



Public Document Pack  
**Boston Borough Council**

**Chief Executive  
Rob Barlow**

Municipal Buildings  
Boston  
Lincolnshire PE21 8QR  
Tel: 01205 314200

Friday 19 June 2026

**Notice of meeting of the Audit & Governance Committee**

Dear Councillor

You are invited to attend a meeting of the Audit & Governance Committee  
on **Monday 29th June 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, Patricia Marson,  
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 - 12)

To sign and confirm the minutes of the last meeting.

**D Actions** (Pages 13 - 16)

To note the actions from the previous meeting.

**E Public Questions**

To answer any written questions received from members of the public no later than 5 p.m. two clear working days prior to the meeting – for this meeting the deadline is 5 p.m. on Wednesday 24<sup>th</sup> June 2026.

**Part II - Agenda Items**

**1 Quarter 4 25/26 Risk Report** (Pages 17 - 34)

(A report by John Medler, Service Director – Legal & Governance (Monitoring Officer))

**2 Combined Assurance Status Report 2025/26** (Pages 35 - 52)

(A report by John Medler, Service Director – Legal & Governance (Monitoring Officer))

**3 Internal Audit Annual Report and Opinion 2025/26** (Pages 53 - 70)

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

**4 Unaudited Financial Statement 2025/26** (Pages 71 - 172)

(A report by Russell Stone, Executive Director - Finance (Section 151 Officer))

**5 Annual Treasury Report 2025/26** (Pages 173 - 194)

(A report by Russell Stone, Executive Director - Finance (Section 151 Officer))

**6 Draft Annual Governance Statement (AGS) 2025/26** (Pages 195 - 210)

(A report by Russell Stone, Executive Director – Finance (Section 151 Officer) and John Medler, Service Director – Legal & Governance (Monitoring Officer))

**7 Work Programme** (Pages 211 - 212)

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

**Notes:**

Please contact Democratic Services ([demservices@boston.gov.uk](mailto: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 Tuesday 21st April 2026 at 6.30 pm.

### **Present:**

Councillor Barrie Pierpoint, in the Chair.

Councillors James Cantwell (Vice-Chairman), Andy IZard, Jonathan Noble, Ralph Pryke, David Scoot and Stephen Woodliffe.

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

### **Officers:**

Service Director – Legal & Governance (Monitoring Officer), Group Manager – Insights & Transformation, Head of Finance Delivery - Technical and Corporate, PSPSL, Treasury and Investment Manager (PSPSL), Engagement Director, KPMG and Democratic Services Officer.

### **53 Apologies for Absence**

Apologies for absence were received from Councillors Anton Dani, Neil Drayton and Lina Savickiene.

### **54 Declarations of Interests**

Councillor Ralph Pryke declared a personal interest in agenda items relating to Public Sector Partnership Services Ltd (PSPS Ltd), confirming that he was an appointed board member of PSPS Ltd and also a member of the Black Sluice Internal Drainage Board and the Welland and Deepings Internal Drainage Board. Councillor Pryke advised that these bodies had financial connections to the Council.

### **55 Minutes**

The minutes of the meeting held on 19<sup>th</sup> January 2026 were agreed and signed by the Chairman.

### **56 Actions**

The action sheet from the meeting held on 19<sup>th</sup> January 2026 had been circulated with the agenda; no outstanding actions were reported.

### **57 Public Questions**

No public questions were received.

### **58 Internal Audit Progress Report - April 2026**

The Committee received the Internal Audit Progress Report – April 2026, presented by the Head of Internal Audit and Risk, which provided an overview of internal audit activity

undertaken during the 2025/26 financial year and reported progress against delivery of the approved Internal Audit Plan.

The Committee was advised that 100% of the Internal Audit Plan for the year had been delivered. The report summarised assurance outcomes, levels of management engagement, implementation of agreed actions, and feedback received from audited services. It was reported that overall feedback from services had been positive, demonstrating constructive engagement and a high level of commitment to implementing recommendations. One instance of poorer feedback had been received in relation to the timeliness of an audit delivered by a co-provider which had been addressed through performance discussions and quality assurance arrangements.

Members noted the range of audits completed during the year, covering areas including grants administration, identification and monitoring of savings, ICT cyber security, risk management, planning, capital budget monitoring and financial resilience. It was confirmed that Internal Audit had continued to provide advisory support alongside assurance work, where appropriate.

During discussion, Members raised several detailed questions on specific findings. Clarification was sought on audit conclusions referring to the absence of a centralised grants register, with concern expressed about how grant information was currently recorded and monitored across the Council. Members also questioned the arrangements for escalation where savings proposals were not delivered to plan, and how such issues were identified and addressed through financial monitoring and governance processes. The Monitoring Officer confirmed that officers monitored the approved budget and that quarterly reports detailing key variances were presented to the Cabinet. He explained that the Council had set a balanced budget for 2026/27 which did not contain a need to identify in year savings and efficiency targets.

Further discussion focused on audit findings highlighting the absence of a central training records system, with Members querying how assurance could be provided over staff training and compliance in the absence of consistent tracking. Members also referred to issues raised within the ICT cyber security audit, including findings relating to threat escalation procedures, remediation timescales and management oversight.

The Head of Internal Audit and Risk explained that assurance opinions were based on a structured risk assessment methodology and internal quality assurance processes. Members noted that final assurance ratings reflected the cumulative impact of findings rather than individual issues and were subject to senior sign-off.

The Committee expressed concern that officers with direct responsibility for the audited operational areas were not always present to respond to technical or service-specific questions. Members emphasised that effective scrutiny depended on having appropriate senior officers in attendance to explain management responses and control arrangements. It was agreed that this matter required further consideration to ensure future meetings were adequately supported.

The Committee concluded that the report demonstrated strong delivery of the Internal Audit Plan and a generally sound assurance position, while also highlighting areas where governance arrangements, documentation and officer engagement needed to be strengthened.

**Resolved:**

**That the Internal Audit Progress Report – April 2026 be noted.**

**59 Internal Audit Annual Plan 2026/2027**

The Committee received the Internal Audit Annual Plan for the 2026/27 financial year, presented by the Head of Internal Audit and Risk, which set out the proposed programme of assurance and advisory work to be undertaken by Internal Audit. The report explained how the plan had been developed using a risk-based approach, informed by the Council's strategic and operational risk registers, recent audit findings, emerging governance priorities, and consultation with Senior Leadership Team members.

Members were advised that the Plan had been structured to reflect both continuity and progression from previous years' audit work, including the use of thematic audits delivered over more than one year where this was considered necessary to provide sufficient depth of assurance. The Committee was informed that particular emphasis had been placed on areas such as risk management, savings and efficiency delivery, workforce and performance management, compliance with new regulatory requirements, and governance arrangements across the partnership.

The Committee considered the contents of the proposed audit plan in detail. Discussion focused on the importance of ensuring that audits relating to savings delivery and efficiency programmes provided clear assurance over accountability, escalation arrangements and management oversight. Members noted that similar issues had arisen repeatedly in recent audit reports and emphasised the need for the audit plan to test not only the existence of processes, but also their effectiveness in practice.

Concerns were raised regarding governance arrangements within savings and efficiency workstreams, including the availability of documentation and records of decision-making. Members highlighted that, in previous years, questions had been raised about the absence of formally recorded minutes or outputs from efficiency-related boards or working groups. It was noted that the audit plan included provisions to revisit savings and efficiency governance, and Members stressed the importance of this work in the context of ongoing financial pressures.

The Committee also discussed the relationship between the Internal Audit Plan and the Council's wider performance management framework. Questions were raised about whether the audit programme would adequately test how performance information was used to support decision-making and scrutiny. Officers confirmed that the Council operated a quarterly performance management framework and that Internal Audit would draw upon this intelligence where relevant. Members requested that further information on the performance reporting framework be shared to support their understanding of how performance assurance aligned with audit activity.

During debate, Members returned to concerns expressed under the previous agenda item regarding officer attendance at meetings. It was noted that the Internal Audit Plan set out a robust programme of work, but effective scrutiny of audit outcomes depended on the availability of senior officers with appropriate responsibility and knowledge to respond to Members' questions. The Committee reiterated that this issue affected not only the progress report but also consideration of forward audit planning, as Members needed confidence that future findings would be fully explained and addressed.

Further discussion took place regarding the inclusion of management tasks within the audit plan, particularly those relating to the quality, preparation and presentation of reports. Members expressed frustration that, despite repeated discussions, committee reports often remained lengthy, technical and difficult to interrogate effectively. The Committee emphasised that improvements in report quality were essential to support meaningful scrutiny and governance assurance.

The Committee acknowledged the breadth of the proposed audit coverage and welcomed the continued emphasis on collaboration with senior leadership and alignment with the Council's strategic risk profile. Members recognised the professional judgement applied in developing the Plan and agreed that, subject to the issues raised during discussion, it provided an appropriate basis for assurance activity during the forthcoming year.

**Resolved:****That the Internal Audit Annual Plan for 2026/27 be noted.****60 External Audit plan and strategy for the year ending 31 March 2026**

The Committee received the External Audit Plan and Strategy for the year ending 31 March 2026, presented by the External Auditor, which outlined the proposed scope, approach and timing of the external audit of the Council's and Group's financial statements, together with the outcome of the initial value-for-money risk assessment.

Members were advised that the audit would be undertaken in accordance with the Local Audit and Accountability Act 2014, the NAO Code of Audit Practice and professional auditing standards. The report detailed the materiality thresholds to be applied during the audit and the reporting arrangements for identified misstatements.

The External Auditor highlighted the significant risks identified at the planning stage, which were consistent with previous years. These included the valuation of land and buildings, particularly assets valued using the depreciated replacement cost methodology, the valuation of post-retirement benefit obligations, and the inherent risk of management override of controls. It was confirmed that no new or heightened risks had been identified at this stage.

The Committee discussed the valuation of land and buildings in detail, particularly in light of changes to accounting guidance allowing revaluations to be undertaken through a rolling five-year programme with annual indexation. Members queried the process for selecting assets for revaluation and the extent of the External Auditor's involvement. The External Auditor explained that asset selection formed part of management's

responsibilities, with the auditor's role focused on testing the appropriateness of valuations, assumptions and compliance with accounting standards.

Members also raised concerns about the accessibility of audit reports, particularly the use of acronyms and technical terminology. The Committee emphasised that reports needed to be clear and understandable to support effective scrutiny and requested improved narrative explanations and the inclusion of clearer definitions or a glossary in future reports.

The Committee considered the value-for-money risk assessment and noted the External Auditor's view that no significant weaknesses had been identified at this stage in relation to financial sustainability, governance or economy, efficiency and effectiveness. It was recognised that this assessment would be kept under review as audit work progressed.

The Committee welcomed the overall assurance position presented and thanked the External Auditor for the comprehensive report.

**Resolved:**

**That the External Audit Plan and Strategy for the year ending 31 March 2026 be noted.**

**61 Accounting Policies 2025/26**

The Committee received the report on the proposed Accounting Policies for the 2025/26 financial year, presented by the Head of Finance Delivery – Technical and Corporate (PSPS Ltd), which set out the accounting policies to be applied in the preparation of the Council's Statement of Accounts, in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

Members were advised that the purpose of presenting the accounting policies at this stage was to support good governance by allowing early consideration of any changes prior to the closure of accounts. It was explained that the majority of the Council's accounting policies remained unchanged from previous years, ensuring consistency in financial reporting.

The Committee was informed that the principal change for 2025/26 related to the valuation of Property, Plant and Equipment. Recent amendments to the CIPFA Code now permitted local authorities to adopt a rolling five-year valuation programme, supported by annual indexation in the intervening years, rather than undertaking full revaluations of asset classes on a single valuation date. Officers explained that the Council proposed to adopt this approach, valuing approximately 20% of eligible assets each year to ensure all relevant assets were revalued within the five-year cycle.

During discussion, Members sought clarification on the rationale for adopting the rolling valuation approach. The Head of Finance Delivery explained that the new methodology was considered more efficient and proportionate, spreading valuation activity more evenly across years and reducing the operational burden associated with undertaking large-scale revaluations at a single point in time, while remaining fully compliant with accounting standards. Members asked whether the change had any implications for audit assurance

or governance and were advised that the proposed approach was explicitly provided for within the CIPFA Code and would continue to be subject to appropriate audit scrutiny through both internal and external audit processes.

The Committee discussed recent legislative changes affecting access to the Local Government Pension Scheme for councillors. Members sought clarification on whether councillors would now be eligible to join the scheme and how any such changes would be implemented. The Head of Finance Delivery advised that the detailed position was still being confirmed, with further guidance awaited. The Service Director – Legal and Governance (Monitoring Officer) explained that regulations permitting councillor access had been brought forward by Government, with commencement dates set nationally, but that administrative arrangements and guidance were still being finalised in conjunction with pension administrators. Members were informed that further information would be communicated once the position had been fully clarified.

The Committee also noted minor drafting matters within the report, including references within the appendices, which officers acknowledged and confirmed would be addressed as part of final account preparation.

Overall, the Committee was satisfied that the proposed accounting policies were appropriate, compliant with professional standards and presented at a suitable stage to support transparency and effective oversight.

**The recommendations were proposed by Councillor Andy Izard and seconded by Councillor Jonathan Noble.**

**Resolved:**

**That the Accounting Policies for 2025/26 be approved.**

## **62 Regulation of Investigatory Powers Act (RIPA) 2000 - Annual Update**

The Committee received the annual update report on the Regulation of Investigatory Powers Act (RIPA) 2000, presented by the Service Director – Regulatory, which provided Members with an update on the Council's use of investigatory powers over the preceding year and outlined compliance with statutory requirements, relevant policies, training arrangements and anticipated developments.

Members were reminded that RIPA governed the use of directed surveillance, covert human intelligence sources and the acquisition of communications data, and that such powers could only be used where activity was lawful, necessary, proportionate and non-discriminatory. It was further noted that the use of certain powers required external judicial approval.

The Committee was advised that the Council had not undertaken any activity during the reporting period that met the threshold requiring authorisation under RIPA and that this nil return had been reported to the Investigatory Powers Commissioner's Office. Members were informed that while instances of RIPA usage were rare, the Council was required to demonstrate ongoing compliance with legislative and regulatory expectations.

The report detailed the current policy framework, including the adoption of the partnership RIPA policy in 2024, which remained fit for purpose. Members were advised that the Council was not due for a routine inspection during the coming year, but that arrangements remained in place to respond should an inspection be undertaken.

Discussion took place regarding training and awareness. The Service Director – Regulatory confirmed that relevant officers were provided with appropriate training, with records retained on individual personnel files available for audit or inspection if required. Members were advised that RIPA awareness formed part of induction arrangements for new enforcement officers and that line managers were responsible for assessing competence and identifying any training needs.

The Committee also discussed the use of body-worn video equipment. Officers explained that such equipment was available to enforcement staff and could be deployed at the discretion of officers and managers depending on the nature of the task, the evidential requirements and any health and safety considerations. Members were advised that body-worn video use was governed by specific policies and procedures and supported by training, but that its use was not mandatory and was subject to risk assessment and professional judgement.

Members sought clarification on whether circumstances had arisen during the year where RIPA authorisation had been considered but not pursued. It was confirmed that no activity had met the statutory threshold requiring formal authorisation. The Committee also discussed the potential role of body-worn video in investigations, and officers confirmed that such equipment could be used to support evidential gathering where appropriate and in compliance with relevant policies.

Overall, the Committee was satisfied that appropriate governance, training and oversight arrangements remained in place, and that the Council continued to exercise investigatory powers responsibly and proportionately.

**Resolved:**

**That the Regulation of Investigatory Powers Act 2000 – Annual Update be noted.**

**63 Q3 Treasury Report 2025/26**

The Committee received the Quarter 3 Treasury Management Report for the 2025/26 financial year, presented by the Treasury and Investment Manager (PSPSL), which provided an update on treasury management activity, investment performance, borrowing position and compliance with the Council's approved Treasury Management Strategy for the period ending 31<sup>st</sup> December 2025.

Members were advised that the report had been prepared in accordance with the CIPFA Code of Practice on Treasury Management and formed part of the Council's ongoing governance and assurance arrangements. The Council's treasury management priorities of security, liquidity and yield remained unchanged and continued to underpin all investment and borrowing decisions.

The Committee was provided with an overview of the prevailing economic environment during the reporting period. It was noted that economic growth had remained subdued, inflation had continued to fall from earlier peaks, and interest rates had reduced slightly towards the end of the calendar year. Members were advised that the interest rate forecast included within the report had been updated following changes in global conditions and reflected a longer period of interest rate stability than previously anticipated.

The Committee noted that the Council had continued to invest surplus cash balances in accordance with the approved strategy. Total investments held at 31<sup>st</sup> December 2025 had reduced compared to the start of the financial year, reflecting the planned use of reserves, the drawdown of grants and the funding of capital expenditure. Investment performance remained strong overall, with favourable variances reported against budgeted investment income for the period.

Members received an overview of the Council's borrowing position and were advised that the Council remained in an under-borrowed position, using internal cash balances to fund capital expenditure where appropriate. Borrowing costs remained below budget, reflecting the timing of borrowing decisions and the early redemption of higher-cost debt.

The Committee considered the section of the report relating to property fund investments in detail. Members were advised that headline returns from property funds continued to be lower than historic expectations and that overall valuations remained depressed, reflecting wider market conditions. It was explained that property fund investments were long-term in nature and subject to cyclical movements, with valuations influenced by interest rates, asset values and investor redemption activity.

Members questioned whether strong returns achieved on certain treasury investments created an incentive to increase individual investment values. The Treasury and Investment Manager explained that investment limits and counterparty exposure were actively managed to maintain diversification and protect capital, and that investment decisions were made within approved limits regardless of headline rates available.

The Committee discussed management fees associated with property fund investments and sought assurance that these remained appropriate given current performance. It was explained that fee structures were set within fund prospectuses and that elements of fees were performance-related, meaning lower returns were typically reflected in reduced overall fee levels.

Further discussion focused on the future outlook for property fund investments. Members queried whether there was a strategy to exit under-performing funds and how quickly decisions could be taken to limit further losses. The Treasury and Investment Manager advised that property funds were kept under continual review, but that immediate exit options were often constrained by notice periods, market conditions and potential valuation discounts. It was noted that fund wind-down arrangements, such as those already underway for one investment, could allow proceeds to be realised over time in a way which maximised value.

Members also discussed geopolitical risks and the potential impact of international instability on interest rate forecasts and borrowing costs. It was explained that global uncertainty could affect gilt yields and market confidence, with implications for both

borrowing and investment returns. Officers confirmed that these risks were monitored closely and reflected in ongoing treasury advice.

Throughout discussion, the Committee acknowledged the complexity of treasury management activity and expressed appreciation for the clarity of reporting and the level of assurance provided. Members noted that, despite challenging market conditions, the Council continued to operate within prudential indicators and maintain a strong governance framework for treasury decisions.

**The recommendations were proposed by Councillor Jonathan Noble and seconded by Councillor David Scoot.**

**Resolved:**

**That the Quarter 3 Treasury Management Report for 2025/26 be received and noted.**

#### **64 Quarter 3 25/26 Risk Report**

The Committee received the Quarter 3 Risk Report for the 2025/26 financial year, presented by the Group Manager – Insights and Transformation, which provided an update on the Council’s strategic, partnership and fraud risks as at the end of December 2025, including current risk scores, mitigation activity and movements since the previous quarter.

Members were advised that the report followed the Council’s established risk management framework and continued to focus on areas of highest impact and likelihood. The Committee was reminded that risks were monitored at strategic, operational and partnership levels, with the Audit & Governance Committee providing oversight of the highest-level risks.

The Committee noted that several strategic risks remained above their target scores at Quarter 3, although mitigation activity was ongoing.

Reference was made to risks associated with environmental and legislative change, service delivery pressures and emerging technology. Members were advised that one risk relating to health and safety, which had been shown as red at Quarter 3, had since been mitigated through completed actions and would be reflected as reduced in the Quarter 4 report.

The Committee received clarification on how target risk scores were used within the framework, including the distinction between risks that were being treated and those that were tolerated due to their external nature or unavoidable impact. It was noted that some high-impact risks, such as those relating to budget and funding pressures, were inherently difficult to mitigate and were therefore subject to close monitoring rather than immediate reduction.

Members discussed the inclusion of risks associated with artificial intelligence and emerging digital tools. The Group Manager – Insights and Transformation explained that these risks reflected the rapid pace of technological change and the importance of ensuring appropriate governance, oversight and assurance arrangements were in place. It

was confirmed that this area was subject to internal audit review and would continue to be developed as understanding matured.

The Committee also considered risks relating to digital connectivity and infrastructure resilience. Members raised concerns about disparities in connectivity across the borough and the potential impact on residents, particularly in rural areas. Officers advised that work was ongoing across relevant service areas to better understand data sources, risk ownership and mitigation options, and that further information would be fed into future risk reviews.

Discussion took place regarding partnership risks, including those associated with funding sustainability and staffing capacity. Members were advised that these risks reflected pressures across the wider partnership environment, particularly in the context of transformation activity and Local Government Reorganisation. It was noted that partnership risks were reviewed alongside Council-specific risks to ensure consistency and visibility.

Members queried the history and governance of certain risks, particularly where mitigation activity had previously been paused or delayed. The Group Manager – Insights and Transformation explained that the risk register served as a mechanism to ensure such issues were visible and escalated appropriately, and that the inclusion of risks within the register had facilitated renewed focus and resolution.

The Committee also considered fraud risks included within the report and noted that no significant changes had occurred during the quarter. Members were advised that a full review of fraud risks and controls would be undertaken as part of Quarter 4 reporting.

During discussion, Members queried the history of the risk relating to the Council's server room, noting that mitigation activity had previously been paused. Officers advised that the project had been paused for a period due to political tensions within the partnership, but that work had since recommenced and the project was now complete, with the risk expected to be reduced in Quarter 4. Members expressed concern that political considerations should not delay the mitigation of strategic risks and requested further assurance on the governance arrangements supporting risk management decisions.

Overall, the Committee was satisfied that the risk report provided a clear and structured overview of the Council's most significant risks and the actions being taken to manage them. Members emphasised the importance of maintaining transparency, consistency and appropriate challenge within the risk management process.

**Resolved:**

**That the Quarter 3 Risk Report 2025/26 be noted.**

**65 Work Programme**

The Committee received the Work Programme, which set out the remaining business for the current municipal year and the draft programme for 2026/27. The draft work programme was presented to support the Committee's forward planning and to ensure that statutory, regulatory and governance responsibilities continued to be met.

Discussion focused on the timing and scheduling of meetings within the 2026/27 municipal year. Members queried the provisional nature of some dates shown within the draft programme and sought reassurance regarding when confirmed meeting dates would be issued. Officers advised that dates were subject to final confirmation across the partnership and that Members would be notified as soon as arrangements were concluded.

The Committee discussed the timing of specific future reports, including policy updates and regulatory items. Clarification was provided regarding the anticipated scheduling of a future CCTV policy report, which Members noted would align with the Committee's oversight responsibilities in relation to information governance and regulatory compliance.

Members also raised the findings of the Corporate Peer Challenge, particularly commentary relating to medium-term financial planning and transformation. It was noted that this feedback highlighted areas of ongoing development and that consideration would need to be given to how these matters were reflected within the Committee's future work programme to provide appropriate governance oversight.

The Committee emphasised the importance of using the Work Programme as a live planning tool, enabling Members to anticipate upcoming business and ensuring that sufficient time and officer attendance were scheduled to support effective scrutiny.

**Resolved:****That the Work Programme be noted.**

The Meeting ended at 8.19 pm.

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**Actions from Audit & Governance Committee meeting on 21<sup>st</sup> April 2026**

	<b>Action</b>	<b>Status / Update</b>	<b>Due Date</b>	<b>Responsible Officer(s)</b>
<b>1</b>	<p><b>Minute 58 – Internal Audit Progress Report – April 2026</b></p> <p>Action for officers to review the current arrangements for recording grants and circulate a written response to the Committee, with an update reported to a future meeting.</p>	<p align="center"><b>Complete</b></p> <p>A written response has been circulated.</p>	<b>27 May 26</b>	<b>RS</b>
<b>2</b>	<p><b>Minute 58 – Internal Audit Progress Report – April 2026</b></p> <p>Action for officers to provide clarification on how training records are now tracked and governed, and whether a central system has been implemented or is planned.</p>	<p align="center"><b>Complete</b></p> <p>A written response has been circulated.</p>	<b>27 May 26</b>	<b>RS</b>
<b>3</b>	<p><b>Minute 59 – Internal Audit Annual Plan 2026–27</b></p> <p>Action for officers to consider and confirm arrangements for recording and retaining minutes or formal notes of Efficiency Board meetings, and report back.</p>	<p align="center"><b>Complete</b></p> <p>A written response has been circulated.</p>	<b>27 May 26</b>	<b>RS</b>

	Action	Status / Update	Due Date	Responsible Officer(s)
<b>4</b>	<p><b>Minute 59 – Internal Audit Annual Plan 2026–27</b></p> <p>Action for officers to circulate an example of the current KPI / performance reporting framework to Members.</p>	<p><b>Complete</b></p> <p>A written response has been circulated.</p>	<b>27 May 26</b>	<b>JM</b>
<b>5</b>	<p><b>Minute 64 – Quarter 3 25/26 Risk Report</b></p> <p>Action for officers to review whether BESS-related risks should be explicitly reflected in the strategic and/or partnership risk register, including liaison with relevant partners.</p>	<p><b>Complete</b></p> <p>This will be included in the Q4 review and update. For clarity BESS is Battery Energy Storage Systems.</p>	<b>27 May 26</b>	<b>SR</b>
<b>6</b>	<p><b>Minute 64 – Quarter 3 25/26 Risk Report</b></p> <p>Action for officers to provide further detail on the reasons for pausing the server room project, decision-making accountability, and lessons learned.</p>	<p><b>Complete</b></p> <p>A written response has been circulated.</p>	<b>27 May 26</b>	<b>SR</b>
<b>7</b>	<p><b>Minute 64 – Quarter 3 25/26 Risk Report</b></p> <p>Action for officers to provide further information on how digital connectivity risk intelligence is gathered, including data sources and community impact assessment.</p>	<p><b>Complete</b></p> <p>This will be included in the Q4 review and update.</p>	<b>27 May 26</b>	<b>SR</b>

	Action	Status / Update	Due Date	Responsible Officer(s)
<b>8</b>	<p><b>Minute 64 – Quarter 3 25/26 Risk Report</b></p> <p>Action for officers to provide expanded detail on AI governance risks and mitigating actions in the Quarter 4 report.</p>	<p><b>Complete</b></p> <p>This will be included in the Q4 review and update.</p>	<b>27 May 26</b>	<b>SR</b>
<b>9</b>	<p><b>Additional</b></p> <p>Action for Democratic Services to submit the Minutes to a future Full Council meeting.</p>	<p><b>Complete</b></p> <p>The draft minutes will be considered by Full Council in July 2026.</p>	<b>30 Jun 26</b>	<b>RF</b>

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<b>Report To:</b>	Audit and Governance Committee
<b>Date:</b>	29 <sup>th</sup> June 2026
<b>Subject:</b>	Quarter 4 25/26 Risk Report
<b>Purpose:</b>	To provide an update on risk monitoring as at the end of March 2026
<b>Key Decision:</b>	No
<b>Portfolio Holder:</b>	Councillor Dale Broughton, Leader of the Council
<b>Report Of:</b>	John Medler, Service Director – Legal & Governance (Monitoring Officer)
<b>Report Author:</b>	Richard Baldwin, Strategic Performance Analyst
<b>Ward(s) Affected:</b>	All
<b>Exempt Report:</b>	No

## Summary

This is the quarterly report covering risk monitoring information for Quarter 4 of 2025/26 (as at the end of March 2026).

## Recommendations

That the Committee notes the quarterly risk monitoring information for Q4 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 (Appendices A, B, C)

- 1.1 The strategic risk register has been reviewed for Q4, as at the end of March 2026 (Appendix A).
- 1.2 A summary of the risks and scores are set out in the table below, with full details in Appendices A, B and C.
- 1.3 Each strategic risk includes a target status to indicate whether it is currently being managed at its target level. Where action needs to be taken to move the risk to its target level, planned action is set out and tracked with a RAG (Red, Amber, Green) rating to indicate if it is on track or overdue. This provides assurance that actions are progressing as expected and helps identify where further attention may be needed.
- 1.4 The Action RAG column in the table indicates that no planned action is required to move the target level (N/A) or a date for the planned action to be undertaken with a RAG rating of red if overdue.
- 1.5 Where risks have been removed/retired, the remaining reference numbers stay the same, to retain an audit trail. So, the missing numbers in the sequence in the tables below are for closed risks.

Boston Strategic Risks	Risk score	Direction of travel	Action RAG
BBC02: Health	M (9)	↔	N/A
BBC03: Local economy	M (9)	↔	N/A
BBC05: Budget	H (16)	↔	N/A
BBC06: Civil contingency risks	M (8)	↔	N/A
<b>Q4 update:</b> wording updated; no change to scoring			
BBC07: Infrastructure risks	M (8)	↔	N/A
BBC08: Capital Programme	M (6)	↔	N/A
BBC09: General Fund Assets	L (4)	↔	N/A
BBC10: Cyber Incident	H (15)	↔	N/A
BBC11: Technology infrastructure failure	H (10)	↔	N/A
BBC12: Environment Act	H (16)	↔	30/06/2026
<b>Q4 update:</b> wording and planned action reviewed and updated			
BBC13: Extended Producer Responsibility	L (4)	↔	N/A
<b>Q4 update:</b> wording and planned action reviewed and updated. 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 and ensures they have the necessary resources to make changes needed to deliver an efficient service.			
BBC14: Depot	Min (2)	↔	N/A
BBC16: Capacity	M (6)	↔	N/A

Boston Strategic Risks	Risk score	Direction of travel	Action RAG
<b>Q4 update:</b> wording reviewed and updated; Capacity, Change Readiness and Workforce Resilience			
BBC17: Third Party Service Delivery	M (9)	↔	N/A
BBC20: Service Delivery	-	-	-
<b>Q4 update:</b> risk moved to partnership risk register			
BBC24: Health and Safety	M (6)	↓	N/A
<b>Q4 update:</b> wording reviewed and updated; all planned actions complete; overall risk score reduced from 9 to 6 (reduced likelihood); treatment reverts back to tolerate			
BBC25: Information	M (8)	↔	N/A
BBC26: Local Plan	H (12)	↑	31/12/2026
<b>Q4 update:</b> wording and scoring updated to reflect new Plan Making Regulations published in March 2026. Impact increased from 2 to 4. Overall risk from medium to high			
BBC27: Safeguarding	M (8)	↔	N/A
BBC28: Local Government Reform (LGR)	-	-	-
<b>Q4 update:</b> in both Council and Partnership registers so removed from here to avoid duplication.			
BBC29: Inadequate mitigation of infrastructure risks in the BBC server room	-	-	-
<b>Q4 update:</b> risk removed as project now complete			
BBC30: Net Zero target	L (4)	↔	N/A
<b>Q4 update:</b> wording reviewed and updated			
BBC31: AI Governance and Oversight	M (9)	↔	30/09/2026
<b>Q4 update:</b> wording and planned action reviewed and updated			

Risk Scoring Matrix						
Impact	Critical		11	10		
	High	9	6; 7; 25; 27	26	5; 12	
	Medium		8; 16; 24	2; 3; 17; 31		
	Low	14	13; 30			
	Minimal					
		Rare	Unlikely	Possible	Likely	Almost certain
		Likelihood				

Risk Score      Colour

Minimal Risk     

Low Risk         

Medium Risk     

High Risk        

Critical Risk

- 1.6 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


1.7 The strategic risks for the Partnership have also been reviewed for Quarter 4, as at the end of March 2026.


1.8 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	Action RAG
SELCP-01: Vision	M (8)	↔	N/A
SELCP-02: Trust	M (9)	↔	N/A
SELCP-03: Sovereignty	M (9)	↔	N/A
SELCP-05: Culture	M (6)	↔	N/A
SELCP-06: LGR	H (12)	↔	N/A
<b>Q4 update:</b> wording reviewed and updated.			
SELCP-07: Funding	H (16)	↔	30/06/2026
<b>Q4 update:</b> wording and planned action reviewed and updated.			
SELCP-08: Staffing	H (12)	↔	30/06/2026
<b>Q4 update:</b> wording and planned actions reviewed and updated.			
SELCP-09: PSPS	M (6)	↔	N/A
SELCP-10: Service Delivery	M (6)	↔	N/A
<b>Q4 update:</b> risk moved from Council risk register to avoid duplication.			


Risk Scoring Matrix						
Impact	Critical					
	High		1		7	
	Medium		5; 9; 10	2; 3	6; 8	
	Low					
	Minimal					
		Rare	Unlikely	Possible	Likely	Almost certain


Risk Score      Colour

Minimal Risk      

Low Risk          

Medium Risk      

High Risk         






Critical Risk     

1.9 The fraud risks have also been reviewed for Q4, as at the end of March 2026.

1.10 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	Action RAG
1: Asset - Equipment	Min (1)	↔	N/A
3: Assets – Land and Property	Min (1)	↔	N/A
4: Procurement – Contracts	M (8)	↔	N/A
5: Procurement – Contract Payments	M (8)	↔	N/A
6: Council Tax – Credit Refund and Income Fraud	M (6)	↔	N/A
7: Council Tax Fraud	L (4)	↔	N/A
8: Council Tax Support Scheme	L (4)	↔	N/A
9: National Non-Domestic Rate (NNDR) Fraud	M (9)	↔	N/A
10: Housing Benefit Fraud	L (4)	↔	N/A

Risk Scoring Matrix					
Critical					
High		4; 5			
Medium		6	9		
Low		7; 8; 10			
Minimal	1; 3				
	Rare	Unlikely	Possible	Likely	Almost certain
	Likelihood				

Risk Score	Colour
Minimal Risk	
Low Risk	
Medium Risk	
High Risk	
Critical Risk	

1.11 Exception reporting of operational and project risks, in line with our Risk Framework:

- High operational/project risks – being closely managed by lead officers and reviewed by Service Directors:
  - GMLC disruption/loss of service
  - Ash tree dieback (chalar fraxinea) disease
  - Recruitment and Retention: Operations
  - Tree Safety Inspections - budget
  - Affordable housing
  - Disabled Facility Grants (DFGs) / Discretionary Assistance
  - Information Governance - impact of new Code of Complaints
  - Goods Vehicle Operator Licence
  - Unsupported GIS (mapping) system
  - Cemetery tree stock condition
  - Crematorium Staffing
  - Uniform project
- New operational risks have been added in the last year following audits, relating to the Council's relationship with PSPS, grant administration and AI. All are medium risks and are being managed in line with our Risk Framework.

