Appendix 1

AUDITED FINANCIAL STATEMENTS

For the Year Ended 31 March 2025

Contents

FINANCIAL STATEMENTS

	Page
Narrative Report	3 – 14
Statement of Responsibilities	15
CORE FINANCIAL STATEMENTS	
Comprehensive Income and Expenditure Statement	16
Movement in Reserves Statement	17 – 18
Balance Sheet	19
Cash Flow Statement	20
Notes to the Accounts	21 – 79
SUPPLEMENTARY FINANCIAL STATEMENTS	
Collection Fund Statement	80
Notes to the Collection Fund Statement	81 – 82
Group Accounts	83 – 88
Glossary of Terms	89 – 93
Annual Governance Statement	94 – 104

NARRATIVE REPORT 2024/25

This report is designed to offer a clear, accessible summary of the Council's financial activities throughout 2024/25. Local government finance can be complex, so our goal is to clarify the key events of the year, explain their financial implications, and present the Financial Statements in a user-friendly format. Together with the Annual Governance Statement and the auditor's report, this document forms part of the Council's overall Financial Report for 2024/25.
Our report is intended for a wide range of stakeholders—members of the public, local residents, council members, partners, and other interested parties—so that you can:

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

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

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

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

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

1. The Statement of Accounts

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

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

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

The primary financial statements include:

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

Supplementary Financial Statements include:

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

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

2. Financial Management and Strategic Investment

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

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

Investment in Technology

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

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

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

Community Partnerships

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

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

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

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

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

1. **Our Borough**

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

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

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

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

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

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

(lower than the national average).

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

2. Boston Borough Council

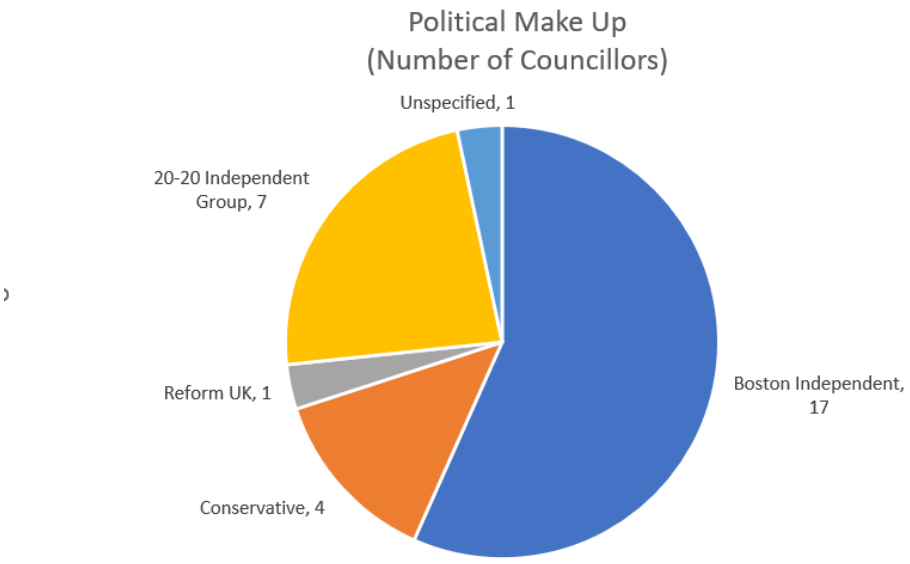
Organisational Structure

The Council is organised into three directorates

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

Political structure

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



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

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

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

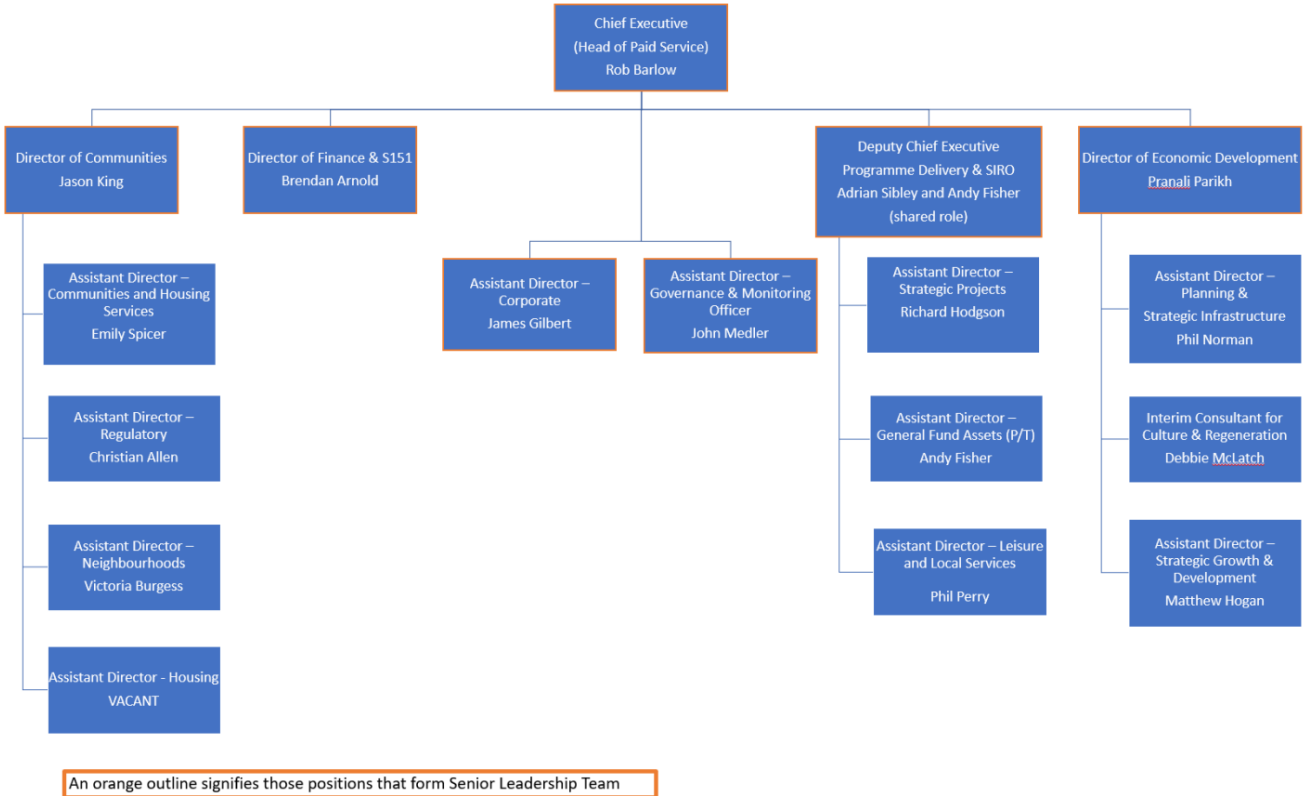
Cabinet Members are held to account by a system of scrutiny and governance assurance, which is also set out in the Constitution. Scrutiny and assurance of Cabinet decisions for 2023/24, including the setting of a balanced budget for 2024/25, has been undertaken by the Overview and Audit and Governance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

Staffing

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

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

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



3. **Council Priorities, Corporate Strategy and Performance**

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

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

The Strategy focuses on four priorities:

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

How Boston Borough Council performed in 2024/25

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

Q1- 74% green, 3% Amber, 10% red.
Q2 – 80% green, 6%, 10% red
Q3 – 75% green, 10% amber, 14% red.

