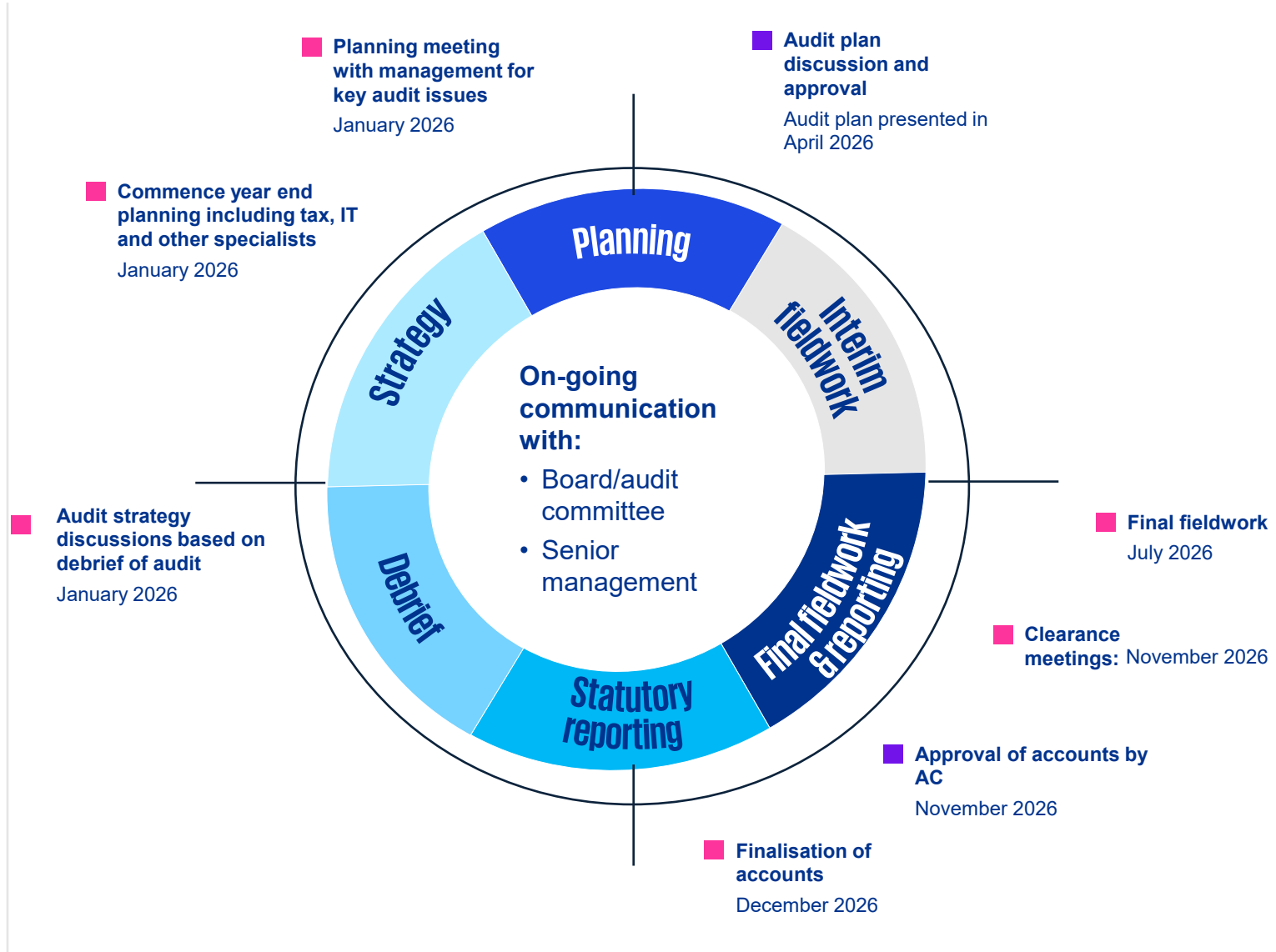
We have worked with management to generate our understanding of the processes and controls in place at the Council in its preparation of the Statement of Accounts.

The Government has set a statutory backstop date for the 2025-26 audit of 31 January 2027. This is the deadline for the Council to publish audited financial statements, and the audit opinion.

We have agreed with management an audit cycle and timetable that reflects our aim to sign our audit report by December 2026.

This is our third year as auditor. We have held a formal debrief with management on the audit process, and improvements that can be made in 2025/26.

If this schedule changes, we will report this to the Audit and Governance Committee when we attend the relevant meetings.



Appendix C Fees

Audit fee

The audit fees for the year ended 31 March 2026 are set out below.

Entity	2025/26 (£'000)	2024/25 (£'000)
Scale fees as set by PSAA	157	153
Agreed PY fee variations approved by PSAA	-	-
Agreed PY fee variations with management but subject to PSAA approval	-	10.8
TOTAL	157	163.8

We note we are expecting fee variations for the following areas in 2025/26 and will advise of the level as work progresses:

- LGPS Triennial valuation (we will be in a position to provide an estimate once this has been considered further.

The fees assume no significant risks are identified as part of the Value for Money risk assessment.

Fee variations are subject to PSAA approval.

Billing arrangements

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

Basis of fee information

Our fees are subject to the following assumptions:

- The entity's audit evidence files are completed to an appropriate standard (we will liaise with you separately on this);
- Draft statutory accounts are presented to us for audit subject to audit and tax adjustments;
- Supporting schedules to figures in the accounts are supplied;
- The entity's audit evidence files are completed to an appropriate standard (we will liaise with management separately on this);
- A trial balance together with reconciled control accounts are presented to us;
- All deadlines agreed with us are met;
- We find no weaknesses in controls that cause us to significantly extend procedures beyond those planned;
- Management will be available to us as necessary throughout the audit process; and
- There will be no changes in deadlines or reporting requirements.
- There are no VFM significant risks

We will provide a list of schedules to be prepared by management stating the due dates together with pro-formas as necessary.

Our ability to deliver the services outlined to the agreed timetable and fee will depend on these schedules being available on the due dates in the agreed form and content.

Any variations to the above plan will be subject to the PSAA fee variation process.

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 Partner 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.

We are satisfied that our general procedures support our independence and objectivity.

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

Summary of non-audit services

We have considered the fees charged by us to the Authority for professional services provided by us during the reporting period.

Fee ratio

The maximum ratio of non-audit fees to audit fees for the year is anticipated to be 0.31:1. 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.

	2025-26
	£'000
Statutory audit	157
Other Assurance Services	33.6*
Total Fees	190.6

* Estimated costs based on 2024/25 actuals

Confirmation of Independence

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 2026 £'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	33.6*	<i>TBC – We are contracted to deliver these services for 2025/26 and 2026/27 however these fees have not yet been confirmed</i>

* Estimated costs based on 2024-25 actuals

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 0.3: 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.

	2025/26
	£'000
Scale fees	157
Other Assurance Services	33.6*
Total Fees	190.6

* Estimated costs based on 2024-25 actuals

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

Appendix E 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 partner 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 Committee, and accountability is reinforced through the complete chain of command in all our teams.

■ Commitment to continuous improvement

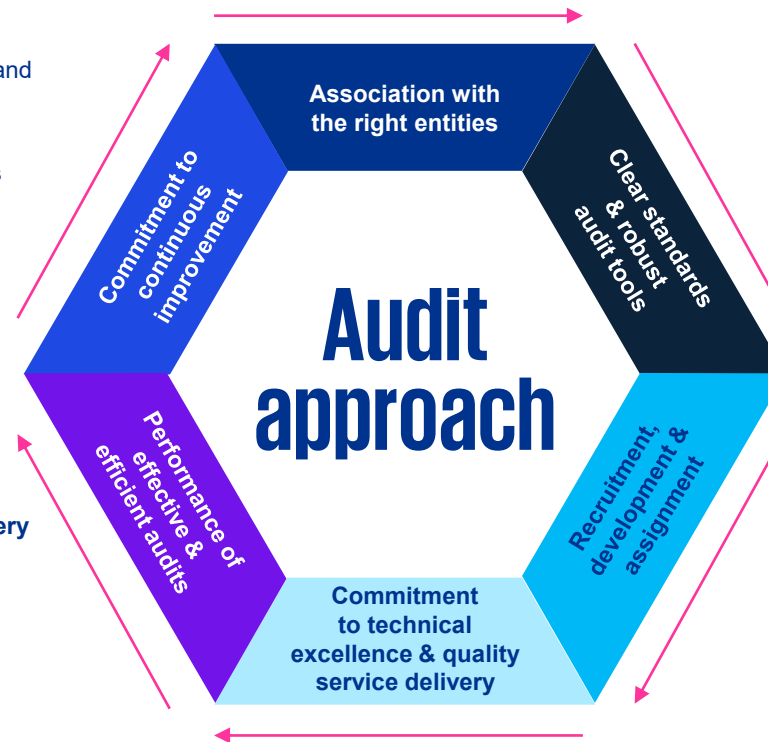
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