**2 Conclusion**

2.1 The performance and 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	Q4 BBC Risk Registers
Appendix B	Q4 Partnership Risks
Appendix C	Q4 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**

Cabinet 24<sup>th</sup> June 2026

## Report Approval

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Ref	Risk name	Risk description	Lead	Cause/s	Potential impact/consequences	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	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	SD-CHS	Long term health issues in the local population; Deprivation; Wider determinants of health; Access to services	Poor health outcomes; Increased costs to local health services; Unsustainable health services.	The opportunity to work with health and wider system partners to address long term health issues and deprivation, to raise awareness and promote good health, to support the sustainability of local health services. Close working with LCC Public Health, VCS and wider system partners to ensure appropriate support and treatment measures are carried out.	3	3	Medium (9)	Tolerate	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	ED-ED	Continuing impact of general wider economic impact on businesses and the local economy; Increasing costs, including fuel costs; Lack of buses, particularly in rural areas, and increasing costs of travel	Struggling/failing local businesses; Stagnating local economy; Lack of inward investment; Low skills and aspirations; Low visitor numbers; Future sustainability of the Town Centre - retail, evening economy, housing, heritage, culture, leisure, events, car parking; Community perceptions. Threat to infrastructure, local services and housing	Town Deal and Levelling Up projects; Emergency Planning Team represented on County Wide LRF Group looking at issues of winter pressures / cost of living and industrial action.	3	3	Medium (9)	Tolerate	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	ED-F	Reduction of government funding; Reduction in income; Capital expenditure; Impact of Internal Drainage Board (IDB) levy; Inflation; Fuel shortages; Ukraine conflict	Lack of money and lack of certainty going forward; Failure to balance budget in future years	Medium Term Financial Strategy; Budgetary process; Sound level of reserves; Continued close monitoring; Continued lobbying regarding the IDB pressure. Savings and Efficiency Plan developed to support the MTFS	4	4	High (16)	Tolerate	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	SD-R	Any incident/emergency that requires a response from the council as a category 1 responder under the civil contingencies act	Failure in service delivery; Impact on local people; Reputational damage; Detrimental economic impact on business; inability to support partners during an incident through LRF structures	Community Risk Register monitored by the Lincolnshire Resilience Forum (LRF); Work with partners to assess, monitor, train, plan and exercise to enable effective response to and recovery from an incident. Strategic and Tactical Out of Hours duty rota in place. S&ELCP providing resilience for response and recovery from emergencies/incidents affecting a single council. Established Business Continuity Steering Group in place. 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. 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. Draft policy agreed and coming forward for approval in 26/27.	2	4	Medium (8)	Tolerate	Review of battery energy storage systems underway for reporting in Q1 26/27.	N/A	2	4	Medium (8)
BBC07	Infrastructure risks	Risks to infrastructure - roads, rail, waste management, water supply, energy, digital connectivity	ED-ED	Lack of investment, upgrade and development into infrastructure, broadband/digital connectivity, highways/public transport; Increased demand on infrastructure from population growth and rapid urbanisation	Impact on health, the economy and businesses; Opportunity to generate employment and boost living standards; Opportunity to encourage inward investment.	Sub-regional focus and briefings; Support with the evolution of ideas and solutions; Scrutiny Committee looking at the theme of highways/public transport.	2	4	Medium (8)	Tolerate	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	ED-PD	Escalating costs Onsite Issues Grant funding withdrawal Non-compliance of grant funding obligations Insufficient Pre-project planning and specs (Brief-Creep) Partners withdrawal	Reputational Damage Financial impact Failure to deliver council objectives Reduced ability to secure future funding	Robust programme and project management; Regular and structured reporting mechanisms; Robust and effective governance (financial and project); Effective working with partners and 3rd Party delivery; Risk 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	ED-PD	Escalating costs Onsite Issues Grant funding withdrawal Non-compliance of grant funding obligations	Failure to meet statutory requirements in regard to general fund assets	All assets either have compliance contracts in place or local contractors with the jobs in hand. Database updated and restructure in place, with clear roles and responsibilities. Training takes place on a required basis.	1	4	Low (4)	Tolerate	Continued implementation of asset management strategy	N/A	1	4	Low (4)
BBC10	Cyber Incident	The risk of the council's ICT infrastructure being severely impacted as the result of a cyber incident, both in terms of downtime of systems and loss of data/information.	SD-CS	The threat landscape across the UK is continuously increasing and appears on the national risk assessment. The Council need to constantly adapt in its security mitigation and training to ensure they are both prepared from a technical and from a people aspect	Theft of corporate information theft of financial information (eg bank details or payment card details) theft of money disruption to service provision loss of business or contract loss of trust in customers/residents and partners	Defence in depth in the form of firewalls, Mimecast and antivirus is deployed both at the perimeter and the internal Local Area Network. The ICT team play an active part in the East Midlands WARP (Warning, Advice and Reporting Point) which allow us to have early sight of issues being experienced across neighbouring Authorities and Agencies. ICT is also a member of the CISP formed by the National Cyber Security Centre, this allows us early awareness from the central agency responsible for cyber threats across the UK as well as allowing them to monitor our environment to a degree. These mitigations afford ICT awareness of emerging threats. We 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.	SD-CS	Human error, Power failure, Security, Hardware, Link failure	The Council relies heavily on the ICT infrastructure for normal business operation. Whilst resilience is built into the environment, the loss of a service is always possible. Depending on the service lost, the impact could be severe	The Council has a series of resilience arrangements in place through its service provider, PSPS. Work is continuous to ensure these are fit for purpose across a range of areas.  As part of business continuity planning, services 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.	SD-N	The Environment Act 2021 allows the UK to enshrine better environmental protection into law. It provides the Government with powers to set new binding targets, including for air quality, water, biodiversity, and waste reduction. This will change and impact the way environmental services are currently delivered	Failure to comply with legislation Negative effect on climate both locally and globally	A SELCP Waste Improvement Programme Board (WIPB) is established and comprises lead members from Neighbourhoods and PSPS services. The WIPB meets monthly for progress updates. A 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. Depot extension agreed to accommodate increased vehicles. Review and update every quarter.	30/06/2026	3	3	Medium (9)

Ref	Risk name	Risk description	Lead	Cause/s	Potential impact/consequences	Existing control measures in place	Current risk likelihood	Current risk impact	Current risk score	Treatment (4Ts)	Planned action / future mitigation	Action RAG	Target risk likelihood	Target risk impact	Target risk score
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.	SD-N	Reforms seek to introduce principles of extended producer responsibility (EPR) to the UK's packaging waste management sector and will, primarily, see the cost burden of collecting householders' packaging waste shift from local taxpayers to the producers of packaged products	Funding Gaps Negative Press Budget implications	Officers closely follows all policy and practice changes being implemented by the Government and has responded to relevant consultations. This is also being monitored through the countywide Strategic Officer Working Group. Officers are attending Defra webinars on a regular basis, and taking part in research where relevant. The SLECP Waste Improvement Programme Board is made aware of any updates from Defra.	2	2	Low (4)	Tolerate	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)
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	SD-N	Additional housing developments which means more waste and therefore more resources and vehicles required. Depot at St Johns Road does not currently have sufficient capacity on the operators license for future growth or additional vehicles for food waste	Failure to complete rounds; Budget implications; Failure to increase garden waste and commercial services, failure to provide a food waste collection	Extension to depot has been identified and lease agreed from 1st April 2025.	1	2	Minimal (2)	Tolerate	Extension and budgets required have been agreed.	N/A	1	2	Minimal (2)
BBC16	Capacity, Change Readiness and Workforce Resilience	The risk that insufficient workforce capacity, resilience and change readiness limit the organisation's ability to deliver the work programme, transformation activity and Local Government Reorganisation in parallel.	SD-CS	The workload increasing to a point where it becomes unmanageable within existing staff resources.	Delivery of work programme slipping. Staff wellbeing concerns. Disruption to services. Reputation reduced with partners. Increased sickness absence and turnover. Reduced leadership capacity and visibility.	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 Service 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'. Explicit OD support and change prioritisation. Workforce scenario and impact assessments aligned to LGR	2	3	Medium (6)	Tolerate	Continue to monitor the impact of LGR on capacity	N/A	2	3	Medium (6)
BBC24	Health and Safety	Risk of failure to comply with Health and Safety requirements	SD-R	The Council has a clear responsibility to both staff and recipients of services under Health and Safety legislation and needs to effectively manage its responsibilities.	There can be consequences to the organisation's finances and reputation relating to non-compliance of health and safety requirements. There is also the risk of harm to individuals.	Partnership Health and Safety Working Group in place and reporting up to the LT – Governance monthly meetings, including updated policies and procedures. Outstanding audit actions have been completed. Adequate assurance from the latest internal audit report. Working through the recommendations in line with agreed action plan. All recommendations due to date have been implemented.	2	3	Medium (6)	Tolerate		N/A	2	3	Medium (6)
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 a new local plan under the new plan-making system by 2029.	SD-PSI	Inability to pass through the 3 gateways in Government's new plan making requirements due to out of date evidence base, lack of specialist staff resources, inability to update evidence base, taking unsound approach to plan and policy preparation, poor project governance, ineffective co-operation and engagement. Unable to progress in accordance with demanding 30 month programme, Inability to implement Digital First requirements Misalignment with development management policies Local plan out of date	Failure to meet requirements of the new Local Plan-making System (as set out by new Regulations March 2026) Potential Govt intervention and loss of local control. Lack of economic growth and inward investment Lack of new jobs and opportunity Failure to attract residents from outside of the district. Speculative applications and loss of control over development	Implementation of strong governance processes. Appointment of planning specialist to act as dedicated Local Plans project/programme manager and provide technical support. Monitoring of the Plan policies. Taking of decision on planning applications.	3	4	High (12)	Treat	Timeline now established for new plan - commencement by end of 2026	31/12/2026	3	2	Medium (6)
BBC27	Safeguarding	Risk of failure to deliver safeguarding children, young people and vulnerable adults responsibilities	SD-CHS	The Council has statutory duties in relation to safeguarding. Section 11 of the Children Act requires a regular audit to assess our capacity to respond appropriately and identify improvements needed. The Council also has statutory duties to safeguard individuals and communities in relation to the Care Act 2014, the Mental Capacity Act 2005, Modern Slavery Act 2015 and in relation to Prevent.	In relation to non-compliance there are potentially significant reputational risks to the Council	Lead Officer and Deputies identified, with Portfolio Holders engaged. The Safeguarding Policy and Procedures have been reviewed. The lead officer liaises regularly with other District Councils and external agencies. Team leaders identify relevant actions and staff training in their service plans. Human Resources supports safer recruitment (including DBS checks) and training for officers, volunteers and councillors. An incident reporting mechanism is in place to monitor the Council's responses.  Wellbeing Lincs Service has provided a countywide response and support service for vulnerable and clinically vulnerable residents. Safeguarding was a key focus of a report to LCC during the Covid response. The District Councils and County Council continue to meet to collaborate and discuss matters around safeguarding policy and procedures.	2	4	Medium (8)	Tolerate	Continued monitoring, reporting and training	N/A	2	4	Medium (8)
BBC30	Net Zero target	Risk of failure to meet agreed corporate ambition of Net Zero by 2040 with a 45% reduction by 2027	SD-R	Impact on Net Zero target (i.e. carbon emissions) not fully evaluated at outset of all projects, decisions and developments and through service delivery objectives.  Financial resourcing required to decarbonise some areas may not be available.	Decisions taken which increase carbon emissions leading to failure to meet Net Zero ambition.  Potential reputational risk to authority. Failure to invest in a targeted and effective way.	Carbon Reduction Action Plan, Partnership Environment Policy and Climate Change Strategy approved. Green Home Grants and Energy Advice Demonstrator in delivery. Reporting and Monitoring of progress through Scrutiny Committee. Monitoring delivery of projects through Sustainable Warmth Project Management Board.	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)
BBC31	AI Governance and Oversight	The rapid adoption of AI across council services may outpace governance, leading to unmanaged risks in data privacy, compliance, service quality, and public trust.	SD-CS	Poor data, unclear problems, poor governance, or unrealistic expectations, leading to unreliable or biased outputs, wasted investment, loss of trust, and increased legal, reputational, and operational risk rather than improved decision-making.	The impact of AI failure is that organisations can make poor or unsafe decisions, waste time and money, damage public trust and reputation, face legal or regulatory challenge, and ultimately increase risk and inequality rather than improving services and outcomes.	AI Working Group, risk register, legal review, staff training and comms, regular monitoring by IT and Information Governance teams.	3	3	Medium (9)	Treat	Implementation of recommendations from internal audit ongoing in 26/27.	30/09/2026	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
SELCP-01	Vision	A lack of clear and shared vision; the reasons for shared management and sharing of joint services	SD-CS	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		N/A	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		N/A	3	3	Medium (9)
SELCP-03	Sovereignty	Concerns around the loss of sovereignty of a council	SD-LG	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		N/A	3	3	Medium (9)
SELCP-05	Culture	A fundamental difference in the organisational culture of the councils	SD-CS	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	Future work taking place around workforce terms and conditions	N/A	2	3	Medium (6)
SELCP-06	LGR	Local Government Reorganisation (LGR)	CX	Local Government Reorganisation will create a prolonged period of uncertainty impacting organisational culture, workforce stability, leadership capacity and change readiness, as well as service delivery and community confidence. LGR workforce and OD readiness planning. Consistent manager toolkits and staff engagement. Cultural integration principles. Proposal for LGR model has been submitted and we're now awaiting the outcome	4	3	High (12)	Tolerate	Continue to work with other Councils to ensure our Councils and Greater Lincolnshire are well positioned for LGR, regardless of proposal to be implemented.	N/A	4	3	High (12)
SELCP-07	Funding	Local Government Funding	ED-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	Delivering on the opportunities identified in the Partnership business case and realising the planned savings; savings tracker monitored by Transformation Board; review quarterly.	30/06/2026	3	3	Medium (9)
SELCP-08	Staffing	Staff retention and resilience	SD-CS	<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. Seek to improve the employee benefits package Continue to promote opportunities to work in the sector through the SELCP Academy.</p>	4	3	High (12)	Treat	<p>Encourage Services to consider the transformation/ capacity reserve for short term support where existing service capacity isn't sufficient. Review quarterly.</p> <p>A refresh of the Workforce Development Strategy action plan will take place this year, in light of LGR, to help ensure colleagues have the skills and confidence required to continue to want to work in Local Government post re-organisation</p>	30/06/2026	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)	Planned action / future mitigation	Action RAG	Target risk likelihood	Target risk impact	Target risk score
SELCP-09	PSPS	Relationship with PSPS	SD-CS	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.	2	3	Medium (6)	Tolerate	Continued monitoring and liaison	N/A	2	3	Medium (6)
SELCP-10	Service Delivery	The risk to service delivery, impacting residents and partners we work with.	SD-CS	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.	2	3	Medium (6)	Tolerate		N/A	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
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	ED-PD	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	N/A	N/A	1	1	Minimal (1)
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)	ED-PD	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	N/A	N/A	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	Actions from P card audit - follow up audit will re-assess	N/A	2	4	Medium (8)
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	Ongoing training and support provided by the procurement team to service areas	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
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	Ongoing checks and balances	N/A	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	N/A	N/A	2	2	Low (4)
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	N/A	N/A	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	Ongoing checks and balances; small business rate relief review	N/A	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)	Planned action / future mitigation	Action RAG	Target risk likelihood	Target risk impact	Target risk score
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	N/A	N/A	2	2	Low (4)


Risk Scoring Matrix						
Impact	Critical	5	10	15	20	25
	High	4	8	12	16	20
	Medium	3	6	9	12	15
	Low	2	4	6	6	10
	Minimal	1	2	3	4	5
		Rare	Unlikely	Possible	Likely	Almost certain
		Likelihood				


Final Risk scoring Colour

Minimal Risk 

Low Risk 

Medium Risk 

High Risk 

Critical Risk 

Likelihood score	1	2	3	4	5
Definition	Rare	Unlikely	Possible	Likely	Almost certain
Description	This risk would occur only in rare / particular circumstances	The risk is technically possible, but an occurrence is not foreseeable in the medium-long term	The risk is a real possibility but the likelihood of an occurrence in the short-medium term is small	The risk is probably going to occur at some point in the medium term-- , possibly sooner	The risk is expected to occur imminently / regularly
Timeframe	Will occur at some point in the next 10 or more years	Will occur at some point in the next 3-10 years	Will occur at some point in the next 1-3 years	Will occur at some point within the year	Will occur at some point in the next few months
Probability	10% or less	Between 10-30%	Between 30-50%	Between 50-85%	85% or more

Impact score	1	2	3	4	5
Title	Minimal	Low	Medium	High	Critical
Reputation risk	Individual complaint raised	Multiple complaints	Negative local press coverage for one day, increased complaints for more than one week	Negative national press coverage for one day, ongoing negative local coverage	Negative national press coverage over several days. Public criticism from MP, LGA, County Council or national service body
Financial risk	Up to £10,000	£10,000-£50,000	£50,000-£250,000	£250,000-£500,000	Over £500,0000
Service Delivery / Operations risk	Individual members of staff having work disrupted	Multiple members of staff unable to work	Total service outage for one day or less	Total service outage for several days	Total service outage for more than a week
Environmental risk	Immediately remedied damage in an isolated area	Easily remedied damage in an isolated area	Short term damage in an isolated area requiring partners assistance	Damage requiring special budget provision to rectify	Major or widespread damage requiring central government assistance
Health and Safety risk	People engaging in hazardous activities without awareness	Individual receives minor injuries	Multiple people receive minor injuries	Individual serious injury	Multiple people seriously injured, individual loss of life

#### Treatment (4Ts)

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 still 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

#### Risk leads

#### Title

CX	Chief Executive
ED-C	Executive Director - Communities
ED-ED	Executive Director - Economic Development
ED-F	Executive Director - Finance (S151 Officer)
ED-PD	Executive Director - Programme Delivery
SD-CHS	Service Director - Communities and Housing Services
SD-CR	Service Director - Culture & Regeneration
SD-CS	Service Director - Corporate Services
SD-H	Service Director - Housing
SD-LG	Service Director - Legal & Governance (Monitoring Officer)
SD-LLS	Service Director - Leisure & Local Services
SD-N	Service Director - Neighbourhoods
SD-PSI	Service Director - Planning and Strategic Infrastructure
SD-R	Service Director - Regulatory
SD-SGD	Service Director - Strategic Growth and Development
SD-SP	Service Director - Strategic Projects

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<b>Report To:</b>	Audit & Governance Committee
<b>Date:</b>	29 <sup>th</sup> June 2026
<b>Subject:</b>	Combined Assurance Status Report 2025/26
<b>Purpose:</b>	To review the Combined Assurance Status Report 2025/26
<b>Key Decision:</b>	N/A
<b>Portfolio Holder:</b>	N/A
<b>Report Of:</b>	Senior Leadership Team
<b>Report Author:</b>	John Medler, Service Director - Legal & Governance (Monitoring Officer)
<b>Ward(s) Affected:</b>	None
<b>Exempt Report:</b>	No

## Summary

The Combined Assurance Status Report provides a record of assurance against the Council's critical services and key projects. It supports the Council's commitment to achieving good corporate governance.

## Recommendations

That the Committee reviews the Combined Assurance Status Report 2025/26 (attached at **Appendix 1**) and seeks to assure itself that the findings illustrate that the assurance framework is operating effectively as part of the Council's corporate governance arrangements.

## Reasons for Recommendations

To support corporate governance arrangements within the Council.

## **Other Options Considered**

None.

### **1. Background**

- 1.1 The purpose of the Combined Assurance Status Report (**Appendix 1**) is to produce a record of assurance against the Council's critical services and key projects.

### **2. Report**

- 2.1 This report provides an overview of assurance across the Council making it possible to identify where assurances are present, their source and where there are potential 'unknowns or gaps.' It offers a triangulated view of assurance with opinion provided by management, corporate and/or third-party assurance and Internal Audit. The Combined Assurance Report is produced annually, and this report covers the year 2025/26.
- 2.2 The report details the methodology that was used, and the levels of assurance identified. The assurance assessment, as explained in the report, is based on the 'three levels of assurance' model. By conducting this work, the Council is in a position to be able to identify where it needs to obtain further assurance and at what levels.

### **3. Conclusion**

- 3.1. The report confirms that all key areas have been subject to assurance procedures. Overall, there continues to be a good level of assurance across the authority.
- 3.2. The findings are used to focus on areas of improvement, and they have helped to inform the Internal Audit workplan 2026/27 and the Council's Annual Governance Statement for 2025/26.

## **Implications**

### **South and East Lincolnshire Councils Partnership**

Effective governance arrangements support the work of the Partnership.

### **Corporate Priorities**

Effective governance arrangements are an essential element of the delivery of all corporate priorities.

### **Staffing**

None.

## **Workforce Capacity Implications**

None.

## **Constitutional and Legal Implications**

None.

## **Data Protection**

None.

## **Financial**

Effective corporate governance arrangements ensure that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

## **Risk Management**

None.

## **Stakeholder / Consultation / Timescales**

None.

## **Reputation**

None.

## **Contracts**

None.

## **Crime and Disorder**

None.

## **Equality and Diversity / Human Rights / Safeguarding**

None.

## **Health and Wellbeing**

None.

## **Climate Change and Environmental Implications**

None.

## **Acronyms**

None.

## **Appendices**

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

Appendix 1                                      Combined Assurance Status Report 2025/26

## **Background Papers**

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

## **Chronological History of this Report**

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

## **Report Approval**

Report author:                                      John Medler, Service Director – Legal and Governance  
(Monitoring Officer)  
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Signed off by:                                        John Medler, Service Director – Legal and Governance  
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Approved for publication:                      Senior Leadership Team

# Combined Assurance Status Report 2025/26



**Boston Borough Council  
March 2026**

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Key	Risk
<b>Red - Very High /High</b>	High impact on resources, significant costs likely, high impact on service delivery
<b>Amber - High/Medium</b>	Medium or short-term impact on resources, cost covered within existing financial plans, low impact on service delivery
<b>Green - Medium/Low</b>	Monitor and be aware, activity to mitigate the risk within existing service delivery plans / management arrangements

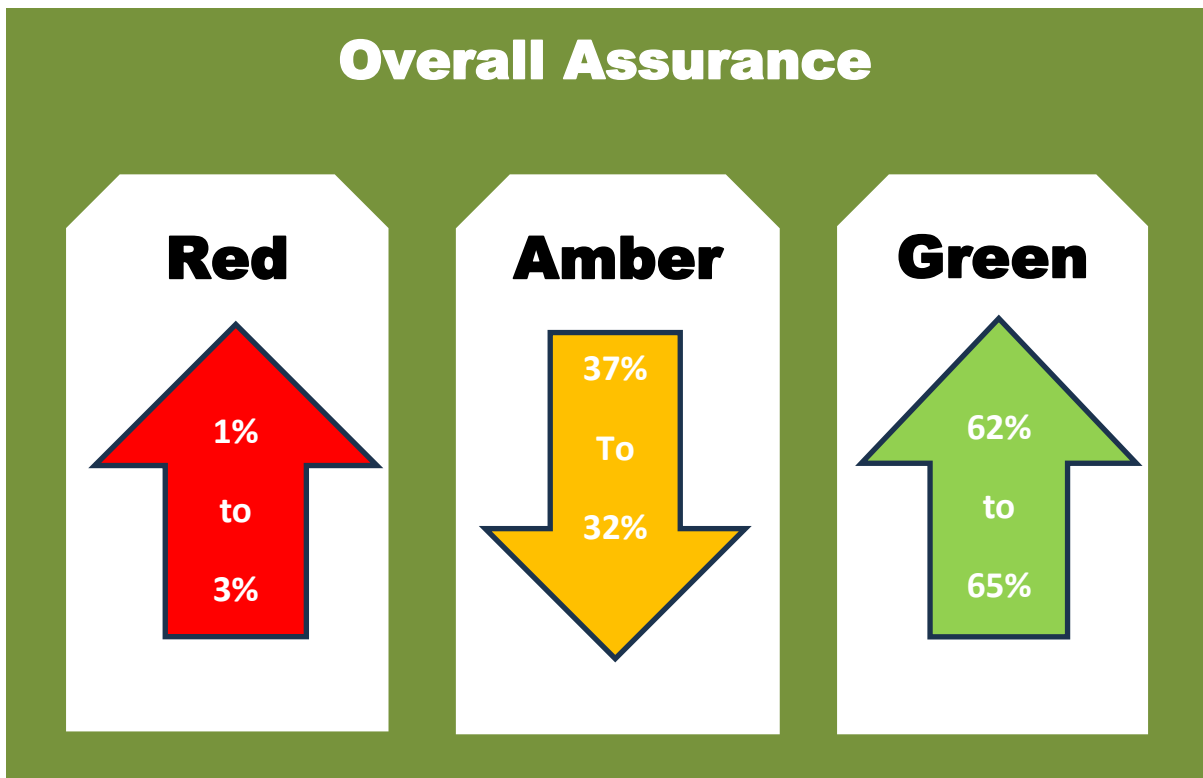
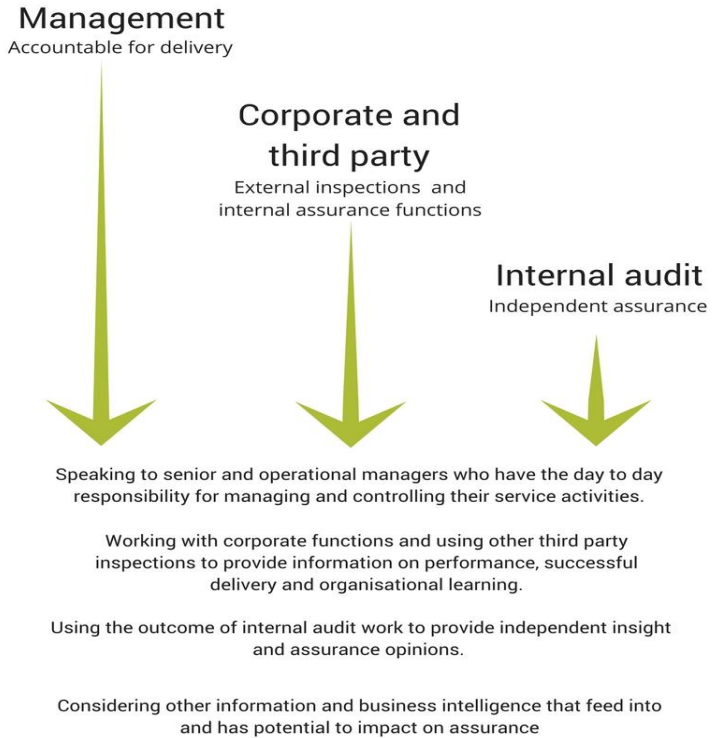
# Overview of Assurance

Combined assurance is a structured means of identifying and mapping the main sources and types of assurance in the council and coordinating them to best effect.

It enhances risk management by providing an effective and efficient framework of sufficient, regular and reliable evidence of assurance on organisational stewardship and management of major risks to the Council's success.

We do this using the 3 lines of defence model.

How do we assure ourselves about how the council is run?



## Chief Executive's Summary

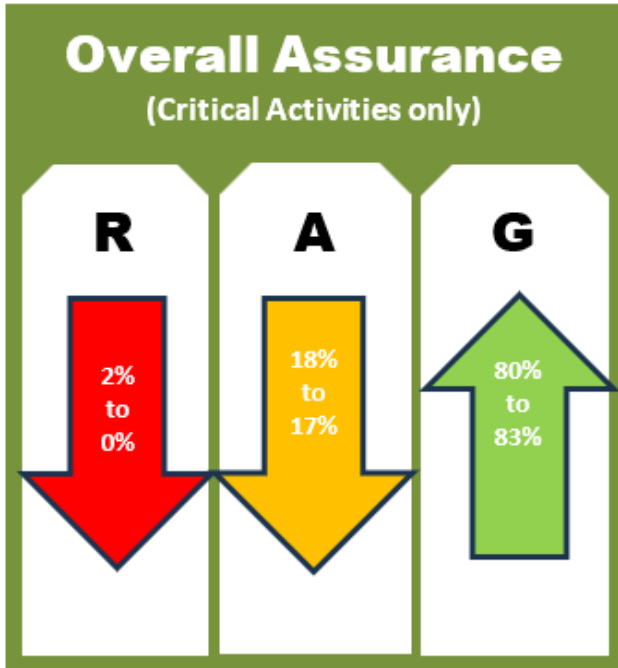
The Council's exposure to its strategic risks is mitigated through the established partnership structure.

The Partnership has this year reached the milestone of identifying the 10-year savings and efficiency target of £42m – 5 years early. This is a huge achievement. In addition, over £278m of external funding has now been secured. The Partnership is in the process of reviewing its Memorandum of Agreement to ensure it remains fit for purpose now the partnership is mature.

Service performance remains high and the Council has been able to set a balanced budget for 2026/27 despite growing pressures. The governance framework remains strong, and the combined assurance work presents a stable and helpful foundation for the coming years programme of work. The Leadership team place high value in the combined assurance reports.

# Key Messages

## Communities Directorate



Critical Activities	
Red	Amber
Nil	Refuse and Recycling
	Tree Risk Assessment
	Commercial Services
	Depot
	Fleet Management and Maintenance
	Homelessness
	Housing Advice Triage
	Corporate Health & Safety
	Bereavement Services
	BBC

Refuse and Recycling, Health and Safety, Grounds Maintenance, Play Areas, Tree Risk Assessment, Commercial Services, Public Conveniences – External, Public Conveniences – Internal, Street Scene, Food Waste, Green Waste, Depot, Fleet management and Maintenance, Safeguarding, Peer Review Partnership, Staff Resilience, Service Performance KPI’s, Transformation – Service Reviews, Wellbeing, Homelessness, Housing Standards, Rough Sleeping, Housing Advice Triage, Housing Register, Temporary Accommodation, Housing Assistance (DFG and other grants), Community Safety, CCTV and ASB, Health and Wellbeing Strategy, Community and Voluntary Sector, Community Lottery, Licensing, Emergency Planning, Business Continuity, Land Charges, Environmental Health - Protection, Environmental Health - Food Safety, Building Control, Home Energy Advice and Retrofit Team, Carbon Reduction, Corporate Health and Safety, Enviro-crime Enforcement, Climate Change and Environment, Boston Parkwood, Bereavement Services, Markets, SELCP Combined Leisure and Culture Tender and Recruitment and Retention.

The Communities Directorate continues to demonstrate strong and stable assurance with no red rated critical activities across its service areas. The majority of activities remain green rated, reflecting well embedded controls, consistent performance and effective risk management.

A number of amber rated critical activities require ongoing oversight, including refuse and recycling, tree risk assessments, commercial services, depot, fleet management, homelessness, housing advice triage, corporate health & safety and bereavement services. These areas are being actively managed with mitigation plans in place.

Core operational services covering street scene, grounds maintenance, public conveniences, safeguarding, environmental health, licensing, CCTV/ASB, climate and environmental programmes, community safety and voluntary sector engagement continue to operate effectively and maintain service resilience through strong internal processes and partnership arrangements.

Key pressures persist in homelessness, temporary accommodation and housing advice triage reflecting increasing demand and complexity. These areas continue to be prioritised with transformation and service

## Key Messages

review work supporting improvement and capacity planning.

The Directorate is preparing for significant system changes including Environment Act implementation, food waste collection and wider waste service reform. Fleet and depot capacity also remain areas requiring attention as the service adapts to future waste requirements.

Looking forward, the Directorate will continue focusing on high-pressure areas, preparing for major legislative and policy changes and maintaining strong governance and assurance across service delivery.

# Key Messages

## Corporate Development Directorate

Training Plans and Budgets, Workforce Strategy & Culture, Media Communications, General Communications, Transformation Support, Website Accessibility, Consultation, Corporate Plan Delivery Monitoring, Performance, Legal Services, Community Governance Reviews, Complaints, Data Protection & Corporate Compliance, Members Expenses, FOIs, Member Training, Risk Management, Electoral Registration, Elections, Member Training, Committee Services, Risk Management, Code of Conduct Matters, Scrutiny Function, Procurement - Contract Management, Finance Skills and Knowledge, Corporate Governance, Peer Review/Action Plan Partnership, Towns Fund Delivery, Towns Fund Long Term Funds, Levelling Up Funds PE21, New Homes Capital Programme, SIRO, Service Reviews, Financial Resilience, Constitution Alignment, Transformation, Savings and Service Reviews, Savings,

Data Protection and Corporate Compliance
Committee Services
Financial Skills and Knowledge
Towns Fund Delivery
Transformation, Savings and Service Reviews

The Council has set a balanced budget without the need for an efficiency target being used in the same way as previous years, which is a positive position for the Council to be in, albeit future years remain financially challenging for the Council.

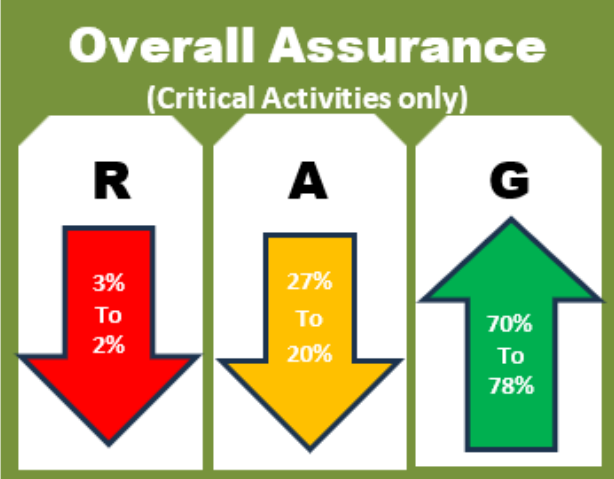
Continued efforts and lobbying around the challenges of IDB funding have continued and £5m of sector funding support has been renewed by Government.

The Council is actively engaged in Greater Lincolnshire discussions around Local Government Re-organisation and the associated work programme, with an expected outcome on the future model of governance for Greater Lincolnshire expected in July 2026. The Council submitted its own proposal for a two Council model in November 2025. The Council has a focus on workforce resilience and planning through its Workforce Development activity as we approach LGR; and capacity in regard to LGR preparation is under continuous review.

The Council has robust arrangements in place via a specific Leadership Team Governance meeting each month to monitor key areas of the Council’s business (including performance and risk) and to seek assurance as necessary.

The past year has seen the vast majority of outstanding service reviews concluded across the Partnership with HR support.

A key project for all three Councils is the implementation of Uniform – corporate ICT system and this remains ongoing.

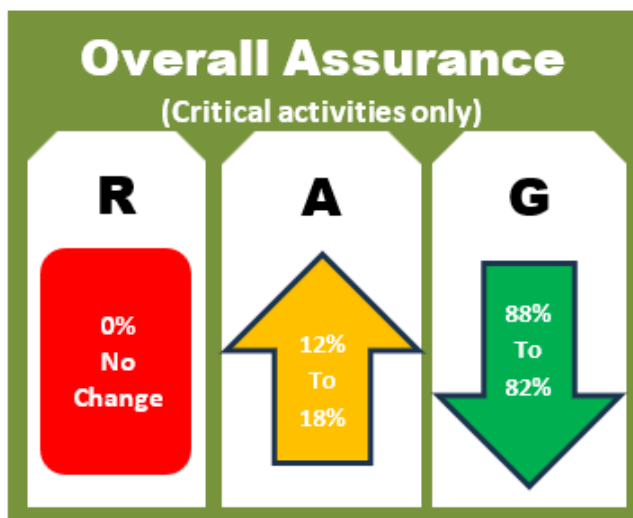


Critical Activities	
Red	Amber
Financial Resilience	Media Communications
	Transformational Support
	Website Accessibility
	Complaints

# Key Messages

## Programme Delivery & SIRO Directorate

Crematorium and Cemeteries – Key Income Generation, Crematorium and Cemeteries – Cremations, Crematorium and Cemeteries – Burials, Car parks, Cleaning Caretakers, Public Conveniences, Riverside Industrial, Annual Asset Valuation – Accountancy and Insurance Values, Strategic Asset Management, Land and Property, Princess Royal Sports Centre.



Critical Activities	
Red	Amber
Nil	Crematorium and Cemeteries – Key Income Generation
	Crematorium and Cemeteries - Cremations

2025/26 saw significant change for the Programme Delivery Team; firstly, the team was joined by Leisure and Local Services colleagues, who brought new and varied work streams and projects onboard, strengthening the links between project delivery and service contracting, especially for the Council's new or remodelled leisure assets; better aligning teams in this way enabled greater strategic oversight, strengthening risk identification, risk management and governance; and importantly, all service reviews were fully implemented in

accordance with the decisions and controls required.

During the year all major projects monitored and managed through the Major Projects Board governance model continued to progress through their planning phases and into delivery; with those in delivery at the start of the year rapidly progressing through the construction process. The Major Project Board continued to provide officer level strategic oversight, control and scrutiny of all schemes, externally managed as well as internally managed schemes, through its robust and consistent monitoring, evaluation and instruction to project sponsors., focussing on financial risk, delivery risk and reputational risk. The oversight of the Board continued to feed into the Senior Leadership Team's monthly Governance meetings and onward into the political governance machinery embedded within the organisation and clearly defined within its constitution.

Whilst cost pressures, time delays and occupation challenges came up within the year in relation to key delivery projects; the robust governance and assurance processes in place meant all were able to be duly considered, challenged, addressed or mitigated systematically to ensure full transparency and accountability.

Functional service delivery, risk management, financial control and performance management continued across General Fund Assets, Major Projects and Leisure and Local Services in accordance with the Council's governance framework with no critical service issues being experienced during the year.

A key achievement in year was signing a new Leisure Contract with Parkwood, following a detailed and robust procurement process, who have been contracted by all three Councils in the Partnership to manage key leisure assets for the next decade, saving the taxpayer millions of pounds over the life of the contract.

One significant SIRO incident occurred during the year in relation to a Partnership wide IT security

## Key Messages

that saw a swift, effective response and decision making by the SIRO to immediately close down a cyber threat to which the Partnership had been exposed by a third party software provider; the response was thorough, fully documented and decisive; being quickly communicated across our three organisations in consultation with the Data Protection Officer and Senior Leadership Team.

During Q4, a data breach was reported by the Data Protection Officer to the Information Commissioner in consultation with the SIRO. The response to the breach was immediate with the ICO closing the self-reporting down by return. All risks were fully documented with the incident being formally closed by unanimous decision of the Senior Leadership Team through a scheduled Governance meeting. No claims were made by those affected given the speed, efficacy and assurance of the Council's action. As part of the risk management and assurance process, the Council's insurers were notified upon identification of the breach and provided a resource to support the internal management process.

Across all Programme Delivery functions, all internal and external audit recommendations had either been addressed in year or were in the process of being proportionately mitigated.

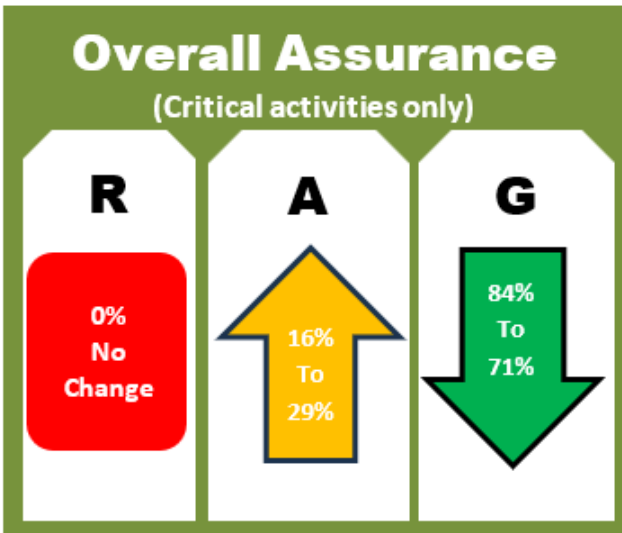
# Key Messages

## Growth Directorate

Towns Fund - External Governance with Central Government Strategic Contracts, Towns Fund - Internal Governance, Towns Fund - LA as Accountable Body, Towns Fund - Inception to stage 4 delivery, Local Regeneration Fund, Pride in Place, Levelling Up, UK Shared Prosperity Fund and Rural England Prosperity Fund, Advice 4 Growth, Grants 4 Growth, NPO Funding, S106, Planning Policy (Local Plan), Heritage, Planning Enforcement and Development Management Control (processing planning applications, pre applications and appeals).

During 2025-26, the Growth Directorate delivered a wide ranging activities to enhance and develop Boston as a place to live, work and visit. Projects being delivered through Towns Fund and Levelling Up Fund have progressed well. The cultural regeneration team has facilitated the oversight of Boston Town Board for providing steer, support and monitoring of projects such as Healing the High Street, Rosegarth Square masterplan and Mayflower campus. Positive liaison with the Government has continued to the receipt of £20m Pride in Place funding to deliver the priorities that emerged strongly through the consultation and engagement with residents, businesses, stakeholders and community partners. All projects being delivered through the Levelling Up Partnership money by a range of partners are on time and on budget, with support and oversight from the Council.

A 'town of culture' bid is submitted for Boston. Delivery of activities through the Arts Council funded National Portfolio Organisation programme has picked up pace over the year. The Strategic Growth team has facilitated establishment of Boston Town Centre Business Association as a separate entity with an approved business plan. Sector prioritisation framework, workforce skills deep dive study and retail, hospitality, leisure and agri-food sector reviews have been completed to create evidence base for future funding bids. Destination Management Plan, SELCP design guide and conservation area appraisals have been prepared for consultation. Implementation of the phase 2 service review for Planning service is underway. Evidence base for Local Plan review are being prepared in order to meet the new guidance and legislation for National Planning Policy Framework.



Critical Activities	
Red	Amber
Nil	NPO Funding
	Planning Policy (Local Plan)
	Planning Enforcement
	Development Management Control

# Key Messages

## Strategic Partnership Working (PSPS Delivered Services)

Health & Safety, General Procurement, Spend Analysis, Procurement Strategy, Contracts Register, Contract Management, Social Value, HR strategy, Expenses, Recruitment, Payroll, Equality & Diversity, Employee Relations, Systems & Reporting, Pension Scheme, Customer Services, Service Projects, Complaints Legislation, Digital Transformation Projects, CRM, Onsite Incidents, Income, Accounts Receivable, Accounts Payable, General Ledger, VAT, Procurement Cards, Treasury Management, Insurance, Budget Management, Budget Preparation, Control Account Reconciliations, Financial Staff Resilience, Close Down of Accounts, Working with External Audit, Grant Management, Council Tax, Recovery, Housing Benefits, Council Tax Support, CTS Fraud, Single Person Discount, Business Rates, ICT Governance, ICT Organisational, ICT Physical, ICT Technological, ICT People, ICT Projects, ICT Applications and ICT Compliance.

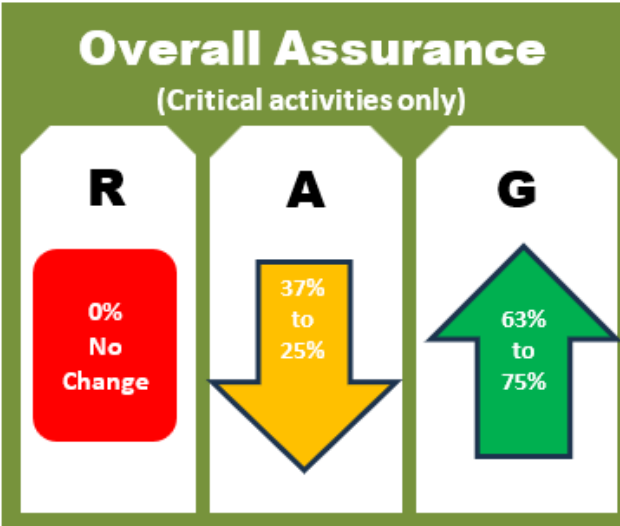
Critical Activities	
Red	Amber
Nil	Health & Safety
	HR Strategy
	Digital Transformation Projects
	Onsite Incidents
	Council Tax
	Recovery
	Housing Benefits
	Council Tax Support
	Business Rates
	ICT Technological
	ICT Projects
	ICT Applications
	ICT Compliance

**PSPS**

The relationship with PSPS continues to be strong with all 3 Councils in the South and East Lincolnshire Councils Partnership having signed up to a new iteration of the company Transformation and Efficiency Programme.