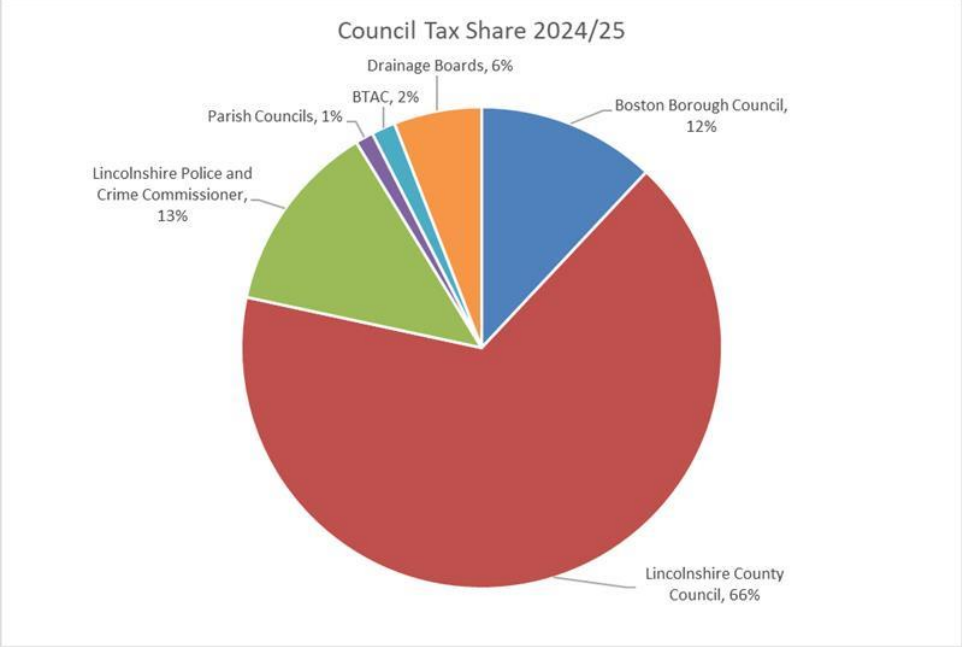
In 2024/25 the Council delivered a range of actions from the Annual Delivery Plan. Initiatives/outcomes included:

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

6. Financial Performance

Council Tax

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



Where the Money Came From

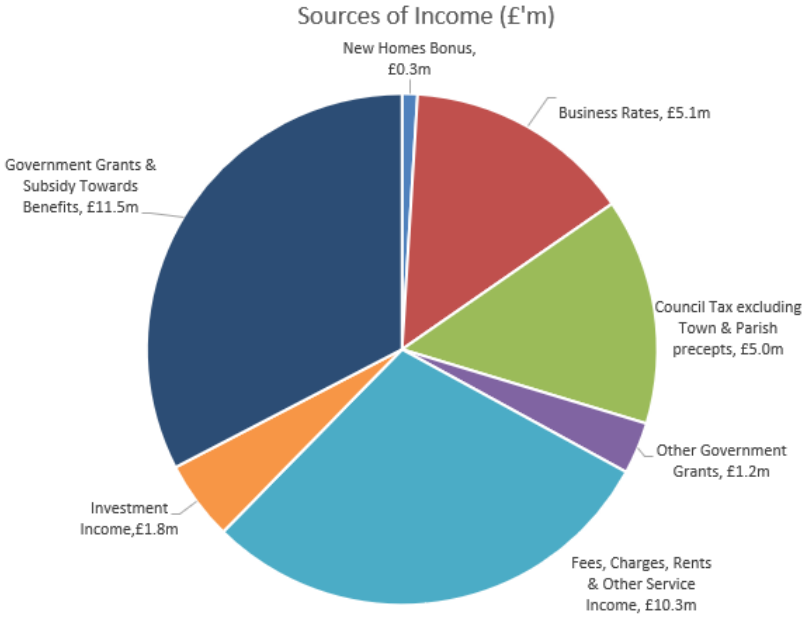
Boston receives income from many sources, as shown in the chart below. Income is received from council tax (received from taxpayers levied by the Council for Boston and Boston Town Area Committee), from Business Rates and Government Grants.

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

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

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

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



How the money was spent

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

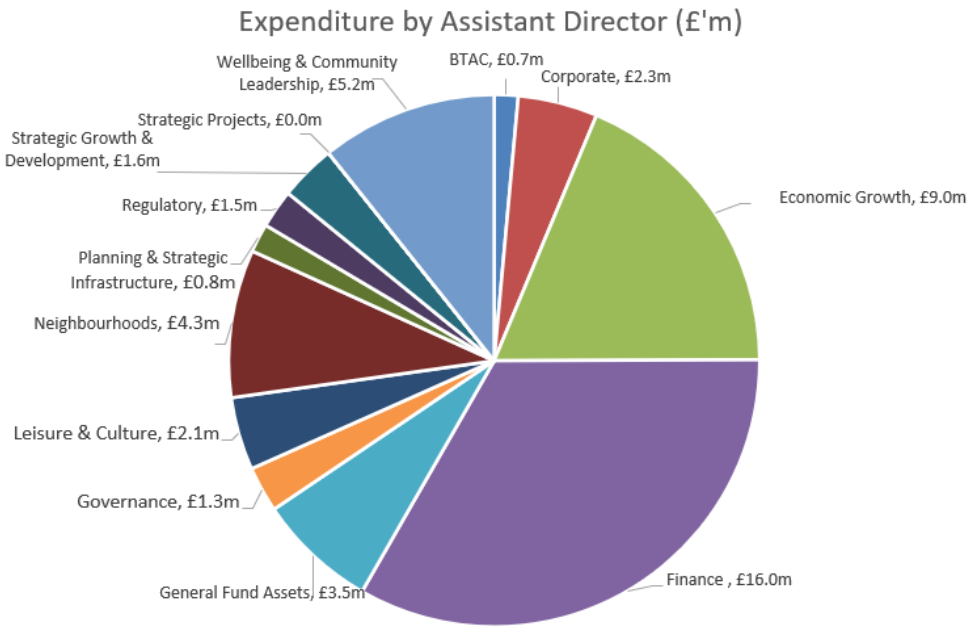
Running expenses and employee expenditure are included as part of the Assistant Director expenditure items.