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

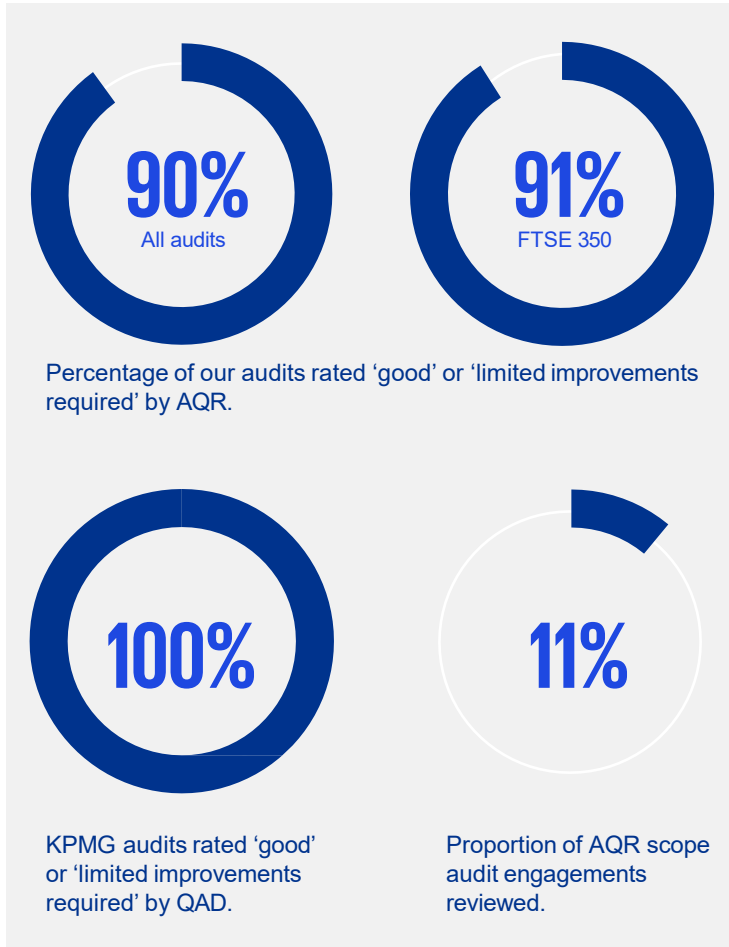
■ Clear standards & robust audit tools

- 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 and specialists

Appendix F 2025 AQR results



The FRC published reports on the findings of AQR and QAD 2023/24 inspection of KPMG and the other tier 1 firms (which largely covered years ending between August 2023 and March 2024) on 15 July 2025

Key findings	Our response	Good practice identified
Estimates "Improve the quality and consistency of the audit of estimates in the valuation of investments and provisions."	A targeted programme to support engagements which have estimates with certain characteristics has been initiated. Alongside this, we continue to invest in our training and culture programmes to reinforce the behaviours expected, including consistent application of a critical thinking mindset and the extent of evidence expected.	At an engagement level areas of good practices were identified including: <ul style="list-style-type: none"> • Risk assessment and planning including bribery & corruption, climate and provisions; • Audit of provisions; • Audit of impairment
Consolidation and other journals "Improve the quality of the audit of consolidation and other journals."	Enhanced guidance and continuation of a centrally led process designed to challenge the journals approach at an engagement level, together with additional targeted training are helping us to reduce the recurrence of findings in this area.	<ul style="list-style-type: none"> • Use of specialists; • Group audit oversight; and • Stand-back assessment. Good practices were identified in various areas at the firm level including identification of SOQM deficiencies, component auditors compliance with the ethical standards, the continued roll out of the Ethics Programme and the development and use of new technology.

The Audit Quality Review (AQR) team of the Financial Reporting Council (FRC) undertakes independent inspections of the overall quality of the audit work of those UK audit firms that audit listed and other major public interest entities. The AQR inspections involve a number of file reviews at each firm visited. The result of these file reviews are summarised into three main categories as follows:

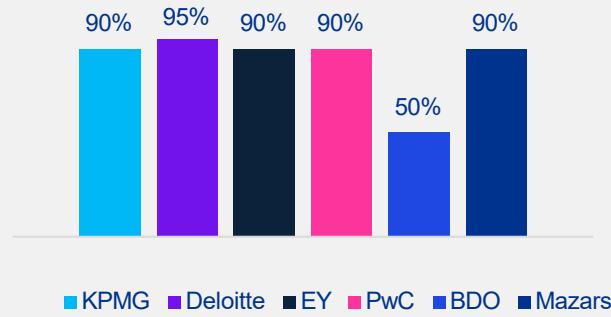
- Good or limited improvements required;
- Improvements required;
- Significant improvements required



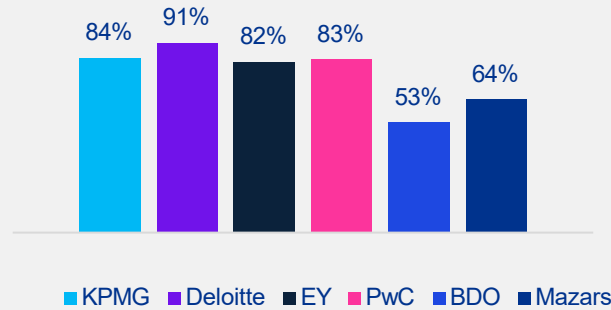
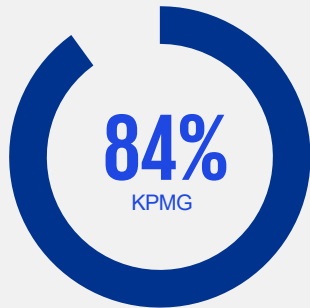
Appendix F 2025 AQR results (cont.)

Percentage of all audits reviewed graded Good/Limited improvements required.

2024/25



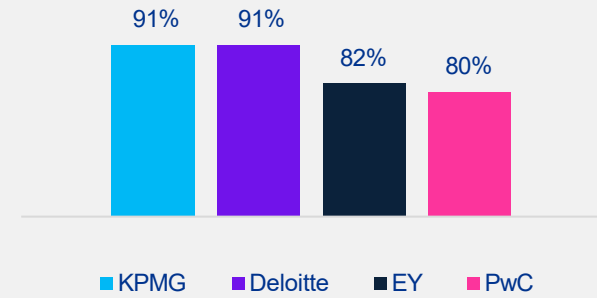
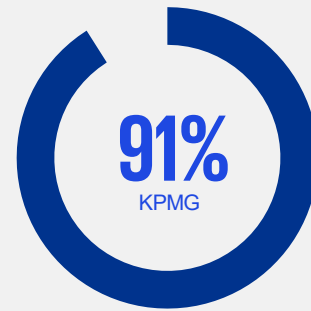
3-year average



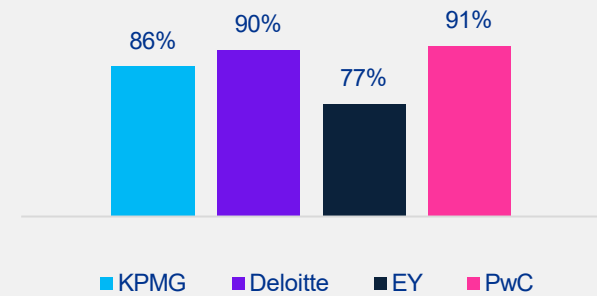
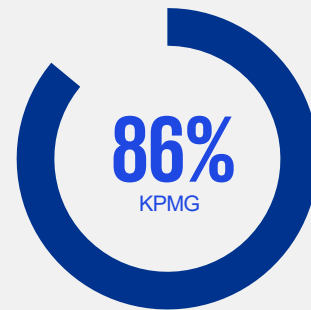
Percentage of all FTSE 350 audits reviewed graded Good/Limited improvements required.