From a HR perspective the service continues to see high levels of activity across all services and this is closely monitored via Leadership Team.

ICT continues to be a key area of focus and in particular ensuring robust cyber security arrangements.

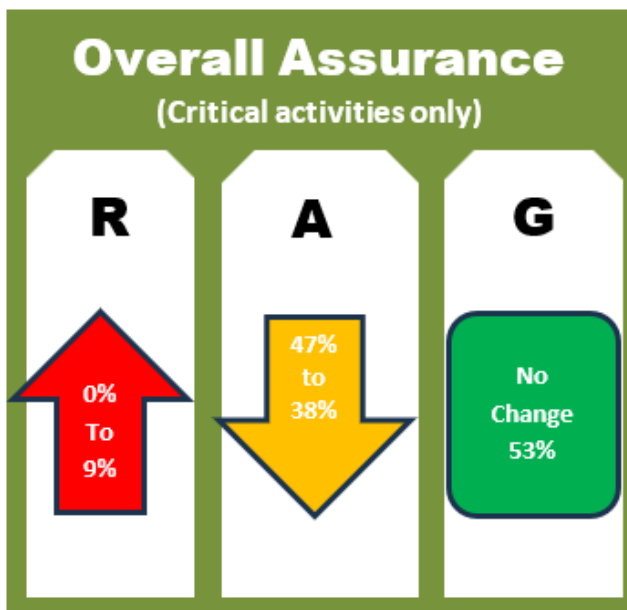


# Key Messages

## Key Projects

Commissioning of Volunteers, Service Review and Restructure, Rough Sleepers Initiative Programme, Sport England Place Partnership, Household Support Fund, , Leisure Provision, Programme Management, Implementation of Uniform 2023, Upgrade/Replace 2008 Servers, Call Secure, Waste Improvement, BBC Server Room Relocation to SHDC, Payment Card Industry Data Security Standard (PCI DSS), PSN Compliance, AP Invoice Automation, Finance Optimisation of Unit 4, Delivery of Uniform, Shared Officer Pay Structure, Terms and Conditions of Employment, Amendments to Contract Procedures, Local Plan Review, Application/Development Projects, Nationally Significant Infrastructure Projects, Cemeteries and Crematorium Projects 1 - 3, , Arts Council England National Portfolio, Boston Pride in Place, Boston Towns Fund, Boston Pride in Place Impact Programme, Requirements of Environment Act 2021, Waste Operational Depot, Alignment of the Three Councils, Transformation, Information Governance Policies, Service Review of Democratic Services and Democratic Services Alignment.

Critical Activities	
Red	Amber
Implementation of Uniform 2023	Waste Improvement
Upgrade of 2008 Servers	Payment Card Industry Data Security Standard (PCI DSS)
	AP Invoice Automation
	Finance optimisation of Unit 4
	Delivery of Uniform
	Terms and Conditions of Employment
	Amendment to Contract Procedures
	Local Plan Review
	Cemeteries & Crematorium Project 1
	Cemeteries & Crematorium Project 3
	Arts Council England National Portfolio
	Boston Pride in Place Impact Programme
	Transformation



During 2025/26, project governance at all levels matured even further across the Partnership. Our Partnership wide Project Management Framework provides detailed guidance and a comprehensive suite of templates to ensure a consistent approach to projects at all levels and provides us a golden project management thread irrespective of the nature, scale, value and complexity of projects.

Sitting at the top of the non-political governance arrangements in place is our Major Projects Board; the Board comprises the full Senior Leadership Team and provides executive officer oversight and instruction in respect of all 'major projects', the Board sits monthly as part of the Leadership Teams programmed schedule of meetings.

'Major projects' include all large, internally and externally managed capital schemes and other externally funded programmes for which Partner

## Key Messages

Councils are the responsible body; for example Levelling Up Schemes, Pride in Place funding allocation and Towns Fund Schemes, as well as driving forward critical activity projects such as the production of our Local Plans, the roll out of food waste collection at each Partner Council and significant IT projects that impact multiple teams and corporate business.

Where the nature, scale and complexity of projects, such as the roll out of food waste collection and the transformation of other waste collection dictates; our approach is to set up a similar 'Board' model, such as the Waste Improvement Programme Board, to coordinate, oversee and steer the detail with the leading Executive Director feeding strategic matters into the Major Projects Board.

The Board focuses on strategic risk, delivery, monitoring and programme wide impact and holds oversight of any significant internally funded projects such as the East Lindsey Investment Fund.

The Senior Leadership Team are responsible and accountable for ensuring all project matters; finance, delivery, risk and outcomes feed seamlessly into the political machinery of scrutiny, Cabinet/Executive and Council, ensuring full project and programme transparency and accurate and timely reporting to politicians.

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## Internal Audit Annual Opinion – June 2026 Executive Summary

**Purpose of the report** - The Head of Internal Audit is responsible for delivering an annual opinion and report to inform the Annual Governance Statement, concluding on the adequacy and effectiveness of the Council's governance, risk and control environment:

- Role of Internal Audit
- Internal Audit Approach
- Internal Audit Coverage
- Internal Audit Opinion
- Governance, Risk & Control overview and observations
- Additional Observations
- Quality Assurance, Conformance & Performance
- Appendix 1 – Summary of Audit Reviews Completed 25-26

**Page 7 – Internal Audit Opinion.** The HIA states that in their opinion the frameworks of governance, risk and internal controls are adequate, and audit testing has demonstrated controls to be working in practice. Improvements in control design and application will reduce the reliance on employees' diligence and application.

Where weaknesses have been identified through internal audit review, the audit team worked with management to agree corrective actions within an appropriate timescale

**Page 8 – Key Observations on Governance, Risk & Control.** 100% of the plan has been completed, breakdown of assurance opinions for the year. Commentary on Governance, Risk Management, the Control environment and additional observations.

**Page 14 – Quality Assurance, Conformance & Performance.** The Global Internal Audit Standards require the Head of the Internal Audit to develop and maintain a Quality Assurance and Improvement Programme (QAIP) to enable the internal audit service to be assessed

against the Global Internal Audit Standards, 2024 and the Application Note: Global Internal Audit Standards in the UK Public Sector, 2025.

**Page 15 – Internal Audit Performance.** This shows performance indicators are maintained to monitor effective service delivery.

**Page 16 – Appendix 1.** Summary of assurance reviews throughout 2025/2026.



## **Internal Audit Annual Report & Opinion – 2025/2026**

The Head of Internal Audit is responsible for delivering an annual opinion and report to inform the Annual Governance Statement, concluding on the adequacy and effectiveness of the Council's governance, risk and control environment.

May 2026

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## Role of Internal Audit

The requirement for an internal audit function in local government 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 related to proper practices 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 with:*

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

Internal audit is most effective when:

- It is performed by competent professionals in conformance to 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.

Boston Borough Council (BBC) 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 BBC that these arrangements are in place and operating effectively.

LCC's audit service is delivered by competent auditors who receive targeted support and regular training throughout the year. Behaviours, conduct and competency expectations are made clear and when auditor's actions fall below expected and communicated standards, action was taken through LCC's HR processes.

BBC'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.

There have been no instances of interference with audit judgments or outcomes from the Senior Leadership Team. The Senior Leadership team call upon the audit team for advisory work and additional assignments supporting the value added by the team and utilising the objectivity and independence of the service.

## Internal Audit Approach

To enable effective outcomes, internal audit delivered a combination of assurance and advisory activities. Assurance work involved assessing how well the systems and processes were designed and delivered, with advisory activities available to help to improve those systems and processes where necessary. The assessment for effectiveness of fraud controls was also considered when reviewing overall adequacy. A full range of internal audit and counter fraud services were provided in forming the annual opinion.

As the Head of Internal Audit, I reviewed the approach to each audit, considering the following key points:

- Level of assurance required.
- Significance of the objectives under review to the organisation's success.
- Risks inherent in the achievement of objectives.
- Level of confidence required that controls are well designed and operating as intended.

Each internal audit assignment resulted in a published report. The primary purpose of the audit report was to provide an independent and objective opinion to the Council's senior management on the framework of internal control, risk management and governance in operation and to support continual improvement. The audit work delivered to inform the opinion was assessed against defined risk assessment criteria with evidence based conclusions assessed against defined categories, which were communicated across the organisation. This approach increased the reliability and validity of the annual opinion.

The internal audit team maintain an agile approach to auditing, seeking to maximise efficiencies and effectiveness in balancing the time and resource commitments with the necessity to provide comprehensive, compliant and value adding assurance. High level scoping was discussed with the Director/Head of Service sharing the areas assurance would be provided upon and any significant impactors which may influence the audit review.



## Internal Audit Coverage

The annual internal audit plan was prepared to take account of the characteristics and relative risks of the Council's activities and to support the preparation of the Annual Governance Statement. The plan was developed and executed to obtain sufficiently reliable evidence to support conclusions and provide reasonable assurance over the effectiveness and application of the internal control system.

The Audit Committee considered and approved the indicative 2025-2026 internal audit plan in March 2025 and periodically throughout the year to complement the service's approach to flexible planning. It was informed by internal audit's own assessment of risk and materiality in addition to consultation with the corporate leadership, external auditors and to ensure it aligned to key risk areas facing the organisation.

The audit plan remained flexible throughout the year to support the maintenance of effective focus and ensure that it continues to provide assurance, as required, over new or emerging challenges and risks that management may need to consider, manage, and mitigate. All internal audit reviews included in appendix one culminated in an opinion 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.

Where advisory reviews have taken place throughout the year, the intention was to provide independently obtained evidence to inform further developments and/or improvements to procedural efficiencies and processes. Each advisory assignment culminates in a written report, shared with senior management and appropriate officers, which details findings, identified root causes and, if appropriate, propose recommendations.

Advisory work is considered when forming my opinion, and any action taken consequently is revisited when the assurance programme is considered in its entirety.

The audit programme included follow up work to determine whether the risks identified during assurance assignments have sufficient evidence of management action being taken to mitigate the risks and address control deficiencies. This process results in an additional independent assessment of the impact and resultant risk after management action has been taken. For 2025/2026 the follow up programme was designed to inform the residual risk profile alongside informing the HIA on the attitude of management towards monitoring and completing agreed actions.

## Internal Audit Opinion

As Head of Internal Audit, I am responsible for the delivery of the internal audit plan and the annual audit opinion used by the Council to inform their Annual Governance Statement. The annual opinion concludes with an independent opinion broken into three key areas, governance, risk management and control environment.

In giving this opinion, assurance can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes reviewed. In assessing the level of assurance to be provided, I have used the following to aid my opinion:

- ✓ Written reports on all internal audit work completed during the year (assurance and advisory).
- ✓ Results of any follow up work undertaken in respects of previous years' internal audit work.
- ✓ The results of work other review bodies where appropriate.
- ✓ The extent of the resources available to deliver the internal audit work.
- ✓ The quality and performance of the internal audit service and the extend of compliance with the Standards, and
- ✓ The proportion of the Council's audit need that has been covered within the period.

The assurance opinions are defined as follows:

<b>Substantial Assurance</b>
<p>There is a sound framework of control operating effectively to mitigate key risks, which contributed to the achievement of business objectives.</p> <ul style="list-style-type: none"> <li>• No individual audit engagement classed as limited or no assurance.</li> <li>• Occasional medium rated risks identified in individual audit engagements although mainly low weaknesses.</li> <li>• Internal audit has confidence in management's attitude to resolving identified issues.</li> </ul>
<b>Adequate Assurance</b>
<p>The control framework is adequate and controls to mitigate key risks operate effectively, although some controls need to improve to ensure business objectives are met.</p> <ul style="list-style-type: none"> <li>• Medium risk rated weaknesses identified in individual audit assignments.</li> <li>• Isolated high rated risks identified for isolated issues.</li> <li>• No critical rated risks identified through the audit programme.</li> <li>• Internal audit is broadly satisfied with management's approach to resolving identified issues.</li> </ul>

<b>Limited Assurance</b>
<p>The control framework is not operating effectively to mitigate key risks. Several key controls are absent and/or are not being applied to meet business objectives.</p> <ul style="list-style-type: none"> <li>• A significant number of medium and/or high rated risks identified in individual audit assignments.</li> <li>• Isolated critical and/or high rated risks identified that are not systemic.</li> <li>• Internal audits have concerns about management’s approach to resolving identified issues.</li> </ul>
<b>Low Assurance</b>
<p>A control framework is not in place to mitigate key risks. The Council is exposed to abuse, significant errors, loss and/or misappropriation. Objectives are unlikely to be met.</p> <ul style="list-style-type: none"> <li>• Serious systemic control weaknesses identified through aggregation of individual audit engagements.</li> <li>• Significant number of high and/or critical rated risks identified for isolated issues.</li> <li>• Internal audit has serious concerns about management’s approach to resolving identified issues.</li> </ul>
<b>No Assurance</b>
<p>Insufficient internal audit work has taken place during the period to substantiate an independent opinion. The rationale for this will be fully explained in the report.</p>
<p><b>Please Note</b></p> <p>Results and observations of internal audit advisory work form an important part of the opinion. Where they have material weighting this will be fully explained in the report.</p> <p>Internal audit may downgrade an opinion based on the work of internal audit where it is aware of material findings by another trusted assurance party. This will be fully explained in the report.</p> <p>Circumstances may arise where internal audit is aware of specific issues within the control environment that negate the use of the framework. The rationale for such deviation will be fully explained in the report.</p>

### Audit Opinion 2025/2026

I am satisfied that sufficient assurance work has been completed to allow me to form a conclusion on the adequacy and effectiveness of the internal control environment.

In my opinion the frameworks of governance, risk and internal controls are **adequate** and audit testing has demonstrated controls to be working in practice. Improvements in control design and application will reduce the reliance on employee’s diligence and application.

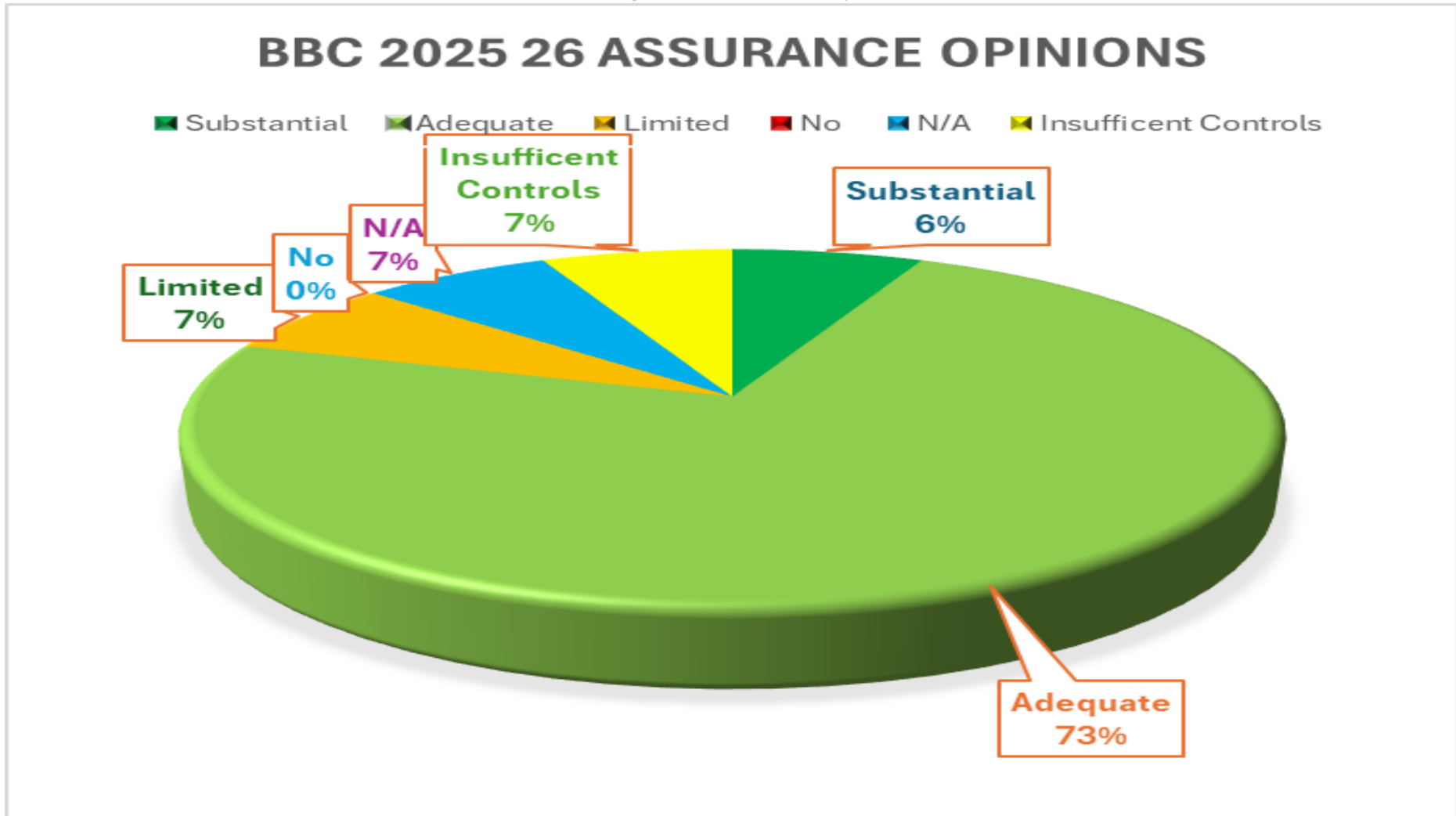
Where weaknesses have been identified through internal audit review, the audit team worked with management to agree corrective actions within an appropriate timescale.

# Key Observations on Governance, Risk & Control

## Assurance Opinion From 2025-26 Reviews

Audit assurances awarded along with finding summaries from both assurance and advisory reviews were reported to the Governance and Audit Committee throughout the year. The graph below shows the percentage of awards for each assurance category for Boston Borough Council.

Figure 1 – Assurance Summary



There were zero no assurance awards provided throughout the year.

N/A related to advisory work delivered for the council from one advisory assignments. Advisory assignments were designed to offer improvements to efficiency, process and procedural delivery and concluded in written report sharing findings and root causes.

### **Governance**

Every assurance assignment contained a review of governance aspects. Governance arrangements were considered during the planning and scoping for each review and in most cases, the scope of work includes an overview of:

- The governance structure in place, including respective roles, responsibilities, and reporting arrangements.
- Relevant policies and procedures to determine whether they are in line with requirements, regularly reviewed, approved, and appropriately communicated and accessible.

Based on the work completed during the year and observations through our attendance at a variety of management and governance meetings, in my opinion the governance frameworks in place across the Council are robust, fit for purpose and subject to regular review. There is also appropriate reporting to the Governance & Audit Committee to provide the opportunity for independent consideration and challenge.

The Governance & Audit committee plays a key role in promoting good governance, this year a self-assessment was completed, highlighting training needs. Training plans are being developed for 2026/27 to further support members to be an effective committee. Where an insufficient controls review or limited assurance reviews were reported, the committee took a proactive role in understanding the key issues. Through early discussions with internal audit, senior management and by inviting the relevant managers to attend committee to give assurance and answer questions. This approach from committee membership demonstrated a robust response, in line with the committees' terms of reference and good governance principles.

In some instances, officers were unable to provide a full response to member queries at the time of the meeting. This limited the committee's ability to undertake immediate and effective scrutiny, including probing issues further, seeking assurance, and pursuing additional lines of enquiry informed by officer responses. While responses may subsequently be provided outside of the meeting, this can reduce the effectiveness of real-time challenge and the overall depth of discussion within the committee setting.

### **Risk Management**

A consistent framework is in place at Boston Borough Council, defining risk management across strategic, operational, and programme/project levels, with documented roles and responsibilities.

Audit reviews found that key elements of risk management were underdeveloped, including the absence of a formally defined and operational risk appetite. Risk reporting was inconsistent, with varying quality across registers. The overall framework was not fully aligned to governance requirements, and unclear escalation processes and roles further weakened effective oversight.

Training and awareness arrangements were informal and unstructured, with no defined programme, monitoring, or evaluation. Actions agreed following the 2025 internal audit remained incomplete and not embedded, despite past implementation dates, which limited assurance that key control gaps have been addressed.

In accordance with the Constitution, the Governance & Audit Committee continues to play a key role in overseeing and monitoring the effectiveness of risk management arrangements. This has been supported through the committee's regular consideration of both the risk management strategy and the strategic risk register, which have remained standing agenda items throughout the year. Internal Audit has observed consistent quarterly reporting, with member scrutiny prompting discussion, challenge, and the identification of improvement actions where required.

Whilst the overall framework is considered fit for purpose, improvement is required to strengthen risk management practices to allow the Governance & Audit Committee to place full reliance on the work.

It is my opinion that the Council's risk management framework is in place and subject to regular review. However, current arrangements do not provide confidence that risks are managed consistently and effectively; the proposed improvements will help to further strengthen its maturity and consistency.

### **Control**

Internal audit work undertaken during 2025/26 continues to demonstrate that there is a sound control environment in place across many review areas, with controls generally designed appropriately and operating effectively to support the delivery of corporate objectives. However, audit work has identified one review where controls were insufficient and one limited assurance review, highlighting that there remain isolated areas where the control framework is either not adequately designed or not operating as intended.

These lower assurance reviews where audit testing identified weaknesses in defined roles and responsibilities, performance monitoring, and oversight arrangements. This reinforces the theme identified in previous years that, in some key areas of joint working between the Council and PSPS, there is a lack of clarity and consistency in how services are governed and controlled. Audit work undertaken during 2025/26, has confirmed that this remains a key risk area requiring continued management focus.

Whilst management have responded positively to the issues raised, internal audit reporting throughout the year has highlighted that the timely implementation of agreed actions remains an area for improvement, with progress reports continuing to track overdue management actions and follow-up activity. This indicates that whilst controls are being strengthened, improvements are not always embedded at the pace required, which limits the overall effectiveness of the control environment.

The Council should continue to take steps to address the root causes of these recurring issues. Incorporating these risks and associated actions within the Annual Governance Statement action plan, alongside regular reporting to the Governance & Audit Committee, will support improved oversight and ensure that progress is effectively monitored.

Follow-up work remains a key component of the internal audit approach during 2025/26, providing ongoing assurance that management action is being taken to address identified risks. The continued emphasis on follow-up activity demonstrates a maturing approach to assurance, although the presence of overdue actions highlights the need for greater consistency in implementation and completion.

Across Council services, audit work continues to find that officers are aware of the importance of effective control frameworks and are receptive to audit recommendations. Management actions agreed following each review are subject to monitoring and reporting, including escalation to the Governance & Audit Committee where appropriate. Internal audit progress reports throughout the year have provided regular updates on control weaknesses, improvement activity, and outstanding actions, supporting transparency and member oversight of the control environment.

The key areas of challenge identified or confirmed through audit work are outlined below:

### **Identification and monitoring of savings Q1**

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 was agreed to be undertaken once sufficient controls had been implemented.

## Identification and Monitoring of Savings Q4

Audit testing found that since the completion of the previous audit in quarter 1 of 2025/26, a governance process had 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 will be 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. Testing of the 2026/27 budget setting process for the council 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. 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.

## Additional Observations

### Management Actions Follow Up Monitoring

Where our work identified risks that we considered fell outside the parameters acceptable to the Council, we agreed appropriate corrective actions and a timescale for improvement with the responsible managers. Progress is reported to the Audit Committee throughout the year through the internal audit progress reports, with high focus on areas receiving negative assurance ratings.

### Anti-fraud and Anti-corruption

BBC is committed to the highest possible standards of openness, probity and accountability and recognises that the electorate need to have confidence in those that are responsible for the delivery of services. A fraudulent or corrupt act can impact on public confidence in the Council and damage both its reputation and image. During the 2025/26-year internal audit provided support and advice to the council on updating its whistleblowing and anti-fraud and corruption policies.

The Council maintains a suite of strategies and policies to support the effective management of the prevention, detection and investigation of possible fraud and corruption.

### Senior Leadership Team - Governance Meetings

Every month the senior leadership team meet to review key governance issues. With a set agenda covering governance, finance, performance, risks, and the control environment. A representative from internal audit attends every meeting and has a standing item on the agenda. The meetings support management to maintain an effective oversight on governance issues and facilitates direct access to the senior leadership team for internal audit, a key element of an effective audit function.

**National Fraud Initiative (NFI)** - The NFI is a statutory exercise facilitated by the Cabinet Office that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

Boston Borough Council actively participates in the National Fraud Initiative as a statutory requirement, using it as a core data-matching tool to identify fraud, error, and control weaknesses across a wide range of systems (housing, council tax, payroll and benefits).

While participation and processes are clearly embedded, there is limited reporting on the outcomes, impact, and control improvements arising from NFI matches, to the Governance and Audit Committee, meaning its effectiveness must largely be inferred from the Council's broader counter-fraud and audit framework.

## Quality Assurance, Conformance & Performance

The Global Internal Audit Standards require the Head of the Internal Audit to develop and maintain a Quality Assurance and Improvement Programme (QAIP) to enable the internal audit service to be assessed against the Global Internal Audit Standards, 2024 and the Application Note: Global Internal Audit Standards in the UK Public Sector, 2025.

The QAIP must include provision for both internal and external assessments: internal assessments are both on-going and periodical and external assessment must be undertaken at least once every five years. In addition to evaluating compliance with the Standards, the QAIP also assesses the efficiency and effectiveness of the internal audit activity, identifying areas for improvement.

An External Quality Assessment of Lincolnshire County Council's Internal Audit Service was undertaken by CIPFA in 2022. In considering all sources of evidence the external assessment team concluded: *'It is our opinion that the Assurance Lincolnshire Partnership's (now known as LCC Internal Audit Service,) 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 assessment is due in 2027.

### Disclosure of Non-Conformance

There are no disclosures of non-conformance to report. In accordance with Global Internal Audit Standards (Domain 5, Standard 15.2) I can confirm that Lincolnshire County Council conforms to the definition of Internal Auditing; the Code of Ethics and the Standards. Since the release of the Global Internal Audit Standards, 2024 and the Application Note: Global Internal Audit Standards in the UK Public Sector, 2025, multiple self-assessments have been undertaken to identify and address any conformance gaps, arising from the revised Standards. Since implementation no concerns were identified with the current delivery model or staffing structure.

### Quality Control

The Internal Audit Service continues to provide a function responsive to the needs of the Council and maintains consistently high standards. In complementing the QAIP this was achieved in 2025-2026 through the following internal processes:

- Implementation and delivery of specific training needs for all internal auditors.
- Reviewed and updated internal systems and processes covering all aspects of delivery and quality assurance.
- Development, roll out and embedding of an overarching quality assurance framework to inform training and support needs.
- Data analysis of delivery processes and target support where improvements can be realised.
- Development and delivery of a HIA mentor programme targeted specific development needs of selected senior auditors.

## Internal Audit Performance

The following performance indicators are maintained to monitor effective service delivery:

<b>Boston Borough Council – Performance Measures</b>	
<b>Audit Management</b>	<b>Performance Measure</b>
Annual Plan presented to Audit Committee by 31 <sup>st</sup> March.	Yes
Annual Internal Audit Report presented to Audit Committee by 30 <sup>th</sup> June.	Yes
Completion of Annual Audit Plan	100%
<b>Individual Assurance Assignments</b>	
Timescales	
<ul style="list-style-type: none"> <li>Draft report issued within 10 working days of completing audit.</li> </ul>	100%
<ul style="list-style-type: none"> <li>Final report issued within 10 working days of closure meeting/receipt of management responses.</li> </ul>	75%
<ul style="list-style-type: none"> <li>Individual audit assignment in timescales delivered as agreed in the latest internal audit plan.</li> </ul>	69%
Percentage of recommendations agreed.	100%
Client feedback on Audit (average) <i>Target Good</i>	Excellent/Very Good

## Acknowledgement

I would like to take this opportunity to give my genuine thanks to all those staff and officers throughout the Council with whom internal audit have made contact in the year. Our relationships have been mostly positive, and senior management responsive to the formal reports and informal feedback provided.

**Appendix 1: Summary of assurance reviews throughout 2025/2026**

<b>Boston Borough Council</b>	
<b>Substantial Assurance: 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.</b>	
	<ul style="list-style-type: none"> <li>Leisure Services Procurement</li> </ul>
<b>Adequate Assurance: 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.</b>	
	<ul style="list-style-type: none"> <li>Risk Register Review</li> <li>ICT Cyber Security</li> <li>Capital Budget Monitoring</li> <li>PSPS Contract Management</li> <li>Section 106</li> <li>Administration of Grants</li> <li>Health and Safety Actions</li> <li>Planning</li> <li>ICT AI Governance</li> <li>Disability Facilities Grants</li> <li>Finance Resilience including Skills Capacity and Management Code Compliance</li> </ul>
<b>Limited Assurance: 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.</b>	
	<ul style="list-style-type: none"> <li>Identification and Monitoring of Savings</li> </ul>
<b>No Assurance: 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.</b>	
	<ul style="list-style-type: none"> <li>No BBC assignments awarded no assurance.</li> </ul>



<b>Report To:</b>	Audit and Governance Committee
<b>Date:</b>	29 <sup>th</sup> June 2026
<b>Subject:</b>	Unaudited Financial Statements 2025/26
<b>Purpose:</b>	To present the unaudited Financial Statements including Narrative Report for the Committee's review, in line with best practice.
<b>Key Decision:</b>	N/A
<b>Portfolio Holder:</b>	Councillor Sandeep Ghosh, Portfolio Holder for Finance & Economic Growth
<b>Report Of:</b>	Russell Stone, Executive Director – Finance (Section 151 Officer)
<b>Report Author:</b>	Ellie Stacey, Head of Finance Delivery - Technical and Corporate (PSPS Ltd)
<b>Ward(s) Affected:</b>	None
<b>Exempt Report:</b>	No

## Summary

This report requests that the Audit and Governance Committee review and consider the unaudited Financial Statements 2025/26.

## Recommendations

It is recommended that as part of its governance role, the Audit and Governance Committee review the unaudited Financial Statements 2025/26 (Appendix 1), and note that there may be some further adjustments prior to publishing.

## Reasons for Recommendations

To comply with best practice.

## Other Options Considered

None.

### 1. Background

- 1.1 The Accounts and Audit (Amendment) Regulations 2024 require that:
- The Responsible Finance Officer (Section 151 Officer) signs the unaudited Financial Statements for 2025/26 no later than 30 June 2026; and
  - The Financial Statements be considered and approved by a committee of the Council no later than 31 January 2027.
- 1.2 To continue the Council's good practice, this report presents the unaudited Financial Statements to the Committee to enable comments, facilitate challenge and to highlight any key areas.

### 2. Report

- 2.1 The Financial Statements production is complete and shown at Appendix 1 is the unaudited version of the 2025/26 Financial Statements (this includes the Comprehensive Income and Expenditure Statements, Movement in Reserves Statement, and Balance Sheet as at 31 March 2026).
- 2.2 The timescales involved with the approval and inspection of the Council's Financial Statements for 2025/26 are:
- |   |              |
|---|--------------|
| • Unaudited Financial Statements to Committee   | 29 June 2026 |
| • S151 Officer signs Statements                 | 29 June 2026 |
| • Accounts available for Public inspection from | 30 June 2026 |
| • Audit by KPMG LLP commences                   | 13 July 2026 |
- 2.3 The unaudited Financial Statements have been prepared in accordance with the Code of Practice and the Council's accounting policies, which were brought to the Committee for its consideration in April 2026.
- 2.4 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.

- 2.5 The net worth of the Council, as shown in the Balance Sheet, decreased by £5.409m and this is also reflected in the Comprehensive Income and Expenditure Statement. The main reasons are set out in paragraph 2.6.
- 2.6 The *major* changes in the Balance Sheet at the year end, considered significant enough to warrant specific reference, are:
- An increase of £8.113m in Property, Plant and Equipment due to increases in asset valuations at year end.
  - A decrease in Usable Reserves of £15.394m, largely due to capital grants unapplied drawn down against current year projects.
- 2.7 Boston's 19% share of PSPS Ltd has been consolidated into the group accounts of the unaudited Financial Statements.

### **3. Conclusion**

- 3.1 The Committee are asked to review and consider the unaudited Financial Statements 2025/26.

#### **Implications**

##### **South and East Lincolnshire Councils Partnership**

None.

##### **Corporate Priorities**

None.

##### **Staffing**

None.

##### **Workforce Capacity Implications**

None.

##### **Constitutional and Legal Implications**

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

##### **Data Protection**

None.

##### **Financial**

As contained in the unaudited Financial Statements at Appendix 1.

## **Risk Management**

None.

## **Stakeholder / Consultation / Timescales**

None.

## **Reputation**

None.

## **Contracts**

None.

## **Crime and Disorder**

None.

## **Equality and Diversity / Human Rights / Safeguarding**

None.

## **Health and Wellbeing**

None.

## **Climate Change and Environment Impact Assessment**

None.

## **Acronyms**

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

## **Appendices**

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

Appendix 1                                      Unaudited Financial Statements 2025/26

## **Background Papers**

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

<b>Document title</b>	<b>Where the document can be viewed</b>
CIPFA Accounting Code of Practice 2025/26 and supporting Guidance Notes	CIPFA public guidance document

## **Chronological History of this Report**

None.

## **Report Approval**

Report author: Ellie Stacey, Head of Finance Delivery - Technical and Corporate (PSPS Ltd)  
[Ellie.Stacey@pspsl.co.uk](mailto:Ellie.Stacey@pspsl.co.uk)

Signed off by: Russell Stone, Executive Director – Finance (Section 151 Officer)  
[Russell.Stone@sholland.gov.uk](mailto:Russell.Stone@sholland.gov.uk)

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# **UNAUDITED FINANCIAL STATEMENTS**

**For the Year Ended 31 March 2026**

Contents

**FINANCIAL STATEMENTS**

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## NARRATIVE REPORT 2025/26

This report seeks to provide a summary and a straightforward explanation of, often complicated, local government finance arrangements. It aims to summarise the key events during the year, their associated financial impact and make the Financial Statements easier to understand. The Narrative Report, together with the Annual Governance Statement and the auditor's report, are outside the scope of the Financial Statements, but all the documents constitute the Council's Financial Report for 2025/26.

The Narrative Report and the detailed accounts aim to provide information to members of the public; electors and residents of the district; council members; partners; stakeholders and other interested parties so that they can:

- understand the financial position of the Council and its outturn for 2025/26.
- have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner.
- be assured that the financial position of the Council is secure.

To assist readers in understanding the financial position of Boston Borough Council, the Narrative Report is structured to provide additional information in the following sections:

- An explanation of the Financial Statements.
- How we achieve best value for taxpayers' money with effective financial management, including strategic investments in technology.
- Insights into Boston as a place, enriched by our commitment to community partnerships.
- An outline of the Council's structure and management.
- A summary of performance for 2025/26.
- An overview of the Council's finances.
- A discussion of future financial challenges the Council faces.

The Council's approach to finance will continue to evolve, developing the self-service nature of financial/service management in all operations whilst seeking to advance business partnering skills for services and particularly those undertaking service review or transformation programmes. This working model also supports current, and future, changes in the Council as it strives to increase income, reduce costs, manage demand, transform working practices, introduce innovation, and maintain performance.

The Narrative Report aims to give a clear picture of the Financial Statements and shows how Council Tax, and other sources of income are used to provide the full range of Council Services. The Financial Statements are required to be prepared in line with International Financial Reporting Standards (IFRS) meaning that the Council's Accounts are prepared on a similar basis to those produced in other sectors of the economy.

### The Financial Statements

Full accounts are available on the Council's website at [www.boston.gov.uk](http://www.boston.gov.uk).

The Statements for the Council have been prepared on the going concern accounting basis, i.e., on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. This assessment is based in part on the sound financial position of the Council in particular:

- the delivery of a balanced outturn position for 2025/26,
- a balanced budget for 2026/27,
- the Council has sufficient resources to meet its immediate financial commitments and
- has robust governance arrangements in place.

The Financial Statements sets out the Council's income and expenditure for the year, and its financial position as at 31 March 2026. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, which in turn is underpinned by International Financial Reporting Standards.

### The Primary Financial Statements Include:

- **The Comprehensive Income and Expenditure Statement:** This records the Council's income and expenditure, with the top section providing analysis by Service Director area and the lower section detailing corporate transactions and funding.
- **The Movement in Reserves Statement:** This is a summary of the changes to the Council's reserves over the course of the year. The reserves are either "usable", which can be applied to fund expenditure or reduce local taxation, or "unusable" which must be set aside for specific purposes in the future.

- **The Balance Sheet:** A “snapshot” detailing our assets, liabilities, cash balances, and reserves as at the year-end.
- **The Cash Flow Statement:** This explains the changes in the Council’s cash balances throughout the year.
- **Accounting Policies and Notes to the Accounts:** These outline the key assumptions, methodologies, and significant estimates underlying the financial data.
- **The Expenditure and Funding Analysis:** This analysis shows how annual expenditure is supported by funding sources (government grants, Council Tax, business rates), and how these resources are allocated across Council services.

#### Supplementary Financial Statements Include:

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

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

A Glossary of key terms can be found at the end of this publication.

### Financial Management

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

Our strategic approach is detailed within the 2026/27 Budget and the Medium-Term Financial Plan, approved on 2 March 2026. They outline strategies to increase efficiency, contain costs, and maintain service quality in an environment of tightening resources.

### Investment in Technology

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

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

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

### Community Partnerships

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

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

## How We Achieve Effective Financial Management

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

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

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

## Our Borough

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

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

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

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

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

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

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

## Boston Borough Council

### Organisational Structure

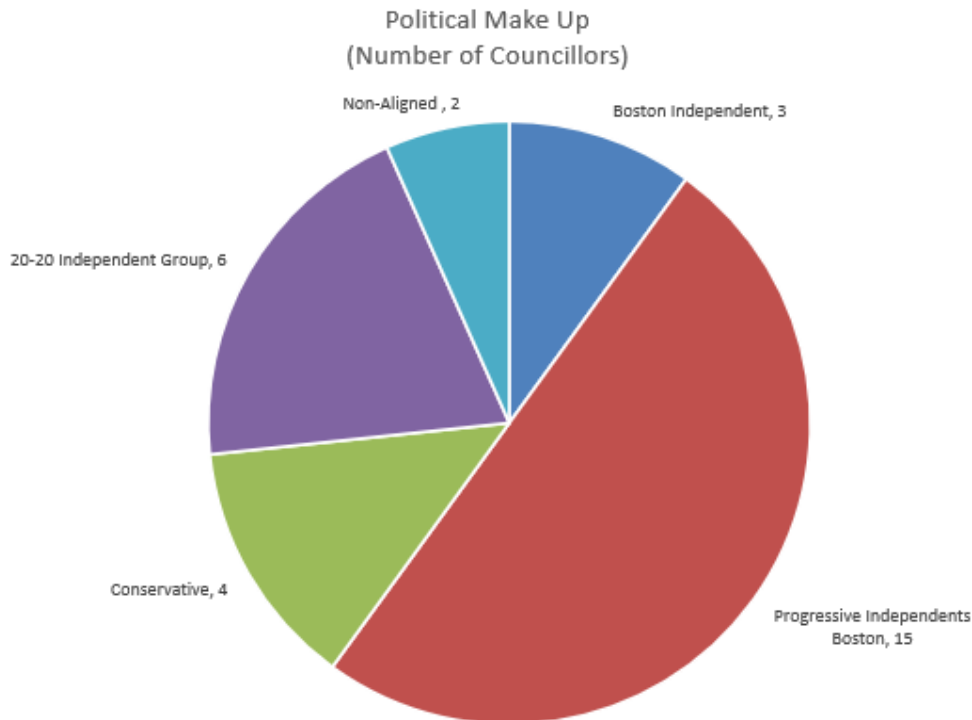
The Council is organised into directorates:

- Communities dealing with Communities and Housing Services, Regulatory and Neighbourhoods
- Growth dealing with Economic Growth, Planning and Strategic Infrastructure and Strategic Growth and Development
- Programme Delivery dealing with Strategic Projects, General Fund Assets, Leisure and Local Services
- Finance – dealing with financial matters
- Chief Executive’s, this includes Corporate Strategy, Transformation, Governance, Member Services, Information Management, Performance, HR and ICT.