Running expenses include costs relating to:

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

Employee's expenditure includes costs relating to:

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



Financial performance

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

General Fund

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

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

Capital Financial Performance

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

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

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

Collection Fund financial performance

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

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

Reserves and balances

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

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

*Includes the 2024/25 surplus of £1.015m
**Includes the BTAC 2024/25 surplus of £0.086m

Below is an overview of each reserve:

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

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

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

Pension fund

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

Cash flows

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

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

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

Current economic climate, outlook and risk

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

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

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

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

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

Copy of Summary - All AD Areas 25-26 Estimates Final Version.xlsx

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

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

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

Key Risks

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

Future Opportunities

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

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

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

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

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

STATEMENT OF RESPONSIBILITIES

The Council's Responsibilities

The Council is required to:

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

The Chief Financial Officer's Responsibilities

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

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

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

Certification by the Chief Financial Officer

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

Russell Stone
Director of Finance and S151 Officer

Date:

Approval of the Financial Statements

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

Signed on behalf of Boston Borough Council

Councillor Barrie Pierpoint
Chair of the meeting approving the accounts

Date:

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

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

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

MOVEMENT IN RESERVES STATEMENT

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

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

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

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

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

BALANCE SHEET

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

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

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

CASH FLOW STATEMENT

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

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

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

NOTES TO THE ACCOUNTS

ACCOUNTING POLICIES

1. General Principles

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

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

2. Accruals of Income and Expenditure

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

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

3. Cash and Cash Equivalents

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

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

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

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

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

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

5. Charges to Revenue for Non-Current Assets

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

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

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

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

6. Council Tax and Non-Domestic Rates

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

Accounting for Council Tax and NDR

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

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

7. Employee Benefits

Benefits Payable during Employment

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

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

Termination Benefits

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

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

Post-Employment Benefits

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

The Local Government Pension Scheme

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

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

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

Service Cost comprising*:*

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

Remeasurements comprising:

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

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

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

Discretionary Benefits

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

8. Events after the Reporting Period

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

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

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

9. Financial Instruments

Financial Liabilities

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

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

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

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit or Loss

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

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

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

Financial Assets Measured at Fair Value through Other Comprehensive Income

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

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

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

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

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

10. Government Grants and Contributions

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

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

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

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

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

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

11. Heritage Assets

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

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

Civic Regalia

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

Museum Collection

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

Coins and Medals

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

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

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

Art Collection

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

Silverware, Charters, etc.

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

Archaeology

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

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

Natural History

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

Social History

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

Ethnography

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

Handling/Education

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

Other Ancient Monuments and Heritage Sites in the Boston Area

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

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

Heritage Assets – General

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

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

12. Intangible Assets

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

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

- Computer software and licences – straight-line basis

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

13. Interests in Companies and Other Entities

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

14. Investment Property

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

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

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

15. Leases

The authority as a lessee

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

Initial measurement

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

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

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

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

Subsequent measurement

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

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

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

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

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

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

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

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

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

Lease expenditure

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

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

The authority as lessor

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

Finance leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating leases

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

16. Material Items of Income or Expense

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

17. Overheads and Support Services

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

18. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

Disposals and Non-current Assets held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating income and expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.
If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

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

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

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

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

19. Fair Value Measurement

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

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

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

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

20. Provisions

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

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

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

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

21. Contingent Liabilities

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

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

22. Contingent Assets

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

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

23. Reserves

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

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

24. Revenue Expenditure Funded from Capital under Statute

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

25. Value Added Tax (VAT)

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

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

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

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

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

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

NOTE 3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

- At the time the accounts were authorised for issue, the Council's valuers have provided values for the Council's assets taking into account what was known at the time. The Council's judgement was that there was not enough information to indicate that the assets were impaired and that balance sheet values should be reduced.

- The Council has examined its leases and classified them as either operating leases or finance leases. In some cases, the lease transaction is not always conclusive, and the Council uses judgements in determining whether the lease is a finance lease that transfers substantially all the risks and rewards incidental to ownership. With effect from 2024/25 financial accounts all lessee operational agreements (apart from those of less than 12 months or those of low value assets) are required to be shown on the balance sheet.

- One factor that has had a demonstrable impact on the accounts in the past five years concerns the assumptions surrounding pensions and the likelihood of legislative change and the impact of such change. The sensitivity analysis, shown in note 36, estimates the likely impact of changes to the assumptions used when reporting the pension liability.

- Investments - Investment in banks and other financial institutions are secure and will not suffer impairments. A certain amount of volatility in financial markets was apparent at the time the accounts were authorised for issue and expected credit losses were calculated based on information available at the time.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 5 EVENTS AFTER THE BALANCE SHEET DATE

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

NOTE 6 EXPENDITURE AND FUNDING ANALYSIS

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

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

NOTE 6A – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

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

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

Adjustments for Capital Purposes

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

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

Net Change for the Pensions Adjustments

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

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

Other Adjustments

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

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

NOTE 6B - SEGMENTAL INCOME

Trading Income received on a segmental basis is analysed below:

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

NOTE 7 EXPENDITURE AND INCOME ANALYSED BY NATURE

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

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

NOTE 8 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

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

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

NOTE 9 TRANSFERS TO/FROM EARMARKED RESERVES

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

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

NOTE 10 OTHER OPERATING INCOME AND EXPENDITURE

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

NOTE 11 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

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

NOTE 12 TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

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

NOTE 13 PROPERTY, PLANT AND EQUIPMENT - Movement on Balance

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

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

Depreciation

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

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

Freehold land is not depreciated.