Not disclosed for BDO and Mazars

2024/25



3-year average





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Report To:	Audit and Governance Committee
Date:	21 st April 2026
Subject:	Accounting Policies 2025/26
Purpose:	To review and agree the Accounting Policies for inclusion in the Financial Statements 2025/26
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 (PSPS Ltd)
Ward(s) Affected:	None
Exempt Report:	No

Summary

The Accounting Policies form Note 1 within the Financial Statements, and are the specific principles, bases, conventions, rules, and practices applied by an authority in preparing and presenting Financial Statements. Application of these Accounting Policies results in information that is relevant to the decision making needs of the users of the Financial Statements, and reliable in presenting a true and fair view of the financial position of the authority.

Recommendations

The Audit and Governance Committee consider and agree the Accounting Policies for 2025/26 at appendix 1.

Reasons for Recommendations

It is good practice for the Committee to consider and agree the Accounting Policies in advance of the production and approval of the draft accounts.

Other Options Considered

The Audit and Governance Committee review and make changes before agreeing the Accounting Policies for 2025/26 at appendix 1.

1. Background

- 1.1. Within the Financial Statements, the Council discloses the Accounting Policies it has applied to all material balances and transactions. Unless there are major changes to accounting rules and regulations, Accounting Policies do not change significantly between years, which enables the Financial Statements to be comparable from one year to the next.
- 1.2. This report presents the proposed Accounting Policies to be adopted for the 2025/26 financial year. The policies are prepared in line with CIPFA's Code of Practice on Local Authority Accounting 2025/26 (the Code).
- 1.3. It is good practice to consider and agree the Accounting Policies in advance of the production and approval of the draft accounts, so this report forms an annual review by the Audit and Governance Committee.

2. Report

- 2.1 There has been one substantial change within the Code of Practice in 2025/26, regarding the valuation of property, plant and equipment. Where assets are revalued, the Code no longer permits a full revaluation on an annual basis. The Council has therefore opted to undertake revaluations on a five year rolling programme, with annual indexation applied to assets during the four intervening years. The alternative option permitted is to revalue assets once every five years with annual indexation in the intervening years.
- 2.2 The updated Accounting Policy for property, plant and equipment is included within appendix 1, paragraph 18. All amendments are shown in red text for ease of identification.
- 2.3 We are currently awaiting the release of the template Accounting Policies and disclosure notes from our external treasury advisors. Once received, these will be reviewed against the draft Accounting Policies, and any required adjustments will be made.

2.4 The statutory deadline for completion of the 2025/26 unaudited Financial Statements is 30 June 2026, and they will be presented to the Audit and Governance Committee when complete. The Accounting Policies will be included within the Statements, and any minor changes made during the Statements production process will be agreed with the S151 Officer and highlighted to the Committee.

3. Conclusion

3.1. The Accounting Policies remain unchanged except for the amended requirements for the valuation of property, plant and equipment.

Implications

South and East Lincolnshire Councils Partnership

By agreeing these policies early it assists with the prompt closure timetable that local authorities work to.

Corporate Priorities

None.

Staffing

None.

Workforce Capacity Implications

None.

Constitutional and Legal Implications

None.

Data Protection

None.

Financial

The Accounting Policies at Appendix 1 underpin the Council's Financial Statements in line with the Code.

Risk Management

None.

Stakeholder / Consultation / Timescales

No formal consultation has been undertaken, but the Committee has the opportunity to review the Accounting Policies and propose amendments prior to the publication of the unaudited Financial Statements.

Reputation

None.

Contracts

None.

Crime and Disorder

None.

Equality and Diversity / Human Rights / Safeguarding

None.

Health and Wellbeing

None.

Climate Change and Environment Impact Assessment

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 Financial Statements 2025/26 – Accounting Policies

Background Papers

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

Document title	Where the document can be viewed
Appendix 1	Financial Statements 2025/26 – Accounting Policies

Chronological History of this Report

None.

Report Approval

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Appendix 1

NOTE 1 – ACCOUNTING POLICIES

1. General Principles

The Financial Statements summarise the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. 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 2025/26, 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 x.xx% (5.80% in 2024/25) 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 to 31 March 2029.

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 2026.

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.

From 1 April 2025, the Code of Practice on Local Authority Accounting (the Code) requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexation, authorities revalue their assets every five years, with annual indexation applied to assets during the four intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation, with a desktop revaluation in year three.

The authority has adopted a 5 year rolling programme in 2025/26, with annual indexation applied to assets during the four intervening years.

~~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.

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Report To:	Audit and Governance Committee
Date:	21 st April 2026
Subject:	Regulation of Investigatory Powers Act (RIPA) 2000 – Annual Update
Purpose:	To advise Members of any RIPA regulatory activity in the last 12 months and any work needed to ensure arrangements across the Partnership remain compliant and provide assurance that our legal obligations are effectively managed.
Key Decision:	N/A
Portfolio Holder:	Councillor Dale Broughton, Leader of the Council
Report Of:	Christian Allen, Assistant Director – Regulatory and Senior Responsible Officer (SRO) for RIPA
Report Author:	Christian Allen, Assistant Director – Regulatory
Ward(s) Affected:	All
Exempt Report:	No

Summary

The purpose of this report is to provide Committee with an update on the Council's activities in respect of the Regulation of Investigatory Powers Act (RIPA) 2000. The report also seeks to update members on anticipated changes necessary to our Policy and Procedures landscape to reflect current guidance issued by the Home Office and the Investigatory Powers Commissioners Office (IPCO), the regulatory body that oversees compliance with RIPA by public bodies.

Recommendations

Members are invited to note the report and comment as appropriate.

Reasons for Recommendations

To ensure that Members are aware of the duties imposed on the Council by the Regulation of Investigatory Powers Act 2000 and the requirement to adopt policies processes and procedures that are compliant, up to date, relevant and fit for purpose. Ensuring Members are informed about RIPA activity, policy and procedures demonstrates good governance and an organisational commitment to the obligations imposed by RIPA on public bodies and is a mandatory expectation of the IPCO.

Other Options Considered

None

1. Background

- 1.1 An update on RIPA activity was last presented to Boston Audit and Governance Committee on 22nd April 2025.
- 1.2 The South and East Lincolnshire Councils Partnership agreed to adopt a Partnership Regulation of Investigatory Powers Act 2000 Policy in 2024. The Partnership Policy was adopted by Boston Cabinet on 21st February 2024, by ELDC Executive Board on 24th February 2024 and SHDC Cabinet on 13th February 2024. The next review of this policy is due in 2027.
- 1.3 The last audit conducted by IPCO was a remote, self-assessment audit of all three Councils in November/December 2023. IPCO signed off the self-assessment audit as satisfactory and complete in January 2024, subject to a Partnership RIPA Policy being developed. The Policy was duly completed, approved by all three Councils Executive and submitted to IPCO in March 2024 with the Inspector providing final approval.
- 1.4 IPCO require an annual return be provided on RIPA related activity undertaken by each Council in January covering the previous calendar year. A *nil* return was submitted to IPCO for 2025, meeting the obligatory submission dates imposed by the regulator.

2. Report

- 2.1 The Regulation of Investigatory Powers Act (RIPA) 2000 was enacted to regulate the powers of public bodies that carry out surveillance and investigations as part of their functions including the potential interception of communications.
- 2.2 The Partnership RIPA policy, procedures and practices ensure that each Council complies with the requirements of the European Convention on Human Rights and the Human Rights Act 1998 when undertaking any investigative activities which may interfere with a person's right to respect for a private family life, home and correspondence.

- 2.3 The requirements of the European Convention on Human Rights, the Human Rights Act 1998 and RIPA potentially impact any Officers performing investigatory or enforcement activities. Officers, when determining whether to undertake covert investigative activities, must only do so in accordance with the requirements set out in RIPA and associated guidance and must seek approval from a Magistrates Court before doing so.
- 2.4 RIPA governs local authorities use of Directed Surveillance (surveillance of an individual/s without their knowledge for a specific purpose), use of a Covert Human Intelligence Source (use of informants or undercover officers) and access to communications data (obtaining subscriber information of a telephone number or internet user, etc). The investigatory activity involving directed surveillance must only be pursued if it is demonstrably lawful, necessary, proportionate and non-discriminatory.
- 2.5 The Investigatory Powers Commissioner's Office (IPCO) is the regulatory body designated to oversee the compliance arrangements of public bodies in their use of RIPA and from time to time, undertake audits of public authorities to evaluate compliance.