## Political Structure

Boston has 15 electoral wards, and the Council consists of 30 councillors.

During the 2025/26 financial year, the Council experienced a change in leadership and a period of political realignment.



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

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

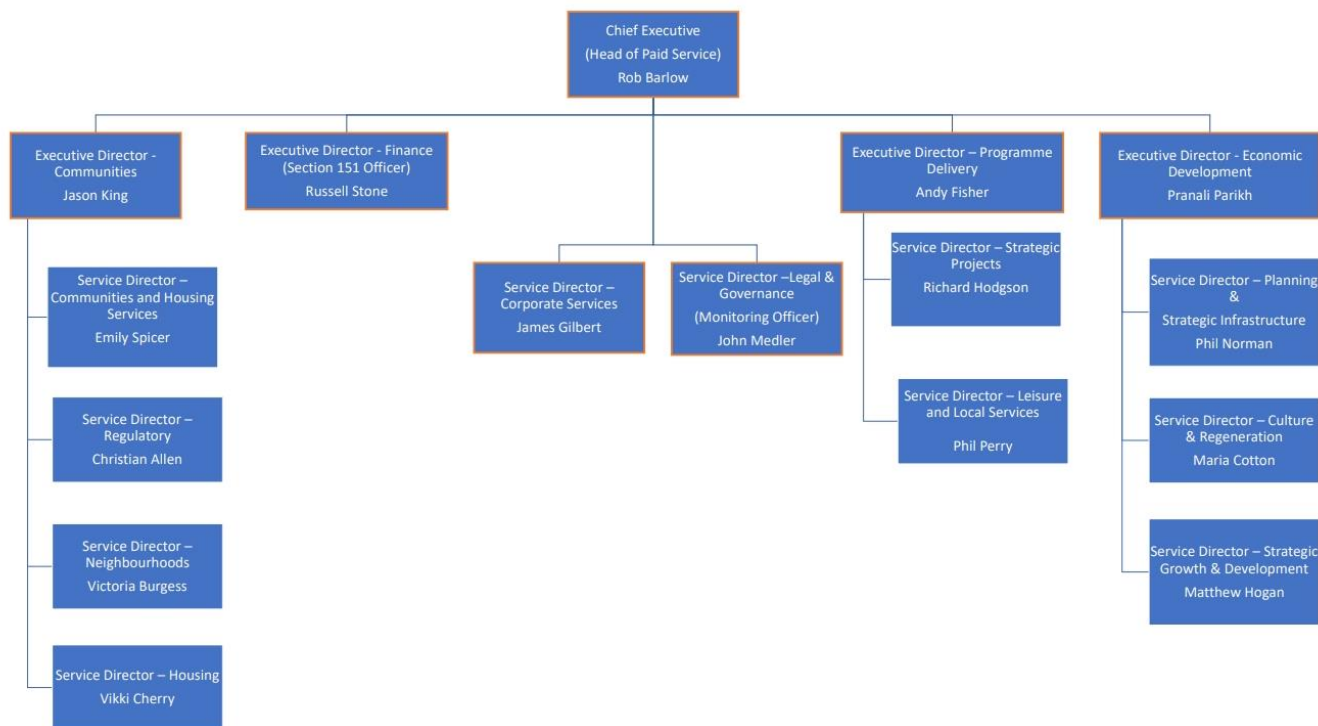
All councillors meet as Full Council, where councillors decide the Council's overall policies and set the budget and council tax each year. The Council holds to account the Cabinet and committees. The Cabinet is made up of the Leader, Deputy Leader and Portfolio Holders, each of whom has specific responsibilities for areas of the Council's activities.

Cabinet Members are held to account through a system of scrutiny and governance assurance, as set out in the Council's Constitution. Scrutiny and assurance of Cabinet decisions during 2025/26, including the setting of a balanced budget for 2026/27, was undertaken by the Overview and Scrutiny and Audit and Governance Committees.

## Staffing

The South and East Lincolnshire Councils Partnership (Boston Borough Council, East Lindsey District Council and South Holland District Council) launched on 1 October 2021. This created the senior management structure for the three authorities (shown below). This has led to each of the Council's saving money on their previous arrangements and has created opportunity for greater cross working and to drive out further efficiencies going forward such as shared resources and expertise, exploring the opportunity for joint procurements, knowledge sharing and creating a greater voice for south and east Lincolnshire on the national stage.

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



An orange outline signifies those positions that form Senior Leadership Team

### Council Priorities, Corporate Strategy and Performance

The Partnership has a sub-regional strategy that replaced each Partnership Councils’ individual corporate strategies. That strategy remains live and relevant. It has a section for Council specific priorities.

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

The Sub-Regional Strategy focuses on four priorities:

1. Growth and Prosperity
2. Healthy Lives
3. Safe and Resilient
4. Environment

In addition, the Strategy has an internal looking priority focused on efficiency and effectiveness.

### How Boston Borough Council Performed in 2025/26

Over the period between April 2025 and March 2026, Boston Borough Council has managed to average 81.5% of performance measures achieving a “green” rating. Additionally, 11.5% of performance measures have been “red” or significantly below target thresholds set. There are robust governance arrangements in place both at a Member and Senior Officer level to review and track performance regularly.

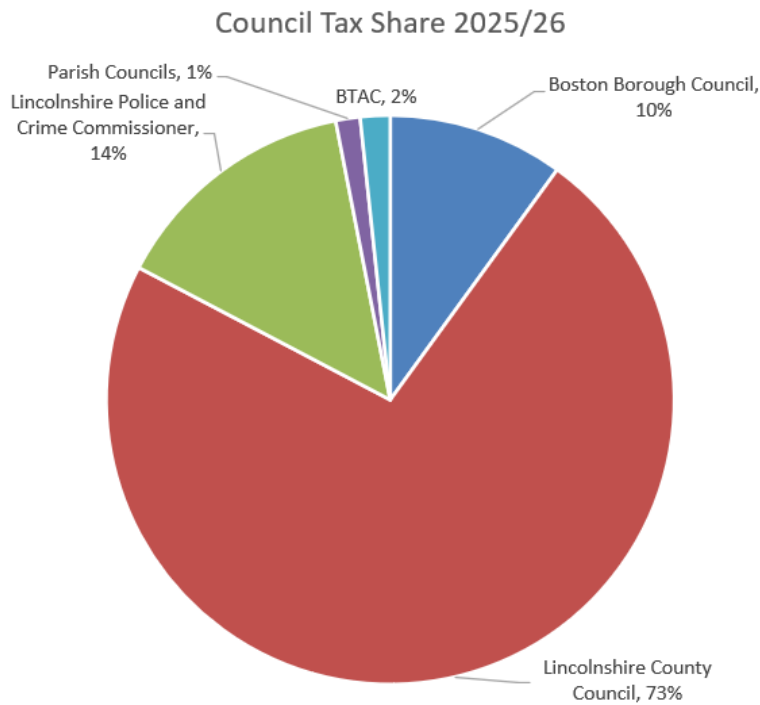
In 2025/26 the Council delivered a range of actions from the Annual Delivery Plan. Initiatives/outcomes included:

- Continue to deliver Boston’s Town Centre Strategy
- Progression of PE21 projects (Crown House demolition/reprovision and Public Realm), signalling long-term transformation of the town centre and surrounding assets.
- Ongoing leadership of the Town Centre Strategy Co-ordination Group, maintaining strategic direction for Boston’s town centre regeneration.
- Worked with Active Lincolnshire and health system partners to deliver a programme of activity that focuses on the health and wellbeing of Boston communities.

- Implementation and delivery of eight funded projects (3 led by BBC and 5 externally led projects); monitoring and evaluation with MHCLG.

### **Council Tax**

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



### **Where The Money Came From**

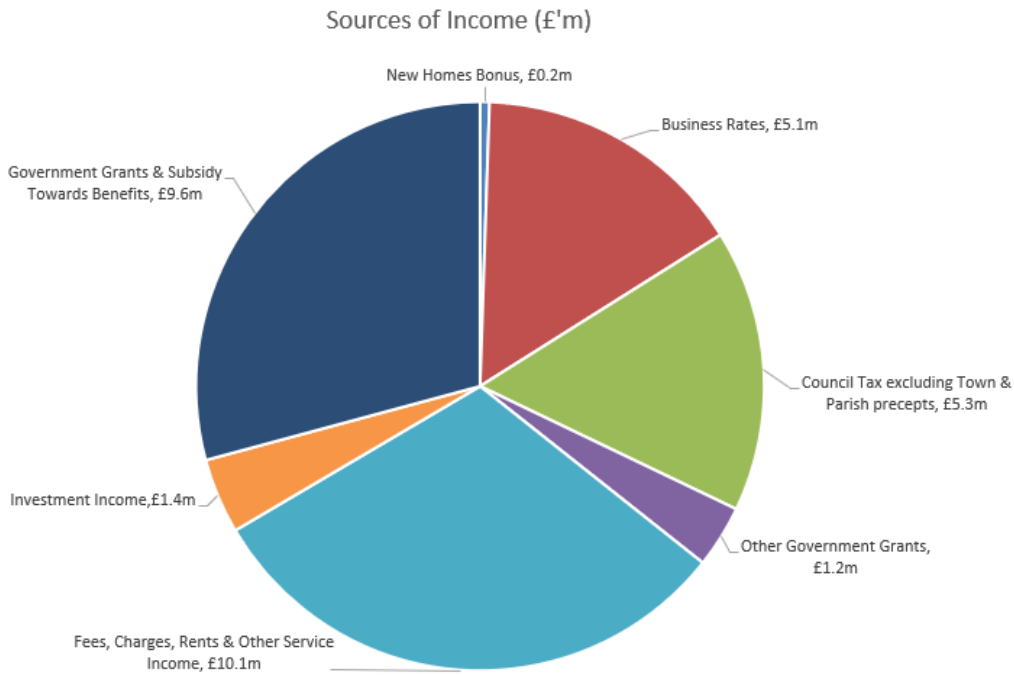
Boston receives income from many sources, as shown in the chart below. Income is received from Council Tax (received from taxpayers levied by the Council for Boston and Boston Town Area Committee), from Business Rates and Government Grants.

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

Council Tax receipts (excluding town and parish precepts) totalled £5.3m (16% of the income).

A total of £10.3m was received from fees, charges, rents and other service income (31% of the income).

Income from investment interest totalled £1.4m (4% of income).



### How The Money Was Spent

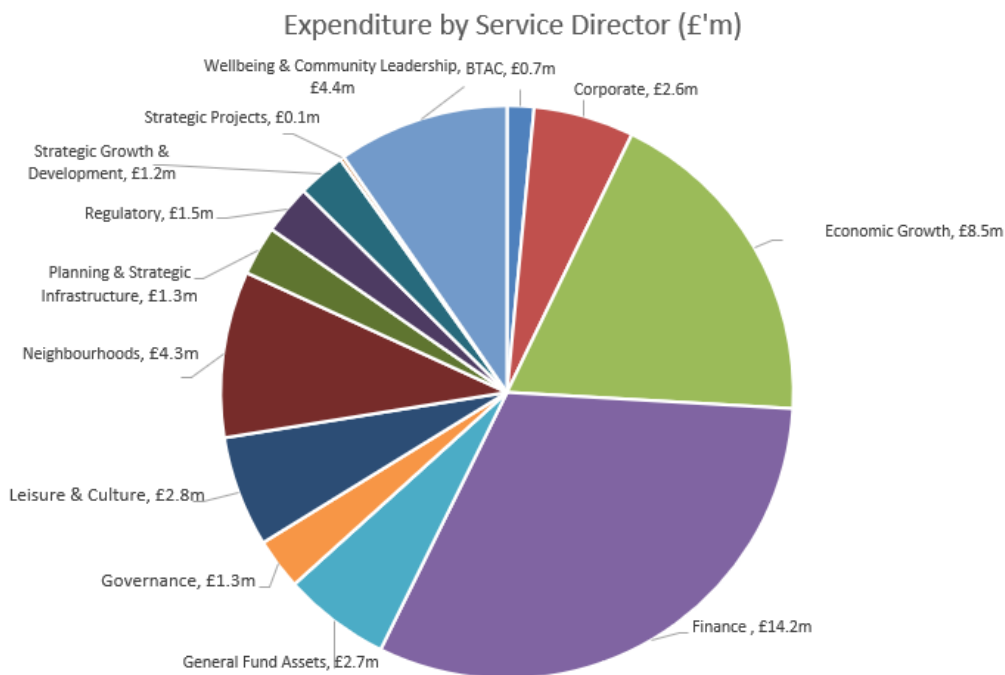
The chart below sets out expenditure by Service Director area including running and employee costs.

Running costs include expenditure on:

- Premises – for example rent, business rates, electricity, water and similar costs
- Transport – such as vehicle costs, travel fares and related expenses
- Supplies and services – including equipment, telephony, and contracted services
- Payments to external providers delivering services on behalf of the council (e.g. leisure services)

Employee costs include:

- Staffing – such as salaries, pension contributions, agency or temporary staff, professional subscriptions and associated costs
- The Finance directorate reports Rent Allowance and Rent Rebate expenditure of £10.052m, with corresponding income of £9.576m reflected in the Sources of Income chart above under Government Grants and Subsidy Towards Benefits.



**Financial Performance**

The Management Accounts below show the Council’s actual financial performance for the year compared to the budget. Further information can be found in the Expenditure and Funding Analysis on page 39.

**General Fund**

The full year outturn delivered a budget underspend of £0.064m. The surplus has been transferred to Council reserves. The table below shows the outturn position.

Service Director Area	Revised Budget 2025/26 £'000	Outturn 2025/26 £'000	Variance (underspend)/overspend £'000
Corporate	2,139	2,037	(102)
Economic Growth	98	83	(15)
Finance	2,998	2,856	(142)
Governance and Monitoring	1,008	1,062	54
General Fund Assets	(523)	(597)	(74)
Leisure and Local Services	1,157	1,157	-
Neighbourhoods	1,790	1,704	(86)
Planning and Strategic Infrastructure	234	234	-
Regulatory	640	611	(29)
Communities and Housing Services	1,057	961	(96)
Strategic Growth and Development	256	200	(56)
Strategic Projects	8	-	(8)
BTAC	769	769	-
Efficiencies Required	(651)	-	651
<b>Sub Total – Service Director – net costs</b>	<b>10,980</b>	<b>11,077</b>	<b>97</b>
Internal Drainage Boards/Parish Precepts	3,557	3,557	-
Minimum Revenue Provision	207	354	147
Interest Payments Received / Return on Property Funds	(1,722)	(2,058)	(336)
Borrowing Costs	111	65	(46)
Borrowing Discount Allocated to Revenue	(642)	(624)	18
Direct Revenue Financing	648	817	169
Reserves (Capital)	(648)	(718)	(70)
Reserves (Revenue)	(455)	(252)	203
Corporate Impairment Allowance	165	81	(84)
<b>Non-Service Expenditure</b>	<b>1,221</b>	<b>1,222</b>	<b>1</b>
<b>Total Expenditure</b>	<b>12,201</b>	<b>12,299</b>	<b>98</b>
Council Tax	(5,801)	(5,801)	-
Business Rates	(5,063)	(5,225)	(162)
Non-Ring-Fenced Government Grant	(1,337)	(1,337)	-
<b>Total Funding</b>	<b>(12,201)</b>	<b>(12,363)</b>	<b>(162)</b>
<b>Total Budget – (Surplus)/Deficit</b>	<b>-</b>	<b>(64)</b>	<b>(64)</b>

Capital Financial Performance

The table below shows the capital outturn for 2025/26 by scheme.

Scheme	Revised Budget 2025/26 £'000	Outturn 2025/26 £'000	Variance (underspend)/ overspend £'000
Disabled Facilities Grant	885	843	(42)
Vehicle Replacements	230	230	-
Information Technology Infrastructure Refresh	238	195	(43)
Swimming Pool Support Fund	198	198	-
Uniform System	291	15	(276)
Unit 4 Implementation	47	-	(47)
Affordable Housing Commuted Sum	1,074	-	(1,074)
Capital Enhancements	400	546	146
Depot Purchase	150	152	2
Homelessness Prevention Van	7	5	(2)
Market Regeneration	23	26	3
Boston Council Chamber Microphones and Sound System	33	33	-
Markets - Trailers	13	13	-
Temporary Accommodation	25	18	(7)
<b>Total Projects (Excl Towns Funds, UKSPF, LUF &amp; BPF)</b>	<b>3,614</b>	<b>2,274</b>	<b>(1,340)</b>
Towns Fund - Leisure	7,895	2,469	(5,426)
Towns Fund - Mayflower	3,600	3,600	-
Towns Fund - St Botolph's Library	57	58	1
Towns Fund - Healing the High St (incl. Shodfriars)	2,433	1,069	(1,364)
Towns Fund - Boston Station	864	-	(864)
<b>Total Towns Fund Projects</b>	<b>14,849</b>	<b>7,196</b>	<b>(7,653)</b>
UKSPF (Capacity building projects for local groups)	275	234	(40)
UKSPF Rural (Community projects aimed at reducing the cost of living)	129	125	(4)
<b>Total UKSPF Projects</b>	<b>404</b>	<b>360</b>	<b>(44)</b>
LUF - Civic Hub	5	5	-
LUF - Crown House	6,025	2,951	(3,074)
LUF - Public Realm	4,940	3,837	(1,103)
<b>Total LUF Projects</b>	<b>10,970</b>	<b>6,793</b>	<b>(4,177)</b>
BPF - Boston United Football Sports Complex	1,450	492	(958)
BPF - Affordable Homes (Quadrant Housing Development)	1,752	1,755	3
BPF - Haven Wharf	2,800	-	(2,800)
BPF - PE21 Rosegarth Square	398	398	-
BPF - Community Organisations Package	690	643	(47)
BPF - Boston Connected	100	5	(95)
BPF - Boston Community Research Project	370	348	(22)
BPF - St Botolph's Church Visitor Offer	25	18	(7)
<b>Total BPF Projects (excl Boston Leisure)</b>	<b>7,585</b>	<b>3,659</b>	<b>(3,926)</b>
<b>Grand Total</b>	<b>37,422</b>	<b>20,281</b>	<b>(17,141)</b>

It should be noted that, due to the nature of capital projects, timelines are often subject to revision. The 2025/26 capital budget has not been fully utilised as a number of schemes remain in progress, the associated funding is therefore required to meet existing commitments and support the completion of projects within the Council's 2026/27 Capital Programme.

An analysis of non-current assets and funding of the capital expenditure is shown in notes 13-16, 20 and 34.

**Collection Fund Financial Performance**

The balance on the Council Tax Collection Fund at 31 March 2026 showed a £0.198m deficit. This will be shared between the Borough, Lincolnshire County Council and Lincolnshire Police and Crime Commissioner in proportion with each authority's relative precept.

The balance on the NNDR Collection Fund at 31 March 2026 showed a £0.662m deficit. This will be shared between the Borough, Lincolnshire County Council and the Government in proportion with each party's relative proportionate share.

**Reserves and Balances**

The net increase in Specific and General reserves and balances for 2025/26 was £0.044m. The table below shows the balances at 31 March 2026 by reserve:

<b>Reserve</b>	<b>Balances on 1 April 2025 £'000</b>	<b>Contributions into Reserves £'000</b>	<b>Use of Reserves £'000</b>	<b>Balances on 31 March 2026 £'000</b>
Capital Funding Reserve	6,252	52	(686)	5,618
Transformation Reserve	1,730	278	(521)	1,487
Repairs and Renewals Reserve	590	17	(8)	599
ICT Reserve	35	-	-	35
Housing Reserve	1,764	132	(26)	1,870
Controlling Migration Fund Reserve	14	-	-	14
Insurance Reserve	198	-	-	198
Risk Mitigation Reserve	1,116	-	(108)	1,008
Funding Volatility Reserve*	3,272	278	(479)	3,071
Neighbourhoods Reserve	-	939	-	939
Contingency Reserve	211	-	(110)	101
Climate Change Reserve	124	10	(29)	105
Planning Reserve	434	134	(29)	539
Property Funds Reserve	79	76	-	155
<b>Specific Reserves Total</b>	<b>15,819</b>	<b>1,916</b>	<b>(1,996)</b>	<b>15,739</b>
General Fund	2,000	-	-	2,000
S106 & Commuted Sums Reserve	1,231	64	(79)	1,216
BTAC Reserve**	294	104	(1)	397
<b>TOTAL</b>	<b>19,344</b>	<b>2,084</b>	<b>(2,076)</b>	<b>19,352</b>

\*Includes the 2025/26 surplus of £0.640m

\*\*Includes the BTAC 2025/26 surplus of £0.104m

Below is an overview of each reserve:

- **Capital Reserve:** This reserve consists of past and annual revenue contributions. It may be used to finance the revenue impact of capital expenditure depending on future plans.
- **Transformation Reserve:** Primarily set up to invest in service transformation initiatives, this reserve also includes earmarked grant balances for future use.
- **Repairs & Renewals Reserve:** Sourced from annual contributions by service areas, this reserve is divided into specific pots for the maintenance and replacement of facilities and equipment.
- **ICT Reserve:** Funds in this reserve come as annual contributions from the service areas and are earmarked for the planned maintenance and replacement of software and hardware.
- **Housing Reserve:** Funded by grants, this reserve supports capital acquisitions, strategic housing solutions and Housing and Homelessness services.
- **Controlling Migration Fund Reserve:** Designated for community engagement activities
- **Insurance Reserve:** Held to cover losses, low-value claims, and policy excesses; it can also finance risk management initiatives as needed.
- **Risk Mitigation Reserve:** This reserve offsets the impacts of year-end operational surpluses or deficits.
- **Funding Volatility Reserve:** Designed to address accounting adjustments for volatile components (e.g., the Council's Collection Fund and in year deficits).
- **Neighbourhoods Reserve:** Funded by grants, this reserve will support the future costs relating to the implementation of the Food Waste collection changes.
- **Contingency Reserve:** This reserve is maintained for future recognised priorities and was initially related to Covid19 arrangements.
- **Climate Change Reserve:** Used to fund smaller schemes, feasibility studies, and to support bids for larger capital projects related to climate change initiatives.
- **Planning Reserve:** Receives funds earmarked for planning-related work to support the planning service, such as the creation of the local plan.
- **Property Fund Reserve:** Used to mitigate the impact on the Council's revenue account as a result of surplus and deficit returns on property funds against budgeted amounts should they occur.
- **General Fund:** This reserve represents the Council's unallocated financial buffer. Its level is set at £2 million, as determined by the Section 151 Officer, reflecting a prudent position based on assessed risks, service pressures, and future uncertainties
- **S106 and Commuted Sums Reserve:** Contains funds arising from Section 106 agreements with property developers.
- **BTAC reserve:** This reserve represents funds generated when the Boston Town Area Committee (BTAC) achieves a surplus in its financial performance. Any unspent income, after covering all expenditure for the year, is transferred into this reserve. It is maintained as a financial buffer to help manage future unforeseen costs, support planned initiatives, and ensure the continued stability of services within the Boston town area.

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

## Pension Fund

The accounts and notes with relation to the pension fund have been prepared in accordance with International Accounting Standard (IAS) 19. The Pension Fund liability shown in the Balance Sheet as at 31 March 2026 stands at £6.716m compared with £10.212m the previous year, this represents the liability to the Lincolnshire Pension Fund. This amount is matched by a pension reserve also shown in the Balance Sheet and therefore has no impact on the Council's overall financial position at 31 March 2026. The IAS 19 Balance Sheet position for the Council shows a reduced

obligation and the net liability to the Council under IAS 19 pension deficit is lower in monetary terms at 31 March 2026. The actuary uses a set of demographic assumptions that are consistent with those used for the Lincolnshire Pension Fund. These are highlighted in Note 36. Following the results of the triennial review in 2025, the Council's budget includes both a pension contribution percentage and also a lump sum payment each year which is forecast to bring the pension scheme into a fully funded position over a defined term.

## **Cash Flows**

The cash flow statement shows the level of investments held by the Council which are used to fund day to day cash flow requirements, achieve a return on investments to help support the low levels of council tax, support the reserves expenditure and to fund capital expenditure. Short term investments maturing in 2026/27 and long-term investments mature beyond this or are open-ended.

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

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

## **Current Economic Climate, Outlook and Risk**

The preparation of next year's budget has presented significant challenges. Boston Borough Council is facing unprecedented inflationary pressures that are driving up operational costs and affecting major contracts, capital projects, and community investments. At the same time, changing needs among residents, customers, and businesses continue to create uncertainty.

The 2026/27 Local Government Finance Settlement includes allocations for 2027/28 and 2028/29 and as such delivers the first multi-year settlement in a decade. This continues to add challenges due to the changes made through the 2024 Autumn Budget & Spending Review, 2025 Budget and 20 November 2025 Policy Statement which collectively results in an unprecedented level of change to the Local Government Finance system and significant added complexity.

Alongside these changes the Council has also been required by the Government to take on significant additional activities, such as weekly food waste collections, whilst also suffering reductions in the level of funding provided by central government.

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

- **Ensuring Financial Resilience:** We are committed to delivering statutory services while navigating economic challenges.
- **Supporting Vulnerable Residents:** We target our support to maintain safety nets for the borough's most vulnerable.
- **Boosting Local Prosperity:** We invest in projects that strengthen and grow local economic opportunities.

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

Internal Drainage Board precepts continue to rise and they now account for 64% of retained Council Tax. In response, the Council is working closely with local Internal Drainage Boards to seek to limit future increases where possible. The Government has announced additional funding to support Councils significantly affected by these levies, with Boston awarded £0.654m in 2025/26, and the Council expects a similar level of funding in 2026/27.

During 2025/26, S&ELCP established an Innovation, Transformation, and Efficiency Board. This board actively oversees efficiency targets and leads projects such as digital transformation initiatives to ensure we maximise value for money. The Medium-Term Financial Plan (MTFP) provides information on the Council's budget, transformation programme and reserves and can be found on the Council's website:

<https://democracy.boston.gov.uk/documents/s25298/Appendix%201A%20-%20Medium%20Term%20Financial%20Strategy%202026%20to%202031%20By%20Account.pdf>

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

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

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

### **Key Risks**

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

### **Future Opportunities**

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

The 2026/27 Alignment and Delivery Plan sets out the projects to be brought forward by the Partnership Councils during this municipal year. This is set against a backdrop of Local Government Re-organisation that is anticipated to see new Councils formed for April 2028 onwards.

Further information on the Financial Statements is available from Public Sector Partnership Services Ltd who provide all financial services for the Council. This is available as follows:

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

**STATEMENT OF RESPONSIBILITIES**

**The Council's Responsibilities**

The Council is required to:

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

**The Chief Financial Officer's Responsibilities**

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

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

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

**Certification by the Chief Financial Officer**

I hereby certify that the audited Financial Statements give a 'true and fair' view of the financial position of the Council at the reporting date and of its expenditure and income for the year ended 31 March 2026.

Russell Stone  
Executive Director, Finance and Section 151 Officer

Date:

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

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

2024/25				2025/26		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
3,512	(2,423)	1,089	General Fund Assets	2,741	(1,296)	1,445
16,036	(13,490)	2,546	Finance	14,227	(11,639)	2,588
8,962	(1,020)	7,942	Economic Growth	8,489	(350)	8,139
1,336	(496)	840	Governance & Monitoring	1,312	(341)	971
5,157	(2,713)	2,444	Communities & Housing Services	4,381	(2,758)	1,623
2,128	(610)	1,518	Leisure & Local Services	2,832	(1,096)	1,736
2,331	(491)	1,840	Corporate	2,570	(254)	2,316
4,320	(2,036)	2,284	Neighbourhoods	4,255	(3,051)	1,204
839	(1,937)	(1,098)	Planning & Strategic Infrastructure	1,262	(1,205)	57
1,125	(684)	441	Regulatory	1,261	(755)	506
1,646	(1,048)	598	Strategic Growth & Development	1,222	(707)	515
-	-	-	Strategic Projects	105	-	105
725	(56)	669	BTAC	687	(21)	666
<b>48,117</b>	<b>(27,004)</b>	<b>21,113</b>	<b>Cost of Services</b>	<b>45,344</b>	<b>(23,473)</b>	<b>21,871</b>
3,415	(5)	3,410	Other operating income & expenditure (Note 10)	3,559	(11)	3,548
4,065	(7,786)	(3,721)	Financing and investment income and expenditure (Note 11)	6,280	(7,379)	(1,099)
5,675	(41,215)	(35,540)	Taxation and non-specific grant income and expenditure (Note 12)	5,726	(21,669)	(15,943)
<b>61,272</b>	<b>(76,010)</b>	<b>(14,738)</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>60,909</b>	<b>(52,532)</b>	<b>8,377</b>
		(797)	(Surplus) or deficit on revaluation of property, plant and equipment			(396)
		285	Remeasurement of the net defined benefit liability			(2,572)
		<b>(512)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(2,968)</b>
		<b>(15,250)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>5,409</b>

The notes to the accounts on pages 22 – 80 form an integral part of the Financial Statements.

**MOVEMENT IN RESERVES STATEMENT**

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

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2025/26	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Boston Town Area Committee £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
<b>Balance at 31 March 2025</b>	<b>2,000</b>	<b>17,050</b>	<b>275</b>	<b>34,345</b>	<b>293</b>	<b>53,963</b>	<b>40,792</b>	<b>94,755</b>
<b>Movement in Reserves during 2025/26</b>								
Total comprehensive income and expenditure	(8,377)	-	-	-	-	(8,377)	2,968	(5,409)
Adjustments between accounting basis and funding basis under regulations (Note 8)	8,386	-	(29)	(15,374)	-	(7,017)	7,017	-
<b>(Increase)/decrease for year</b>	<b>9</b>	<b>-</b>	<b>(29)</b>	<b>(15,374)</b>	<b>-</b>	<b>(15,394)</b>	<b>9,985</b>	<b>(5,409)</b>
Transfer to/(from) earmarked reserves	95	(95)	-	-	-	-	-	-
Transfer to/(from) other reserves	(104)	-	-	-	104	-	-	-
<b>Balance at 31 March 2026</b>	<b>2,000</b>	<b>16,955</b>	<b>246</b>	<b>18,971</b>	<b>397</b>	<b>38,569</b>	<b>50,777</b>	<b>89,346</b>

The notes to the accounts on pages 22 – 80 form an integral part of the Financial Statements.

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

The notes to the accounts on pages 22 – 80 form an integral part of the Financial Statements.

**BALANCE SHEET**

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

31 March 2025 £'000		Note	31 March 2026 £'000
41,437	Property, plant and equipment	13	49,550
822	Right of use assets	35	830
1,569	Heritage assets	14	1,569
5,671	Investment property	15	6,106
26	Intangible assets	16	13
-	Assets held for sale	20	-
15,237	Long-term investments	17	14,429
14	Long-term debtors	17	12
<b>64,776</b>	<b>Long-term Assets</b>		<b>72,509</b>
32,702	Short-term investments	17	17,188
-	Assets Held for Sale	20	-
12,428	Short-term debtors	18	12,779
2,879	Cash and cash equivalents	19	2,998
<b>48,009</b>	<b>Current Assets</b>		<b>32,965</b>
-	Short-term borrowing	17	-
(5,864)	Short-term creditors	21	(7,136)
(37)	Short-term lease liabilities	35	(77)
(325)	Provisions	22	(449)
-	Cash and Cash Equivalents – bank overdraft	19	-
<b>(6,226)</b>	<b>Current Liabilities</b>		<b>(7,662)</b>
(1,000)	Long-term borrowing	17	(1,000)
(10,212)	Pension liability	36	(6,716)
(71)	Long-term lease liabilities	35	(49)
(521)	Other long-term liabilities		(701)
<b>(11,804)</b>	<b>Long-term Liabilities</b>		<b>(8,466)</b>
<b>94,755</b>	<b>Net assets</b>		<b>89,346</b>
53,963	Usable reserves		38,569
40,792	Unusable reserves	24	50,777
<b>94,755</b>	<b>Total Reserves</b>		<b>89,346</b>

The notes to the accounts on pages 22 – 80 form an integral part of the Financial Statements.

## CASH FLOW STATEMENT

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

2024/25 £'000		2025/26 £'000
14,738	Net surplus/(deficit) on the provision of services	(8,377)
(2,222)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 25)	3,276
(22,633)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 25)	(3,619)
<b>(10,117)</b>	<b>Net cash flows from operating activities</b>	<b>(8,720)</b>
8,894	Net cash flows from investing activities (Note 26)	8,702
(1,629)	Net cash flows from financing activities (Note 27)	137
<b>(2,852)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>119</b>
<b>5,730</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>2,879</b>
1	Other movements	-
<b>2,879</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 19)</b>	<b>2,998</b>

The notes to the accounts on pages 22 – 80 form an integral part of the Financial Statements.

## NOTES TO THE ACCOUNTS

## 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 Financial Statements 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 Financial Statements 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 6.10% (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 Financial Statements 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 Financial Statements 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 Financial Statements.

### **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.

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 His Majesty's Revenue and Customs. VAT receivable is excluded from income.

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) has introduced several changes in accounting standards which will be required from 1 April 2026.

- Amendments to FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage Assets)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Annual improvements to IFRS accounting standards – volume 11
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

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

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

**NOTE 3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

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

- There is a large degree of uncertainty about future levels of funding for local government. However, the council has determined that this high level of uncertainty is not yet sufficient to provide an indication that the assets of the authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- At the time the accounts were authorised for issue, the Council’s valuers have provided values for the Council’s assets taking into account what was known at the time. The Council’s judgement was that there was not enough information to indicate that the assets were impaired and that Balance Sheet values should be reduced.
- It has been concluded that there is no appropriate index for particular assets that are not subject to revaluation in 2025/26, and there is no evidence to suggest that the increase in carrying amounts would have been material if an index had been available.
- The Council has examined its leases and classified them as either operating leases or finance leases. In some cases, the lease transaction is not always conclusive, and the Council uses judgements in determining whether the lease is a finance lease that transfers substantially all the risks and rewards incidental to ownership. With effect from 2024/25 financial accounts all lessee operational agreements (apart from those of less than 12 months or those of low value assets) are required to be shown on the Balance Sheet.
- One factor that has had a demonstrable impact on the accounts in the past five years concerns the assumptions surrounding pensions and the likelihood of legislative change and the impact of such change. The sensitivity analysis, shown in Note 36, estimates the likely impact of changes to the assumptions used when reporting the pension liability.
- Investments - Investment in banks and other financial institutions are secure and will not suffer impairments. A certain amount of volatility in financial markets was apparent at the time the accounts were authorised for issue and expected credit losses were calculated based on information available at the time.

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

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

The items in the Council’s Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

**Property, Plant and Equipment – Property Assets - Carrying Value at 31 March 2026 £49.550m**  
**Investment Property - Carrying Value at 31 March 2026 £6.106m**

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

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

**Business Rates Appeals Provision - Carrying Value of Boston Borough Council’s Share at 31 March 2026 £0.449m**

Since the introduction of the Business Rate Retention Scheme effective from 1 April 2013, local authorities need to account for any reduction in Business Rates income and repayment to ratepayers, in respect of successful appeals

against business rates for the current and earlier years. A provision has been made in the accounts based on the best estimate of the amount that the Council might need to repay as a result of successful appeals up to 31 March 2026.

For appeals already lodged, this estimate has been calculated using the latest Valuation Office Agency list of outstanding appeals with an assessment being made of the likely impact of those appeals, taking into account past national decisions together with any specific/local implications. An assessment has been undertaken by an external provider and reviewed by officers to reflect local circumstances. A three-stage appeals process was introduced on 1 April 2017, for appeals against the subsequent rating lists. The 2023 rating list closed on 31 March 2026. The Council has received notice of challenges lodged against the 2023 rating list which may or may not materialise into successful appeals, therefore, this element of the provision has been made based on officers' views of an external assessment of the potential losses arising, as a result of yet to be determined appeals being successful.

The Council's share of the provision as at 31 March 2026 (40% of £1.123m) is £0.449m.

#### **Net Pensions Liability - Carrying Value at 31 March 2026 £6.716m**

The estimation of the net liability at 31 March 2026 to pay pensions, depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, Barnett Waddingham LLP, is engaged to provide expert advice about the assumptions to be applied.

During 2025/26, the actuaries advised that the net pensions liability had decreased by £3.496m. This is made up of:

- £1.501m actuarial loss
- £0.924m gain arising from employer contributions of £2.340m being more than the pension obligations of £1.416m
- Changes in effect of asset ceiling (£4.073m).

#### **Debt Impairment for Sundry Debtor and Housing Benefit Overpayments - Carrying Value at 31 March 2026 £2.056m**

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

At 31 March 2026, the Council had a balance of sundry debtor and housing benefit overpayments of £2.056m. The Council impairs its receivables on an interval led approach based on the age and nature of the debtor. The Council's approach to review significant items suggested that an impairment allowance for doubtful debts of 62% (£1.270m) was appropriate. However, in the current economic climate it is not certain that the allowance will be sufficient.

If collection rates were to deteriorate, increasing the impairment for doubtful debts to 65% of the total debt would require an additional £0.065m to be set aside as an allowance.