Capital Commitments

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

Effects of Changes in Estimates

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

Revaluations

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

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

NOTE 14 HERITAGE ASSETS

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

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

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

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

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

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

Ancient Monuments and Heritage Sites

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

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

Civic Regalia

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

Museum Collection

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

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

NOTE 15 INVESTMENT PROPERTIES

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

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

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

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

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

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

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

Transfers between Levels of Fair Value Hierarchy

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

Valuation Techniques Used to Determine Level 3 for Investment Properties

Significant Unobservable Inputs – Level 3

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

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

Highest and best use of Investment Properties

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

Valuation Techniques

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

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

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

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

Valuation Process for Investment Properties

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

NOTE 16 INTANGIBLE ASSETS

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

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

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

NOTE 17 FINANCIAL INSTRUMENTS

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

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

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

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

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

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

Fair Value of Financial Assets

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

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

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

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

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

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

Transfers between Levels of the Fair Value Hierarchy

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

Changes in the Valuation Technique

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

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

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

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

The fair values are calculated as follows:

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

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

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

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

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

NOTE 18 DEBTORS

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

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

NOTE 18A – DEBTORS FOR LOCAL TAXATION

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

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

NOTE 19 CASH AND CASH EQUIVALENTS

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

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

NOTE 20 ASSETS HELD FOR SALE

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

NOTE 21 CREDITORS

2023/24 £'000		2024/25 £'000
(1,357)	Trade Payables	(1,470)
(1,747)	Council Tax & NDR Payables	(1,018)
(311)	Other Payables - Central Government	(541)
(1,990)	Other Payables - Other LA's	(1,803)
(60)	Other Payables	(91)
(1,584)	Receipts in Advance	(941)
(7,049)	**Total**	**(5,864)**

NOTE 22 PROVISIONS

	Business Rate Appeals £'000
Balance at 1 April 2024	**(302)**
Additional provisions made in 2024/25	(144)
Amounts used in 2024/25	-
Unused amounts reversed in 2024/25	121
Balance at 31 March 2025	**(325)**

The provision represents Boston's share (40% of £0.813m as at 31 March 2025), of the total provision for appeals against the rateable values set by the Valuation Office Agency (VOA) not settled as at 31 March 2025. The total provision has been recognised in the Collection Fund Statement (page 80). Whilst the expected timing of the outflows is uncertain as the decision on these appeals is made by the Valuation Office Agency, it is assumed these will be settled within the next 12 months.

NOTE 23 USABLE RESERVES

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

NOTE 24 UNUSABLE RESERVES

2023/24 £'000		2024/25 £'000
(22,150)	Revaluation Reserve	(21,715)
(19,404)	Capital Adjustment Account	(24,470)
(5,776)	Financial Instruments Adjustment Account	(5,134)
10,782	Pensions Reserve	10,212
(11)	Deferred Capital Receipts Reserve	(11)
(355)	Collection Fund Adjustment Account	252
56	Accumulated Absences Account	74
(36,858)		**(40,792)**

Revaluation Reserve

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

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

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

2023/24 £'000		2024/25 £'000
(23,083)	**Balance at 1 April**	**(22,150)**
(1,408)	Upward revaluation of assets	(2,423)
909	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	1,627
(499)	**Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services**	**(796)**
1,432	Difference between fair value depreciation and historical cost depreciation	1,231
-	Accumulated gains on de-recognition of assets in year	-
-	Accumulated gain on asset transferred to Investment Properties	-
-	Other changes to accumulated gains	-
1,432	**Amount written off to the Capital Adjustment Account**	**1,231**
(22,150)	**Balance at 31 March**	**(21,715)**

Capital Adjustment Account

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

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

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

2023/24 £'000		2024/25 £'000
(19,915)	**Balance at 1 April**	**(19,404)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
2,785	Charges for depreciation and impairment of non-current assets	2,713
69	Revaluation losses/(reversals) on property, plant and equipment	533
22	Amortisation of intangible assets	13
2,488	Revenue expenditure funded from capital under statute	9,926
1	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	11
5,365		**13,196**
(1,432)	Adjusting amounts written out of the Revaluation Reserve	**(1,231)**
-	Net written out amount of the cost of non-current assets consumed in the year	-
	Capital financing applied in year	
-	Use of Capital Receipts to finance new capital expenditure	-
(3,771)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(14,658)
(150)	Application of grants to capital financing from the Capital Grants Unapplied Account	-
(585)	Provision for financing capital investment charged against the General Fund balance	(232)
(239)	Capital expenditure charged against the General Fund balance	(195)
(4,745)		**(15,085)**
1,374	Movements in the fair value of property funds debited or credited to the Comprehensive Income and Expenditure Statement	**(231)**
	Gain on entry of peppercorn lease credited to the Comprehensive Income and Expenditure Statement	**(723)**
(51)	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	**(992)**
(19,404)	**Balance at 31 March**	**(24,470)**

Financial Instruments Adjustment Account

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

The Council uses the account to manage discounts received on the early redemption of loans. During 2023/24 the Council redeemed £15.449m of PWLB loans and received a discount of £6.417m. Discounts are credited to the Comprehensive Income and Expenditure Statement when they are received but reversed out of the General Fund balance to the account in the Movement in Reserves Statement. Over time, the discount is posted back to the General Fund balance in accordance with statutory arrangements for spreading the benefit to council tax. In the Council's case, this period is 10 years from the date the loans were redeemed. As a result, the balance on the account at 31 March 2025 of £5.134m will be credited to the General Fund over the next 8 years.

2023/24 £'000			2024/25 £'000	
	-	**Balance at 1 April**		**(5,776)**
(6,417)		Discounts received in the year on early repayment of borrowing and credited to the Comprehensive Income and Expenditure Statement	-	
641		Proportion of discounts to be credited against the General Fund balance in accordance with statutory requirements	642	
	(5,776)	Difference between discounts credited to the Comprehensive Income and Expenditure Statement and those charged to the General Fund under statute		642
	(5,776)	**Balance at 31 March**		**(5,134)**

Pensions Reserve

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

2023/24 £'000		2024/25 £'000
9,220	**Balance at 1 April**	**10,782**
2,262	Remeasurement of the net defined benefit liability	285
1,599	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement	1,447
(2,299)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,302)
10,782	**Balance at 31 March**	**10,212**

Collection Fund Adjustment Account

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

2023/24 £'000		2024/25 £'000
373	**Balance at 1 April**	**(355)**
(728)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	607
(355)	**Balance at 31 March**	**252**

Accumulated Absences Account

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

2023/24 £'000		2024/25 £'000
79	**Balance at 1 April**	**56**
(79)	Settlement or cancellation of accrual made at end of the preceding year	(56)
56	Amounts accrued at the end of the current year	74
(23)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**18**
56	**Balance at 31 March**	**74**