3. Regulation of Investigatory Powers Act 2000 Partnership Policy

- 3.1. The overarching RIPA 2000 Partnership Policy (March 2024 to February 2027) is currently up to date and does not require any amendment or revisions this year.

4. Partnership Body Worn Video (BWV) Policy 2025 - 2028

- 4.1. As part of our RIPA compliance activities last year, a Partnership Body Worn Video Policy was developed and adopted by all three sovereign councils. As well as ensuring compliance with our RIPA obligations the BWV Policy demonstrates an ongoing commitment to the health, safety and welfare of our staff, service users and anyone else affected by our activities.
- 4.2. This new policy ensures that Body Worn Video cameras are available to be used by front line officers where it is lawful, reasonable, justifiable and proportionate to do so.
- 4.3. The policy demonstrates that the most appropriate technical and organisational measures have been considered and implemented, integrating the principles of data protection into the processing of evidence/data gathered on these devices. Body Worn Video Cameras are an excellent tool for obtaining high quality evidence when undertaking regulatory and enforcement activities however, they are highly regulated and must be deployed appropriately and the information/data gathered managed correctly.
- 4.4. BWV devices will only be deployed when it is deemed necessary for the purposes of reducing aggression towards officers or in the gathering of evidence by trained staff. The policy sets out roles and responsibilities, provides staff with the correct procedures for collecting, downloading, processing, presenting and retaining evidence obtained from BWV devices.

5. New Partnership CCTV Policy 26/27

- 5.1. On behalf of the Partnership, Boston Borough Council manages a comprehensive public realm CCTV service that covers key public spaces, car parks, playing fields and other council owned assets. There is a Partnership CCTV Policy in place for public realm CCTV which is reviewed every three years.
- 5.2. The intention is that a new Partnership CCTV Policy will be developed to cover all CCTV cameras and systems currently in use across our three councils that fall outside of our public realm system, ensuring that these cameras/systems are lawful, reasonable, justifiable and proportionate and that the data held within these systems is stored, retained, reproduced and disposed of appropriately and in accordance with IPCO/Home Office guidance.
- 5.3. Approval and adoption of a new (non-public realm) Partnership CCTV Policy will be sought from the relevant Councils executive(s) during 26/27.

6. Training of Officers

- 6.1. It is essential that we are able to demonstrate to IPCO that Officers with designated responsibilities within our RIPA Policy and all other Officers that undertake enforcement activity and may need to gather evidence cognisant of our obligations under RIPA, have received appropriate training.
- 6.2. RIPA Refresher training for all Officers is on a 3-year rolling cycle. ActNow are our RIPA training provider and sufficient e-learning licences will be secured through our Partnership Training and Development Plan 2026/27 to ensure all officers due training are able to access e-learning.

7. Conclusion

- 7.1. There has been no audit undertaken by IPCO since the last update to this committee in 2025.
- 7.2. There has been no RIPA approved activity undertaken by any of the three Councils in the last year. A nil return was submitted to IPCO in January of this year through the regulators mandatory returns process.
- 7.3. The RIPA 2000 Partnership Policy (March 2024 to February 2027) is currently up to date and does not require any amendment or revisions this year.
- 7.4. The Partnership Body Worn Video Policy has been introduced and was approved by all three Councils last year.
- 7.5. Intent is to bring forward a Partnership CCTV policy in the 26.27 work programme to ensure that all council owned CCTV systems that fall outside of the public realm CCTV system managed by Boston Borough Council, are compliant with RIPA and associated guidance produced by IPCO and the Home Office.

7.6. All Officers in key roles and with RIPA designated responsibilities have access to training/refresher training commensurate with their obligations and at intervals required under IPCO guidance. Ongoing training/refresher needs will be captured in the Partnership Training and Development Plan 2026/27.

Implications

South and East Lincolnshire Councils Partnership

By adopting a common approach to RIPA across all three councils, economies of scale, efficiencies and shared learning can be optimised across the Partnership. This sub regional approach also accords with the objectives set out in the Memorandum of Agreement and the Business Case for the South and East Lincolnshire Councils Partnership.

Corporate Priorities

None

Staffing

None

Workforce Capacity Implications

None

Constitutional and Legal Implications

Non - compliance with the legislation associated with covert surveillance leaves the Council open to evidential challenge to enforcement activities in the courts and potentially formal claims for compensation from individuals or corporate bodies should it be found that RIPA policy, guidance and procedures have not been followed. The Policy and training ensure all officers considering surveillance and making an application to do so are aware of the requirements of the legislation and the evidential burden they need to demonstrate when making an application to the courts.

Data Protection

The protection of data is implicit in our obligations and compliance with RIPA, guidance from the Home Office or IPCO and our own policies.

Financial

There are no specific costs inherent in compliance with RIPA. Mandatory training is identified in the annual Partnership Training Plan with costs met from the central training budget.

Risk Management

The Council may be exposed to legal, financial and reputational risk were it to undertake enforcement activity inconsistent with the obligations of RIPA. Hence it is important that

our policy, practices and procedures are regularly reviewed to ensure that they are up to date with IPCO and Home Office guidance. Adopting common policy, practices and procedures also provides the Partnership with improved resilience, capability and capacity to our RIPA arrangements.

Stakeholder / Consultation / Timescales

Consultation has been undertaken with the relevant Portfolio Holder, Monitoring Officer, Group Manager for Information Governance and Data Protection Officer and Section 151. The report has also been shared with those Officers with designated responsibilities in the overarching Partnership RIPA Policy.

Reputation

Non-compliance with the legislation associated with covert surveillance leaves the Council open to reputational damage should a formal claim for compensation from individuals or corporate bodies find RIPA policy, guidance and procedures have not been followed.

If any prosecution is undertaken, and that through disclosure it becomes clear that either our RIPA policy is not robust or it has not been followed, it may compromise the outcome of the prosecution as a result.

Contracts

None

Crime and Disorder

Compliance with the obligations of RIPA must be intrinsic to all enforcement activities undertaken by the Council.

Equality and Diversity / Human Rights / Safeguarding

Adopting an approach to RIPA that is consistent with IPCO and Home Office guidance will help to ensure that the Council is meeting its equality and diversity, human rights and safeguarding obligations.

Health and Wellbeing

None

Climate Change and Environment Impact Assessment

None

Acronyms

IPCO – Investigatory Powers Commissioners Office
RIPA – Regulation of Investigatory Powers Act (2000)
BWV – Body worn video
CCTV – Closed circuit television
BBC – Boston Borough Council

ELDC – East Lindsey District Council
SHDC – South Holland District Council
S&ELCP – South and East Lincolnshire Councils Partnership

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

None

Report Approval

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Approved for publication: Councillor Dale Broughton, Leader of the Council
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Report To:	Audit and Governance Committee
Date:	21 st April 2026
Subject:	Q3 Treasury Report 2025/26
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 Q3 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 three quarters 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.
- 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

It is recommended that Members of the Audit and Governance Committee receive and review the contents of the report attached at **Appendix 1**.

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 Quarter 3 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 2 and 3 of **Appendix 1** provides an economic update for quarter 3 and interest rate forecasts. The expected direction of interest rates for the remainder of the financial year is for the Bank Rate to remain the same.
- 2.5 Section 4 and 5 of **Appendix 1** provides details of the Council's investments and borrowing on 31 December 2025.
- 2.6 The table below provides an analysis of the net treasury position as at Quarter 3 and the projected outturn for the year:

	2025/26 Budget Quarter 3	2025/26 Actual Quarter 3	2025/26 Variance Quarter 3	2025/26 Annual Budget	2025/26 Forecast Outturn	2025/26 Forecast Variance
<u>Treasury Investments</u>	(783,251)	(1,145,107)	(361,856)	(1,039,588)	(1,386,756)	(347,168)
Gross Interest	<u>7,534</u>	<u>0</u>	<u>(7,534)</u>	<u>10,000</u>	<u>0</u>	<u>(10,000)</u>
Brokers Fees	(775,717)	<u>0</u>	<u>(7,534)</u>	<u>10,000</u>	<u>0</u>	<u>(10,000)</u>
Net Position		(1,145,107)	(369,390)	(1,029,588)	(1,386,756)	(357,168)
<u>Property Funds</u>						
Gross Distributions	(649,846)	(478,813)	171,033	(862,523)	(662,108)	200,415
Management Fees	<u>128,082</u>	<u>94,372</u>	<u>(33,710)</u>	<u>170,000</u>	<u>130,499</u>	<u>(39,501)</u>
Net Distributions	(521,764)	(384,441)	137,323	(692,523)	(531,609)	160,914
M&G Property Fund Liquidation Distributions (<i>to be used for MRP Contributions as the original capital purchase was unfinanced</i>)	0	(219,037)	(219,037)	0	(219,037)	(219,037)
Total Borrowing Costs	83,816	53,187	(30,629)	111,250	65,047	(46,203)
State Street Premium Allocated in Year	0	13,597	13,597	0	18,047	18,047
Overall Net Position	(1,213,665)	(1,681,801)	(468,136)	(1,610,861)	(2,054,308)	(443,447)

On 31 December 2025 there was a favourable variance of £468,136 and the forecast outturn was a favourable variance of £443,447. The liquidation distribution from M&G which is included in these figures will be used to finance a corresponding MRP charge.