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

#### **Fair Value Measurements - Carrying Values at 31 March 2026 Investment Properties £6.106m; Property Fund Holdings £14.429m**

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

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

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

**NOTE 5 EVENTS AFTER THE BALANCE SHEET DATE**

The unaudited Financial Statements were authorised for issue by the Chief Finance Officer on 29 June 2026. Events taking place after 31 March 2026 are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

**NOTE 6 EXPENDITURE AND FUNDING ANALYSIS**

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

2024/25				2025/26		
Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
(395)	1,484	1,089	General Fund Assets	(84)	1,529	1,445
3,020	(474)	2,546	Finance	3,075	(487)	2,588
(216)	8,158	7,942	Economic Growth	156	7,983	8,139
878	(38)	840	Governance & Monitoring	1,024	(53)	971
1,233	1,211	2,444	Communities & Housing Services	894	729	1,623
788	730	1,518	Leisure & Local Services	1,004	732	1,736
1,622	218	1,840	Corporate	2,077	239	2,316
2,023	261	2,284	Neighbourhoods	981	223	1,204
(1,035)	(63)	(1,098)	Planning & Strategic Infrastructure	118	(61)	57
542	(101)	441	Regulatory	627	(121)	506
-	598	598	Strategic Growth & Development	188	327	515
-	-	-	Strategic Projects	108	(3)	105
689	(20)	669	BTAC	666	-	666
<b>9,149</b>	<b>11,964</b>	<b>21,113</b>	<b>Net Cost of Services</b>	<b>10,834</b>	<b>11,037</b>	<b>21,871</b>
3,398	12	3,410	Other operating income and expenditure	3,541	7	3,548
(3,526)	(195)	(3,721)	Financing and investment income and expenditure	(3,263)	2,164	(1,099)
(12,790)	(22,750)	(35,540)	Taxation and non-specific grant income and expenditure	(12,363)	(3,580)	(15,943)
195	(195)	-	Capital Expenditure Charged in Year	817	(817)	-
-	-	-	Transfer to Capital Grant Unapplied	-	-	-
232	(232)	-	Revenue Provision for the Repayment of Debt	425	(425)	-
-	-	-	Application of Capital Grants to CAA	-	-	-
<b>(3,342)</b>	<b>(11,396)</b>	<b>(14,738)</b>	<b>(Surplus)/Deficit</b>	<b>(9)</b>	<b>8,386</b>	<b>8,377</b>
<b>2,000</b>			<b>Opening General Fund Balance</b>	<b>2,000</b>		
-			(Surplus) or Deficit on the General Fund Balance in Year (after transfers to/from earmarked reserves)	-		
<b>2,000</b>			<b>Closing General Fund Balance</b>	<b>2,000</b>		

NOTE 6A – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2025/26			
	Adjustments for Capital Purposes £'000	Net Change for Pensions Adjustments £'000	Other Adjustments £'000	Total Adjustments £'000
General Fund Assets	1,577	(46)	(2)	1,529
Finance	-	(559)	72	(487)
Economic Growth	7,988	(5)	-	7,983
Governance & Monitoring	-	(48)	(5)	(53)
Communities & Housing Services	987	(235)	(23)	729
Leisure & Local Services	801	(61)	(8)	732
Corporate	280	(38)	(3)	239
Neighbourhoods	482	(253)	(6)	223
Planning & Strategic Infrastructure	-	(57)	(4)	(61)
Regulatory	2	(111)	(12)	(121)
Strategic Growth & Development	361	(31)	(3)	327
Strategic Projects	-	(3)	-	(3)
BTAC	-	-	-	-
<b>Net Cost of Services</b>	<b>12,478</b>	<b>(1,447)</b>	<b>6</b>	<b>11,037</b>
Other Operating Expenditure	7	-	-	7
Financing & Investment Income & Expenditure	(260)	523	1,901	2,164
Taxation & Non-Specific Grant Income & Expenditure	(3,619)	-	39	(3,580)
Capital Expenditure Charged in Year	(817)	-	-	(817)
Transfer to Capital Grant Unapplied	-	-	-	-
Revenue Provision for the Repayment of Debt	(425)	-	-	(425)
Application of Capital Grants to CAA	-	-	-	-
<b>Other Income and Expenditure</b>	<b>(5,114)</b>	<b>523</b>	<b>1,940</b>	<b>(2,651)</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services</b>	<b>7,364</b>	<b>(924)</b>	<b>1,946</b>	<b>8,386</b>

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

### Adjustments for Capital Purposes

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

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

### Net Change for the Pensions Adjustments

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

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

**Other Adjustments**

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

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

**NOTE 6B - SEGMENTAL INCOME**

Trading Income received on a segmental basis is analysed below:

<b>Service Segment</b>	<b>Income Area</b>	<b>2025/26 Income from Services £'000</b>	<b>2024/25 Income from Services £'000</b>
General Fund Assets	Bereavement	(858)	(897)
General Fund Assets	Car Parking	(975)	(946)
Leisure and Culture	Leisure	(22)	(351)
Neighbourhoods	Markets	(75)	(81)
Neighbourhoods	Green Waste	(729)	(697)
Neighbourhoods	Commercial Waste	(405)	(395)
Regulatory	Licensing	(199)	(181)
Planning and Strategic Infrastructure	Planning	(795)	(594)
Regulatory	Land Charges	(55)	(52)
Regulatory	Building Control	(189)	(244)
<b>Total Income analysed on a segmental basis</b>		<b>(4,302)</b>	<b>(4,438)</b>

**NOTE 7 EXPENDITURE AND INCOME ANALYSED BY NATURE**

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

Income and Expenditure 2024/25 £'000		Income and Expenditure 2025/26 £'000
	<b><u>Expenditure</u></b>	
10,181	Employee benefits expenses	10,961
22,796	Other services expenses	21,162
168	Investment property expenditure	191
3,260	Depreciation, amortisation, impairment	3,170
171	Interest payments	123
11,879	Benefits expenditure	10,052
3,404	Precepts and levies	3,557
82	Increase in impairment allowance	325
5,676	Business Rates tariff and levy	5,726
95	Change in fair value of investment property	238
-	Change in fair value of Financial Assets at Fair Value through Profit and Loss	808
-	Premium/discount on premature repayment of borrowing	469
11	Loss on disposal of non-current assets	1
3,549	Pensions interest cost	4,126
<b>61,272</b>	<b>Total Expenditure</b>	<b>60,909</b>
	<b><u>Income</u></b>	
(13,685)	Income from council tax and non-domestic rates	(14,230)
(9,186)	Grants and contributions	(7,433)
(22,633)	Other grants and contributions (capital)	(3,619)
(11,647)	Benefits income	(9,738)
(10,346)	Fees, charges and other service income	(10,123)
(190)	Decrease in impairment allowance	(32)
(2,480)	Interest and investment income	(2,282)
(5)	Gain on disposal of non-current assets	(10)
(723)	Gain on entry – peppercorn lease	-
-	Premium/(discount) on premature repayment of borrowing	-
(231)	Change in fair value of Financial Assets at Fair Value through Profit and Loss	-
(635)	Investment property income	(964)
(1,087)	Changes in fair value of investment property	(498)
(3,162)	Pensions interest income	(3,603)
<b>(76,010)</b>	<b>Total Income</b>	<b>(52,532)</b>
<b>(14,738)</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>8,377</b>

**NOTE 8 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS**

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

**General Fund Balance**

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

summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment at the end of the financial year.

### Capital Receipts Reserve

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

### Capital Grants Unapplied

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

2025/26	Usable Reserves		
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
<b>Adjustments to the Revenue Resources</b>			
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.</b>			
Pensions costs	(924)	-	-
Statutory over-ride for unrealised fair value movements in pooled funds	808	-	-
Council tax and business rates	39	-	-
Holiday pay	7	-	-
Movement in the market value of Investment Property	(260)	-	-
Financial instruments	1,093	-	-
Capital grants and contributions applied to capital financing	(2,879)	-	(16,115)
Capital grants and contributions not applied to capital financing	(741)	-	741
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure	12,485	-	-
<b>Total Adjustments to Revenue Resources</b>	<b>9,628</b>	<b>-</b>	<b>(15,374)</b>
<b>Adjustments between Revenue and Capital Resources</b>			
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	-	-	-
Provision for the repayment of debt	(425)	-	-
Gain on peppercorn lease	-	-	-
Capital expenditure financed from revenue balances	(817)	-	-
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(1,242)</b>	<b>-</b>	<b>-</b>
<b>Adjustments to Capital Resources</b>			
Application of capital grants to finance capital expenditure	-	(29)	-
<b>Total Adjustments</b>	<b>8,386</b>	<b>(29)</b>	<b>(15,374)</b>

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

**NOTE 9 TRANSFERS TO/FROM EARMARKED RESERVES**

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts transferred from earmarked reserves to meet General Fund expenditure in 2025/26.

Reserve	Balance at 31 March 2024 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2025 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2026 £'000
Capital Funding	(6,390)	138	-	(6,252)	686	(52)	(5,618)
Transformation Reserve	(981)	440	(1,189)	(1,730)	521	(278)	(1,487)
Repairs and Renewals	(612)	37	(15)	(590)	8	(17)	(599)
ICT Reserve	(35)	-	-	(35)	-	-	(35)
Housing Reserve	(1,449)	89	(404)	(1,764)	26	(132)	(1,870)
Controlling Migration	(14)	-	-	(14)	-	-	(14)
Insurance Reserve	(208)	10	-	(198)	-	-	(198)
Property Fund Returns Risk Mitigation Reserve	(1,116)	-	-	(1,116)	108	-	(1,008)
Property Fund Reserve	(147)	68	-	(79)	-	(76)	(155)
Planning Reserve	(339)	15	(110)	(434)	29	(134)	(539)
Funding Volatility Reserve	(1,892)	10	(1,390)	(3,272)	479	(278)	(3,071)
Climate Change Reserve	(101)	29	(52)	(124)	29	(10)	(105)
S106 & Commuted Sums Reserve	(128)	20	(1,123)	(1,231)	79	(64)	(1,216)
Contingency Reserve	(382)	171	-	(211)	110	-	(101)
Neighbourhoods Reserve	-	-	-	-	-	(939)	(939)
<b>Total</b>	<b>(13,794)</b>	<b>1,027</b>	<b>(4,283)</b>	<b>(17,050)</b>	<b>2,075</b>	<b>(1,980)</b>	<b>(16,955)</b>

**NOTE 10 OTHER OPERATING INCOME AND EXPENDITURE**

2024/25 £'000		2025/26 £'000
579	Parish council precepts	630
	<b>Internal Drainage Board levies</b>	
1,508	Witham Fourth	1,547
1,233	Black Sluice	1,293
83	Welland and Deeping	86
1	South Holland	1
6	(Gains)/Losses on disposal of non-current assets	(9)
<b>3,410</b>	<b>Total</b>	<b>3,548</b>

**NOTE 11 FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

2024/25 £'000		2025/26 £'000
171	Interest payable and similar charges	123
387	Net interest on the net defined benefit liability	523
(1,767)	Interest receivable and similar income	(1,403)
(1,459)	Income and expenditure in relation to investment properties and changes in their fair value	(1,033)
(108)	Movement in impairment allowance for bad debts	293
(714)	Income receivable from property fund holdings	(879)
-	Premium/(discount) on premature repayment of borrowing	469
(231)	Movement in fair value of property funds in year	808
<b>(3,721)</b>	<b>Total</b>	<b>(1,099)</b>

**NOTE 12 TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE**

2024/25 £'000		2025/26 £'000
(5,623)	Council tax income	(5,892)
(2,386)	Non-domestic rates income and expenditure retained business rates after payment of tariff	(2,610)
(461)	Revenue Support Grant	(482)
(3,714)	Non ringfenced Government grants	(3,340)
(22,633)	Capital grants and contributions	(3,619)
(723)	Gain on entry – peppercorn lease	-
<b>(35,540)</b>	<b>Total</b>	<b>(15,943)</b>

**NOTE 13 PROPERTY, PLANT AND EQUIPMENT - Movement on Balance**

Movements in 2025/26	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property Plant and Equipment £'000
<b>Cost or Valuation</b>						
<b>At 1 April 2025</b>	<b>35,106</b>	<b>4,755</b>	<b>112</b>	<b>119</b>	<b>4,278</b>	<b>44,370</b>
Additions	3,208	400	-	-	7,191	10,799
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,682)	-	-	1	-	(1,681)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(361)	-	-	-	-	(361)
De-recognition - disposals	-	(185)	-	-	-	(185)
Assets reclassified (to)/ from Held for sale	-	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-	-
<b>At 31 March 2026</b>	<b>36,271</b>	<b>4,970</b>	<b>112</b>	<b>120</b>	<b>11,469</b>	<b>52,942</b>
<b>Accumulated Depreciation and Impairment</b>						
<b>At 1 April 2025</b>	<b>-</b>	<b>(2,870)</b>	<b>(62)</b>	<b>-</b>	<b>-</b>	<b>(2,932)</b>
Depreciation charge	(2,122)	(639)	-	-	-	(2,761)
Depreciation written out to the Revaluation Reserve	2,079	-	-	-	-	2,079
Depreciation written out to the Surplus/Deficit on the Provision of Services	43	-	-	-	-	43
Impairment (losses) Reversals recognised in revaluation reserve	-	179	-	-	-	179
De-recognition - disposals	-	-	-	-	-	-
Other movements in depreciation and Impairment	-	-	-	-	-	-
<b>At 31 March 2026</b>	<b>-</b>	<b>(3,330)</b>	<b>(62)</b>	<b>-</b>	<b>-</b>	<b>(3,392)</b>
<b>Net Book Value</b>						
<b>At 31 March 2026</b>	<b>36,271</b>	<b>1,640</b>	<b>50</b>	<b>120</b>	<b>11,469</b>	<b>49,550</b>
<b>At 31 March 2025</b>	<b>35,106</b>	<b>1,884</b>	<b>50</b>	<b>119</b>	<b>4,278</b>	<b>41,437</b>

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

## Depreciation

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

- Other land and buildings 1 - 65 years
- Vehicles, Plant and Equipment 1 - 20 years

Freehold land is not depreciated.

## Capital Commitments

As at 31 March 2026 contractual commitments totalled £23.61m, including Boston Leisure at £9.89m, Food Waste at £3.14m, Rosegarth Public Realm £4.48m and Rosegarth View £6.10m.

## Effects of Changes in Estimates

In 2025/26, no material changes were made to the Council's accounting estimates for Property, Plant and Equipment.

## Revaluations

The Council carries out a programme that ensures that all Property, Plant and Equipment required to be measured at current value is regularly revalued. The authority has adopted a 5 year rolling programme of revaluations in 2025/26, with annual indexation applied to assets during the four intervening years. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors Global Standards, incorporating the ISVC International Valuation Standards.

Revaluations during 2025/26 were undertaken by Ed Cox MRICS, the South East Lincolnshire Councils Partnership's qualified valuer.

	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Surplus Assets £'000	Community Assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	-	4,970	-	112	11,469	16,551
Valued at current value at:						
31 March 2025	7,319	-	4	-	-	7,323
31 March 2026	28,952	-	116	-	-	29,068
<b>Total Cost or Valuation</b>	<b>36,271</b>	<b>4,970</b>	<b>120</b>	<b>112</b>	<b>11,469</b>	<b>52,942</b>

## NOTE 14 HERITAGE ASSETS

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

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

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

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

2025/26	Cost or Valuation at 1 April 2025 £'000	Revaluation adjustment £'000	Cost or Valuation at 31 March 2026 £'000
Coins and Medals	4	-	4
Art Collection	526	-	526
Silverware, Charters and Civic Regalia	644	-	644
Archaeology	2	-	2
Ancient Monuments and Heritage Sites in Boston	39	-	39
Social History	349	-	349
Unaccessioned Pieces	5	-	5
<b>Total</b>	<b>1,569</b>	<b>-</b>	<b>1,569</b>

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

#### Ancient Monuments and Heritage Sites

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

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

#### Civic Regalia

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

#### Museum Collection

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

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

**NOTE 15 INVESTMENT PROPERTIES**

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

	2025/26 £'000	2024/25 £'000
Rental income from investment property	(964)	(635)
Direct operating expenses arising from investment property	191	168
Net (gains)/losses from fair value adjustments	(260)	(992)
<b>Net gain/(loss)</b>	<b>(1,033)</b>	<b>(1,459)</b>

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

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

	2025/26 £'000	2024/25 £'000
Balance at start of the year	5,671	4,679
Additions		
- Subsequent expenditure	175	-
Net gains/losses from fair value adjustments	260	992
Transfers from Property, Plant and Equipment	-	-
Other Movements	-	-
<b>Balance at end of year</b>	<b>6,106</b>	<b>5,671</b>

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2026 is as follows:

Recurring fair value measurements using:	Significant unobservable inputs (Level 3)	Significant unobservable inputs (Level 3)
	2025/26 £'000	2024/25 £'000
Commercial Industrial Units	995	1,040
Other Commercial Property	5,111	4,631
<b>Balance at end of year</b>	<b>6,106</b>	<b>5,671</b>

**Transfers between Levels of Fair Value Hierarchy**

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

**Valuation Techniques Used to Determine Level 3 for Investment Properties**

Significant Unobservable Inputs – Level 3

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

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

### Highest and best use of Investment Properties

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

### Valuation Techniques

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

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

	2025/26 £'000	2024/25 £'000
Opening Balance	5,671	4,679
Transfers into Level 3	-	-
Total gains (or losses) for the period included in Surplus or deficit on the Provision of Services resulting from changes in the fair value	260	992
Other Movements	175	-
<b>Closing Balance</b>	<b>6,106</b>	<b>5,671</b>

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

### Valuation Process for Investment Properties

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

### NOTE 16 INTANGIBLE ASSETS

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

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

2024/25 £'000		2025/26 £'000
	<b>Balance at start of year:</b>	
209	- Gross carrying amounts	209
(170)	- Accumulated amortisation	(183)
<b>39</b>	<b>Net carrying amount at start of year</b>	<b>26</b>
	Additions:	
-	- Purchases	-
-	- Derecognition – Others	-
(13)	Amortisation for the period	(13)
<b>26</b>	<b>Net carrying amount at end of year</b>	<b>13</b>
	<b>Comprising:</b>	
209	- Gross carrying amounts	209
(183)	- Accumulated amortisation	(196)
<b>26</b>		<b>13</b>

**NOTE 17 FINANCIAL INSTRUMENTS**

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

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

Financial Assets	Non-Current				Current				Total	
	Long Term Investments		Long Term Debtors		Short Term Investments		Short Term Debtors		Total	
	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000
<b>Amortised cost</b>										
Investments										
Principal	-	-	-	-	17,000	32,000	-	-	17,000	32,000
Accrued Interest	-	-	-	-	110	609	-	-	110	609
Cash and cash equivalents										
Principal	-	-	-	-	3,743	2,863	-	-	3,743	2,863
Accrued Interest	-	-	-	-	22	16	-	-	22	16
Mortgages and car loans	-	-	12	14	-	-	2	2	14	16
Trade debtors	-	-	-	-	-	-	3,834	3,303	3,834	3,303
<b>Amortised Cost Total</b>	-	-	<b>12</b>	<b>14</b>	<b>20,875</b>	<b>35,488</b>	<b>3,836</b>	<b>3,305</b>	<b>24,723</b>	<b>38,807</b>
<b>Fair Value through Profit and Loss</b>										
Property Fund Holdings										
Net Asset Value	14,429	15,237	-	-	-	-	-	-	14,429	15,237
Accrued Income	-	-	-	-	78	93	-	-	78	93
<b>Total Financial Assets</b>	<b>14,429</b>	<b>15,237</b>	<b>12</b>	<b>14</b>	<b>20,953</b>	<b>35,581</b>	<b>3,836</b>	<b>3,305</b>	<b>39,230</b>	<b>54,137</b>

Financial Liabilities	Non-Current				Current				Total	
	Long Term Borrowings		Long Term Creditors		Short Term Borrowings		Short Term Creditors		Total	
	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000
Amortised cost										
External borrowing										
Principal	(1,000)	(1,000)	-	-	-	-	-	-	(1,000)	(1,000)
Accrued Interest	-	-	-	-	(10)	-	-	-	(10)	-
Bank overdraft	-	-	-	-	(767)	-	-	-	(767)	-
Trade creditors	-	-	-	-	-	-	(4,538)	(3,287)	(4,538)	(3,287)
<b>Total financial liabilities</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>-</b>	<b>-</b>	<b>(777)</b>	<b>-</b>	<b>(4,538)</b>	<b>(3,287)</b>	<b>(6,315)</b>	<b>(4,287)</b>

External Borrowing - Analysis	Long Term		Short Term	
	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000
Public Works Loan Board (PWLB)	(1,000)	-	(10)	-
Other Market Debt	-	(1,000)	-	-
<b>Total External Borrowing</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>(10)</b>	<b>-</b>

	2025/26 Surplus or Deficit on the Provision of Services £'000	2024/25 Surplus or Deficit on the Provision of Services £'000
<b>Net gains/losses on:</b>		
Financial assets measured at fair value through profit and loss	808	(231)
<b>Total Net gains/ losses</b>	<b>808</b>	<b>(231)</b>
<b>Interest Revenue</b>		
Financial assets measured at amortised cost	(1,403)	(1,767)
Financial assets measured at fair value through profit and loss	(879)	(713)
<b>Total interest revenue</b>	<b>(2,282)</b>	<b>(2,480)</b>
<b>Interest expense</b>	<b>65</b>	<b>111</b>
<b>Fee Expense</b>		
Property Fund Management Fees	174	179
Brokers fees	-	3
<b>Total Fee Expense</b>	<b>174</b>	<b>182</b>

### Fair Value of Financial Assets

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

The Council held £14.429m in property funds on 31 March 2026 (£15.237m at 31 March 2025). These represent level 1 inputs in the fair value hierarchy. Fair Value has been assessed using the published Net Asset Value of the funds and the Balance Sheet reflects these valuations.

Financial assets measured at fair value				
Recurring fair value measurements	Input level in the fair value hierarchy	Valuation technique used to measure fair value	31 March 2026 £'000	31 March 2025 £'000
Financial instruments classified as fair value through profit and loss				
Schroder UK Real Estate Property Fund	Level 1	Unadjusted quoted prices in active markets for identical units	3,154	3,556
Threadneedle Property Unit Trust	Level 1	Unadjusted quoted prices in active markets for identical units	3,723	3,657
M & G UK Property Fund	Level 1	Unadjusted quoted prices in active markets for identical units	272	464
BlackRock UK Property Fund	Level 1	Unadjusted quoted prices in active markets for identical units	4,075	4,046
AEW UK Core Property Fund	Level 1	Unadjusted quoted prices in active markets for identical units	3,205	3,514
<b>TOTAL</b>			<b>14,429</b>	<b>15,237</b>

The combined purchase price of property fund investments was £20.990m so the decrease in value since purchase as of 31 March 2026 was £6.561m. This reduction in fair value can partly be offset by £3.883m additional revenue distributions received from M&G as part of the fund liquidation process.

The net decrease in value of the capital funds during the year of £808k has been debited to the Capital Adjustment Account in line with the statutory override.

In accordance with the Council's Minimum Revenue Provision Policy approved by Council on 3 March 2025, a Minimum Revenue Provision of £193k has been made in respect of the M&G property fund which is being liquidated and £58k for the remaining property funds in the 2025/26 financial year.

### Transfers between Levels of the Fair Value Hierarchy

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

### Changes in the Valuation Technique

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

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

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

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

The fair values are calculated as follows:

Liabilities	31 March 2026		31 March 2025	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Long Term Borrowing				
Market Loan	-	-	(1,000)	(1,638)
PWLB	(1,000)	(993)	-	-
	<b>(1,000)</b>	<b>(993)</b>	<b>(1,000)</b>	<b>(1,638)</b>

For long term borrowing, the fair value is lower than the carrying amount because the loan is at a fixed rate where the interest rate payable is lower than the prevailing rate at the Balance Sheet date. This shows a notional future gain (based on economic conditions on 31 March 2026) arising from a commitment to pay interest to lenders below current market rates.

The Long Term Market Loan was prematurely repaid in full during 2025/26 and replaced with a PWLB loan.

Assets	31 March 2026		31 March 2025	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Short Term Investments	17,110	17,110	32,609	32,609
Long Term Debtors	-	-	-	-
	<b>17,110</b>	<b>17,110</b>	<b>32,609</b>	<b>32,609</b>

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

**NOTE 18 DEBTORS**

31 March 2025 Net £'000		31 March 2026 Gross £'000	31 March 2026 Impairment £'000	31 March 2026 Net £'000
404	Trade debtors	786	(550)	236
6,170	Council Tax & NNDR debtors	7,261	(1,518)	5,743
2,474	Related parties	5,441	-	5,441
501	Prepayments	468	-	468
256	Costs	814	(551)	263
2,623	Other entities and individuals	1,560	(932)	628
<b>12,428</b>	<b>Total</b>	<b>16,330</b>	<b>(3,551)</b>	<b>12,779</b>

**NOTE 18A – DEBTORS FOR LOCAL TAXATION**

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

31 March 2025 £'000		31 March 2026 £'000
875	Less than one year	912
1,947	More than one year	2,212
<b>2,822</b>	<b>Total</b>	<b>3,124</b>

**NOTE 19 CASH AND CASH EQUIVALENTS**

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

31 March 2025 £'000		31 March 2026 £'000
-	Cash held by the Council	-
149	Bank Current Accounts	-
2,730	Short term deposits with counterparties	3,765
<b>2,879</b>	<b>Cash and cash equivalents categorised as Current Assets</b>	<b>3,765</b>
-	Bank current accounts – Bank Overdraft	(766)
-	<b>Cash and cash equivalents categorised as Current Liabilities</b>	<b>(766)</b>
<b>2,879</b>	<b>Total Cash and Cash Equivalents</b>	<b>2,999</b>

**NOTE 20 ASSETS HELD FOR SALE**

There are no assets held for sale as at 31 March 2026.

**NOTE 21 CREDITORS**

2024/25 £'000		2025/26 £'000
(1,470)	Trade Payables	(2,144)
(1,018)	Council Tax & NDR Payables	(854)
(541)	Other Payables - Central Government	(1,035)
(1,803)	Other Payables - Other LA's	(2,378)
(91)	Other Payables	(105)
(941)	Receipts in Advance	(620)
<b>(5,864)</b>	<b>Total</b>	<b>(7,136)</b>

**NOTE 22 PROVISIONS**

	Business Rates Appeals £'000
<b>Balance at 1 April 2025</b>	<b>(325)</b>
Additional provisions made in 2025/26	(318)
Amounts used in 2025/26	-
Unused amounts reversed in 2025/26	194
<b>Balance at 31 March 2026</b>	<b>(449)</b>

The provision represents Boston's share (40% of £1.123m as at 31 March 2026), of the total provision for appeals against the rateable values set by the Valuation Office Agency (VOA) not settled as at 31 March 2026. The total provision has been recognised in the Collection Fund Statement (page 81). Whilst the expected timing of the outflows is uncertain as the decision on these appeals is made by the Valuation Office Agency, it is assumed these will be settled within the next 12 months.

**NOTE 23 USABLE RESERVES**

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

**NOTE 24 UNUSABLE RESERVES**

2024/25 £'000		2025/26 £'000
(21,715)	Revaluation Reserve	(20,815)
(24,470)	Capital Adjustment Account	(32,998)
(5,134)	Financial Instruments Adjustment Account	(4,041)
10,212	Pensions Reserve	6,716
(11)	Deferred Capital Receipts Reserve	(11)
252	Collection Fund Adjustment Account	291
74	Accumulated Absences Account	81
<b>(40,792)</b>		<b>(50,777)</b>

## Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant, and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost.
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance of the Capital Adjustment Account.

2024/25 £'000		2025/26 £'000
(22,150)	<b>Balance at 1 April</b>	(21,715)
(2,423)	Upward revaluation of assets	(2,010)
1,627	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	1,614
(796)	<b>Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services</b>	(396)
1,231	Difference between fair value depreciation and historical cost depreciation	1,296
-	- Accumulated gains on de-recognition of assets in year	-
-	- Accumulated gain on asset transferred to Investment Properties	-
-	- Other changes to accumulated gains	-
1,231	<b>Amount written off to the Capital Adjustment Account</b>	1,296
(21,715)	<b>Balance at 31 March</b>	(20,815)

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The Account is debited with the cost of the acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on investment properties. The Account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2024/25 £'000		2025/26 £'000
(19,404)	<b>Balance at 1 April</b>	(24,469)
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>	
2,713	Charges for depreciation and impairment of non-current assets	2,836
533	Revaluation losses/(reversals) on property, plant and equipment	318
13	Amortisation of intangible assets	13
9,926	Revenue expenditure funded from capital under statute	9,308
11	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	9
<b>13,196</b>		<b>12,484</b>
<b>(1,231)</b>	Adjusting amounts written out of the Revaluation Reserve	<b>(1,296)</b>
-	Net written out amount of the cost of non-current assets consumed in the year	-
	<b>Capital financing applied in year</b>	
-	Use of Capital Receipts to finance new capital expenditure	(29)
(14,658)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(2,879)
-	Application of grants to capital financing from the Capital Grants Unapplied Account	(16,115)
(232)	Provision for financing capital investment charged against the General Fund balance	(425)
(195)	Capital expenditure charged against the General Fund balance	(817)
<b>(15,085)</b>		<b>(20,265)</b>
<b>(231)</b>	Movements in the fair value of property funds debited or credited to the Comprehensive Income and Expenditure Statement	<b>808</b>
<b>(723)</b>	Gain on entry of peppercorn lease credited to the Comprehensive Income and Expenditure Statement	-
<b>(992)</b>	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	<b>(260)</b>
<b>(24,470)</b>	<b>Balance at 31 March</b>	<b>(32,998)</b>

### Financial Instruments Adjustment Account

The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Council uses the account to manage discounts received and premiums paid on the early redemption of loans.

During 2023/24 the Council redeemed £15.449m of PWLB loans and received a discount of £6.417m. Discounts are credited to the Comprehensive Income and Expenditure Statement when they are received but reversed out of the General Fund balance to the account in the Movement in Reserves Statement. Over time, the discount is posted back to the General Fund balance in accordance with statutory arrangements for spreading the benefit to council tax. In the Council's case, this period is 10 years from the date the loans were redeemed.

During 2025/26 the Council redeemed the £1m State Street loan and paid a premium of £469k. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are received but reversed out of the General Fund balance to the account in the Movement in Reserves Statement. Over time, the premium is posted back to the General Fund balance in accordance with statutory arrangements for spreading the cost to council tax. In the Council's case, this period is 26 years from the date the loan was redeemed.

As a result, the discount balance on the account at 31 March 2026 of £4.492m will be credited to the General Fund over the next 7 years and the premium balance of £451k will be debited to the General Fund over the next 25 years.

2024/25 £'000			2025/26 £'000	
	(5,776)	<b>Balance at 1 April</b>		(5,134)
-		Premiums paid in the year on early repayment of borrowing and debited to the Comprehensive Income and Expenditure Statement	469	
642		Proportion of discounts to be credited against the General Fund balance in accordance with statutory requirements	642	
-		Proportion of premiums to be debited against the General Fund balance in accordance with statutory requirements	(18)	
	642	Difference between discounts credited to the Comprehensive Income and Expenditure Statement and those charged to the General Fund under statute		1,093
	(5,134)	<b>Balance at 31 March</b>		(4,041)

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2024/25 £'000			2025/26 £'000	
	10,782	<b>Balance at 1 April</b>		10,212
	285	Remeasurement of the net defined benefit liability		(2,572)
	1,447	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement		1,416
	(2,302)	Employer's pensions contributions and direct payments to pensioners payable in the year		(2,340)
	10,212	<b>Balance at 31 March</b>		6,716

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and business ratepayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2024/25 £'000			2025/26 £'000	
	(355)	<b>Balance at 1 April</b>		252
	607	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements		39
	252	<b>Balance at 31 March</b>		291

**Accumulated Absences Account**

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

2024/25 £'000		2025/26 £'000
56	<b>Balance at 1 April</b>	74
(56)	Settlement or cancellation of accrual made at end of the preceding year	(74)
74	Amounts accrued at the end of the current year	81
18	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	7
74	<b>Balance at 31 March</b>	81

**Deferred Capital Receipts Reserve**

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2024/25 £'000		2025/26 £'000
(11)	<b>Balance at 1 April</b>	(11)
-	Transfer to the Capital Receipts Reserve upon receipt of cash	-
(11)	<b>Balance at 31 March</b>	(11)

**NOTE 25 CASH FLOW - OPERATING ACTIVITIES**

The cash flows for operating activities include the following items:

	2025/26 £'000	2024/25 £'000
Interest/income received from investments and property fund holdings	2,812	2,576
Interest paid	(123)	(170)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

	2025/26 £'000	2024/25 £'000
Depreciation	2,758	2,714
Impairments and downward valuations	318	533
Amortisation	13	13
Movement in contract assets IFRS15	-	-
Increase / (decrease) in short term creditors	(114)	(1,840)
(Increase) / decrease in short term debtors	546	(873)
(Increase) / decrease in inventories	-	-
Movement in pension liability	(924)	(855)
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	7	12
Other non-cash items charged to the net surplus or deficit on the provision of services	672	(1,926)
	<b>3,276</b>	<b>(2,222)</b>
<i>The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities</i>		
Proceeds short term and long term investments	-	-
Any other items for which the cash effects are investing or financing cash flows	(3,619)	(22,633)
	<b>(3,619)</b>	<b>(22,633)</b>

**NOTE 26 CASH FLOW - INVESTING ACTIVITIES**

	2025/26 £'000	2024/25 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(9,454)	(4,918)
Purchase of short term investments	(17,000)	(32,000)
Purchase of property fund holdings	-	-
Other payments for investing activities	-	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-	-
Proceeds from short term and long term investments	32,000	23,000
Other receipts from investing activities	3,156	22,812
<b>Net cash flows from investing activities</b>	<b>8,702</b>	<b>8,894</b>

**NOTE 27 CASH FLOW - FINANCING ACTIVITIES**

	2025/26 £'000	2024/25 £'000
Cash receipts of short and long term borrowing	-	-
Repayments of short and long term borrowing	-	-
Amounts relating to major preceptors & NNDR	215	(1,552)
Cash payments for the reduction of outstanding liabilities relating to leases	(78)	(77)
<b>Net cash flows from financing activities</b>	<b>137</b>	<b>(1,629)</b>

**NOTE 28 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	2025/26 1 April £'000	Financing Cashflows £'000	Non-Cash Changes £'000	2025/26 31 March £'000
Lease liabilities	(77)	(78)	29	(126)
Council Tax & NNDR Debtors	(5,958)	-	10,027	4,069
Council Tax & NNDR Creditors	482	-	(780)	(298)
<b>Total Liabilities from Financing Activities</b>	<b>(5,553)</b>	<b>(78)</b>	<b>9,276</b>	<b>3,645</b>

**NOTE 29 MEMBERS' ALLOWANCES**

The Council paid the following amounts to its elected members during the year.

	31 March 2026 £'000	31 March 2025 £'000
Allowances	393	363
Expenses	3	4
<b>Total</b>	<b>396</b>	<b>367</b>

**NOTE 30 OFFICERS' REMUNERATION****a. Senior Officers Remuneration**

The tables below include those officers who report directly to members or the Chief Executive and who have responsibility for the strategies of the Council. During 2021/22 a partnership was created between Boston Borough Council, East Lindsey District Council and South Holland District Council to form the South and East Lincolnshire Council's Partnership (S&ELCP) where senior officers are shared between the three authorities.

This includes the Chief Executive Officer, Monitoring Officer, Deputy Chief Executive for Communities and SIRO, and an element of the Deputy Chief Executive (Programme Delivery) and Service Director General Fund Assets role are employed by East Lindsey District Council. The Deputy Chief Executive (Corporate Development & S151) is employed by South Holland District Council. The costs are recharged to the Council.

The total remuneration for these employees are as follows; Boston Borough Council's costs for these roles are shown separately. Details relating to other costs of the partnership arrangements are included in the Related Party Transactions Note 33.

<b>2025/26</b>	<b>Salary, fees, and allowances</b>	<b>Expenses Allowances</b>	<b>Pension Contribution</b>	<b>Severance Payments</b>	<b>Total</b>	<b>BBC Costs Only</b>
<b>Job Title</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
*Chief Executive Officer	175,562	128	39,440	-	<b>215,130</b>	<b>49,480</b>
*Deputy Chief Executive - Programme Delivery & Service Director General Fund Assets	121,079	1,609	28,588	-	<b>151,276</b>	<b>34,793</b>
*Deputy Chief Executive - Programme Delivery	54,794	-	12,839	-	<b>67,633</b>	<b>15,556</b>
*Director of Finance and S151 Officer	58,059	976	13,794	-	<b>72,829</b>	<b>16,751</b>
*Deputy Chief Executive - Communities	112,134	894	26,688	-	<b>139,716</b>	<b>32,135</b>
*Service Director - Governance and Monitoring Officer	98,641	816	23,247	-	<b>122,704</b>	<b>28,222</b>
Deputy Chief Executive - Economic Development	125,547	758	29,330	-	<b>155,635</b>	<b>35,796</b>
*Service Director - Corporate	106,975	1,366	25,231	-	<b>133,572</b>	<b>30,721</b>

<b>2024/25</b>	<b>Salary, fees, and allowances</b>	<b>Expenses Allowances</b>	<b>Pension Contribution</b>	<b>Severance Payments</b>	<b>Total</b>	<b>BBC Costs Only</b>
<b>Job Title</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
*Chief Executive Officer	165,282	337	36,993	-	<b>202,612</b>	<b>46,601</b>
Deputy Chief Executive (Growth) (to 10/09/23)	111,289	1,472	26,354	-	<b>139,115</b>	<b>31,997</b>
*Deputy Chief Executive (Programme Delivery & SIRO)	65,069	-	14,935	-	<b>80,004</b>	<b>18,401</b>
*Deputy Chief Executive (Corporate Development & S151)	146,297	505	33,632	-	<b>180,434</b>	<b>41,500</b>
*Deputy Chief Executive (Communities)	131,128	-	30,980	-	<b>162,108</b>	<b>37,285</b>
*Service Director (Governance and MO)	92,778	1,330	21,540	-	<b>115,648</b>	<b>26,599</b>

\*These statutory officers are employed by either East Lindsey District Council or South Holland District Council, with their costs being recharged to the Council as part of the shared management arrangement for the strategic alliance and S&ELCP, included for completeness.

Costs relating to the Interim Director of Finance, who commenced in March 2025, totalled £222,258 for the period April 2025 to November 2025, of which Boston Borough Council contributed £51,119.

**b. Employees by remuneration band**

Other employees employed and paid by Boston Borough Council receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration band	2025/26	2024/25
£50,000-£54,999	6	3
£55,000-£59,999	3	1
£60,000-£64,999	4	1
£65,000-£69,999	-	-
£70,000-£74,999	-	-
£75,000-£79,999	1	-
£80,000-£84,999	-	1
£85,000-£89,999	-	-
£90,000-£94,999	-	-
£95,000-£99,999	-	-
£100,000-£104,999	-	2
£105,000-£109,999	2	-

**c. Exit packages**

The numbers of exit packages with total cost per band and total cost of compulsory and other redundancies are set out in the table below:

The total cost of £74,837 in the table below for exit packages has been charged to the Council's Comprehensive Income and Expenditure Statement in the current year.

Exit Package cost band (including special payments)	Number of Compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
£0 - £20,000	2	7	5	3	7	10	38,007	24,848
£20,001 - £40,000	1	-	-	-	1	-	36,830	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
<b>Total cost included in bandings</b>	<b>3</b>	<b>7</b>	<b>5</b>	<b>3</b>	<b>8</b>	<b>10</b>	<b>74,837</b>	<b>24,848</b>
<b>Total cost included in CIES</b>	<b>3</b>	<b>7</b>	<b>5</b>	<b>3</b>	<b>8</b>	<b>10</b>	<b>74,837</b>	<b>24,848</b>

**NOTE 31 EXTERNAL AUDIT COSTS**

The Council has incurred the following costs in relation to the audit of the Financial Statements, certification of grant claims and to non-audit services provided by the Council’s external auditors:

	2025/26 £'000	2024/25 £'000
<b>Statutory Audit Services</b>		
Fees payable to KPMG LLP with regard to external audit services carried out by the appointed auditor for the year	157	153
Fees payable to KPMG LLP with regard to external audit services carried out by the appointed auditor for the prior year	11	26
Fees payable to KPMG LLP with regard to certification of grants and claims	33	45
<b>Total</b>	<b>201</b>	<b>224</b>

**NOTE 32 GRANT INCOME**

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2025/26.