Deferred Capital Receipts Reserve

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

2023/24 £'000		2024/25 £'000
(11)	**Balance at 1 April**	**(11)**
-	Transfer to the Capital Receipts Reserve upon receipt of cash	-
(11)	**Balance at 31 March**	**(11)**

NOTE 25 CASH FLOW - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2024/25 £'000	2023/24 £'000
Interest/income received from investments and property fund holdings	2,576	2,566
Interest paid	(170)	(418)

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

	2024/25 £'000	2023/24 £'000
Depreciation	2,714	2,785
Impairments and downward valuations	533	69
Amortisation	13	22
Movement in contract assets IFRS15	-	-
Increase / (decrease) in short term creditors	(1,840)	(1,097)
(Increase) / decrease in short term debtors	(873)	1,388
(Increase) / decrease in inventories	-	-
Movement in pension liability	(855)	(700)
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	12	2
Other non-cash items charged to the net surplus or deficit on the provision of services	(1,926)	1,194
	(2,222)	**3,663**
The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities		
Proceeds from the sale of non-current assets	-	-
Any other items for which the cash effects are investing or financing cash flows	(22,633)	(24,695)
	(22,633)	**(24,695)**

NOTE 26 CASH FLOW - INVESTING ACTIVITIES

	2024/25 £'000	2023/24 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(4,918)	(3,169)
Purchase of short term investments	(32,000)	(23,000)
Purchase of property fund holdings	-	-
Other payments for investing activities	-	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-	-
Proceeds from short term and long term investments	23,000	14,000
Other receipts from investing activities	22,812	24,547
Net cash flows from investing activities	**8,894**	**12,378**

NOTE 27 CASH FLOW - FINANCING ACTIVITIES

	2024/25 £'000	2023/24 £'000
Cash receipts of short and long term borrowing	-	-
Repayments of short and long term borrowing	-	(15,449)
Amounts relating to major preceptors & NNDR	(1,552)	(2,636)
Cash payments for the reduction of outstanding liabilities relating to leases	(77)	-
Net cash flows from financing activities	**(1,629)**	**(18,085)**

NOTE 28 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2024/25 1 April £'000	Financing Cashflows £'000	Non-Cash Changes £'000	2024/25 31 March £'000
Council Tax & NNDR Debtors	(4,808)	-	(1,150)	(5,958)
Council Tax & NNDR Creditors	884	-	(402)	482
Cash payments for the reduction of outstanding liabilities relating to leases	-	(77)	-	(77)
Total Liabilities from Financing Activities	**(3,924)**	**(77)**	**(1,552)**	**(5,553)**

NOTE 29 MEMBERS' ALLOWANCES

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

	31 March 2025 £'000	31 March 2024 £'000
Allowances	363	271
Expenses	4	5
Total	**367**	**276**

NOTE 30 OFFICERS' REMUNERATION

a. Senior Officers Remuneration

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

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

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

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

2023/24 Job Title	Salary, fees, and allowances £	Expenses Allowances £	Pension Contribution £	Severance Payments £	Total £	BBC Costs Only £
*Chief Executive Officer	142,162	237	35,164	-	**177,563**	**40,839**
Deputy Chief Executive (Growth) (to 10/09/23)	53,080	5,855	11,322	-	**70,257**	**16,159**
*Deputy Chief Executive (Programme Delivery & SIRO)	119,747	-	27,962	-	**147,709**	**33,973**
*Deputy Chief Executive (Corporate Development & S151)	130,697	1,170	29,141	-	**161,008**	**37,032**
*Deputy Chief Executive (Communities)	124,905	-	29,141	-	**154,046**	**35,431**
*Assistant Director (Governance and MO)	87,737	612	20,365	-	**108,714**	**25,004**

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

Costs relating to the Interim Director of Finance, who commenced in March 2025, totalled £22,848, of which Boston Borough Council contributed £5,255.

b. Employees by remuneration band

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

Remuneration band	2024/25	2023/24
£50,000-£54,999	3	6
£55,000-£59,999	1	3
£60,000-£64,999	1	-
£65,000-£69,999	-	-
£70,000-£74,999	-	1
£75,000-£79,999	-	-
£80,000-£84,999	1	-
£85,000-£89,999	-	-
£90,000-£94,999	-	3
£95,000-£99,999	-	-
£100,000-£104,999	2	-

c. Exit packages

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

The total cost of £24,848 in the table below for exit packages has been charged to the Council's Comprehensive Income and Expenditure Statement in the current year.

Exit Package cost band (including special payments)	Number of Compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
£0 - £20,000	7	-	3	7	10	7	24,848	18,426
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
Total cost included in bandings	**7**	**-**	**3**	**7**	**10**	**7**	**24,848**	**18,426**
Total cost included in CIES	**7**	**-**	**3**	**7**	**10**	**7**	**24,848**	**18,426**

NOTE 31 EXTERNAL AUDIT COSTS

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

	2024/25 £'000	2023/24 £'000
Statutory Audit Services		
Fees payable to KPMG LLP with regard to external audit services carried out by the appointed auditor for the year	153	131
Fees payable to KPMG LLP with regard to external audit services carried out by the appointed auditor for the prior year	26	-
Fees payable to KPMG LLP with regard to certification of grants and claims	45	-
Total	**224**	**131**

NOTE 32 GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2024/25.

	2024/25 £'000	2023/24 £'000
Credited to Taxation and Non-Specific Grant Income and Expenditure		
Revenue Support Grant	(461)	(433)
S31 Grant – Business Rate Grant	(2,678)	(2,591)
New Homes Bonus Scheme Grant	(343)	(288)
Other non-specific grants	(693)	(674)
Grants and contributions in relation to capital expenditure	(22,633)	(14,057)
	(26,808)	**(18,043)**
Credited to Services		
Housing Benefit Subsidy	(11,488)	(11,711)
Housing Benefits and Council Tax Administration Grant	(159)	(163)
Discretionary Housing Payment	(75)	(74)
Disabled Facilities Grant	-	(688)
Dispersal Grant	(325)	-
Towns Fund	(48)	(9,826)
Levelling Up	(332)	(781)
Boston Partnership Funding	(240)	-
UKSPF	(1,047)	(772)
Other	(2,944)	(2,414)
	(16,658)	**(26,429)**
Total of all Grants and Contributions	**(43,466)**	**(44,472)**
Of which, received from Central Government		
Central Government	(42,707)	(43,141)

NOTE 33 – RELATED PARTIES

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

Central Government

UK Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g., housing benefits).
Details of material transactions with Central Government are shown below. 2023/24 comparators shown in brackets.