- 2.7 Treasury investments achieved an average rate of 4.813% and property fund investments achieved an estimated average rate of 2.974%. The combined rate achieved on all investments was 4.166%.

2.8 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.

2.9 Section 6 provides an update to the Council's prudential and treasury indicators for 2025/26.

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

CPI - Consumer Price Index

CIPFA - Chartered Institute of Public Finance and Accountancy

GDP – Gross Domestic Product

MPC - Monetary Policy Committee

MUFG – External Treasury Advisors (formerly known as Link Group)

PWLB - Public Works Loan Board

q/q – quarter on quarter

Appendices

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

Appendix 1 Q3 Treasury Report 2025/26

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>

Chronological History of this Report

Name of Body	Date
Audit and Governance	Q1 Update Report – 13/10/2025
Audit and Governance	2025/26 Mid-Term Report – 17/11/2025
Council	2025/26 Mid-Term Report – 17/11/2025
Audit and Governance	Q3 Update Report – 21/04/2026

Report Approval

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Treasury Management Update

Quarter 3 Report 2025/26
ended 31 December 2025

Boston Borough Council

1 Treasury Management Update

Quarter Ended 31 December 2025

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities at least quarterly. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

2 Economic Update

The third quarter of 2025/26 saw:

- A -0.1% month on month change in real Gross Domestic Product (GDP) in October, leaving the economy no bigger than at the start of April.
- The 3 month year on year rate of average earnings growth excluding bonuses fall to 4.6% in October, having been as high as 5.5% earlier in the financial year.
- Core Consumer Price Index (CPI) inflation fall sharply from 3.6% to 3.2% in November, with core CPI inflation easing to 3.2%.
- The Bank of England cut interest rates from 4.00% to 3.75% in December, after holding in November.
- The 10-year gilt yield fluctuates between 4.4% and 4.7%, ending the quarter at 4.50%.

Monetary Policy Committee (MPC) meetings 8 May, 19 June, 7 August, 18 September, 6 November, 18 December 2025

There were six Monetary Policy Committee (MPC) meetings held between April and December. 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 (Dhingra, Ramsden and Taylor) 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 rising food prices. By repeating the well-used phrase "gradual and careful", the MPC continued to suggest that rates would 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 was wary of making any further rate cuts until inflation begins its slow downwards trajectory back towards 2%.

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% (Dhingra and Taylor voted for a further 25bps reduction). Moreover, 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 suggested the Bank still thought interest rates will fall further.

At the 6 November meeting, Governor Bailey was once again the deciding vote, keeping Bank Rate at 4% but hinting strongly that a further rate cut was imminent if data supported such a move. By 18 December, with November CPI inflation having fallen to 3.2%, and with Q2 Gross Domestic Product (GDP) revised down from 0.3% quarter on quarter (q/q) to only 0.2% q/q, and Q3 GDP stalling at 0.1%, the MPC voted by 5-4 to cut rates further to 3.75%. However, Governor Bailey made it clear that any further reductions would require strong supporting data, and the pace of any further decreases would be slow compared to recent months. The markets expect Bank Rate to next be cut in April.

3. 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. MUFG Corporate Markets provided the following forecasts and commentary on 22 December 2025. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 basis points.

MUFG Corporate Markets Interest Rate View 22.12.25													
	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	3.80	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	3.80	3.50	3.50	3.40	3.30	3.30	3.30	3.40	3.40	3.40	3.40	3.40	3.40
12 month ave earnings	3.90	3.60	3.60	3.50	3.40	3.50	3.50	3.50	3.50	3.50	3.60	3.60	3.60
5 yr PWLB	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
10 yr PWLB	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60	4.70
25 yr PWLB	5.80	5.70	5.60	5.50	5.50	5.40	5.30	5.30	5.30	5.20	5.20	5.20	5.20
50 yr PWLB	5.60	5.50	5.40	5.30	5.30	5.20	5.10	5.10	5.10	5.00	5.10	5.00	5.00

4 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, over and above keeping investments short-term to cover cash flow needs, there is a benefit to seek out value available in periods up to 12 months with high credit rated financial institutions, using the MUFG suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap overlay information.

As shown by the chart below and the interest rate forecasts in section 3, investment rates have started to taper downwards during the final quarter of 2025 and are expected to fall back further if inflation falls through 2026 and the MPC loosens monetary policy further.

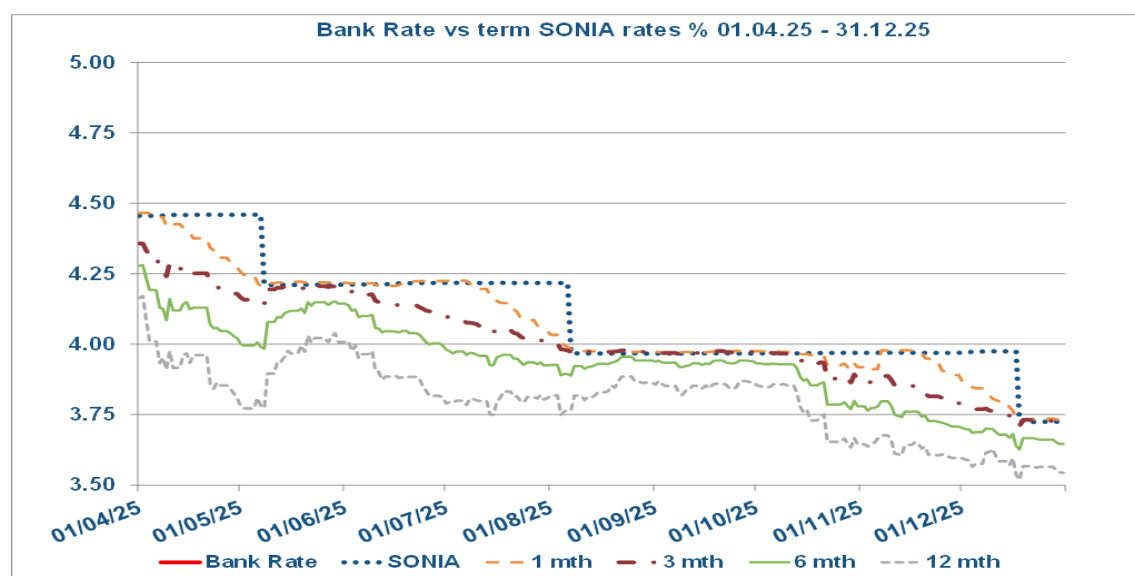
Creditworthiness - There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of creditworthiness to ensure that only appropriate counterparties are considered for investment purposes.

Investment Counterparty Criteria - There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of creditworthiness to ensure that only appropriate counterparties are considered for investment purposes.

Credit Default Swap prices - For UK and international banks these have remained low, and prices are not misaligned with other creditworthiness indicators, such as credit ratings. Nevertheless, it remains important to undertake continual monitoring of all aspects of risk and return.

Investment performance year to date as at 31 December 2025

The graph below shows that during the first three quarters of the financial year rates have been gradually falling.