	2025/26 £'000	2024/25 £'000
<b>Credited to Taxation and Non-Specific Grant Income and Expenditure</b>		
Revenue Support Grant	(482)	(461)
S31 Grant – Business Rates Grant	(2,484)	(2,678)
New Homes Bonus Scheme Grant	(174)	(343)
Other non-specific grants	(682)	(693)
Grants and contributions in relation to capital expenditure	(3,619)	(22,633)
	<b>(7,441)</b>	<b>(26,808)</b>
<b>Credited to Services</b>		
Housing Benefit Subsidy	(9,570)	(11,488)
Housing Benefits and Council Tax Administration Grant	(168)	(159)
Discretionary Housing Payment	(64)	(75)
Dispersal Grant	(110)	(325)
Internal Drainage Board Levy	(654)	-
Food Waste	(1,275)	-
Towns Fund	-	(48)
Levelling Up	-	(332)
Boston Partnership Funding	-	(240)
UKSPF	(324)	(1,047)
Other	(1,839)	(2,944)
	<b>(14,004)</b>	<b>(16,658)</b>
<b>Total of all Grants and Contributions</b>	<b>(21,445)</b>	<b>(43,466)</b>
<b>Of which, received from Central Government</b>		
Central Government	(16,545)	(42,707)

### NOTE 33 – RELATED PARTIES

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

#### Central Government

UK Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g., housing benefits).

Details of material transactions with Central Government are shown below. 2024/25 comparators shown in brackets.

• Funding from Government	Note 32	£16.545m	(£42.707m)
• Non-Domestic Rates Share Payable	Collection Fund	£10.376m	(£10.138m)
• Debtors	Note 18	£3.159m	(£2.315m)
• Creditors	Note 21	£1.035m	(£0.541m)

#### Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2025/26 is shown in Note 29. During 2025/26, a number of Members were also Directors of Public Sector Partnership Services or were elected members of Lincolnshire County Council.

Payments to Lincolnshire County Council, including Collection Fund precept payments, totalled £40,839,922 in 2025/26 (£40,102,597 in 2024/25) and receipts totalled £270,157 in 2025/26 (£140,707 in 2024/25). The net creditor balance owing to Lincolnshire County Council at 31 March 2026 was £48,142 (net debtor balance £94,391 in 2024/25).

A number of members declared interest in organisations which transacted with the Council in 2025/26 for the purchase or supply of goods and services, being board members of voluntary organisations which are supported with grants or contributions from the Council, their business received grants from the Council, being employees of organisations that transact with the Council, being board members of organisations who are precepting bodies, or undertaking charitable activities which have been supported by the Council. The Council has chosen not to disclose these transactions as they are below £10k and are therefore deemed to be immaterial.

The transactions over £10k for which Members declared an interest relating to the organisation were:

- payments of £92k to Boston Preservation Trust
- payments of £47k to Centrepoint Outreach
- payments of £29k to Boston Woods Trust
- payments of £27k to The Parish of Boston
- payments of £16k to Boston Foodbank

These transactions were deemed to be in the normal course of business of the Council.

Details of specific transactions where members declared their interests are recorded in the Register of Members' Interest, open to public inspection at the Council Offices during office hours. The Council is compliant with the Localism Act 2012.

#### Management Team Officers

Management Team Officers have a requirement to declare their interests in associated companies and organisations in the year. In 2025/26, a number of Officers were also directors of Public Sector Partnership Services Board Member and held roles within Local Community Associations.

#### Other Public Bodies

During 2021/22 a partnership was created between Boston Borough Council, East Lindsey District Council and South Holland District Council to form the South and East Lincolnshire Council's Partnership (S&ELCP). The partnership shares a Chief Executive, Deputy Chief Executives, Service Directors and along with a number of shared officers.

In 2025/26, Boston Borough Council were charged by South Holland District Council £834,870 and by East Lindsey District Council £1,099,841 for their share of these posts. Boston Borough received income of £541,393 from South Holland District Council and £1,113,799 from East Lindsey District Council for the share of the costs it incurred in the year.

The Council has a Jointly Controlled Operation with South Holland District Council and Lincolnshire County Council, called the Joint Strategic Planning Committee for South East Lincolnshire. It exists to produce a Joint Local Development Plan where each Council agreed 50/50 matching for all relevant costs. This resulted in the value to be shared of £35,026 (£24,742 in 2024/25).

The Council works together with East Lindsey District Council whereby some refuse services are delivered by Boston Borough Council within the East Lindsey area using a shared resource. During 2025/26 the Council received £466,016 (£448,831 in 2024/25) in respect of this sharing arrangement.

Pension Fund – The Council paid an employer's contribution of £2.340m into Lincolnshire County Council's Superannuation Fund (£2.302m in 2024/25). Under the requirements of IAS19 the actuarial estimate shows a contribution of £2.422m payable in 2025/26. The fund provides its members with defined benefits related to pay and service. Full disclosure on Retirement Benefits is shown in Note 36.

Precepts paid to other authorities from Council Tax collected and other authorities retained share of National Non-Domestic Rates are detailed in the Collection Fund note.

The payments to internal drainage boards and parish and town councils is included in Other Operating Expenditure in Note 10 and was £3.557m in 2025/26 (£3.404m in 2024/25).

#### **Entities Controlled or Significantly Influenced by the Council**

##### ***Public Sector Partnership Services (formerly Compass Point Business Services)***

Joint merged service organisation arrangements for the shared provision of a number of back office services with South Holland District Council and East Lindsey District Council were implemented with effect from 1 August 2010, delivered through Public Sector Partnership Services Ltd (PSPS, formerly Compass Point Business Services (CPBS) (East Coast) Ltd). The company added a further shareholder on 1 April 2021 in Boston Borough Council, and the Council accounts for this as an associate within the Group Accounts from 2021/22. The net balance outstanding between the Council and the Company at the 31 March 2026 was £192 (£52,983 in 2024/25).

Two officers and two councillors were directors of PSPS Ltd during the year. During 2025/26 payments totalling £5.171m were paid to PSPS (£4.693m 2024/25), and receipts from PSPS were £108,554 (£103,366 in 2024/25).

Further information about the accounts of PSPS is available from the Company Secretary, New Bailey, 4 Stanley Street, Manchester M3 5JL.

**NOTE 34 CAPITAL EXPENDITURE AND CAPITAL FINANCING**

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2025/26 £'000	2024/25 £'000
<b>Opening Capital Financing Requirement</b>	<b>18,577</b>	<b>18,405</b>
<b>Capital Investment</b>		
Property, Plant and Equipment	10,975	5,144
Revenue Expenditure Funded from Capital under Statute	9,308	9,926
Leases	88	187
<b>Sources of finance</b>		
Capital Receipts	(28)	-
Government grants and other contributions	(18,993)	(14,658)
Direct revenue contributions	(817)	(195)
Minimum Revenue Provision	(354)	(154)
Minimum Revenue Provision – Leases	(71)	(78)
<b>Closing Capital Financing Requirement</b>	<b>18,685</b>	<b>18,577</b>
<b>Explanation of movements in year</b>		
(Decrease)/increase in underlying need to borrow	533	404
(Unsupported by government financial assistance)	(425)	(232)
<b><i>(Decrease)/increase in the Capital Financing Requirement</i></b>	<b>108</b>	<b>172</b>

**NOTE 35 LEASES**

In 2024/25, the Authority applied IFRS 16 Leases as adopted by the Code of Accounting Practice. The main impact of the new requirements is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as liability), a right-of-use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items of low value and short term leases (less than 12 months) are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures.

**Definition of a lease**

On transition to IFRS 16, the Authority elected to apply the practical expedient not to reassess whether a contract is, or contains, a lease at 1 April 2024, except in relation to leases for nil consideration and housing tenancies.

**The Council as a Lessee**

As a lessee, the Authority previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Authority. Under IFRS 16, the Authority recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-Balance Sheet.

The Authority decided to apply recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets. The Authority recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The weighted average rate of the Incremental Borrowing Rate (IBR) is 5.23% across the Authority's portfolio.

**The Council as a Lessor**

The Authority was not party to any sublease arrangements as lessor as at 1 April 2025.

**Sale-and-leaseback**

The Authority did not have any Sale and Leaseback transactions as at 1 April 2025.

**The Council as a Lessee**

**Right of Use Assets**

The authority has entered into a small number of lease arrangements, including for the provision of temporary accommodation.

The table below shows the change in the value of right-of-use assets held under leases by the authority:

	<b>Land and Buildings £'000</b>	<b>Vehicles, Plant and Equipment £'000</b>	<b>Total £'000</b>
<b>Balance at 1 April 2025</b>	807	15	822
Additions	-	-	-
Revaluations	-	88	88
Depreciation and Amortisation	(30)	(50)	(80)
Disposals	-	-	-
<b>Balance at 31 March 2026</b>	<b>777</b>	<b>53</b>	<b>830</b>

**Transactions under leases**

The Authority incurred the following expenses and cash flows in relation to leases:

	<b>2025/26 £'000</b>	<b>2024/25 £'000</b>
<b>Comprehensive Income and Expenditure Statement</b>		
Interest expense on lease liabilities	7	6
<b>Cash Flow Statement</b>		
Total cashflow for leases	78	84
Cash payments for interest portion of lease liabilities	6	7

**Maturity analysis of lease liabilities**

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected payments):

	<b>2025/26 £'000</b>	<b>2024/25 £'000</b>
Less than one year	77	42
One to five years	49	76
More than five years	-	-
<b>Total undiscounted liabilities</b>	<b>126</b>	<b>118</b>

**Council as Lessor – Operating Leases**

The Council leases out property under operating leases for the following purposes:

- For the provision of community services, such as sports facilities, tourism services and community centres, and
- For economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2026 £'000	31 March 2025 £'000
Not later than 1 year	573	528
Later than 1 year and not later than 5 years	942	687
Later than 5 years	232	276
	<b>1,747</b>	<b>1,491</b>

In addition, the Council received £85,000 as a charge for office space (£85,000 in 2024/25) from Public Sector Partnership Services (formerly Compass Point Business Services (East Coast) Ltd) in respect of the usage of office space only. No formal long term arrangement currently exists.

There are no contingent rents payable to/from the Council, both as lessee and lessor.

## NOTE 36 DEFINED BENEFIT PENSION SCHEMES

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered by Lincolnshire County Council. This is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The Lincolnshire pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Lincolnshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme, changes to inflation, bond yields, and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

### Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

### Transactions Relating to Post-employment Benefits

The cost of retirement benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme	
	2025/26 £'000	2024/25 £'000
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of services:</b>		
<i>Service cost comprising:</i>		
Current service cost	838	927
Past service cost (including curtailments)	3	76
Administration Expenses	52	57
<i>Financing and investment income and expenditure</i>		
Net interest expense	523	387
<b>Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>1,416</b>	<b>1,447</b>
<b>Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement</b>		
Re-measurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	(2,539)	766
Other actuarial gains/(losses) on assets	1,124	-
Changes in demographic assumptions	2,325	(179)
Actuarial (gains) and losses arising on changes in financial assumptions	(2,337)	(8,073)
Other Experience	2,928	(154)
Changes in effect of asset ceiling	(4,073)	7,925
<b>Total remeasurements recognised in Other Comprehensive Income and Expenditure</b>	<b>(2,572)</b>	<b>285</b>
<b>Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>(1,156)</b>	<b>1,732</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	924	855
<b>Actual amount charged against the General Fund Balance for pensions in the year</b>		
Employer's contributions payable to the Scheme	2,340	2,302

### Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	Local Government Pension Scheme	
	2025/26 £'000	2024/25 £'000
Present value of the defined benefit obligation	(59,503)	(57,947)
Fair value of plan assets	65,667	63,505
Impact on asset ceiling	(12,089)	(15,276)
<b>Sub total</b>	<b>(5,925)</b>	<b>(9,718)</b>
Present value of the unfunded liabilities	(791)	(494)
<b>Net liability arising from defined benefit obligation</b>	<b>(6,716)</b>	<b>(10,212)</b>

**Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets**

	Local Government Pension Scheme	
	2025/26 £'000	2024/25 £'000
Opening fair value of scheme assets	63,505	62,342
Interest income	3,603	3,162
Settlement prices received/ (paid)	-	-
Other actuarial gains/(losses)	(1,124)	-
Remeasurement gain / (loss):		
The return on plan assets, excluding the amount included in the net interest expense	2,539	(766)
Contributions from employer	2,267	2,229
Contributions in respect of unfunded benefits	73	73
Contributions from employees into the scheme	547	550
Admin expenses (on current service cost)	(52)	(57)
Benefits paid	(5,691)	(4,028)
<b>Closing fair value of scheme assets</b>	<b>65,667</b>	<b>63,505</b>

**Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)**

	Local Government Pension Scheme	
	2025/26 £'000	2024/25 £'000
<b>Opening balance at 1 April</b>	<b>(58,441)</b>	<b>(66,131)</b>
Current service cost	(838)	(927)
Past service cost	(3)	(76)
Interest cost	(3,240)	(3,191)
Contributions by scheme participants	(547)	(550)
Remeasurement gains / losses:		
Changes in demographic assumptions	(2,325)	179
Actuarial gains / losses arising from changes in financial assumptions	2,337	8,073
Other experience	(2,928)	154
Effect of Settlements		
Benefits paid	5,691	4,028
<b>Closing balance at 31 March</b>	<b>(60,294)</b>	<b>(58,441)</b>

**Reconciliation of Asset Ceiling**

	Local Government Pension Scheme	
	2025/26 £'000	2024/25 £'000
Opening Balance at 1 April	15,276	6,993
Interest on impact of asset ceiling	886	358
Actuarial losses/(gains)	(4,073)	7,925
<b>Closing Balance at 31 March</b>	<b>12,089</b>	<b>15,276</b>

The asset ceiling is the present value of any economic benefit available to the employer in the form of refunds or reduced future employer contributions. Actuaries have calculated the asset ceiling following their interpretation of IFRIC14. The calculations of asset ceiling is based on following factors:

- There is no prospect of the Council having an unconditional right to a refund of surplus on the basis that such a payment would be at the discretion of the Fund.
- The Council is a scheduled body and assumed to participate indefinitely.
- Primary contributions are considered to be a minimum funding requirement (MFR)

- The MFR exceeds the current cost of accrual and so the potential economic benefit from future contributions reductions is nil. Therefore the surplus is restricted to nil.

**Local Government Pension Scheme assets comprised:**

	2025/26				2024/25			
	Quoted prices in active markets £'000	% of total assets	Quoted prices not in active markets £'000	% of total assets	Quoted prices in active markets £'000	% of total assets	Quoted prices not in active markets £'000	% of total assets
Cash and Cash Equivalents	1,313	2%	-	-	1,905	3%	-	-
Equity Instruments								
UK	5,253	8%	-	-	5,080	8%	-	-
Overseas	26,924	41%	-	-	25,402	40%	-	-
Debt Securities								
Corporate Bonds - UK	7,880	12%	-	-	8,256	13%	-	-
Corporate Bonds - Overseas	-	-	-	-	-	-	-	-
Fixed Interest Government - UK	-	-	-	-	-	-	-	-
Fixed Interest Government – Overseas	-	-	-	-	-	-	-	-
Index Linked Government - UK	-	-	-	-	-	-	-	-
Index Linked Government – Overseas	-	-	-	-	-	-	-	-
Property	2,627	4%	2,627	4%	3,175	5%	1,270	2%
Private equity	-	-	3,940	6%	-	-	4,445	7%
Others								
Hedge Fund	-	-	3,940	6%	-	-	3,810	6%
Infrastructure Bonds	-	-	3,283	5%	-	-	3,176	5%
Commodities	-	-	-	-	-	-	-	-
Credit Diversified Income	6,567	10%	-	-	6,351	10%	-	-
Other Diversified Alternatives	-	-	-	-	-	-	-	-
Private Debt	-	-	1,313	2%	-	-	635	1%
Forward Currency Contracts	-	-	-	-	-	-	-	-
Net Current Assets – Debtors	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>50,564</b>	<b>77%</b>	<b>15,103</b>	<b>23%</b>	<b>50,169</b>	<b>79%</b>	<b>13,336</b>	<b>21%</b>

**Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The financial assumptions have been set with consideration of the duration of the Employer's past service liabilities, estimated to be 13 years.

The Local Government Pension Scheme liabilities have been estimated by Barnett Waddingham, an independent firm of actuaries, estimates for the Lincolnshire Pension Fund being based on the latest full valuation of the scheme as at 31 March 2025. The next actuarial valuation of the Fund will be carried out as at 31 March 2028.

Lex Leisure operates under a pass-through agreement with Boston Borough Council and the actuaries have therefore included their contribution and payroll information in calculating the value of defined benefit obligation.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2025/26 £'000	2024/25 £'000
Mortality assumptions:		
<i>Longevity at 65 for current pensioners (years):</i>		
Men	21.6	19.5
Women	23.5	22.7
<i>Longevity at 65 for future pensioners (years):</i>		
Men	23.2	20.8
Women	25.3	24.1
Rate of inflation (RPI)	3.30%	3.20%
Rate of increase in salaries	3.90%	3.90%
Rate of increase in pensions	2.90%	2.90%
Rate for discounting scheme liabilities	6.10%	5.80%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Benefit Obligation in the Scheme	
	Present Value of Obligation £'000	Projected Service Cost £'000
0.1% decrease in Discount Rate	61,055	848
0.1% increase in the Salary Increase Rate	60,336	819
0.1% increase in the Pension Increase Rate	61,059	850
1 year increase in life expectancy obligation	62,868	847

### Impact on the Council's Cash Flows

The contributions paid by the Council are set by the Fund Actuary at each triennial actuarial valuation, the most recent being 31 March 2025. The employer's contribution rate, over the period to 31 March 2025, has been stabilised. The employer's contributions rate, over the period to 31 March 2026 was 23.6%.

Employer contributions payable to the scheme in 2026/27 are estimated to be £1.713m.

### Other Considerations

Virgin Media Ltd vs NTL Trustees On 25 July 2024, the Court of Appeal dismissed the appeal in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others. The appeal was brought by Virgin Media Ltd against aspects of the High Court's ruling handed down in June 2023 relating to the validity of certain historical pension

changes due to the lack of actuarial confirmation required by law. On 2 September 2025, the Government published draft amendments to the Pensions Scheme Bill which would give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The bill received Royal Assent on 29 April 2026, and is now an Act of Parliament (law). Following the publication of the legislation, we do not expect the ruling to give rise to any additional liabilities.

### **NOTE 37 CONTINGENT LIABILITIES**

At 31 March 2026 the Council has identified no material contingent liabilities.

### **NOTE 38 CONTINGENT ASSETS**

At 31 March 2026 the Council has identified no material contingent assets.

### **NOTE 39 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

The Council's activities expose it to a variety of financial risks. The main risks are:

- **credit risk** – the possibility that other parties might fail to pay amounts due to the Council.
- **liquidity risk** – the possibility that the Council might not have funds available to meet its commitments to make payments.
- **re-financing risk** – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- **market risk** – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

#### **Overall procedures for managing risk**

The Council's overall financial risk management processes focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the Annual Capital and Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

#### **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

This Council uses the creditworthiness service provided by MUFG (previously Link Asset Services). This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The full Investment Strategy for 2025/26 was approved by Full Council on 3 March 2025 and is available on the Council's website together with the Council's Capital Strategy. Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The following analysis summarises the Council's maximum exposure to credit risk as at 31 March 2026. The table (composite defaults from Fitch & Moody's and Standard & Poor's) gives details of global corporate finance average cumulative default rates for the period to December 2025. Defaults shown are by long term rating category on investments out to one year, which were the most commonly held investments during the year.

	Credit Risk Rating %	Gross Carrying Amount £'000	Potential Credit Risk £'000
Local Authorities	0.00	17,110	-
<b>Total</b>		<b>17,110</b>	<b>-</b>

The Council maintains strict credit criteria for investment counterparties. As a result of these high credit criteria, we have maintained historical default rates as a good indicator under these current conditions. The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

	Amount at 31 March 2026 £'000	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2026 %	Estimated maximum exposure to default and uncollectability at 31 March 2026 £'000	Estimated maximum exposure 31 March 2025 £'000
Customers	786	2.31	2.31	18	86

The past due amount can be analysed by age as follows:

	31 March 2026 £'000	31 March 2025 £'000
Less than three months	514	466
Three months to one year	20	38
More than one year	252	210
	<b>786</b>	<b>714</b>

The Council does not generally allow credit for its customers. However, there are also aged debtors within the debtor's balance on the Balance Sheet, especially with regard to overpaid housing benefits where recovery is largely governed by ongoing benefit entitlement rules. A provision is made in the accounts for bad or doubtful debts on historical experience of collection. Therefore, risk of default has already been accounted for in the Balance Sheet. During the reporting period the Council held no collateral as security.

### Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury and Investment Strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council's borrowings on 31 March 2026 consisted of a PWLB loan totalling £1m repayable in 2030. Short term liquidity is managed through the investment portfolio.

### Refinancing and Maturity risk

The Council maintains a debt and investment portfolio. The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments for greater than one year in duration are the key parameters used to address this risk. The approved treasury and investment strategies address the main risks and the treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt, and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provides stability of maturities and returns in relation to the longer term cash flow needs.

### Interest rate risk

The Council is currently exposed to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the surplus or deficit on the provision of services will rise
- borrowings at fixed rates – the fair value of the borrowing will fall
- investments at variable rates – the interest income charged to the surplus or deficit on the provision of services will rise
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the provision of services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy, a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The Treasury team monitors the market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

According to this assessment strategy, at 31 March 2026, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	244
<b>Impact on Surplus or deficit on the Provision of Services</b>	<b>244</b>

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

**Price Risk** - The Council does not generally invest in equity shares.

However, it does have a shareholding in Public Sector Partnership Services, a joint venture with South Holland District Council and East Lindsey District Council. These shares have been elected/classified as Fair Value through Other Comprehensive Income, meaning that all movements in price will impact on gains and losses recognised in the Financial Instruments Revaluation Reserve.

The Council held £15.237m in property funds at the start of the financial year which are classified as 'fair value through profit and loss', meaning that all movements in price will impact on gains and losses recognised with the cost of services with the Comprehensive Income and Expenditure Statement, with the statutory override currently providing an opposite entry in the Capital Adjustment Account. A general shift of 5% in the general price of units (positive or negative) would therefore result in a £762k gain or loss being reflected in these statements for 2025/26.

**Foreign Exchange Risk** - The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

COLLECTION FUND STATEMENT

2024/25				2025/26		
Council Tax £'000	NNDR £'000	Total £'000		Council Tax £'000	NNDR £'000	Total £'000
(44,499)	-	(44,499)	<b>Income</b>			
-	(19,937)	(19,937)	Council Tax (Note 2)	(46,223)	-	(46,223)
-	(385)	(385)	Business Rates (Note 3)	-	(21,542)	(21,542)
-	-	-	Transitional Protection Payments	-	(50)	(50)
-	-	-	Contributions towards previous year's Collection fund deficit			
(53)	-	(53)	Central Government	-	-	-
(289)	-	(289)	Boston Borough Council	(137)	(98)	(235)
(56)	-	(56)	Lincolnshire County Council	(765)	(79)	(844)
			Police and Crime Commissioner for Lincolnshire	(148)	(20)	(168)
<b>(44,897)</b>	<b>(20,322)</b>	<b>(65,219)</b>	<b>Total Income</b>	<b>(47,273)</b>	<b>(21,789)</b>	<b>(69,062)</b>
			<b>Expenditure</b>			
			Precepts, demands and shares			
-	10,138	10,138	Central Government	-	10,376	10,376
5,735	8,110	13,845	Boston Borough Council	5,938	8,301	14,239
32,051	2,028	34,079	Lincolnshire County Council	32,989	2,075	35,064
6,175	-	6,175	Police and Crime Commissioner for Lincolnshire	6,455	-	6,455
			Impairment of debts/appeals			
1,369	408	1,777	Increase in allowance for impairment	1,203	717	1,920
-	58	58	Increase/(decrease) in provision for appeals	-	310	310
-	91	91	Cost of Collection Allowance	-	92	92
-	222	222	Renewable Energy	-	246	246
-	-	-	Transitional Protection Payments	-	-	-
			Contributions towards previous year's Collection fund surplus			
-	277	277	Central Government	-	-	-
-	221	221	Boston Borough Council	-	-	-
-	55	55	Lincolnshire County Council	-	-	-
-	-	-	Police and Crime Commissioner for Lincolnshire	-	-	-
<b>45,330</b>	<b>21,608</b>	<b>66,938</b>	<b>Total Expenditure</b>	<b>46,585</b>	<b>22,117</b>	<b>68,702</b>
<b>433</b>	<b>1,286</b>	<b>1,719</b>	<b>(Surplus)/Deficit arising during year</b>	<b>(688)</b>	<b>328</b>	<b>(360)</b>
<b>453</b>	<b>(952)</b>	<b>(499)</b>	<b>(Surplus)/Deficit at beginning of year</b>	<b>886</b>	<b>334</b>	<b>1,220</b>
<b>886</b>	<b>334</b>	<b>1,220</b>	<b>(Surplus)/Deficit at end of year</b>	<b>198</b>	<b>662</b>	<b>860</b>

**NOTES TO THE COLLECTION FUND STATEMENT**

**NOTE 1 PURPOSE OF COLLECTION FUND STATEMENT**

The Collection Fund is an agent’s statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the government of council tax and non-domestic rates.

**NOTE 2 COUNCIL TAX INCOME**

Council Tax Income derives from charges raised according to the value of residential properties that have been classified into eight Valuation Bands (A to H). Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Lincolnshire County Council, Police and Crime Commissioner for Lincolnshire and Boston Borough Council, together with the relevant Parish requirement.

This is then divided by the Council Tax base, i.e., the number of chargeable dwellings in each valuation band (adjusted for discounts and exemptions), converted to an equivalent number of Band D dwellings.

The calculation of the Council Tax base for the year is shown below:

Band	No. of properties on Valuation List	Chargeable Dwellings	Ratio	Band D Equivalent
A (with Disabled Relief)		23	5/9	13
A	15,521	11,277	6/9	7,521
B	6,584	5,698	7/9	4,432
C	6,218	5,519	8/9	4,906
D	2,381	2,348	9/9	2,348
E	879	812	11/9	992
F	233	224	13/9	324
G	82	74	15/9	124
H	16	7	18/9	14
Band D Equivalents				<b>20,674</b>
Allowance for Non collection (1.86%)				<b>(383)</b>
<b>District Tax Base</b>				<b>20,291</b>

The basic level of council tax for a band D property, including the average parish element, was £2,236.62 (£2,165.35 in 2024/25). To calculate the charge payable for a specific property, the appropriate parish Band D charge is added to the basic level and then multiplied by the relevant factor for the band assigned to the property.

**NOTE 3 NATIONAL NON-DOMESTIC RATES (NNDR) – BUSINESS RATES**

Under the arrangements for non-domestic rates, the Council collects rates for its area based on local rateable values (determined by the Valuation Office Agency, an executive agency of HM Revenue and Customs) multiplied by the multiplier (determined by the Government). For 2025/26 there are two multipliers, the non-domestic rating multiplier of 55.5p and the small business non-domestic rating multiplier of 49.9p.

The Council’s total Non-Domestic Rates Rateable Value at 31 March 2026 was £56.117m (£55.715m at 31 March 2025).

**NOTE 4 NON-DOMESTIC RATES PROVISION FOR APPEALS**

The Collection Fund provides for a provision for appeals against the Rateable Value set by the Valuation Office Agency (VOA) not settled at 31 March 2026.

	Business Rates Appeals	
	£'000	£'000
<b>Balance at 1 April 2025</b>		<b>(813)</b>
Amounts used/reversed in 2025/26	484	
Additional Provisions made in 2025/26	(794)	
Increase in Provision		(310)
<b>Balance at 31 March 2026</b>		<b>(1,123)</b>
<b>Boston Share (40%)</b>		<b>(449)</b>

**NOTE 5 COLLECTION FUND**

As at 31 March 2026, the deficit on the Collection Fund is £0.860m (£1.220m surplus at 31 March 2025). The Council Tax surplus is apportioned to the relevant precepting bodies based on the following year's Council Tax requirement. Non Domestic Rates surplus/deficit is apportioned to Central Government (50%), Boston Borough (40%), and Lincolnshire County Council (10%).

	2025/26	
	Council Tax £'000	NDR £'000
Central Government	-	331
Boston Borough Council	26	265
Lincolnshire County Council	143	66
Lincolnshire Police and Crime Commissioner	29	-
<b>(Surplus)/Deficit</b>	<b>198</b>	<b>662</b>

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2024/25				2025/26		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
3,512	(2,423)	1,089	General Fund Assets	2,741	(1,296)	1,445
16,036	(13,490)	2,546	Finance	14,227	(11,639)	2,588
8,962	(1,020)	7,942	Economic Growth	8,489	(350)	8,139
1,336	(496)	840	Governance & Monitoring	1,312	(341)	971
5,157	(2,713)	2,444	Communities & Housing Services	4,381	(2,758)	1,623
2,128	(610)	1,518	Leisure & Local Services	2,832	(1,096)	1,736
2,331	(491)	1,840	Corporate	2,570	(254)	2,316
4,320	(2,036)	2,284	Neighbourhoods	4,255	(3,051)	1,204
839	(1,937)	(1,098)	Planning & Strategic Infrastructure	1,262	(1,205)	57
1,125	(684)	441	Regulatory	1,261	(755)	506
1,646	(1,048)	598	Strategic Growth & Development	1,222	(707)	515
-	-	-	Strategic Projects	105	-	105
725	(56)	669	BTAC	687	(21)	666
<b>48,117</b>	<b>(27,004)</b>	<b>21,113</b>	<b>Cost of Services</b>	<b>45,344</b>	<b>(23,473)</b>	<b>21,871</b>
3,415	(5)	3,410	Other operating expenditure	3,559	(11)	3,548
4,065	(7,786)	(3,721)	Financing and investment income and expenditure	6,280	(7,379)	(1,099)
5,675	(41,215)	(35,540)	Taxation and non-specific grant income and expenditure	5,726	(21,669)	(15,943)
<b>61,272</b>	<b>(76,010)</b>	<b>(14,738)</b>	<b>(Surplus)/Deficit on the Provision of Services</b>	<b>60,909</b>	<b>(52,532)</b>	<b>8,377</b>
-	-	-	Excess of fair value of net assets over the cost of investments of associates	-	-	-
-	(142)	(142)	Share of the (Surplus)/Deficit on the provision of services by associates	-	(89)	(89)
23	-	23	Tax expenses of associates and subsidiaries	10	-	10
<b>61,295</b>	<b>(76,152)</b>	<b>(14,857)</b>	<b>Group (Surplus)/Deficit on the Provision of Services</b>	<b>60,919</b>	<b>(52,621)</b>	<b>8,298</b>
		(797)	Surplus on revaluation of property, plant and equipment assets			(396)
		285	Remeasurements of the net defined benefit liability			(2,572)
		<b>(512)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(2,968)</b>
		<b>(15,369)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>5,330</b>

GROUP MOVEMENT IN RESERVES STATEMENT

2025/26	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Boston Town Area Committee	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority Share of Reserves of Associates	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2025</b>	<b>2,000</b>	<b>17,050</b>	<b>275</b>	<b>34,345</b>	<b>293</b>	<b>53,963</b>	<b>40,792</b>	<b>94,755</b>	<b>289</b>	<b>95,044</b>
<b>Movement in Reserves during 2025/26</b>										
Total comprehensive income and expenditure	(8,377)	-	-	-	-	(8,377)	2,968	(5,409)	82	(5,327)
Adjustments between accounting basis and funding basis under regulations	8,386	-	(29)	(15,374)	-	(7,017)	7,017	-	-	-
<b>(Increase)/decrease for year</b>	<b>9</b>	<b>-</b>	<b>(29)</b>	<b>(15,374)</b>	<b>-</b>	<b>(15,394)</b>	<b>9,985</b>	<b>(5,409)</b>	<b>82</b>	<b>(5,327)</b>
Transfer to/(from) earmarked reserves	95	(95)	-	-	-	-	-	-	-	-
Transfer to/(from) other reserves	(104)	-	-	-	104	-	-	-	-	-
<b>Balance at 31 March 2026</b>	<b>2,000</b>	<b>16,955</b>	<b>246</b>	<b>18,971</b>	<b>397</b>	<b>38,569</b>	<b>50,777</b>	<b>89,346</b>	<b>371</b>	<b>89,717</b>

2024/25	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Boston Town Area Committee £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	Authority Share of Reserves of Associates £'000	Total Council Reserves £'000
<b>Balance at 31 March 2024</b>	<b>2,000</b>	<b>13,794</b>	<b>275</b>	<b>26,371</b>	<b>207</b>	<b>42,647</b>	<b>36,858</b>	<b>79,505</b>	<b>187</b>	<b>79,692</b>
<b>Movement in Reserves during 2024/25</b>										
Total comprehensive income and expenditure	14,738	-	-	-	-	14,738	512	15,250	102	15,352
Adjustments between accounting basis and funding basis under regulations	(11,396)	-	-	7,974	-	(3,422)	3,422	-	-	-
<b>(Increase)/decrease for year</b>	<b>3,342</b>	<b>-</b>	<b>-</b>	<b>7,974</b>	<b>-</b>	<b>11,316</b>	<b>3,934</b>	<b>15,250</b>	<b>102</b>	<b>15,352</b>
Transfer to/(from) earmarked reserves	(3,256)	3,256	-	-	-	-	-	-	-	-
Transfer to/(from) other reserves	(86)	-	-	-	86	-	-	-	-	-
<b>Balance at 31 March 2025</b>	<b>2,000</b>	<b>17,050</b>	<b>275</b>	<b>34,345</b>	<b>293</b>	<b>53,963</b>	<b>40,792</b>	<b>94,755</b>	<b>289</b>	<b>95,044</b>

**GROUP BALANCE SHEET**

<b>31 March 2025 £'000</b>		<b>31 March 2026 £'000</b>
41,437	Property, plant and equipment	49,550
822	Right of use assets	830
1,569	Heritage assets	1,569
5,671	Investment property	6,106
26	Intangible assets	13
15,237	Long-term investments	14,429
14	Long-term debtors	12
289	Investment in associates	371
<b>65,065</b>	<b>Long-term Assets</b>	<b>72,880</b>
32,702	Short-term investments	17,188
-	Assets Held for Sale	-
12,428	Short-term debtors	12,779
2,879	Cash and cash equivalents	2,998
<b>48,009</b>	<b>Current Assets</b>	<b>32,965</b>
-	Short-term borrowing	-
(5,864)	Short-term creditors	(7,136)
(37)	Short term lease liabilities	(77)
(325)	Provisions	(449)
-	Cash and Cash Equivalents – bank overdraft	-
<b>(6,226)</b>	<b>Current Liabilities</b>	<b>(7,662)</b>
(1,000)	Long-term borrowing	(1,000)
(71)	Long term lease liabilities	(49)
(10,733)	Other long-term liabilities	(7,417)
<b>(11,804)</b>	<b>Long-term Liabilities</b>	<b>(8,466)</b>
<b>95,044</b>	<b>Net assets</b>	<b>89,717</b>
54,602	Usable reserves	39,290
40,442	Unusable reserves	50,427
<b>95,044</b>	<b>Total Reserves</b>	<b>89,717</b>

**GROUP CASH FLOW STATEMENT**

2024/25 £000	2024/25 £000		2025/26 £000	2025/26 £000
	14,738	Net surplus on the provision of services		(8,377)
(2,222)		Adjustments to net surplus or deficit on the provision of services for non-cash movements	3,276	
(22,633)	(24,855)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(3,619)	(343)
	(10,117)	Net cash flows from Operating Activities		(8,720)
	8,894	Investing Activities		8,702
	(1,629)	Financing Activities		137
	(2,852)	Net increase/(decrease) in cash and cash equivalents		119
	5,730	Cash and cash equivalents at the beginning of the reporting period		2,879
	1	Other movements		-
	<b>2,879</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>2,998</b>

The accompanying notes form an integral part of the Financial Statements.

The Council has prepared Group Accounts that include the relevant proportion of Public Sector Partnership Services Ltd. It is accounted for as an associate using the equity method.

**Public Sector Partnership Services Limited**

On 1 April 2021, the Council purchased 240 shares in Public Sector Partnership Services Limited (PSPS Ltd) at a cost of £240. PSPS Ltd was set up on 1 August 2010 by South Holland and East Lindsey District Councils, who transferred a number of their back office services to the company. Each Council is required to incorporate the relevant proportion of PSPS Ltd's financial position into the Group Accounts using the equity method. For Boston Borough Council, the relevant proportion is 19%.

In 2025/26, the Company's statement of comprehensive income shows a surplus for the year of £0.415m. Of this, the Council's proportion of £0.079m is included in the Group Comprehensive Income and Expenditure Statement. At 31 March 2026, the net worth of PSPS Ltd was £1.951m, taking into account the pension defined benefit obligations asset ceiling adjustment. Boston's share of the net worth of £0.371m has been incorporated into the Group Balance Sheet.

**Voting Rights**

At 31 March 2026, Boston held 2 seats on the Board of Directors, therefore holding 25% of the voting rights of the company.

**Accounting Policies**

The Company's accounting policies are in line with the Council's accounting policies.

**Council Interest**

The Council has the following interest in PSPS Ltd.

2024/25 £'000		2025/26 £'000
513	Current Assets	620
116	Non-Current Assets	82
(248)	Current Liabilities	(266)
(92)	Long Term Liabilities	(65)
<b>289</b>	<b>Shown in Balance Sheet</b>	<b>371</b>
(119)	Interest in Income and Expenditure	(79)
170	Total Interest	292

## GLOSSARY OF TERMS

### **ACCOUNTING PERIOD**

The length of time covered by the Council's Accounts. This is twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date, i.e., 31 March.

### **ACCOUNTING POLICIES**

The principles, bases, conventions, rules, and practices applied by the Council that determine how transactions and events are reflected in the accounts.

### **ACCRUALS**

Amounts included in the accounts for income and expenditure in relation to the financial year but not received or paid as at 31 March.

### **ACTUARY**

An expert on pension scheme assets and liabilities.

### **ACTUARIAL GAINS AND LOSSES (RELATES TO IAS 19 - PENSIONS)**

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- events have not coincided with the actuarial assumptions made in the last valuation, or
- the actuarial assumptions have changed.

### **AMORTISATION**

The writing down in value of intangible assets, which is charged to service revenue accounts to reflect the cost of such assets, used in the provision of those services. This is the equivalent of depreciation for non-current assets.

### **ANNUAL GOVERNANCE STATEMENT**

The annual governance statement is a statutory document that explains the processes and procedures in place to enable the council to carry out its functions effectively.

### **AUDIT OF ACCOUNTS**

An independent examination of the Council's accounts to ensure that they comply with the necessary legislation and follow best accounting practice. The Council's accounts are audited by KPMG.