• Funding from Government	Note 32	£42.707m	(£43.141m)
• Non-Domestic Rates Share Payable	Collection Fund	£10.138m	(£9.572m)
• Debtors	Note 18	£2.315m	(£1.178m)
• Creditors	Note 21	£0.541m	(£0.311m)

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in Note 29. During 2024/25, a number of Members were also Directors of Public Sector Partnership Services, or were elected members of Lincolnshire County Council. Payments to Lincolnshire County Council, including Collection Fund precept payments, totalled £40,102,597 in 2024/25 (£37,972,840 in 2023/24) and receipts totalled £140,707 in 2024/25 (£116,282 in 2023/24). The net balance owing to the Council from Lincolnshire County Council at 31 March 2025 was £94,391 (£69,586 in 2023/24).

Twelve members declared interest in organisations which transacted with the Council in 2024/25 for the purchase or supply of goods and services, being board members of voluntary organisations which are supported with grants or contributions from the Council, their business received grants from the Council, being employees of organisations that transact with the Council, being board members of organisations who are precepting bodies, or undertaking charitable activities which have been supported by the Council. The Council has chosen not to disclose these transactions as they are below £10k and are therefore deemed to be immaterial.

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

- payments totalling £59k to Boston Woods Trust
- payments of £21k to The Parish of Boston
- payments of £213k to Heritage Lincolnshire

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

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

Management Team Officers

Management Team Officers have a requirement to declare their interests in associated companies and organisations in the year. In 2024/25, a number of Officers were also directors of Public Sector Partnership Services Board Member and held roles within Local Community Associations.

Other Public Bodies

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

In 2024/25, Boston Borough Council were charged by South Holland District Council £364,924 and by East Lindsey District Council £874,598 for their share of these posts. Boston Borough received income of £335,272 from South Holland District Council and £679,216 from East Lindsey District Council for the share of the costs it incurred in the year.

The Council has a Jointly Controlled Operation with South Holland District Council and Lincolnshire County Council, called the Joint Strategic Planning Committee for South East Lincolnshire. It exists to produce a Joint Local Development Plan where each Council agreed 50/50 matching for all relevant costs. This resulted in the value to be shared of £24,742 (£33,819 in 2023/24).

The Council works together with East Lindsey District Council whereby some refuse services are delivered by Boston Borough Council within the East Lindsey area using a shared resource. During 2024/25 the Council received £448,831 (£451,931 in 2023/24) in respect of this sharing arrangement.

Pension Fund – The Council paid an employer's contribution of £2.302m into Lincolnshire County Council's Superannuation Fund (£2.299m in 2023/24). Under the requirements of IAS19 the actuarial estimate shows a contribution of £2.422m payable in 2025/26. The fund provides its members with defined benefits related to pay and service. Full disclosure on Retirement Benefits is shown in Note 36.

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

The payments to internal drainage boards and parish and town councils is included in Other Operating Expenditure in Note 10 and was £3.404m in 2024/25 (£3.008m in 2023/24).

Entities Controlled or Significantly Influenced by the Council

Public Sector Partnership Services (formerly Compass Point Business Services)
Joint merged service organisation arrangements for the shared provision of a number of back office services with South Holland District Council and East Lindsey District Council were implemented with effect from 1 August 2010, delivered through Public Sector Partnership Services Ltd (PSPS, formerly Compass Point Business Services (CPBS) (East Coast) Ltd). The company added a further shareholder on 1 April 2021 in Boston Borough Council, and the Council accounts for this as an associate within the Group Accounts from 2021/22. The net balance outstanding between the Council and the Company at the 31 March 2025 was £52,983 (£4,776 in 2023/24).

Two officers and two councillors were directors of PSPS Ltd during the year. During 2024/25 payments totalling £4.693m were paid to PSPS (£4.251m 2023/24), and receipts from PSPS were £103,366 (nil in 2023/24).

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

NOTE 34 CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2024/25 £'000	2023/24 £'000
Opening Capital Financing Requirement	**18,405**	**17,211**
Capital Investment		
Property, Plant and Equipment	5,144	3,452
Investment properties	-	-
Intangibles	-	-
Revenue Expenditure Funded from Capital under Statute	9,926	2,487
Leases	187	-
Sources of finance		
Government grants and other contributions	(14,658)	(3,921)
Direct revenue contributions	(195)	(239)
Minimum Revenue Provision	(154)	(585)
Minimum Revenue Provision – Leases	(78)	-
Closing Capital Financing Requirement	**18,577**	**18,405**
Explanation of movements in year		
(Decrease)/increase in underlying need to borrow	404	1,779
(Unsupported by government financial assistance)	(232)	(585)
(Decrease)increase in the Capital Financing Requirement	**172**	**1,194**

NOTE 35 LEASES

In 2024/25, the Authority has applied IFRS 16 Leases as adopted by the Code of Accounting Practice. The main impact of the new requirements is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as liability), a right-of-use asset and a lease liability are to be brought into the balance sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2024 are exempt from the new arrangements.

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

Definition of a lease

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

The Council as a Lessee

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

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

Leases classified as operating leases under IAS 17

The Authority used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Authority's incremental borrowing rate at that date
- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics
- The weighted average of the incremental borrowing rates used to discount liabilities was 5.23%
- Right-of use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded
- All leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 balance sheet
- For right-of-use assets for peppercorn or nominal lease payments a right-of use asset has been recognised at fair value on 1 April 2024 with the between that fair value and the lease liability credited as a gain in the surplus/deficit on the provision of services.

The Council did not previously disclose in 2023/24 leases where they were a lessee, therefore application of the Code's adaptation of IFRS16 has not resulted in additions to the balance sheet at 1 April 2024.

Leases classified as finance leases under IAS 17

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 April 2024 are determined at the carrying amount of the lease asset and lease liability under IAS 17 at 31 March 2024.

The Council as a Lessor

The Authority is not required to make any adjustment on transition to IFRS 16 for leases in which it acts as a lessor, except for authorities acting as an intermediate lessor (subletting an asset it has acquired under a lease), or where the Authority is party to a lease for nil consideration.

- Subleases have been reassessed at 1 April 2024 under IFRS 16 with reference to the right-of-use asset, not the underlying asset, over the remaining contractual terms and conditions of the headlease and sublease at that date.
- Where a sublease has changed classification from an operating lease to a finance lease, the sublease is accounted for as if it were a new finance lease entered into on 1 April 2024.

The Authority was not party to any sublease arrangements as lessor as at 1 April 2024.