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 31 December 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	62,543	N/A	Instant Access	N/A	0.00%
CCLA* Money Market Fund	Various	4,200,000	N/A	Instant Access	Variable	3.85%
Barclays Bank	UK	2,187,152	N/A	Instant Access	Variable	3.50%
Lancashire County Council	UK	2,000,000	19/09/25	19/01/26	Fixed	4.30%
Ashford District Council	UK	3,000,000	21/11/25	23/01/26	Fixed	4.15%
Luton Borough Council	UK	2,000,000	28/11/25	23/01/26	Fixed	4.20%
Basildon BC	UK	2,000,000	18/02/25	17/02/26	Fixed	5.65%
South Ayrshire Council	Uk	2,000,000	11/12/25	23/02/26	Fixed	4.10%
Wrexham County Borough Council	UK	2,000,000	18/12/25	18/02/26	Fixed	4.25%
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		25,449,695				

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

At the start of the year the level of investments was £34.7m.

Maturity profile of investment

A breakdown of the maturity structure of investments on 31 December 2025 is as follows:

Period to Maturity	Amount (£)	% of Portfolio
Instant Access	6,449,695	15%
Less than one month	7,000,000	16%
One to three months	10,000,000	24%
Three to six months	2,000,000	5%
Six to nine months	0	0%
Nine months to a year	0	0%
>12 Months	17,107,006	40%
TOTAL	42,556,701	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 three quarters of 2025/26 has been a decrease of £359,763.

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 £3,882,760 as of 31 December 2025 leaving a book value of £117,240 outstanding.

The following table provides details of purchase cost, current fair value and performance information of the property fund investments on 31 December 2025 and projected outturns for the year.

Property Funds (Capital Expenditure)

Financial Institution	Purchase Cost (£)	Q3 Budgeted Net Revenue 2025/26 (£ & %)	Q3 Estimated Net Revenue (£ & %)	2025/26 Budgeted Net Revenue 2025/26 (£ & %)	2025/26 Estimated Outturn Net Revenue (£ & %)	Net Asset Value (£)	Total Gain/(Loss) Since Purchase (£ & %)	Capital Gain/(Loss) Since 31/03/25 (£ & %)	2025/26 Estimated Combined Annual Return (%)
BlackRock UK Property Fund	4,500,006	135,617 4.00%	93,779 2.77%	180,000 4.00%	132,615 2.95%	4,066,825	(433,181) (9.63%)	21,314 0.53%	3.48%
Schroder UK Real Estate Fund	4,250,006	128,082 4.00%	98,934 3.09%	170,000 4.00%	136,156 3.20%	3,219,592	(1,030,414) (24.25%)	(336,892) (9.47%)	(6.27%)
Threadneedle Property Unit Trust	4,239,754	127,773 4.00%	133,250 4.17%	169,590 4.00%	169,840 3.98%	3,715,596	(524,158) (12.36%)	59,097 1.62%	5.60%
M&G Investments UK Property Fund (After Distribution Payments)	117,240	9,744 4.00%	9,059 N/A	12,932 4.00%	9,058 N/A	261,389	144,149 N/A	(16,375) N/K	N/K
AEW UK Core Property Fund	4,000,000	120,548 4.00%	49,487 1.64%	160,000 4.00%	84,008 2.10%	3,427,151	(572,849) (14.32%)	(86,907) (2.47%)	(0.37%)
TOTAL	17,107,006	521,764	384,509	692,523	531,677	14,690,553	(2,416,453)	(359,763)	
Adjustment for 2024/25 Accrual	-	-	(68)	-	(68)	-	-	-	-
GRAND TOTAL	17,107,006	521,764	384,441	692,523	531,609	14,690,553	(2,416,453)	(359,763)	

Summary of Investment Income Received Against Budget and Forecast Outturn

The table below provides a comparison of investment income received against budget at Quarter 3 and a forecast outturn position for the year.

Investment Type	2025/26 Budget Quarter 3	2025/26 Actual Quarter 3	2025/26 Variance Quarter 3	2025/26 Annual Budget	2025/26 Forecast Outturn	2025/26 Forecast Variance
<u>Treasury Investments</u>						
Gross Interest	(783,251)	(1,145,107)	(361,856)	(1,039,588)	(1,386,756)	(347,168)
Brokers Fees	<u>7,534</u>	<u>0</u>	<u>(7,534)</u>	<u>10,000</u>	<u>0</u>	<u>(10,000)</u>
Net Position	(775,717) (4.708%)	(1,145,107) (4.813%)	(369,390) (0.105%)	(1,029,588)	(1,386,756)	(357,168)
<u>Property Funds</u>						
Gross Distributions	(649,846)	(478,813)	171,033	(862,523)	(662,108)	200,415
Less Management Fees	<u>128,082</u>	<u>94,372</u>	<u>(33,710)</u>	<u>170,000</u>	<u>130,499</u>	<u>(39,501)</u>
Net Distributions	(521,764) (4.000%)	(384,441) (2.974%)	137,323 1.026%	(692,523)	(531,609)	160,914
M&G Property Fund Liquidation Distributions <i>(to be used for MRP Contributions as the original capital purchase was unfinanced)</i>	0	(219,037)	(219,037)	0	(219,037)	(219,037)
Total Net Income	(1,297,481) (4.400%)	(1,748,585) (4.166%)	(451,104) (0.234%)	(1,722,111)	(2,137,402)	(415,291)

Treasury investments achieved an average rate of 4.813% and property fund investments achieved an estimated average rate of 2.974%. The combined rate achieved on all investments was 4.166%.

On 31 December 2025 there was a favourable variance of £451,104 and the forecast outturn was a favourable variance of £415,291. The liquidation distribution from M&G which is included in these figures will be used to finance a corresponding MRP charge.

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.

5 Borrowing

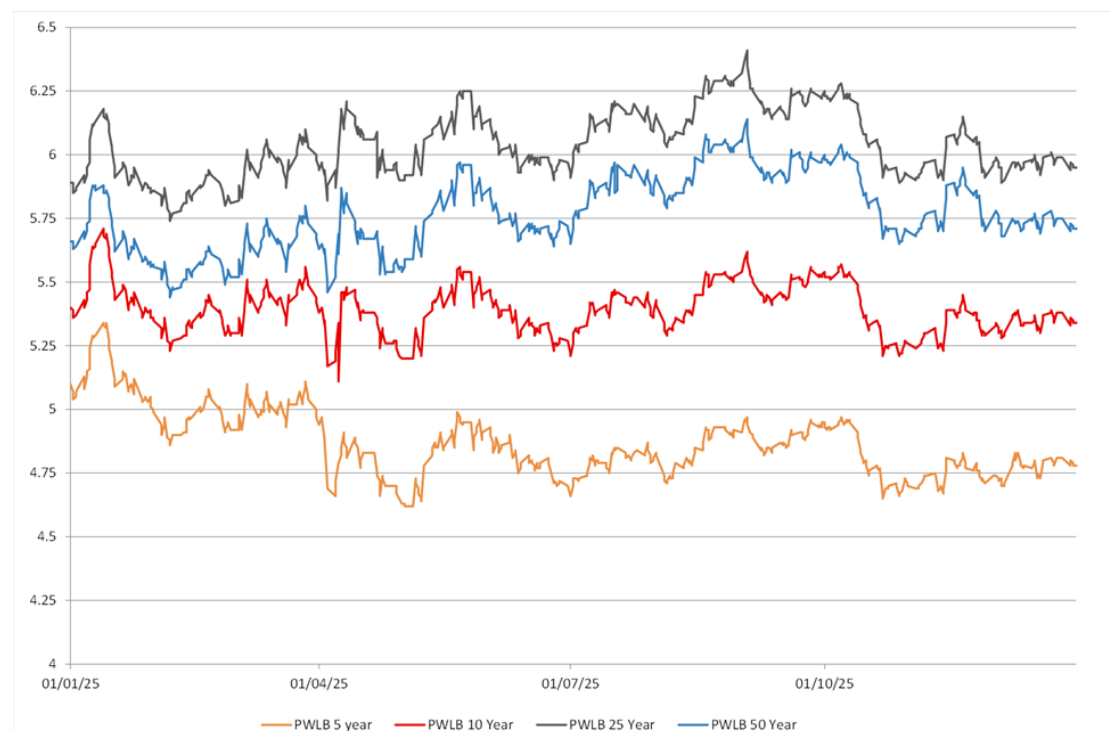
As reported in the Mid Term Treasury report, the Council had a £1m Lender Option Borrower Option (LOBO) loan with State Street Nominees at a rate of 11.125% which was repaid on 11 July 2025. This loan was replaced with a 5 year PWLB maturity loan at 4.81% from 15 July 2025.