### **BALANCE SHEET**

This statement is fundamental to the understanding of the Council's financial position at the year-end. It shows the balances and reserves at the Council's disposal and its long-term indebtedness, and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.

### **BILLING AUTHORITY**

A local authority responsible for collecting the council tax and non-domestic rates i.e., Boston Borough Council.

### **BUDGET**

A statement of a Council's plans for revenue and capital expenditure over a specified period.

### **CAPITAL EXPENDITURE**

Payments for the acquisition, construction, enhancement or replacement of assets such as land, buildings, vehicles and computer equipment.

### **CAPITAL GRANT**

A grant received towards the capital expenditure incurred on a particular service or project. A local authority can also make capital grants e.g., Disabled Facilities Grants.

### **CAPITAL RECEIPTS**

Income from the sale of land, buildings, vehicles, plant or equipment. (With a value of at least £10,000).

### **CARRYING VALUE**

An accounting measure of value, where the asset is based on the figure in the Balance Sheet. For assets, the value is based on the original cost of the asset less any depreciation, amortisation or impairment costs made against the asset.

**CASH EQUIVALENTS**

Short-term, liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**CASH FLOW STATEMENT**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the financial year.

**CIPFA (CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY)**

The leading professional accountancy body for the public sector.

**CODE OF PRACTICE**

Published by CIPFA, sets out proper accounting principles and practices required for the statements of accounts, in accordance with the statutory framework for accounts, as established for England and Wales. The aim is to produce financial statements which “present a true and fair view” of the financial position of the Council. It supplements the principles and practice set out in the Code of Practice on Local Authority Accounting (known as the Code), by establishing practice for consistent reporting.

**COLLECTION FUND**

An account that shows the income due from NNDR and Council Tax payers and the sums paid to central government and to the precepting authorities.

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

A statement which details the total income received and expenditure incurred by the Council during a year in line with IFRS reporting as required by the Code.

**CONTINGENT ASSETS AND LIABILITIES**

A condition, which exists at the Balance Sheet date, where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events.

**COUNCIL TAX**

A local tax on properties within the whole Borough set by the billing (Boston Borough Council) and precepting authorities. Precepts are issued by Lincolnshire County Council, Police and Crime Commissioner for Lincolnshire and Parish Councils. The level is determined by the revenue expenditure requirements for each authority divided by the council tax base for the year.

**COUNCIL TAX BASE**

The amount calculated for each billing authority from which the grant entitlement of its share is derived. The number of properties in each band is multiplied by the relevant band proportion in order to calculate the number of Band D equivalent properties in the area. The calculation allows for exemptions, discounts, appeals and a provision for non-collection.

**CREDITORS**

Amounts owed by the Council for goods and services received, but not paid for as at 31 March.

**CURRENT ASSET**

An asset where the value may change on a daily basis, e.g., cash balances and debtors.

**CURRENT LIABILITY**

An amount which will become payable or could be called in within the next year, e.g., creditor, cash overdrawn.

**DEBT IMPAIRMENT**

Outstanding amounts owed to the Council, which are highly unlikely to be collected.

**DEBTORS**

Amounts owed to the Council for goods and services provided, but where the associated income was not received as at 31 March.

**DEPRECIATION**

A measure of the economic benefits of operational buildings, vehicles plant and equipment consumed during the period.

**EARMARKED RESERVES**

Money put aside that the Council intends to use only for a certain, stated purpose.

**ECONOMIC BENEFITS**

Benefits quantifiable in terms of money, such as revenue, net cash flow, net income.

**EXCEPTIONAL ITEMS**

Material items deriving from events or transactions that fall within the ordinary activities of the Council, but which need to be disclosed separately by virtue of their size and/or incidence, to give fair presentation of the accounts.

**FAIR VALUE**

The fair value of an asset is the price at which it could be exchanged in an “arm’s length” transaction, less where applicable, any grants receivable towards the purchase or use of that asset.

**FINANCIAL INSTRUMENTS**

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another, such as trade payables and receivables, borrowings, bank deposits and investments.

**GENERAL FUND**

The account to which the cost of providing the Council Services is charged that are paid for from Council Tax, Business Rates, government grants, fees and charges and investment returns.

**GOING CONCERN**

The accounts have been prepared on the assumption that the Council will continue to provide operational services for the foreseeable future.

**GOVERNMENT GRANTS**

Grants by UK central government towards revenue or capital expenditure incurred by the Councils in the delivery of its services. These may be in respect of particular services e.g., Housing Benefits Subsidy, or to finance local services in general, e.g., Revenue Support grant or New Homes Bonus grant.

**HOUSING BENEFIT**

This is a national system for giving financial assistance to individuals towards certain housing costs. The cost of the service is subsidised by central government.

**IMPAIRMENT**

Impairment of non-current assets relates to downward revaluation of assets during the year caused by clear consumption of economic benefit and is recognised in the Comprehensive Income and Expenditure Statement.

**INCOME**

This is the money that the Council receives or expects to receive from any source, including fees and charges, government grants, contributions and interest.

**INTANGIBLE ASSETS**

An item in a Balance Sheet where there is no tangible asset, but the asset has continuing value to the Council at the Balance Sheet date, e.g., computer software licences.

**INTERNATIONAL ACCOUNTING STANDARD (IAS)**

Accounting standards developed by the International Accounting Standards Board that are primarily applicable to general purpose company accounts. These standards are adopted by the CIPFA Code of Practice except where the standards conflict with specific statutory requirements.

**INTERNATIONAL FINANCIAL REPORTING STANDARDS**

International Financial Reporting Standards (IFRS) are a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board (IASB)

**MATERIALITY**

In using its professional judgment, the Council has considered the size and nature of any transaction or set of transactions. An item is considered material where its omission or misstatement would reasonably change the substance of the information presented in the accounts.

**MINIMUM REVENUE PROVISION (MRP)**

The minimum amount that the Council must charge to the income and expenditure statement to provide for the repayment of debt or other credit liabilities.

## **MOVEMENT IN RESERVES STATEMENT**

This financial statement presents the movement in usable and unusable reserves (the Council's total reserve balances).

## **NATIONAL NON-DOMESTIC RATES (NDR)**

The rates, payable by businesses on their properties, are calculated by applying a nationally determined multiplier to the rateable value of the property. This is collected by the Council and nationally determined proportionate shares are paid to the Government and Lincolnshire County Council with a share retained by Boston Borough Council.

## **NET BOOK VALUE**

The amount at which non-current assets are included in the Balance Sheet, i.e., their historical cost or current value, less the cumulative amount provided for depreciation.

## **NON-CURRENT ASSETS**

Assets that yield benefit to the Council and the services it provides for a period of more than one year e.g., Land and Buildings, Vehicles, Plant and Equipment.

## **NON - OPERATIONAL ASSETS**

Non-Current assets held by the Council but not directly occupied, used or consumed in the direct delivery of services e.g., investment properties.

## **OPERATING LEASE**

This is a type of lease usually for computer equipment or office furniture and equipment where the balance of risks and rewards of holding assets remains with the lessor. The assets remain the property of the lessor and the lease costs are revenue expenditure to the Council.

## **OPERATIONAL ASSETS**

Non-Current assets held and occupied, used or consumed by the Council, in the direct delivery of those services for which it has either a statutory or discretionary responsibility e.g., Council Offices, Geoff Moulder Leisure Centre, Princess Royal sports arena, Guildhall.

## **POST BALANCE SHEET EVENTS**

Those events, both favourable and unfavourable, which occur between the Balance Sheet date (31 March) and the date on which the Chief Finance Officer signs the statements of accounts.

## **PRECEPTS**

These are demands made upon the Collection Fund, by the Boston Borough Council, Lincolnshire County Council, Police and Crime Commissioner for Lincolnshire, Special Expenses and Parish Councils, which it requires to finance the services it provides.

## **PROVISIONS**

An amount set aside in the accounts and charged to individual services for liabilities that are likely to be incurred in the future but cannot be accurately quantified.

## **PUBLIC WORKS LOAN BOARD (PWLB)**

A Central Government Agency, which provides loans, for one year and above, to Councils at interest rates only slightly higher than those at which the government can borrow itself.

## **RELATED PARTY TRANSACTIONS**

Two or more parties are related when at any time during the financial period:

- one party has direct or indirect control of the other party; or
- the parties are subject to common control from the same source; or
- one party has influence over the financial and operational policies of the other party, to an extent that the other party may be inhibited from pursuing at all times its own interests; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interests.

Advice from CIPFA is that related parties to a local authority include UK Central Government, bodies precepting or levying demands on the Council Tax, members and chief officers of the Council and its pension fund.

**RESERVES**

The accumulation of surpluses, deficits and appropriations arising from previous financial years. Reserves can either be usable; that is, available to meet the Council's future expenditure plans and unusable; that is, those maintained purely for accounting purposes.

**REVENUE EXPENDITURE**

Day-to-day payments on the running of Council services including salaries, wages, contract payments, supplies, housing benefits and capital financing costs.

**RIGHT OF USE ASSET**

An asset representing the lessee's right to use the leased asset for the lease term.

**SEGMENT**

Distinguishable service of the Council that is engaged in providing a service or a group services. Segments in the Statements are based on the Council's management structure.

**TREASURY MANAGEMENT**

This is the process by which the Council controls its cash flow and its borrowing and lending activities.

**TREASURY MANAGEMENT STRATEGY**

A strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.

**USEFUL LIFE**

The period over which the Council will derive benefits from the use of a non-current (fixed).

**ANNUAL GOVERNANCE STATEMENT**

To be added prior to publishing

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<b>Report To:</b>	Audit and Governance Committee
<b>Date:</b>	29 <sup>th</sup> June 2026
<b>Subject:</b>	Annual Treasury Report 2025/26
<b>Purpose:</b>	To provide Members with the Annual Treasury Report 2025/26 in accordance with the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management to ensure best practice is maintained.
<b>Key Decision:</b>	No
<b>Portfolio Holder:</b>	Councillor Sandeep Ghosh, Portfolio Holder for Finance and Economic Growth
<b>Report Of:</b>	Russell Stone, Executive Director – Finance (Section 151 Officer)
<b>Report Author:</b>	Sean Howsam, Treasury & Investments Manager (PSPSL)
<b>Ward(s) Affected:</b>	None directly.
<b>Exempt Report:</b>	No.

## Summary

Attached at **Appendix 1** is the Annual Treasury Report detailing the Council's activities and actual prudential and treasury indicators for 2025/26. It covers the following areas;

- A high level summary of capital expenditure and financing for 2025/26;
- An economic update for the 2025/26 financial year
- A review of the Council's investment portfolio for 2025/26;
- A review of the Council's borrowing strategy for 2025/26;
- Debt position;
- Compliance with Treasury and Prudential indicators.

**This Report refers to a key element of the Council's Governance Framework and represents an important contribution to the evidence trail in support of the Annual Governance Statement 2025/26.**

## Recommendations

That the Audit and Governance Committee scrutinise the Annual Treasury Report 2025/26 at **Appendix 1** and make any comments for consideration by Council when they consider this document for approval at their meeting on 13 July 2026.

## Reasons for Recommendations

The Council is required to produce an Annual Treasury Report after the end of each financial year in accordance with the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management.

## Other Options Considered

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

## 1. Background

1.1 The Council approved its Treasury Management Strategy for 2025/26 on 3 March 2025. This report now provides the Annual Treasury Report 2025/26 (**Appendix 1**) for Audit and Governance Committee to make any comments for consideration by Council when they consider this document for approval at their meeting on 13 July 2026.

## 2. Report

2.1 Capital expenditure (including leases) for 2025/26 was £20.372m of which £19.839m was financed by grants and internal resources. The remaining £0.533m was unfinanced and increased the Council's Capital Financing Requirement.

2.2 As at 31 March 2026, treasury investment balances were £20.876m compared with £35.339m the previous year and non-treasury investment balances were £14.506m compared with £15.330m the previous year. All treasury investments will mature in less than one year and the non treasury investments are long term investments in property funds.

2.3 The following table provides an analysis of the net treasury position following the decision to repay the PWLB borrowing in 2023/24 and the State Street loan in 2025/26. It takes account of the discounts (allocated to revenue over a ten year period) and the premiums (allocated to revenue over a 26 year period) in accordance with proper accounting practice.

<b>Investment Type</b>	<b>2025/26 Annual Budget</b>	<b>2025/26 Outturn</b>	<b>2025/26 Variance</b>
<u>Treasury Investments Income</u>			
Gross Interest	(1,039,588)	(1,402,987)	(363,399)
Brokers Fees	<u>10,000</u>	<u>0</u>	<u>(10,000)</u>
Net Position	(1,029,588)	(1,402,987)	(373,399)
<u>Property Funds</u>			
Gross Distributions	(862,523)	(660,403)	202,120
Less Management Fees	<u>170,000</u>	<u>173,862</u>	<u>3,862</u>
Net Distributions	(692,523)	(486,541)	205,982
Premature Repayment of Borrowing Discount Allocated to Revenue	(641,743)	(641,743)	-
Premature Repayment of State Street Borrowing - Premium Allocated to Revenue	-	18,047	18,047
Less: Borrowing Interest Payable	111,250	64,718	(46,532)
Less: PWLB Borrowing Fee	-	350	350
<b>Net Position</b>	<b>(2,252,604)</b>	<b>(2,448,156)</b>	<b>(195,552)</b>

It can be seen from the above table that the overall net treasury position for 2025/26 was net income of £2,448,156 compared to a budget of £2,252,604 resulting in a net surplus of £195,552 for the year.

- 2.4 The rate of return on the Council's treasury investments averaged 4.75% for the 2025/26 financial year. Property funds achieved a net rate of 2.84%. This gave a combined rate of 4.04% for the year.
- 2.5 In addition to the above, the Council received distribution payments of £219,037 from the liquidation of the M&G property fund. In accordance with the Council's Minimum Revenue Provision (MRP) policy these receipts have been used to finance the MRP charge and reduce the Council's Capital Financing Requirement (CFR).
- 2.6 A full analysis of the Council's property fund investments can be found in Section 9 of **Appendix '1'**.
- 2.7 A full review of the economy and interest rates is detailed in Section 8 of **Appendix '1'**.
- 2.8 The Council's Investment Policy and Strategy is kept under constant review with the aim of balancing risk and reward. The investment criteria agreed for 2025/26 permitted investments with banks whose parent bank originates from a country with a sovereign rating of A+ or higher and meets MUFG's counterparty investment criteria.
- 2.9 The Council's 2025/26 accounts are subject to external audit which may result in some amendments to the figures being reported in this Annual Report.

### **3 Conclusion**

3.1 This report provides a review of treasury management performance for the financial year 2025/26 to Members to ensure best practice is maintained as required by the 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.

The Council's priority is the security of its investments.

## **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**

CFR - Capital Financing Requirement

CIPFA - Chartered Institute of Public Finance and Accountancy

CPI - Consumer Price Index

ECB – European Central Bank

EZ - Eurozone

FOMC - Federal Open Market Committee  
 GDP - Gross Domestic Product  
 MHCLG - Ministry of Housing, Communities and Local Government  
 MRP - Minimum Revenue Provision  
 MUFG - External Treasury Advisors (previously Link)  
 myy - month year on year  
 PWLB - Public Works Loan Board  
 SONIA - Sterling Overnight Index Average  
 VRP - Voluntary Revenue Provision  
 y/y - year on year

## Appendices

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

Appendix 1 Annual 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	<a href="#">(Public Pack)Agenda Document for Full Council, 03/03/2025 18:30</a>

## Chronological History of this Report

A report on this item has not previously been considered by a Council body for the current financial year but quarterly reports have been received by the Audit and Governance Committee.

## Report Approval

Report author: Sean Howsam – Treasury and Investments Manager (PSPSL)  
[Sean.Howsam@pspsl.co.uk](mailto:Sean.Howsam@pspsl.co.uk)

Signed off by: Russell Stone – Executive Director - Finance (Section 151 Officer)  
[Russell.Stone@sholland.gov.uk](mailto:Russell.Stone@sholland.gov.uk)

Approved for publication: Councillor Sandeep Ghosh - Portfolio Holder for Finance & Economic Growth  
[Sandeep.Ghosh@boston.gov.uk](mailto:Sandeep.Ghosh@boston.gov.uk)



## **Annual Treasury Report 2025/26**

For approval by Council on 13 July 2026 following scrutiny by  
Audit and Governance Committee  
on 29 June 2026

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## **ANNUAL TREASURY REPORT 2025/26**

### **1. INTRODUCTION**

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury review of activities and the actual prudential and treasury indicators for 2025/26. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

During 2025/26 the following reports have been submitted:

- an annual treasury strategy in advance of the year (Council 3 March 2025)
- a mid year treasury update report (Audit and Governance 17 November 2025 and Council 12 January 2026)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

In addition, this Council has received quarterly treasury management update reports on 13 October 2025 and 21 April 2026 which were received by the Audit and Governance Committee.

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit and Governance Committee. External Member training on Treasury Management last took place on 13 January 2025 and further external training can be provided in the 2026/27 financial year if required.

### **2. THE COUNCIL'S CAPITAL EXPENDITURE AND FINANCING 2025/26**

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- if insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators.

The following table summarises actual capital expenditure and how this was financed.

£'000 General Fund	2024/25 Actual	2025/26 Approved Budget	2025/26 Actual
Capital expenditure (including leases)	15,257	37,422	20,372
Financed in year	(14,853)	(36,936)	(19,839)
Unfinanced capital expenditure	404	486	533

### 3. THE COUNCIL'S OVERALL BORROWING NEED

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2025/26 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board (PWLB) or the money markets), or utilising temporary cash resources within the Council.

**Reducing the CFR** – the Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources, (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council's 2025/26 MRP Policy, (as required by Ministry of Housing Communities and Local Government (MHCLG) Guidance), was approved as part of the Treasury Management Strategy Report for 2025/26 on 3 March 2025.

The Council's CFR is shown below, and represents a key prudential indicator.

<b>CFR (£'000)</b>	<b>31 March 2025 Actual</b>	<b>31 March 2026 Estimate</b>	<b>31 March 2026 Actual</b>
Opening CFR Balance	18,405	18,577	18,577
Add Unfinanced Capital Expenditure	404	486	533
Less MRP – Property Funds	(83)	(70)	(251)
Less MRP – Other Capital Expenditure	(71)	(137)	(103)
Less MRP - Finance Lease Repayments	(78)	-	(71)
<b>Total CFR</b>	<b>18,577</b>	<b>18,856</b>	<b>18,685</b>

Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

**Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2024/25) plus the estimates of any additional capital financing requirement for the current (2025/26) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	<b>31 March 2025 Actual £000's</b>	<b>31 March 2026 Estimate £000's</b>	<b>31 March 2026 Actual £000's</b>
Gross Borrowing Position	1,000	1,000	1,000
CFR	18,577	18,856	18,685

**The authorised limit** - the authorised limit is the "affordable borrowing limit" required by S3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2025/26 the Council has maintained gross borrowing within its authorised limit.

**The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

**Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	<b>2025/26</b>
Authorised limit	£38m
Maximum gross borrowing position	£1m
Operational boundary	£35m
Average gross borrowing position	£0.989m
Financing costs as a proportion of net revenue stream	-15.81%

#### **4. TREASURY POSITION AS AT 31 MARCH 2026**

The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting and through officer activity detailed in the Council's Treasury Management Practices. At the beginning and the end of 2025/26 the Council's treasury position including accrued interest was as follows:

	<b>31/3/25 Principal &amp; Accrued Interest £000's</b>	<b>Rate/ Return %</b>	<b>Average Life In Years</b>	<b>31/3/26 Principal &amp; Accrued Interest £000's</b>	<b>Rate/ Return %</b>	<b>Average Life In Years</b>
Fixed Rate External & PWLB borrowing	1,000	11.125	25.87	1,010	4.81	4.81
CFR	18,577			18,685		
Over/(under) borrowing	(17,577)			(17,675)		
Total investments (including Cash and Cash Equivalents)	(50,669)	4.92	0.59	(35,382)	4.43	0.60
Net investments	(49,669)			(34,372)		

Investments and Cash and Cash Equivalents held as at 31 March 2026 including accrued interest were as follows:

INVESTMENT PORTFOLIO	Actual 31/03/25 £000's	Actual 31/03/25 %	Actual 31/03/26 £000's	Actual 31/03/26 %
<b>Treasury Investments</b>				
Banks	7,275	21	2,758	13
Local Authorities	26,351	74	17,111	82
<b>Total managed in house</b>	<b>33,626</b>	<b>95</b>	<b>19,869</b>	<b>95</b>
Money Market Funds	1,713	5	1,007	5
<b>Total managed externally</b>	<b>1,713</b>	<b>5</b>	<b>1,007</b>	<b>5</b>
<b>Total Treasury Investments</b>	<b>35,339</b>	<b>100</b>	<b>20,876</b>	<b>100</b>
<b>Non Treasury Investments</b>				
Property Funds	15,330	100	14,506	100
<b>Total Non Treasury Investments</b>	<b>15,330</b>	<b>100</b>	<b>14,506</b>	<b>100</b>

The value of property fund investments have decreased during the financial year and a detailed analysis is provided at paragraph 9.

SUMMARY	Actual 31/03/25 £000's	Actual 31/03/25 %	Actual 31/03/26 £000's	Actual 31/03/26 %
Total Treasury Investments	35,339	70	20,876	59
Total Non Treasury Investments	15,330	30	14,506	41
<b>Total of all Investments</b>	<b>50,669</b>	<b>100</b>	<b>35,382</b>	<b>100</b>

The maturity structure of the investment portfolio was as follows:

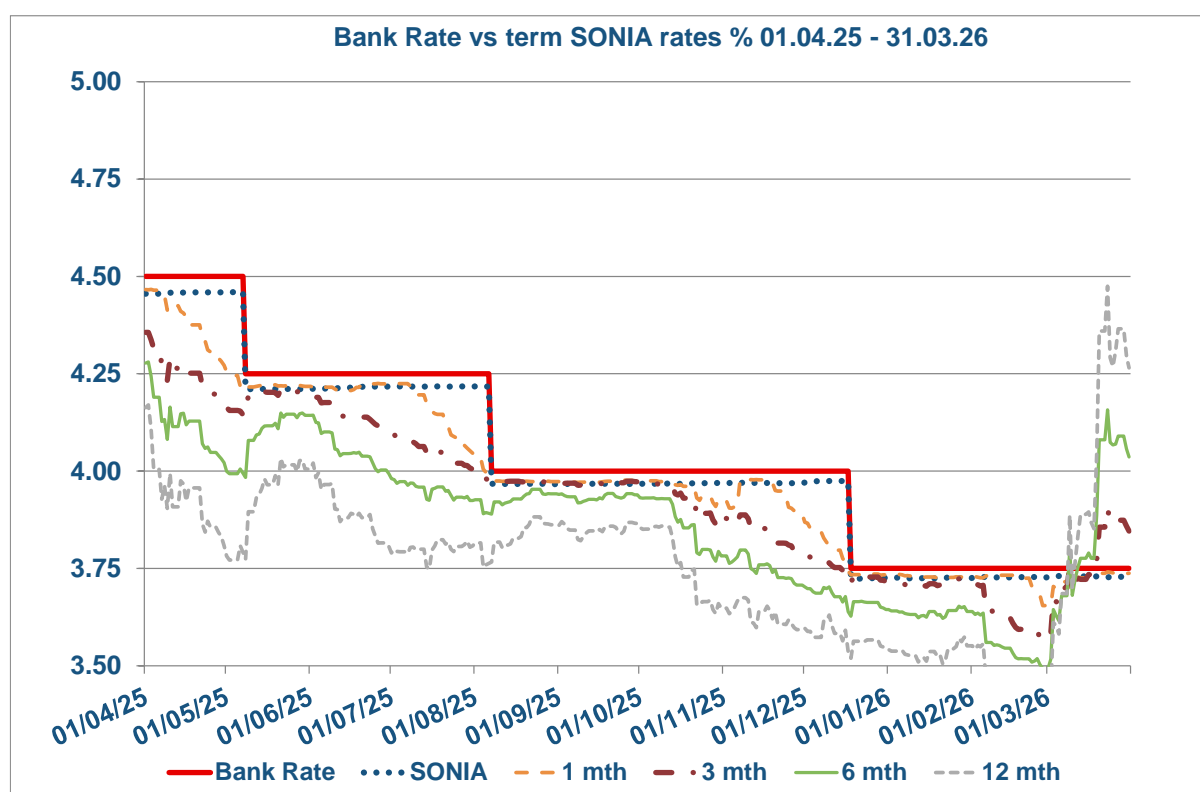
	2024/25 Actual £'000	2025/26 Actual £'000
Investments		
Longer than 1 year	15,330	14,506
Under 1 year	<u>35,339</u>	<u>20,876</u>
Total	50,669	35,382

The exposure to fixed and variable rates on investments was as follows:

	31/3/25 Actual £'000	31/3/26 Actual £'000
Fixed rate	32,609 (64%)	17,110 (48%)
Variable rate	18,060 (36%)	18,272 (52%)

5. **THE STRATEGY FOR 2025/26**

5.1 **Investment strategy and control of interest rate risk (commentary provided by MUG)**



Investment returns remained robust throughout 2025/26 despite Bank Rate reducing steadily through the course of the financial year (three 0.25% rate cuts in total), and at the end of March the yield curve had turned positive, reflecting inflation concerns emanating from the on-going conflict in the Middle East.

Bank Rate reductions of 0.25% occurred in May, August and December, bringing the headline rate down from 4.50% to 3.75%. Two of the Bank Rate cuts occurred in the same month as the Bank of England publishes its Quarterly Monetary Policy Report, therein providing a clarity over the timing of potential future rate cuts.

As of early April 2026, market sentiment has been heavily influenced by the Middle East conflict. Commentators anticipate a growing risk of inflation, meaning interest rates will not be cut for some time, and may increase to counteract inflationary

pressures arising from steepening energy costs. Growth will also be impacted in many regions of the world. UK Gross Domestic Product (GDP) is projected by the Office for Budget Responsibility (3 March 2026) to be 1.1% in 2026 before picking up to 1.6% in 2027 and 2028. But the likelihood is that there is downside risk to this forecast given events in the Middle East through March and still on-going.

Looking back through 2025/26, investors were able to achieve returns generally in a range of 4.5% - 5% for periods ranging from 1 month to 12 months in the spring of 2025. By the end of March 2026 deposit rates were somewhat volatile, regaining some traction as the Middle East conflict suggested energy driven inflation may lead to higher interest rates than would otherwise have been the case. Where liquidity requirements were not a drain on day-to-day investment choices, extending duration through the use of "laddered investments" paid off.

Heading into 2026/27, UK inflation is likely to increase to over 4% in the coming months as oil prices, for example, remain close to \$100 per barrel, over 50% higher than before the Middle East conflict started.

## 5.2 Borrowing strategy and control of interest rate risk

During 2025/26, the Authority maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as near-term investment rates have generally been lower than medium to long-term borrowing costs. The latter are expected to fall a little through 2026 and 2027 in the light of economic growth concerns and the eventual dampening of inflation. The Authority has sought to minimise the taking on of long-term borrowing at elevated levels (>5%) and has focused on a policy of internal borrowing, supplemented by short-dated borrowing on a maturity loan structure.

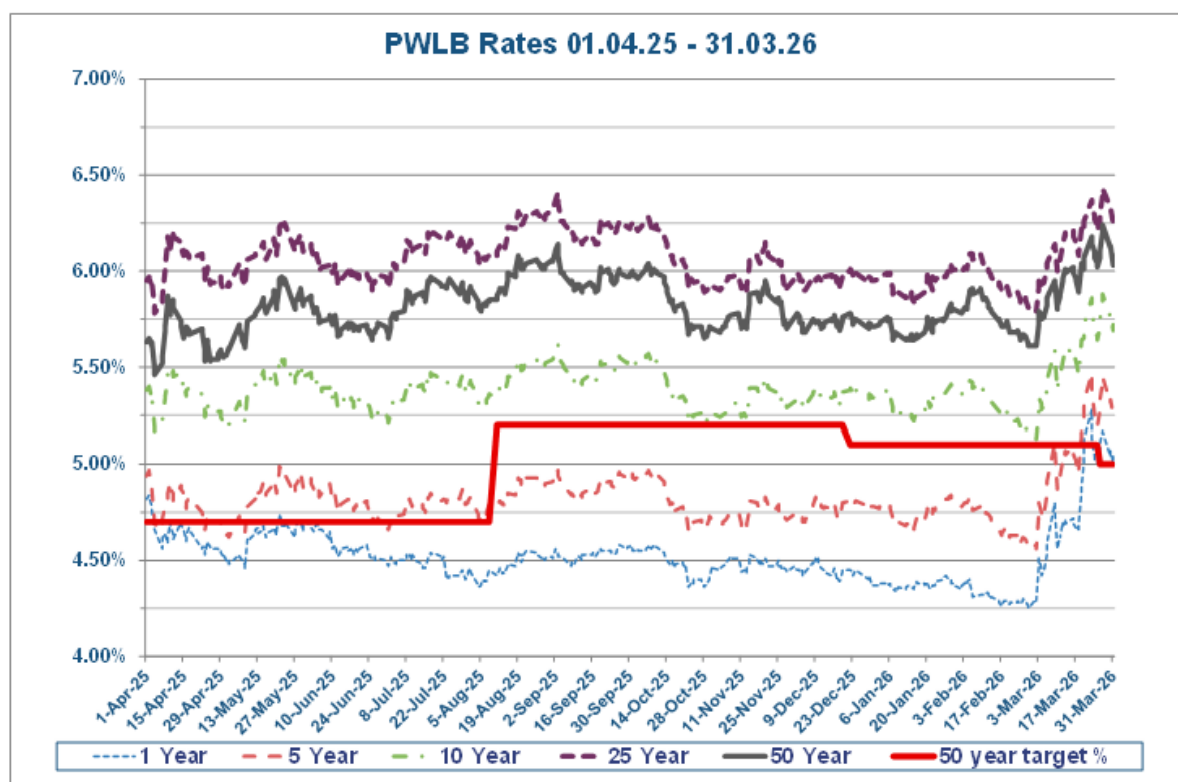
Interest rate forecasts initially suggested gradual reductions in short, medium and longer-term fixed borrowing rates during 2025/26. Bank Rate did reduce to 3.75% as anticipated, but the initial expectation of significant rate reductions across the whole curve did not transpire, primarily because inflation concerns were very elevated in March 2026.

At the start of April 2026, the market expected Bank Rate to increase over the coming months to 4% or 4.25%, from 3.75%, whilst all parts of the curve have also risen substantially through March. A significant fall in inflation will be required to underpin any material movement lower in the longer part of the curve.

Forecasts at the time of approval of the treasury management strategy report for 2025/26 were as follows:

MUFG Corporate Markets Interest Rate View 11.11.24													
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

Actual PWLB rates during the year are reflected on the chart below:



PWLB rates are based on gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years.

However, since early 2022, yields have risen dramatically in all the major developed economies, first as economies opened post-Covid; then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods. In particular, rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. More recently, the Middle East conflict is likely to see inflation spike higher from late spring 2026 through to early 2027.

Gilt yields have been volatile through 2025/26. The low point for long-term rates of 25 and 50 years' duration was reached early in April 2025 whilst the low points for short and medium dated rates were reached in early 2026, prior to the outbreak of the Middle East conflict.

At the close of 31 March 2026, the 1-year PWLB Certainty rate was 5.04% whilst the 5, 10, 25 and 50 year rates were 5.28%, 5.72%, 6.29% and 6.08% respectively.

## 6. BORROWING OUTTURN

**Treasury borrowing** – As at 31 March 2026 the Council had a £1m loan from the PWLB at a rate of 4.81% which matures on 15 July 2030.

**Borrowing in Advance of Need** - The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

**Rescheduling** – At the start of the financial year the Council had a £1m loan with State Street at a rate of 11.125% which was due to mature in 2051.

Following discussions with the lender a premature repayment figure of £1.5m “all in” was agreed by the S151 Officer and paid on 11 July 2025. This was £1m principal repayment, £30,784 accrued interest and a premium of £469,216. Under accounting regulations the premium can be allocated to revenue over the remaining life of the loan (26 year) which will result in a charge of £18,047 per year.

This was replaced on 15 July 2025 with the £1m loan from the PWLB at a rate of 4.81% which matures on 15 July 2030.

**Interest Payments** – Interest Payments on borrowing during 2025/26 totalled £64,718 compared to an original budget of £111,250.

## 7. INVESTMENT OUTTURN FOR 2025/26

**Investment Policy** – the Authority’s investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy approved by the Authority on 3 March 2025. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

**Resources** – the Council’s cash balances comprise revenue and capital resources and cash flow monies. The Council’s core cash resources comprised as follows:

<b>Balance Sheet Resources (£'000)</b>	<b>31 March 2025</b>	<b>31 March 2026</b>
General Fund Balance	2,000	2,000
Earmarked Reserves	17,050	16,955
Usable Capital Receipts	275	246
Capital Grants Unapplied	34,345	18,971
Boston Town Area Committee	293	397
<b>Total</b>	<b>53,963</b>	<b>38,569</b>

## APPENDIX '1'

The Council held average treasury investment balances of £29.6m during 2025/26 which were internally managed, achieving an average rate of return of 4.75% compared with the average 3 Month Sterling Overnight Index Average (SONIA) rate of 3.94%.

The Council also held average non-treasury investment balances of £17.1m at cost which were externally managed. These balances were held in property funds and achieved estimated net average returns of 2.84%.

The combined rate of return on all investments averaged 4.04%.

The table below provides an analysis of the net treasury position following the decision to repay the PWLB borrowing in 2023/24 and the State Street loan in 2025/26. It takes account of the discounts (allocated to revenue over a ten year period) and the premiums (allocated to revenue over a 26 year period) in accordance with proper accounting practice.

	<b>2025/26 Annual Budget</b>	<b>2025/26 Outturn</b>	<b>2025/26 Variance</b>
<u>Treasury Investment Income</u>			
Gross Interest	(1,039,588)	(1,402,987)	(363,399)
Brokers Fees	<u>10,000</u>	<u>0</u>	<u>(10,000)</u>
Net Position	(1,029,588)	(1,402,987)	(373,399)
<u>Property Funds Income</u>			
Gross Distributions	(862,523)	(660,403)	202,120
Less Management Fees	<u>170,000</u>	<u>173,862</u>	<u>3,862</u>
Net Distributions	(692,523)	(486,541)	205,982
Premature Repayment of PWLB Borrowing - Discount Allocated to Revenue	(641,743)	(641,743)	-
Premature Repayment of State Street Borrowing - Premium Allocated to Revenue	-	18,047	18,047
Less: Borrowing Interest Payable	111,250	64,718	(46,532)
Less: PWLB Borrowing Fee	-	350	350
<b>Overall Net Position</b>	<b>(2,252,604)</b>	<b>(2,448,156)</b>	<b>(195,552)</b>

In addition to the above, the Council received distribution payments of £219,037 from the liquidation of the M&G property fund. In accordance with the Council's Minimum Revenue Provision (MRP) policy these receipts have been used to finance the MRP charge and reduce the Council's Capital Financing Requirement (CFR).

Further details of property fund investments held by the Council and the 2025/26 performance is shown in **Paragraph 9** of this report.

## 8. THE ECONOMY AND INTEREST RATES (Commentary provided by MUFG)

### UK. Economy.

As with 2024/25, UK inflation has proved somewhat stubborn throughout 2025/26. Having started the financial year at 3.5% year on year (y/y) (April), the Consumer Price Index (CPI) measure of inflation peaked at 3.8% from July to September, before dipping to 3% in January and February. Core inflation picked up to 3.2% in February, from 3.1%, and the recent upward pressure on energy costs could see CPI inflation breach 4.5% later this year.

Against this backdrop, the continued lack of progress in ending the Russian invasion of Ukraine, and the potentially negative implications for global growth as a consequence of the implementation of US tariff policies, Bank Rate reductions look limited for the remainder of 2026 (as they do in the euro-zone). Bank Rate currently stands at 3.75% and borrowing has become more expensive in 2025/26. Gilt yields have risen materially in March 2026, more than reversing the falls earlier in the financial year.

The loosening in the labour market continues to bear down on wage growth. The 3my growth rate of average earnings including bonuses slowed from 4.2% in December to 3.9% in January. Meanwhile, excluding bonuses, private earnings growth continued to fall from 3.4% to 3.3%.

The Bank of England sprung no surprises in their March meeting, leaving Bank Rate unchanged at 3.75% by a vote of 9-0, but suggesting rates may need to rise if inflation picks up markedly. The vote could best be described as moderately hawkish. The MPC stated it “stands ready to act as necessary” and “is alert to the increased risk of domestic inflationary pressures through second-round effects in wage and price-setting”. Even so, we suspect the committee is likely to put equal weight on higher inflation and weaker growth, particularly the poor macroeconomic backdrop prior to the energy shock, keeping interest rates at 3.75% this year.

10-year Gilt yields have been exceptionally volatile in the final weeks of 2025/26, troughing at around 4.23% in late February before shooting up to 5.00% (and well through that on an intraday basis). That spike was driven by the outbreak of war in the Middle East, which prompted a dramatic reassessment of investors' Bank of England policy rate expectations. Having been pricing in rate cuts in late-February, as many as four rate hikes were discounted by late-March. The 10-year yield ended the quarter at 4.92% with around 65 basis points of rate hikes priced in over the coming year. In addition to more hawkish monetary policy expectations, part of this increase in yields probably reflected an increase in term premia amid concerns that the government may react by loosening the fiscal purse strings.

### USA Economy.

Despite a weak finish to 2025, the US economy has generally been the strongest among the developed economies, but with uncertainties growing surrounding President Trump's central economic tenet of being able to apply tariffs on an ad-hoc basis, and bend the Federal Open Market Committee (FOMC) Fed Funds rate decision-making to his will, there is something of a stalemate in place at present over when, and if, rates will be cut further in 2026.

Inflation is currently stuck at around 2.5%, unemployment is only a little above 4%, and tax refunds are in the process of being facilitated for many households. But will those refunds be – at least partially – offset by higher gasoline prices?

### **Eurozone (EZ) Economy**

The Eurozone economy has run pretty much in parallel with that of the UK. A slightly stronger finish to 2025 (GDP of 0.2% q/q) than that of the UK cannot hide the fact that the economy has been negatively impacted by German economic stagnation until late in 2025. France has also struggled against a difficult political backdrop, but managed to post GDP growth of 0.3% q/q for October to December.

With Eurozone headline inflation close to 2%, the European Central Bank (ECB) has been able to reduce its Deposit Rate to 2%. Whether it rises from that low point will very much be driven by how energy prices trend over the coming months. The Euro has appreciated against the dollar from 1.08 at the start of April 2025 to 1.16 at the end of March.

## **9. OTHER ISSUES**

**IFRS 9 fair value of investments** – When producing the 2025/26 financial statements the Council has adhered to this accounting standard. This standard prescribes the way financial instruments are valued in the accounts and also how risk is measured and accounted for.

**Non Treasury Investments : Property Funds** – The Council owns investments in commercial property funds totalling £17,107,006 at cost.

The table below provides an analysis of the revenue returns (dividend distributions) received during the financial year and an analysis of the change in the Net Asset Values of each fund since purchase and also during the 2025/26 financial year.