Sale-and-leaseback

The Authority did not have any Sale and Leaseback transactions as at 1 April 2024.

The Council as a Lessee

Right of Use Assets

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

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

	Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Total £'000
Balance at 1 April 2024	-	-	-
Additions	831	79	910
Revaluations	-	-	-
Depreciation and Amortisation	(24)	(64)	(88)
Disposals	-	-	-
Balance at 31 March 2025	**807**	**15**	**822**

Transactions under leases

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

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

Maturity analysis of lease liabilities

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

	2024/25 £'000
Less than one year	42
One to five years	76
More than five years	-
Total undiscounted liabilities	**118**

Council as Lessor – Operating Leases

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

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

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

	31 March 2025 £'000	31 March 2024 £'000
Not later than 1 year	528	542
Later than 1 year and not later than 5 years	687	953
Later than 5 years	276	283
	1,491	**1,778**

In addition, the Council received £85,000 as a charge for office space (£85,000 in 2023/24) from Public Sector Partnership Services (formerly Compass Point Business Services (East Coast) Ltd) in respect of the usage of office space only. No formal long term arrangement currently exists.

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

NOTE 36 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

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

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

The Lincolnshire pension scheme is operated under the regulatory framework for the Local Government Pension

Scheme and the governance of the scheme is the responsibility of the pensions committee of Lincolnshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

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

Discretionary Post-retirement Benefits

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

Transactions Relating to Post-employment Benefits

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

	Local Government Pension Scheme	
	2024/25 £'000	2023/24 £'000
Comprehensive Income and Expenditure Statement		
Cost of services:		
Service cost comprising:		
Current service cost	927	1,164
Past service cost (including curtailments)	76	-
Administration Expenses	57	47
Financing and investment income and expenditure		
Net interest expense	387	388
Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services	**1,447**	**1,599**
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement		
Re-measurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	766	(2,959)
Other actuarial gains/(losses) on assets	-	-
Changes in Demographic Assumptions	(179)	(990)
Actuarial (gains) and losses arising on changes in financial assumptions	(8,073)	(988)
Other Experience	(154)	206
Changes in effect of asset ceiling	7,925	6,993
Total remeasurements recognised in Other Comprehensive Income and Expenditure	**285**	**2,262**
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	**1,732**	**3,861**
Movement in Reserves Statement		
Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	855	700
Actual amount charged against the General Fund Balance for pensions in the year		
Employer's contributions payable to the Scheme	2,302	2,299

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme	
	2024/25 £'000	2023/24 £'000
Present value of the defined benefit obligation	(57,947)	(65,558)
Fair value of plan assets	63,505	62,342
Impact on asset ceiling	(15,276)	(6,993)
Sub total	**(9,718)**	**(10,209)**
Present value of the unfunded liabilities	(494)	(573)
Net liability arising from defined benefit obligation	**(10,212)**	**(10,782)**

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

	Local Government Pension Scheme	
	2024/25 £'000	2023/24 £'000
Opening fair value of scheme assets	**62,342**	**57,054**
Interest income	3,162	2,730
Settlement prices received/ (paid)	-	-
Other actuarial gains/(losses)	-	-
Remeasurement gain / (loss):		
The return on plan assets, excluding the amount included in the net interest expense	(766)	2,959
Contributions from employer	2,229	2,230
Contributions in respect of unfunded benefits	73	69
Contributions from employees into the scheme	550	433
Admin expenses (on current service cost)	(57)	(47)
Benefits paid	(4,028)	(3,086)
Closing fair value of scheme assets	**63,505**	**62,342**

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

	Local Government Pension Scheme	
	2024/25 £'000	2023/24 £'000
Opening balance at 1 April	**(66,131)**	**(66,274)**
Current service cost	(927)	(1,164)
Past service cost	(76)	-
Interest cost	(3,191)	(3,118)
Contributions by scheme participants	(550)	(433)
Remeasurement gains / losses:		
Changes in demographic assumptions	179	990
Actuarial gains / losses arising from changes in financial assumptions	8,073	988
Other experience	154	(206)
Effect of Settlements		
Benefits paid	4,028	3,086
Closing balance at 31 March	**(58,441)**	**(66,131)**

Reconciliation of Asset Ceiling

	Local Government Pension Scheme 2024/25 £'000	2023/24 £'000
Opening Balance at 1 April	6,993	-
Interest on impact of asset ceiling	358	-
Actuarial losses/(gains)	7,925	6,993
Closing Balance at 31 March	**15,276**	**6,993**

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

- There is no prospect of the Council having an unconditional right to a refund of surplus on the basis that such a payment would be at the discretion of the Fund.
- The Council is a scheduled body and assumed to participate indefinitely.
- Primary contributions are considered to be a minimum funding requirement (MFR)
- The MFR exceeds the current cost of accrual and so the potential economic benefit from future contributions reductions is nil. Therefore the surplus is restricted to nil.

Local Government Pension Scheme assets comprised:

	2024/25				2023/24			
	Quoted prices in active markets £'000	% of total assets	Quoted prices not in active markets £'000	% of total assets	Quoted prices in active markets £'000	% of total assets	Quoted prices not in active markets £'000	% of total assets
Cash and Cash Equivalents	1,905	3%	-	-	1,870	3%	-	-
Equity Instruments								
UK	5,080	8%	-	-	4,987	8%	-	-
Overseas	25,402	40%	-	-	26,184	42%	-	-
Debt Securities								
Corporate Bonds - UK	8,256	13%	-	-	7,481	12%	-	-
Corporate Bonds - Overseas	-	-	-	-	-	-	-	-
Fixed Interest Government - UK	-	-	-	-	-	-	-	-
Fixed Interest Government – Overseas	-	-	-	-	-	-	-	-
Index Linked Government - UK	-	-	-	-	-	-	-	-
Index Linked Government – Overseas	-	-	-	-	-	-	-	-
Property	3,175	5%	1,270	2%	3,117	5%	1,247	2%
Private equity	-	-	4,445	7%	-	-	4,364	7%
Others								
Hedge Fund	-	-	3,810	6%	-	-	3,741	6%
Infrastructure	-	-	3,176	5%	-	-	2,494	4%
Bonds	-	-	-	-	-	-	-	-
Commodities	-	-	-	-	-	-	-	-
Credit Diversified Income	6,351	10%	-	-	6,234	10%	-	-
Other Diversified Alternatives	-	-	-	-	-	-	-	-
Private Debt	-	-	635	1%	-	-	623	1%
Forward Currency Contracts	-	-	-	-	-	-	-	-
Net Current Assets – Debtors	-	-	-	-	-	-	-	-
Total Assets	**50,169**	**79%**	**13,336**	**21%**	**49,873**	**80%**	**12,469**	**20%**

Basis for Estimating Assets and Liabilities

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

The financial assumptions have been set with consideration of the duration of the Employer's past service liabilities, estimated to be 14 years.