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

Borrowing Type	2025/26 Budget Quarter 3	2025/26 Actual Quarter 3	2025/26 Annual Budget	2025/26 Forecast Outturn
State Street LOBO	83,816	30,784	111,250	30,784
Premium Allocated in Year	0	13,597	0	18,047
PWLB Loan	0	22,403	0	34,263
Total Borrowing Costs	83,816	66,784	111,250	83,094

Public Works Loan Board (PWLB) Borrowing Rates

The 50 year PWLB certainty rate was 5.71% on 31 December 2025 compared with 5.67% at the end of 2024/25.



6 Compliance with Treasury and Prudential Indicators

The prudential and treasury Indicators are shown in the following tables.

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 31 December 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.

Treasury Indicators and Prudential Indicators for 2025/26 as of 31 December 2025

Treasury Indicators	31/03/25 Actual £'000	2025/26 Budget £'000	Revised at Quarter 3 £'000
Authorised limit for external debt	18,000	38,000	38,000
Operational boundary for external debt	15,000	35,000	35,000
Gross external debt	1,000	1,000	1,000
Investments	(50,669)	(26,414)	(42,557)
Net investments	(49,669)	(25,414)	(41,557)
Upper limit for principal sums invested over 365 days:			
2025/26	0	10,000	10,000
2026/27	0	10,000	10,000
2027/28	0	10,000	10,000
2028/29	0	10,000	10,000
2029/30	0	10,000	10,000

Prudential Indicators	31/03/25 Actual £'000	2025/26 Budget £'000	Revised at Quarter 3 £'000
Capital expenditure:			
Non Towns Fund	1,648	4,260	3,614
Towns Fund	8,514	14,849	14,849
UKSPF Projects	626	404	404
LUF Projects	2,376	10,970	10,970
BPF Projects	<u>1,906</u>	<u>8,080</u>	<u>7,585</u>
TOTAL	15,070	38,563	37,422
Capital Financing Requirement (CFR):	18,577	19,705	18,686
Annual change in CFR:	172	1,128	109
In year borrowing requirement:	404	1,335	486
Ratio of financing costs to net revenue stream:	(20.98%)	(15.98%)	(16.39%)

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Report To:	Audit and Governance Committee
Date:	21 st April 2026
Subject:	Quarter 3 25/26 Risk Report
Purpose:	To provide an update on risk monitoring as at the end of December 2025
Key Decision:	No
Portfolio Holder:	Councillor Dale Broughton, Leader of the Council
Report Of:	John Medler, Assistant Director – Governance & Monitoring Officer
Report Author:	Richard Baldwin, Strategic Performance Analyst
Ward(s) Affected:	All
Exempt Report:	No

Summary

This is the quarterly report covering risk monitoring information for Quarter 3 of 2025/26 (as at the end of December 2025).

Recommendations

That the Committee notes the quarterly risk monitoring information for Q3 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 Q3, as at the end of December 2025.

1.2 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
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

Boston Strategic Risks	Risk score	Direction of travel	Target Status
BBC12: Implementation of the Environment Act 2021	High (16)	↔	Not at Target
BBC13: Introduction of Extended Producer Responsibility	Low (4)	↔	At Target Score
BBC14: Depot	Low (3)	↔	At Target Score
BBC15: Waste Collection Round Pressures (Recommended for removal - Round review commenced Aug 2025; Q3 notes routes underway and strategic risk mitigated, shift of focus to operational delivery and proposal is to remove this risk)	Medium (6)	↔	N/A
BBC16: Capacity	Medium (6)	↔	At Target Score
BBC17: Third Party Service Delivery	Medium (9)	↔	At Target Score
BBC20: Service Delivery	Medium (9)	↔	Not on Target
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	Medium (6)	↔	At Target Score
BBC30: Net Zero target	Low (4)	↓	At Target Score
BBC31: AI Governance and Oversight	Medium (9)	N/A	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


Minimal Risk

Low Risk

Medium Risk

High Risk

Critical Risk



1.3 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

1.4 The strategic risks for the Partnership have also been reviewed for Quarter 3, as at the end of December 2025.

1.5 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	Medium (9)	↓	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-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	Colour
Minimal Risk	
Low Risk	
Medium Risk	
High Risk	
Critical Risk	

1.6 The fraud risks have also been reviewed for Q3, as at the end of December 2025.

1.7 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	Colour
Minimal Risk	Green
Low Risk	Light Green
Medium Risk	Yellow
High Risk	Orange
Critical Risk	Red

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. KPIs and risks relating to staffing are included in the report.

Workforce Capacity Implications

No implications specific to this report. KPIs and 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, B, C.

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
- EAP: Employee Assistance Programme
- LGR: Local Government Reorganisation
- 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	Q3 BBC Risk Registers
Appendix B	Q3 Partnership Risks
Appendix C	Q3 Fraud Risks

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

<i>Overview</i>	<i>17th March 2026</i>
<i>Cabinet</i>	<i>25th March 2026</i>

Report Approval

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Ref	Risk name	Risk description	Lead	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Planned action / future mitigation	Action RAG	Target risk likelihood	Target risk impact	Target risk score
BBC02	Health	The risk of long term health issues on local people; the opportunity to work with health partners to address these	AD-CHS	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	Continue to implement the Healthy Living Action Plan	N/A	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	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	Continue to implement the Growth and Prosperity Plan	N/A	3	3	Medium (9)
BBC05	Budget	Risk around the long term balancing of the budget with economic and funding uncertainty	D-F	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	Continued controls, monitoring and reporting	N/A	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	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 Maintenance of service support, plans, procedures and polices across the S&ELCP to aid resilience and share learning. PSPS have also aligned BC Plans to S&ELCP	2	4	Medium (8)	Tolerate	BC Policy to be developed in 25/26 together with the establishment of a BC Steering Group with Terms of Reference to align with ISO22301 Business Continuity Management System	N/A	2	4	Medium (8)
BBC07	Infrastructure risks	Risks to infrastructure - roads, rail, waste management, water supply, energy, digital connectivity	D-ED	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	Continue to implement the Growth and Prosperity Plan	N/A	2	4	Medium (8)
BBC08	Capital Programme	Failure to deliver Major capital schemes within the capital programme	D-PD	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 transference and mitigation; Requesting extra funding prior to project commencement where required	2	3	Medium (6)	Tolerate	Continued robust project management	N/A	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	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	Continued implementation of asset management strategy	N/A	1	4	Low (4)

Ref	Risk name	Risk description	Lead	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Planned action / future mitigation	Action RAG	Target risk likelihood	Target risk impact	Target risk score
BBC10	Cyber Incident	The risk of the council's ICT infrastructure being severely impact as the result of a cyber incident, both in terms of downtime of systems and loss of data/information.	AD-C	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 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	Continued robust cyber security and training	N/A	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	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 consider in detail how they would continue to operate should an ICT outage occur	2	5	High (10)	Tolerate	Regular review of resilience arrangements	N/A	2	5	High (10)
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 is not provided on the ongoing New Burdens revenue funding to meet the additional cost of service delivery.	AD-N	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 Waste Delivery Group is established, and monitors financial impact. 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	WIPB reports to SLT (Major Projects Board) and Cabinet. Project plan in place. Attending regular Defra Webinars. Pending Spending Review regarding New Burdens payments. Depot extension agreed to accomodate increased vehicles. Review and update every quarter.	6/30/2025	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	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	Pending Government guidance Risk has been reviewed and score reduced in Q2. The government budget has provided a significant measure to reduce the risk around the introduction of the Extended Producer Responsibility (EPR) scheme by guaranteeing £1.1 billion in funding for local authorities. This assurance helps local councils plan their budgets effectively. BBC has received notification of payment for 2025/26 - £946,000	N/A	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)	Planned action / future mitigation	Action RAG	Target risk likelihood	Target risk impact	Target risk score
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	Extension to depot has been identified and lease agreed from 1st April 2025.	1	2	Miminal (3)	Tolerate	Extension and budgets required have been agreed.	N/A	1	2	Miminal (3)
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	Round review will form part of rounds revision as a result of food waste collection. Hire in Vehicles to enable waste collection	2	2	Low (4)	Tolerate	Round review starting August 2025. Cabinet decision made to wothdraw side waste policy once food waste introduced.	N/A	2	2	Low (4)
BBC16	Capacity	Capacity to deliver the work programme for the Partnership/Councils	AD-C	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	Encourage Services to consider the transformation/capacity reserve for short term support where existing service capacity isn't sufficient.	3/31/2025	3	3	Medium (9)
BBC17	Third Party service delivery	Risk around resilience and quality of service delivery arrangements with third parties	AD-C	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	Continued monitoring and reporting	N/A	3	3	Medium (9)
BBC20	Service Delivery	The risk to service delivery, impacting residents and partners we work with.	AD-C	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		3/31/2026	2	3	Medium (6)