Financial Institution	Purchase Cost (£)	2025/26 Budgeted Net Revenue 2024/25 (£ & %)	2025/26 Outturn Net Revenue (£ & %)	Net Asset Value (£)	Total Gain/(Loss) Since Purchase (£ & %)	Capital Gain/(Loss) Since 31/3/25 (£ & %)	2025/26 Combined Annual Return (%)
BlackRock UK Property Fund	4,500,006	180,000 4.00%	125,054 2.78%	4,074,944	(425,062) (9.45%)	29,433 0.73%	3.51%
Schroder UK Real Estate Fund	4,250,006	170,000 4.00%	133,515 3.14%	3,154,034	(1,095,972) (25.79%)	(402,449) (11.32%)	(8.18%)
Threadneedle Property Unit Trust	4,239,754	169,590 4.00%	185,333 4.37%	3,722,949	(516,805) (12.19%)	66,449 1.82%	6.19%
M&G Investments UK Property Fund (After Distribution Payments)	117,240	12,933 4.00%	10,151 N/K	271,465	154,225 N/K	26,450 N/K	N/K
AEW UK Core Property Fund	4,000,000	160,000 4.00%	32,488 0.81%	3,205,339	(794,661) (19.87%)	(308,719) (8.79%)	(7.98%)
<b>TOTAL</b>	<b>17,107,006</b>	<b>692,523</b>	<b>486,541</b>	<b>14,428,731</b>	<b>(2,678,275)</b>	<b>(588,836)</b>	

The total unrealised losses on the capital property funds during 2025/26 was £588,836. The total cumulative net unrealised losses on the capital property funds now stands at £2,678,275.

The M&G property fund has paid a cumulative total of £3,882,760 in respect of property sales. This receipt has been used to finance the minimum revenue provision charge which reduces the historic unfinanced capital expenditure.

A cumulative minimum revenue provision of £323k has been made in respect of the Council's remaining property fund investments.

The table below provides details of the 2025/26 budget for property fund distributions and borrowing costs along with the returns received for the year. The final column shows the total distributions since the property funds were purchased.

<b>Financial Institution</b>	<b>Actual Net Dividend Distribution Received Pre 2025/26 (£)</b>	<b>Net Dividend Distribution Budget 2025/26 (£)</b>	<b>Net Dividend Distribution Received 2025/26 (£)</b>	<b>Total Net Distribution Received Since Purchase (£)</b>
Schroder UK Real Estate Fund	956,511	170,000	133,515	1,090,026
Threadneedle Property Unit Trust	1,162,779	169,590	185,333	1,348,112
BlackRock UK Property Fund	951,495	180,000	125,054	1,076,549
M&G Investments UK Property Fund *	551,058	12,933	10,151	561,209
AEW UK Core Property Fund	987,783	160,000	32,488	1,020,271
<b>Total Revenue</b>	<b>4,609,626</b>	<b>692,523</b>	<b>486,541</b>	<b>5,096,167</b>
Borrowing Costs	(1,868,687)	-	-	(1,868,687)
<b>Net Revenue Position</b>	<b>2,740,939</b>	<b>692,523</b>	<b>486,541</b>	<b>3,227,480</b>

It can be seen from the table above that the net revenue distribution received by the Council during 2025/26 was £486,541. The cumulative net distributions since purchase has now increased to £3,227,480.

### **Changes in Risk Appetite**

There has been no change to the Councils risk appetite during the 2025/26 financial year.

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<b>Report To:</b>	Audit & Governance Committee
<b>Date:</b>	29 <sup>th</sup> June 2026
<b>Subject:</b>	Draft Annual Governance Statement (AGS) 2025/26
<b>Purpose:</b>	To review the draft Annual Governance Statement 2025/26
<b>Key Decision:</b>	No
<b>Portfolio Holder:</b>	Councillor Dale Broughton, Leader of the Council
<b>Report Of:</b>	Russell Stone, Executive Director – Finance (Section 151 Officer) John Medler, Service Director – Legal & Governance (Monitoring Officer)
<b>Report Author:</b>	Rebecca James, Scrutiny and Policy Officer
<b>Ward(s) Affected:</b>	All
<b>Exempt Report:</b>	No

## Summary

This report presents the authority's draft Annual Governance Statement (AGS) 2025/26 to the Committee for review. The Statement reviews the effectiveness of the Council's governance arrangements for the 2025/26 period. It also includes a proposed Action Plan to update/improve the arrangements for the next financial year (2026/27).

## Recommendations

It is recommended that the Committee reviews and comments on the draft Annual Governance Statement 2025/26.

## Reasons for Recommendations

- To meet corporate governance best practice and statutory requirements.

## **Other Options Considered**

- None – There is a requirement for the Committee to review and approve an Annual Governance Statement for 25/26.

### **1. Annual Governance Statement 2025/26**

- 1.1 Regulation 6 of the Accounts and Audit Regulations 2015 requires the Authority to prepare and approve an Annual Governance Statement in advance of the Statement of Accounts being approved.
- 1.2 The Committee is requested to review and comment the draft Annual Governance Statement 2025/26 at **Appendix 1**. The document explains the purpose of the governance framework, sets out its key elements, details the review of its effectiveness and highlights any significant governance issues. In undertaking this governance review the Council has evaluated itself against the key principles identified in the CIPFA / SOLACE *Delivering Good Governance in Local Government: Framework*

### **2. Conclusion**

- 2.1. The draft Annual Governance Statement 2025/26 is being presented to the Committee for review and comments, prior to it being finalised and brought back for approval at the following meeting of the Committee.

## **Implications**

### **South and East Lincolnshire Councils Partnership**

No implications specific to this report.

### **Corporate Priorities**

The AGS sits under the priority of 'Efficiency and Effectiveness.'

### **Staffing**

No implications specific to this report.

### **Workforce Capacity Implications**

No implications specific to this report.

### **Constitutional and Legal Implications**

The Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendments) Regulation 2024 define the arrangements relating to Annual Governance Statements.

## **Data Protection**

No implications specific to this report.

## **Financial**

No implications specific to this report.

## **Risk Management**

The Council's risk management arrangements are reflected in the AGS.

## **Stakeholder / Consultation / Timescales**

Consultation with SLT.

## **Reputation**

No implications specific to this report.

## **Contracts**

No implications specific to this 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**

- A&G: Audit & Governance Committee
- AGS: Annual Governance Statement
- CIPFA: The Chartered Institute of Public Finance and Accountancy (CIPFA)
- SLT: Senior Leadership Team
- SOLACE: The Society of Local Authority Chief Executives and Senior Managers

## **Appendices**

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

Appendix 1                                      Draft Annual Governance Statement 2025/26

## **Background Papers**

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

## **Chronological History of this Report**

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

## **Report Approval**

Report author:                                      Rebecca James, Scrutiny and Policy Officer  
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Signed off by:                                      John Medler, Service Director – Legal & Governance  
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Approved for publication:                      Councillor Dale Broughton, Leader of the Council  
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**BOSTON BOROUGH COUNCIL  
ANNUAL GOVERNANCE STATEMENT 25/26**

**1. Executive Summary**

- 1.1 Boston Borough Council (BBC) has a legal responsibility for conducting, at least annually, a review of the effectiveness of its governance framework. The review is informed by several sources including the work of the Senior Leadership Team, the Internal Audit annual report, the External Auditors and Audit & Governance Committee. BBC is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. BBC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, BBC is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 The Council has approved and adopted a code of corporate governance. This is consistent with the principles of the latest CIPFA / SOLACE Framework *Delivering Good Governance in Local Government guidance*. This statement explains how the Council has met the requirements of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement. [Local Code of Corporate Governance \(boston.gov.uk\)](http://boston.gov.uk)

**2. The Purpose of the Governance Framework**

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the Council for the year ended 31 March 2026 and up to the date of approval of the annual Accounts.

**3. The Governance Framework**

- 3.1 The Council's review of the effectiveness of its governance arrangements is set out below against the key elements identified in *Delivering Good Governance in Local Government: Framework*.

Key Elements	Description of Governance Mechanisms	Assurance Received
Identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and service users	<ul style="list-style-type: none"> <li>The Sub-regional Strategy was approved at Council on the 12 November 2023. It sets out the vision and priorities for the Partnership and for the Council. The Alignment and Delivery Plan (ADP) for the Partnership sets out the projects/activities that will be taken forward to deliver on corporate priorities.</li> <li>In addition, the Boston Borough Plan 2040, setting out three key priorities of Thriving Economy, Community Cohesion and Resilience, and A Healthy and Sustainable Borough, was agreed by Council in March 2025.</li> <li>The Council is pro-active in reporting activity and outcomes to the public through the local press and online.</li> <li>Most Council business is undertaken in public meetings.</li> </ul>	<ul style="list-style-type: none"> <li>The Performance Management Framework quarterly report is reported through the Cabinet and the Overview &amp; Scrutiny Committee.</li> <li>Portfolio Holders receive updates as required.</li> <li>The Leadership Team receive the full quarterly reports to check the position on each indicator. Quarterly governance clinics (covering performance and risk) are also in place.</li> <li>Mid-quarter reporting to Leadership Team seeks to identify early any matters where performance isn't on track.</li> <li>The Strategic Risk Register and Internal Audit Plan support the achievement of the Council's priorities</li> <li>The Medium-Term Financial Strategy which is reported at the March Council meeting not only sets the scene financially, but it also identifies any change to priorities and/or new areas of focus.</li> </ul>
Reviewing the Authority's vision and its implications for the Authority's governance arrangements	<ul style="list-style-type: none"> <li>Challenge sessions are held annually with Senior Managers to consider the service priorities/activities and the associated targets set in the performance framework.</li> <li>Council approves the performance framework, following discussion at Joint Strategy Board.</li> </ul>	<ul style="list-style-type: none"> <li>Review of current performance against priorities reported to Portfolio Holders.</li> <li>Performance reporting is aligned to the Strategic Priorities of the Partnership Business Case and Sub-regional Strategy</li> <li>Feedback from community/member/staff consultation on Partnership and Council priorities</li> </ul>
Translating the Vision into objectives	<ul style="list-style-type: none"> <li>The Alignment and Delivery Plan identifies activity that helps to deliver the priorities</li> <li>The Medium-Term Financial Strategy identifies risks and opportunities to achieving the delivery of the priorities</li> <li>The Risk Strategy and Risk Registers support the delivery of priorities.</li> </ul>	<ul style="list-style-type: none"> <li>The Alignment and Delivery Plan sets out the deliverables in the year-ahead.</li> <li>Service performance is monitored via Performance Framework which reports into Cabinet and Scrutiny quarterly.</li> <li>MTFS recommended by the Cabinet and agreed by Council</li> </ul>
Measuring the <b>quality of service</b> for users, ensuring they are delivered in accordance with the Authority's objectives and for	<ul style="list-style-type: none"> <li>A range of surveys are carried out each year, co-ordinated through the Corporate Consultation programme</li> <li>Monitoring of social networking</li> <li>Quarterly Monitoring report contains both performance and finance indicators and to show the overall health of the organisation</li> </ul>	<ul style="list-style-type: none"> <li>Performance Management Framework quarterly report, reported through Cabinet and the Overview &amp; Scrutiny Committee</li> <li>Feedback from service level surveys</li> <li>Portfolio Holder meetings held as required.</li> <li>Complaints and Feedback process in place for the community.</li> </ul>

Key Elements	Description of Governance Mechanisms	Assurance Received
ensuring that they represent the best <b>use of resources and value for money</b>	<ul style="list-style-type: none"> <li>• Regular Portfolio Holder meetings held with key staff to monitor performance, project activity and new areas of work or policy.</li> <li>• Individual Services carry out their own customer satisfaction surveys which feed into service improvement</li> <li>• Peer Review undertaken in May 2024</li> <li>• Review by the Building Safety Regulator (BSR) July – October 2025</li> </ul>	<ul style="list-style-type: none"> <li>• Progress Feedback Peer Review undertaken in January 2026</li> <li>• High level of compliance found by the BRS</li> </ul>
Defining and documenting the <b>roles and responsibilities</b> of the Executive, non-Executive, scrutiny, and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements	<ul style="list-style-type: none"> <li>• This is set out in the Council’s Constitution</li> <li>• The Constitution is updated where necessary. Significant changes are reported to the Audit &amp; Governance Committee and then to Council</li> </ul>	<ul style="list-style-type: none"> <li>• Proposed changes/updates to the Constitution brought to Council for consideration including responsibility for functions.</li> <li>• The South &amp; East Lincolnshire Councils Partnership has a Memorandum of Agreement in place signed up to by all three Councils.</li> <li>• Monitoring of partnering arrangements on an ongoing basis take place through the Portfolios; and include reports to the Finance Portfolio Holder where appropriate.</li> <li>• Stakeholder Board and Joint Strategy Board in place to support the delivery of partnership activity between the Councils.</li> </ul>
Developing, communicating, and embedding <b>codes of conduct</b> , defining the standards of behaviour for members and staff	<ul style="list-style-type: none"> <li>• This is set out in the Council Constitution</li> <li>• Expectations and requirements of staff behaviour are set out in the Staff Handbook provided to all new staff</li> <li>• The Constitution sets out expectations and guidance on Councillor/Officer working relationships</li> <li>• Training is provided to all members on the member code of conduct arrangements (mandatory training)</li> <li>• Audit &amp; Governance Committee monitor member standards arrangements. This role is set out in the Constitution.</li> <li>• The Monitoring Officer provides ongoing support and advice to Councillors as required and/or requested.</li> <li>• The Monitoring Officer considers, and may investigate, complaints about BBC Councillors, and Town and Parish Councillors</li> </ul>	<ul style="list-style-type: none"> <li>• Audit &amp; Governance Committee oversees and receives reports from a Standards Sub-Committee on the local Member Code of Conduct</li> <li>• A Standards Sub-Committee provides a Hearing Panel function for dealing with any serious complaints</li> <li>• The Officer Code of Conduct is embedded in the Council Constitution.</li> <li>• A Monitoring Officer is shared with the three Councils and Deputy Monitoring Officers support Councillors as required.</li> </ul>

Key Elements	Description of Governance Mechanisms	Assurance Received
<p>Reviewing the effectiveness of the Authority's <b>decision-making framework</b>, including delegation arrangements, decision making in partnerships and robustness of data quality</p>	<ul style="list-style-type: none"> <li>• This is set out in the Constitution</li> <li>• Decision making arrangements meet legislative requirements</li> <li>• Data sharing protocols are in place where necessary</li> <li>• Service Level Agreements with partners are in place and monitored carefully (financial and performance), with named officers and Portfolio responsibilities set out</li> <li>• Memoranda of Understanding documents are produced/signed up to where appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>• All members and officers are provided with guidance on decision making arrangements with detailed delegations set out in the Constitution; these are updated when necessary and reported to Council.</li> <li>• Contractual arrangements or partnering arrangements are subject to GDPR reviews on an ongoing basis, particularly where there are any changes.</li> </ul>
<p>Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability</p>	<ul style="list-style-type: none"> <li>• Partnership Risk Register in place and monitored by SLT and members</li> <li>• Strategic Risk register in place and monitored by managers and members</li> <li>• Operational Risk Registers and a Fraud Risk Register are in place and monitored by the Insights and Transformation Team and Senior Leadership Team</li> <li>• Operational staff able to escalate risks reporting to Management Team.</li> <li>• Risk Strategy aligned across the Partnership Councils and agreed at Boston Full Council on 15<sup>th</sup> January 2024</li> </ul>	<ul style="list-style-type: none"> <li>• The Risk Strategy has been fully refreshed and brought in-line with up-to-date methods of managing risk and approved through Full Council.</li> <li>• An audit of our Risk Register in 2025 provided adequate assurance and identified improvements to enhance the authority's risk management arrangements. Further work is required in 2026/27 to implement these improvements.</li> <li>• Management Team update the Strategic Risk Register quarterly and feed into quarterly reporting to members – Cabinet and Audit &amp; Governance Committee.</li> <li>• Operational Risks are identified</li> <li>• Service level monitoring</li> <li>• Risk is a standing item on the quarterly governance clinic agenda</li> <li>• The committee report template includes risk management implications.</li> </ul>
<p>Ensuring effective <b>counter-fraud and anti-corruption</b> arrangements are developed and maintained</p>	<ul style="list-style-type: none"> <li>• A Counter Fraud Policy for the Partnership was approved and implemented in Q3 25/26</li> <li>• Service Managers complete an on-line training programme on fraud</li> <li>• The Council actively takes part in the National Fraud Initiative</li> <li>• A counter fraud e-learning package is provided for all staff</li> <li>• The Council is a member of the Lincolnshire Counter Fraud Partnership which provides access to best practice, guidance and support.</li> </ul>	<ul style="list-style-type: none"> <li>• Audit &amp; Governance Committee and Staff training</li> <li>• Work with DWP arrangements</li> <li>• Reminders provided to staff to be aware of fraud risk.</li> <li>• Internal Audit have completed their counter fraud risk work which created the fraud risk register which is now part of the quarterly reporting alongside strategic and operational risks.</li> </ul>

Key Elements	Description of Governance Mechanisms	Assurance Received
<p>Ensuring effective management of <b>change and transformation</b></p>	<ul style="list-style-type: none"> <li>• Reporting of significant changes to policy or provision are reported through Portfolio and Cabinet (and Council where appropriate)</li> <li>• Innovation, Transformation and Efficiency board in place in 25/26</li> <li>• A Corporate Staff Development programme is in place</li> <li>• Workforce Strategy in place to ensure appropriate levels of support and training are in place to enable staff to manage change</li> <li>• Workforce Strategy Action plan in place and being delivered.</li> <li>• Strong internal communication to keep staff and members informed</li> <li>• 6-monthly staff survey to help monitor impact of change</li> <li>• A Project Management Framework is in place</li> <li>• Members of Corporate Management Team have corporate responsibility for projects that deliver change</li> <li>• Improved working relationship with PSPS that enables joint working on change programmes within back-office services.</li> <li>• An Organisational Development function and transformation resource is in place to support change arrangements across the council – providing additional support to managers;</li> <li>• There is a shared management team in place to support the development of the Partnership between BBC, ELDC and SHDC.</li> <li>• Below Management Team, there are a range of other shared positions that support the bringing together of the Partnership.</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership Team decisions</li> <li>• Portfolio/Cabinet reports and decisions</li> <li>• Cabinet reports considered by Scrutiny Committee prior to decision making</li> <li>• Client/Contractor management meetings are held regularly to discuss planned changes to service delivery and priorities</li> <li>• The Client Officer and members of Leadership Team were engaged with PSPS in the development of their Transformation Programme in 25/26.</li> <li>• A Workforce Strategy is in place.</li> </ul>
<p>Ensuring the Authority's <b>financial management</b> arrangements conform with the governance requirements of the <i>CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)</i> and, where they do not, explain why and how they deliver the same impact</p>	<ul style="list-style-type: none"> <li>• Full compliance with the CIPFA guidance:                             <ul style="list-style-type: none"> <li>– The Section 151 Officer has responsibilities set out in the Constitution; key member of Senior Leadership Team (SLT) and Corporate Management Team (CMT); professionally qualified accountant with direct access to the Chief Executive, Leader, Cabinet, Audit &amp; Governance Committee &amp; the appointed auditors</li> <li>– The Finance team is fit for purpose and has been reviewed by CIPFA for adequacy.</li> </ul> </li> </ul> <p>The Medium-Term Financial Strategy, annual budget process, compliance with CIPFA codes and guidance on capital finance, treasury management, and management of reserves</p>	<ul style="list-style-type: none"> <li>• Adequacy of financial arrangements are overseen by S151 Officer, Portfolio Holder for Finance, Cabinet, Audit &amp; Governance Committee and Full Council.</li> </ul>

Key Elements	Description of Governance Mechanisms	Assurance Received
<p>Ensuring the authority's <b>assurance arrangements</b> conform with the governance requirements of the <i>CIPFA Statement on the Role of the Head of Internal Audit (2019)</i> and, where they do not, explain why and how they deliver the same impact</p>	<ul style="list-style-type: none"> <li>• Full compliance with the CIPFA guidance: <ul style="list-style-type: none"> <li>– The Internal Audit Team/Head of Internal Audit provide an objective and evidence-based opinion on all aspects of governance, risk management and internal control</li> <li>– Internal Audit is delivered through Lincolnshire County Council with a principal auditor allocated to Boston Borough Council. This has improved the resilience of the audit team and enables access to specialist audit which previously had to be commissioned.</li> <li>– The internal audit service is fit for purpose</li> <li>– The Section 151 Officer is a key member of the Senior Leadership Team</li> <li>– Audit Team attend external training as necessary, and access national network of governance support through CIPFA</li> <li>– The service has been assessed as conforming to the UK Public Sector Internal Audit Standards, a Quality Assurance Improvement Programme is maintained as part of those standards. The next external assessment is in 2026.</li> </ul> </li> </ul> <p>The overall themed areas of Governance, Risk Management, Internal Control and Financial Control are all assessed as performing adequately.</p>	<ul style="list-style-type: none"> <li>• The Corporate Management Team receives and considers all Internal Audit reports</li> <li>• Senior Leadership Team reviews all low assurance reports.</li> <li>• Low assurance reports are subject to follow up audits.</li> <li>• Audit &amp; Governance Committee monitor audit recommendations and receive updates where necessary</li> <li>• Audit recommendations are discussed at Governance Clinic.</li> </ul>
<p>Ensuring effective arrangements are in place for the discharge of the <b>Monitoring Officer</b> function</p>	<ul style="list-style-type: none"> <li>• Set out in the Constitution</li> <li>• The Council shares a monitoring officer with East Lindsey District Council and South Holland District Council.</li> </ul>	<ul style="list-style-type: none"> <li>• Council through the Constitution</li> <li>• Deputy Monitoring Officers appointed</li> <li>• The Monitoring Officer sits on the Senior Leadership Team</li> </ul>
<p>Ensuring effective arrangements are in place for the discharge of the <b>head of paid service</b> function</p>	<ul style="list-style-type: none"> <li>• Set out in the Constitution</li> <li>• The Council shares a Head of Paid Service with East Lindsey District Council and South Holland District Council.</li> </ul>	<ul style="list-style-type: none"> <li>• Council through the Constitution</li> </ul>

Key Elements	Description of Governance Mechanisms	Assurance Received
Undertaking the core functions of an <b>Audit Committee</b> , as identified in CIPFA's <i>Audit Committees: Practical Guidance for Local Authorities</i>	<ul style="list-style-type: none"> <li>• The Terms of Reference which include the core functions are set out in the Constitution</li> <li>• The Audit &amp; Governance Committee have had training to help them understand their role and responsibility</li> <li>• Training for a new Audit &amp; Governance Committee and substitution members is now identified as mandatory in the Constitution.</li> <li>• The Chair and Vice Chair attend external training as necessary</li> </ul>	<ul style="list-style-type: none"> <li>• Council through the Constitution</li> <li>• Audit &amp; Governance Committee</li> <li>• Annual Self-Assessment exercise undertaken and Annual Report submitted to Council</li> </ul>
Ensuring <b>compliance</b> with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful	<ul style="list-style-type: none"> <li>• Annual Internal Audit Plan work includes the review of compliance in some of these areas</li> <li>• The Section 151 Officer and Monitoring Officer advise on the legality of activity where appropriate, and Legal Services Lincolnshire provides advice on legislation and law</li> <li>• An Assurance Framework has been created to monitor conformance with all Regulatory, Legislative, Policy and Operational requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Management Team, Audit &amp; Governance Committee (through Internal Audit reporting)</li> <li>• External Audit Plan</li> <li>• Annual Assurance Report to Senior Management Team and Audit and Governance Committee following the creation of the Assurance Framework</li> </ul>
<b>Whistleblowing</b> and for receiving and investigating <b>complaints</b> from the public	<ul style="list-style-type: none"> <li>• A Whistleblowing policy for the Partnership was approved and implemented in Q4 25/26</li> <li>• A clear Feedback Policy and procedure is in place (including complaints)</li> <li>• A dedicated team delivers the complaints process and also trains and advises staff accordingly.</li> <li>• CMT receives a regular report setting out the number and type of complaints.</li> </ul>	<ul style="list-style-type: none"> <li>• Senior Leadership Team Governance Meeting</li> <li>• Corporate Feedback Policy reviewed and aligned with Ombudsman guidance</li> <li>• Feedback levels included in the Quarterly Performance Report</li> </ul>
Identifying the <b>development needs of members and senior officers</b> in relation to their strategic roles, supported by appropriate training	<ul style="list-style-type: none"> <li>• Reserved Member Days are held for any training or awareness sessions requested by members and/or suggested by officers.</li> <li>• A very thorough member induction programme is delivered following District Council elections, with further development / training delivered through rolling programmes thereafter.</li> <li>• Training for named Committees is mandatory as set out in the Constitution</li> <li>• Training and development opportunities are circulated to members on a regular basis alongside internal training provision</li> <li>• Groups are encouraged to identify development priorities through local and national networks</li> <li>• Annual staff appraisals with interim check-ins mid-year.</li> </ul>	<ul style="list-style-type: none"> <li>• Member induction programme in May 2023</li> <li>• A corporate training system has been developed and rolled out to staff. This will enable both individual staff and the organisation to more easily monitor completed training, especially where it is a requirement, and/or is linked to professional standards.</li> <li>• The Corporate Training Programme budget continues to be protected to ensure staff are able to access mandatory and discretionary training and development.</li> <li>• Corporate and Group training opportunities can be supported.</li> </ul>

Key Elements	Description of Governance Mechanisms	Assurance Received
	<ul style="list-style-type: none"> <li>An annual corporate training programme is developed and implemented annually, linked to service requirements and development needs</li> </ul>	
<p>Establishing clear channels of <b>communication</b> with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation</p>	<ul style="list-style-type: none"> <li>A range of consultations are carried out with service users (co-ordinated through a central team)</li> <li>Pro-active communication through the press, along with communication through the BBC website and social media channels.</li> <li>A Town and Parish newsletter is issued regularly.</li> <li>Thorough public consultations take place where there is a potentially significant change to a service and feedback is reported through the decision-making process e.g. sub-regional strategy and town centre strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Partnership Communications Team in place to support messages to the public, including during emergency situations.</li> <li>Corporate Management Team</li> <li>Cabinet for key pieces of consultation</li> <li>Town and Parish newsletter</li> <li>Information and feedback provided via the council website</li> <li>Communication Strategy approved in 2023/4</li> </ul>
<p>Enhancing the accountability for service delivery and effectiveness of <b>other public service providers</b></p>	<ul style="list-style-type: none"> <li>The Overview &amp; Scrutiny Committee take an active role in overseeing scrutiny of other public service providers</li> <li>Significant changes to other public services communicated to members through briefing or awareness sessions</li> <li>Members are informed of any significant consultations being held by key partner organisations (e.g. NHS)</li> <li>There is now joint scrutiny of common topics for BBC, ELDC and SHDC.</li> </ul>	<ul style="list-style-type: none"> <li>Overview &amp; Scrutiny Committee Reserved Members' Days</li> <li>Joint Scrutiny undertaken by members where there are common topics across the Partnership sub-region</li> <li>Member and Senior Officer contribution to the Community Safety framework.</li> <li>Partnership scrutiny framework in place.</li> </ul>
<p>Incorporating good governance arrangements in respect of <b>partnerships</b> and other joint working as identified by the Audit Commission's report on the governance of partnerships and reflecting these in the Authority's overall governance arrangements</p>	<ul style="list-style-type: none"> <li>Operational /strategic partnering arrangements are subject to contractual agreements and performance monitoring and reported on as part of service and budget monitoring</li> <li>Portfolio Holders have responsibilities for receiving reports on key partner arrangements</li> <li>A Management Agreement and Service Level Agreements are in place with PSPS with a single PSPS Client Liaison Officer in place at the Councils (Service Director – Corporate Services fulfils this role).</li> <li>PSPS provide briefing sessions to members on a regular basis.</li> <li>Joint working arrangements are subject to written agreements approved by Leadership Team and portfolio holders</li> <li>Memorandum of Understanding documents are developed and signed up to where appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>Audit &amp; Governance Committee</li> <li>Corporate Management Team</li> <li>Portfolio Holder (Leader)</li> <li>Full Council</li> <li>The governance arrangements of the PSPS Board have been reviewed following an external evaluation of the current contractual arrangements.</li> <li>Client/Partner meetings held regularly</li> <li>The Memorandum of Agreement for the Partnership was updated and came into effect Q1 of 26/27</li> </ul>

Key Elements	Description of Governance Mechanisms	Assurance Received
Information Governance	<ul style="list-style-type: none"> <li>All staff and Members have access to Data Protection Act (DPA) training.</li> <li>Specific and tailored training has been requested and delivered to key teams.</li> <li>Further training will be designed to incorporate changes in Data (Use and Access) Act 2025.</li> <li>The Data Protection Officer is experienced and qualified to provide advice and shared across the Partnership.</li> </ul>	<ul style="list-style-type: none"> <li>Audit &amp; Governance Committee</li> <li>Leadership Team</li> <li>Portfolio Holder</li> <li>Performance Report</li> <li>A Data Protection Officer (DPO) is engaged by the Council</li> <li>Data Sharing Agreements and contractual arrangements are reviewed by the DPO on an ongoing basis to ensure compliance with the UK GDPR. All new DSAs are assessed by the DPO before being signed and challenged where necessary.</li> </ul>

**4 Review of Effectiveness**

- 4.1 The Council has responsibility for conducting, at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the head of internal audit’s annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 The effectiveness of the governance framework has been evaluated in the following ways:

The Council:	<p>The Council approves and keeps under regular review all the strategic policies which it reserves for its own consideration, including</p> <ul style="list-style-type: none"> <li>The Constitution,</li> <li>The Sub-regional Strategy</li> <li>The Medium-Term Financial Plan and Capital Strategy,</li> <li>The Licensing Authority Policy Statement,</li> <li>The Asset Management Strategy</li> <li>The plan and Strategy which comprise the Housing Investment Programme</li> <li>The Treasury Management and Investment Strategies, and</li> <li>The Gambling Policy Statement.</li> </ul>
The Leader:	<p>Executive powers vest in the Leader, and the Leader may determine to exercise any of the executive functions of the Council personal or may arrange for the exercise of any of the Council’s executive functions by the Cabinet.</p>
Cabinet	<p>The Cabinet is appointed by the Leader and carries out the executive functions of the Council as required by legislation and the Council’s constitution and accordingly:</p> <ul style="list-style-type: none"> <li>Takes executive decisions,</li> <li>Approves policies other than those reserved for Council, and</li> </ul>

	<ul style="list-style-type: none"> <li>• Recommends to Council policies and budgetary decisions.</li> </ul>
Scrutiny	<p>The Overview and Scrutiny Committee may undertake any work relating to the four key principles of scrutiny as follows:</p> <ul style="list-style-type: none"> <li>• Hold the Cabinet to Account (Call-In),</li> <li>• Performance Management,</li> <li>• Assist Policy Development and Review, and</li> <li>• Internal/External Scrutiny.</li> </ul>
Audit and Governance Committee	<p>The Audit and Governance Committee:</p> <ul style="list-style-type: none"> <li>• Considers and approves audit plans,</li> <li>• Considers audit reports,</li> <li>• Comments on the work of audit in addressing the authority's significant risks,</li> <li>• Satisfies itself that the control and governance arrangements have operated effectively by considering audit and risk reports and undertaking ad hoc reviews,</li> <li>• Annually self-assess themselves against best practice guidance to check their effectiveness,</li> <li>• Approves the Statements of Accounts,</li> <li>• Reviews treasury policy and performance, and</li> <li>• Considers standards arrangements.</li> </ul>
Senior Leadership Team (SLT)	<p>SLT review corporate responsibility, direction and delivery of the sub-regional strategy, direction and delivery of resources, horizon scanning and key controls. SLT has a monthly meeting focused specifically on governance and receives regular reports from a variety of governance boards which have been set up to manage corporate performance and risk. These boards cover performance and risk, employee relations, safeguarding, health and safety, emergency planning, and finance, as well as the statutory officers group. There are several other groups covering cross cutting themes and specific services.</p>
Service Managers	<p>Managers have carried out self-assessments of the processes and controls they have in place to allow them to achieve their service objectives. These are reviewed by Finance to provide assurance that effective controls were in place.</p>
External Audit	<p>External audit is provided by KPMG. Following the annual audit, they issue an Audit Results Report to the Audit &amp; Governance Committee covering the opinion on the financial statements, value for money and the Whole of Government Accounts submission. The Council takes appropriate action where improvements need to be made.</p>
Internal Audit	<p>Internal Audit is provided by Assurance Lincolnshire Regular reports are provided to the Audit and Governance Committee and the lead auditor attends monthly LT meetings focused on Governance Issues.</p>

5 Update to Significant Governance Issues 2025/26

Action	Lead	Status
Monitoring of 'Identification and Monitoring of savings' (due to limited assurance rating in Q1)	SLT / S151	Revised approach implemented and now being embedded. Ongoing for 26/27
Monitoring of 'Financial Resilience including skills capacity and Management Code compliance'	S151	Reviews undertaken and actions being embedded through 26/27.

6 Combined Assurance Report and Internal Audit Report 2025/26

6.1 The Council’s Combined Assurance Report is a key element of its governance and assurance arrangements. It provides the Senior Leadership & Audit and Governance Committee with better understanding on the assurances across all the Council's critical services, key risks, partnerships, and projects – identifying any areas for greater oversight, improvement, and assurance gaps. Overall, the governance framework remains strong, and the combined assurance work presents a stable and helpful foundation for the coming years’ programme of work.

- Red Assurance – 3%
- Amber Assurance – 32%
- Green Assurance – 65%

6.2 The Internal Audit Annual Report 2025/26 includes an opinion on the overall adequacy of and effectiveness of the Council’s governance, risk, and control framework and therefore the extent to which the Council can rely on it. It is the auditor’s opinion that for 2025/26 “the frameworks of governance, risk and internal controls are adequate, and audit testing has demonstrated controls to be working in practice”.

7 Conclusion

7.1 Having reviewed governance arrangements, the Council believes that its processes and arrangements effectively deliver the key elements of the governance framework and continue to be regarded as fit for purpose. We propose over the coming year to address and/or monitor the actions identified to further enhance our governance arrangements and the understanding of those arrangements where there is any change. We are satisfied this will address the need for improvements that were identified in our review of effectiveness, or manage any significant change, and will monitor their implementations and operation as part of our annual review.

Action	Lead	Timescale
Strengthen and formalise the risk management framework to ensure risks are identified, assessed, and managed consistently across the organization.	Monitoring Officer	March 2027
Improve the timeliness and effectiveness of implementing agreed audit actions by strengthening monitoring and accountability arrangements.	CMT	March 2027

Continue to work towards Local Government Reorganisation with a proactive yet proportionate approach.	SLT	April 26 – March 27
Through the budget process, continue to develop the approach to ensuring long term financial sustainability.	ED Finance	March 27

Rob Barlow, Chief Executive

Cllr Dale Broughton, Leader of the Council

DATE:

DATE:

# Audit and Governance Committee Work Programme 2026–27

Meeting Date	Agenda Items	Report Author
29 June 2026	<ul style="list-style-type: none"> <li>• Q4 Risk Report 2025/2026</li> <li>• Combined Assurance Status Report 2025/26</li>   <li>• Internal Audit Annual Report and Opinion 2025/26</li> <li>• Annual Treasury Report 2025/26</li> <li>• Unaudited Financial Statements 2025/26</li> <li>• Draft Annual Governance Statement (AGS) 2025/26</li> <li>• Committee Work Programme</li> </ul>	<ul style="list-style-type: none"> <li>– Group Manager – Insights and Transformation</li> <li>– Service Director – Legal &amp; Governance (Monitoring Officer)</li> <li>– Internal Audit Manager, LCC</li> <li>– Treasury and Investment Manager, PSPS</li> <li>– Deputy Chief Finance Officer, PSPS</li> <li>– Scrutiny &amp; Policy Officer</li> <li>– Democratic Services Officer</li> </ul>
September 2026	<ul style="list-style-type: none"> <li>• Q1 Risk Report 2026/2027</li> <li>• Q1 Treasury Report 2026/2027</li> <li>• Internal Audit Progress Report 2026/2027</li> <li>• External Auditors Progress Report 2024/2025 (Verbal Update)</li> <li>• Local Code of Corporate Governance</li> <li>• Governance and Audit Committee Self-Assessment Action Plan</li> <li>• Audit and Governance Annual Report 2025</li> <li>• Committee Work Programme</li> </ul>	<ul style="list-style-type: none"> <li>– Group Manager – Insights and Transformation</li> <li>– Treasury and Investment Manager, PSPS</li> <li>– Internal Audit Manager, LCC</li> <li>– External Audit Manager, KPMG</li> <li>– Scrutiny and Policy Officer SELCP</li> <li>– Scrutiny and Policy Officer</li> <li>– Democratic Services Team Leader</li> <li>– Democratic Services Officer</li> </ul>
November 2026	<ul style="list-style-type: none"> <li>• Q2 2 25/26 Risk Report 2025/2026</li> <li>• Treasury Management Mid-Year report 2025/2026</li> <li>• Audited Financial Statements including Annual Governance Statement 2025/2026 (to go to same meeting as External Audit Completion Report below)</li> <li>• External Audit Completion Report 2025/2026 (ISA 260)</li> <li>• External Auditors Annual Report 2025/26</li> <li>• Information Governance Annual Report</li> <li>• Committee Work Programme</li> </ul>	<ul style="list-style-type: none"> <li>– Group Manager – Insights and Transformation</li> <li>– Treasury and Investment Manager, PSPS</li> <li>– Deputy Chief Finance Officer PSPS</li>   <li>– External Audit Manager, KPMG</li> <li>– External Audit Manager, KPMG</li> <li>– Information Manager/Data Protection Manager</li> <li>– Democratic Services Officer</li> </ul>

# Audit and Governance Committee Work Programme 2026–27

Meeting Date	Agenda Items	Report Author
January 2027	<ul style="list-style-type: none"> <li>• Draft Treasury Management Policy and Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2027/2028</li> <li>• Internal Audit Progress Report</li> <li>• Committee Work Programme</li> </ul>	<ul style="list-style-type: none"> <li>– Deputy Chief Finance Officer/Treasury &amp; Investment Manager PSPS</li> <li>– Internal Audit Manager, LCC</li> <li>– Democratic Services Officer</li> </ul>
March 2027	<ul style="list-style-type: none"> <li>• Combined Assurance Status Report 2026/2027</li> <li>• Q3 Risk Report 2025/2026</li> <li>• Draft Internal Audit Plan 2027/2028</li> <li>• Financial Statements – Accounting Policies 2026/2027</li> <li>• Internal Audit Progress Report</li> <li>• Update in respect of RIPA 2000</li> <li>• External Audit Strategy and Planning Report 2026/2027</li> <li>• Q3 Treasury Report 2026/2027</li> <li>• Committee Work Programme</li> </ul>	<ul style="list-style-type: none"> <li>– Monitoring Officer</li> <li>– Group Manager – Insights and Transformation</li> <li>– Internal Audit Manager, LCC</li> <li>– Deputy Chief Finance Officer PSPS</li> <li>– Internal Audit Manager</li> <li>– Assistant Director – Regulatory</li> <li>– KPMG</li> <li>– Treasury and Investment Manager, PSPS</li> <li>– Democratic Services Officer</li> </ul>

**Chairman:** Councillor Barrie Pierpoint  
**Clerk:** Democratic Services Officer

**Vice Chairman:** Councillor James Cantwell