Ref	Risk name	Risk description	Lead	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Planned action / future mitigation	Action RAG	Target risk likelihood	Target risk impact	Target risk score
BBC24	Health and Safety	Risk of failure to comply with Health and Safety requirements	AD-R	<p>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.</p> <p>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 received and approved by the Governance Group and referred to LT Governance for information.</p> <p>Health and Safety is included within Internal Audit's annual audit plan.</p>	3	3	Medium (9)	Treat	<p>Director of communities is hosting fortnightly health and safety clinics with managers of outstanding actions to accelerate closure and completion. Objective is to reduce overdue outstanding actions to zero.</p> <p>An audit has been undertaken by a 3rd party auditor of overdue outstanding actions processes which has delivered an adequate assurance level has led to a number of recommendations which will be implemented through Q4 25/26 and Q1 26/27.</p> <p>A review of the SLA with PSPS is underway to ensure the service provider delivers for the partnership, secures service improvements and delivers the recs of the internal audit.</p>	Overdue	2	3	Medium (6)
BBC25	Information	Risk of failure to comply with Information Governance and Management requirements	AD-G	<p>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.</p>	2	4	Medium (8)	Tolerate	Continued monitoring, reporting and training	N/A	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	Monitoring of the Plan policies. Taking of decision on planning applications. Review of the Local Plan where necessary.	3	2	Medium (6)	Tolerate	Continued monitoring and reporting	N/A	3	2	Medium (6)
BBC27	Safeguarding	Risk of failure to deliver safeguarding children, young people and vulnerable adults responsibilities	AD-CHS	<p>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.</p> <p>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.</p>	2	4	Medium (8)	Tolerate	Continued monitoring, reporting and training	N/A	2	4	Medium (8)

Ref	Risk name	Risk description	Lead	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Planned action / future mitigation	Action RAG	Target risk likelihood	Target risk impact	Target risk score
BBC28	Local Government Reform (LGR) in Greater Lincolnshire	LGR would lead to the creation of new Councils to replace existing Councils	AD-C	Regular staff and member briefings are taking place to share the latest information. Councils will work together to ensure the community is well informed.	4	3	High (12)	Tolerate		N/A	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	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		N/A	3	2	Medium (6)
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	Carbon Reduction Action Plan approved. Partnership Environment Policy approved Q3 25/26. Climate Change Strategy approved. Green Home Grants are in delivery. Energy Advice Demonstrator in delivery. Reporting and Monitoring of progress through Scrutiny Committee Monitoring delivery of projects through Sustainable Warmth PMB.	2	2	Low (4)	Tolerate	Energy advice demonstrator funding ends in March 27, action in annual delivery plan to bid for additional funding. There is also planned actions (via ADP) to improve the governance arrangements around reporting progress towards Net Zero and refreshing our carbon footprint through scrutiny committee.	N/A	2	2	Low (4)

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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
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
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 accommodated 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.</p>	2	3	Medium (6)	Tolerate	2	3	Medium (6)

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)

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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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 • Proposed Amendments to the Council's Contract Procedure Rules 	<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 – Head of Procurement PSPS

Audit and Governance Committee Work Programme 2025–26

Meeting Date	Agenda Items	Report Author
	<ul style="list-style-type: none"> • Information Governance Annual Update 2024/25 • Committee Work Programme 	<ul style="list-style-type: none"> – Information Manager and Data Protection Officer – Democratic Services Officer
19 January 2026	<ul style="list-style-type: none"> • Audit & Governance Committee Personal Skills Audit • Internal Audit Progress Report • Draft Treasury Management Policy Statement; Draft Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2026/27; and Treasury Management & Investment Management (Non-Treasury) Principles and Practices • Audit of Building Control Service by Building Safety Regulator • Audit and Governance Annual Report 2024/2025 • Committee Work Programme 	<ul style="list-style-type: none"> – Scrutiny & Policy Officer – Internal Audit Manager, LCC – Head of Finance Delivery - Technical and Corporate, PSPS / Treasury & Investment Manager PSPS – AD Regulatory – 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 • 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 – Internal Audit Manager, LCC – Assistant Director – Regulatory – Democratic Services Officer

Chairman: Councillor Barrie Pierpoint
Clerk: Democratic Services Officer

Vice Chairman: Councillor James Cantwell

Draft Audit and Governance Committee Work Programme 2026–27

Meeting Date	Agenda Items	Report Author
July 2026	<ul style="list-style-type: none"> • Q4 Risk Report 2025/2026 • Internal Audit Annual Report and Opinion 2025/26 • Annual Treasury Report 2025/2026 • Unaudited Financial Statements including Annual Governance Statement 2025/2026 • Governance and Audit Committee Self-Assessment Action Plan • AGS Action Plan (6 monthly review) • Combined Assurance Status Report 2025/2026 • Presentations from Funds Managers • Committee Work Programme 	<ul style="list-style-type: none"> – Group Manager – Insights and Transformation – Internal Audit Manager, LCC – Treasury and Investment Manager, PSPS – Deputy Chief Finance Officer, PSPS – Scrutiny and Policy Officer – Group Manager- Insights and Transformation – Monitoring Officer – Treasury and Investment Manager, PSPS – Democratic Services Officer
September 2026	<ul style="list-style-type: none"> • Q1 Risk Report 2026/2027 • Q1 Treasury Report 2026/2027 • Internal Audit Progress Report 2026/2027 • External Auditors Progress Report 2024/2025 (Verbal Update) • Audit and Governance Annual Report 2025/2026 • Committee Work Programme 	<ul style="list-style-type: none"> – Group Manager – Insights and Transformation – Treasury and Investment Manager, PSPS – Internal Audit Manager, LCC – External Audit Manager, KPMG – Democratic Services Team Leader – Democratic Services Officer
November 2026	<ul style="list-style-type: none"> • Q2 25/26 Risk Report 2026/2027 • Treasury Management Mid-Year report 2025/2026 • Audited Financial Statements including Annual Governance Statement 2025/2026 (to go to same meeting as External Audit Completion Report below) • External Audit Completion Report 2025/2026 (ISA 260) • External Auditors Annual Report 2025/26 • Information Governance Annual Report • Committee Work Programme 	<ul style="list-style-type: none"> – Group Manager – Insights and Transformation – Treasury and Investment Manager, PSPS – Deputy Chief Finance Officer PSPS – External Audit Manager, KPMG – External Audit Manager, KPMG – Information Manager/Data Protection Manager – Democratic Services Officer

Draft Audit and Governance Committee Work Programme 2026–27

Meeting Date	Agenda Items	Report Author
January 2027	<ul style="list-style-type: none"> • Draft Treasury Management Policy and Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2027/2028 • Internal Audit Progress Report • Annual Budget Risk Presentation • Committee Work Programme 	<ul style="list-style-type: none"> – Deputy Chief Finance Officer/Treasury & Investment Manager PSPS – Internal Audit Manager, LCC – Director of Finance (S151) – Democratic Services Officer
March 2027	<ul style="list-style-type: none"> • Combined Assurance Status Report 2026/2027 • Q3 Risk Report 2026/2027 • Draft Internal Audit Plan 2027/2028 • Financial Statements – Accounting Policies 2026/2027 • Internal Audit Progress Report • Update in respect of RIPA 2000 • External Audit Strategy and Planning Report 2026/2027 • Q3 Treasury Report 2026/2027 • Committee Work Programme 	<ul style="list-style-type: none"> – Monitoring Officer – Group Manager – Insights and Transformation – Internal Audit Manager, LCC – Deputy Chief Finance Officer PSPS – Internal Audit Manager – Assistant Director – Regulatory – KPMG – Treasury and Investment Manager, PSPS – Democratic Services Officer

Chairman: Councillor Barrie Pierpoint
Clerk: Democratic Services Officer

Vice Chairman: Councillor James Cantwell