The Local Government Pension Scheme liabilities have been estimated by Barnett Waddingham, an independent firm of actuaries, estimates for the Lincolnshire Pension Fund being based on the latest full valuation of the scheme as at 31 March 2022. The next actuarial valuation of the Fund will be carried out as at 31 March 2025.

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

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2024/25 £'000	2023/24 £'000
Mortality assumptions:		
Longevity at 65 for current pensioners (years):		
Men	19.5	19.5
Women	22.7	22.7
Longevity at 65 for future pensioners (years):		
Men	20.8	20.8
Women	24.1	24.1
Rate of inflation (RPI)	3.20%	3.25%
Rate of increase in salaries	3.90%	3.90%
Rate of increase in pensions	2.90%	2.90%
Rate for discounting scheme liabilities	5.80%	4.90%

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

	Impact on the Defined Benefit Obligation in the Scheme	
	Present Value of Obligation £'000	Projected Service Cost £'000
0.1% decrease in Discount Rate	59,205	851
0.1% increase in the Salary Increase Rate	58,498	820
0.1% increase in the Pension Increase Rate	59,169	852
1 year increase in life expectancy obligation	60,977	852

Impact on the Council's Cash Flows

The contributions paid by the Council are set by the Fund Actuary at each triennial actuarial valuation, the most recent being 31 March 2022. The employer's contribution rate, over the period to 31 March 2024, has been stabilised. The stabilisation is for employer contribution rates to increase at 1.25% p.a. from the 2020/21 level.

Employer contributions payable to the scheme in 2025/26 are estimated to be £2.422m

Other Considerations

Virgin Media Ltd vs NTL Trustees On 25 July 2024, the Court of Appeal dismissed the appeal in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others. The appeal was brought by Virgin Media Ltd against aspects of the High Court's ruling handed down in June 2023 relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. On 2 September 2025, the Government published draft amendments to the Pensions Scheme Bill which would give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The draft legislation will need to be agreed by both Houses of Parliament before it passes into law. Following the publication of draft legislation, we do not now expect the ruling to give rise to any additional liabilities.

NOTE 37 CONTINGENT LIABILITIES

At 31 March 2025 the Council has identified no material contingent liabilities.

NOTE 38 CONTINGENT ASSETS

At 31 March 2025 the Council has identified no material contingent assets.

NOTE 39 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

Overall procedures for managing risk

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

Credit Risk

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

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

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

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

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

The full Investment Strategy for 2024/25 was approved by Full Council on 3 March 2024 and is available on the Council's website together with the Council's Capital Strategy. Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The following analysis summarises the Council's maximum exposure to credit risk as at 31 March 2025. The table (composite defaults from Fitch & Moody's and Standard & Poor's) gives details of global corporate finance average cumulative default rates for the period to December 2024. Defaults shown are by long term rating category on investments out to one year, which were the most commonly held investments during the year.

	Credit Risk Rating %	Gross Carrying Amount £'000	Potential Credit Risk £'000
Local Authorities	0.00	26,350	-
'A' rated counterparty	0.05	6,259	3
Total		**32,609**	**3**

The Council maintains strict credit criteria for investment counterparties. As a result of these high credit criteria, we have maintained historical default rates as a good indicator under these current conditions. There was a minor breach of the Council's Money Market Fund credit limit but this was rectified the following day. The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

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

	Amount at 31 March 2025 £'000	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2025 %	Estimated maximum exposure to default and uncollectability at 31 March 2025 £'000	Estimated maximum exposure 31/03/2024 £'000
Customers	714	11.99	11.99	86	9

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

	31 March 2025 £'000	31 March 2024 £'000
Less than three months	466	566
Three months to one year	38	367
More than one year	210	371
	714	**1,304**

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

Liquidity risk

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

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

The Council's borrowings on 31 March 2025 consisted of a loan totalling £1m repayable in 2051. Short term liquidity is managed through the investment portfolio.

Refinancing and Maturity risk

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

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

Interest rate risk

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

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

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

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

According to this assessment strategy, at 31 March 2025, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	292
Impact on Surplus or deficit on the Provision of Services	**292**

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

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

However, it does have a shareholding in Public Sector Partnership Services, a joint venture with South Holland District Council and East Lindsey District Council. These shares have been elected/classified as Fair Value through

Other Comprehensive Income, meaning that all movements in price will impact on gains and losses recognised in the Financial Instruments Revaluation Reserve.

The Council held £15.005m in property funds at the start of the financial year which are classified as 'fair value through profit and loss', meaning that all movements in price will impact on gains and losses recognised with the cost of services with the Comprehensive Income and Expenditure Statement, with the statutory override currently providing an opposite entry in the Capital Adjustment Account. A general shift of 5% in the general price of units (positive or negative) would therefore result in a £750k gain or loss being reflected in these statements for 2024/25.

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

COLLECTION FUND STATEMENT

2023/24 Council Tax £'000	2023/24 NNDR £'000	2023/24 Total £'000		2024/25 Council Tax £'000	2024/25 NNDR £'000	2024/25 Total £'000
			Income			
(42,257)	-	(42,257)	Council Tax (Note 2)	(44,499)	-	(44,499)
-	(18,050)	(18,050)	Business Rates (Note 3)	-	(19,937)	(19,937)
-	(1,202)	(1,202)	Transitional Protection Payments		(385)	(385)
			Contributions towards previous year's Collection fund deficit			
-	(923)	(923)	Central Government	-	-	-
(28)	(739)	(767)	Boston Borough Council	(53)	-	(53)
(153)	(185)	(338)	Lincolnshire County Council	(289)	-	(289)
(30)	-	(30)	Police and Crime Commissioner for Lincolnshire	(56)	-	(56)
(42,468)	**(21,099)**	**(63,567)**	**Total Income**	**(44,897)**	**(20,322)**	**(65,219)**
			Expenditure			
			Precepts, demands and shares			
-	9,572	9,572	Central Government	-	10,138	10,138
5,532	7,658	13,190	Boston Borough Council	5,735	8,110	13,845
30,485	1,915	32,400	Lincolnshire County Council	32,051	2,028	34,079
5,905	-	5,905	Police and Crime Commissioner for Lincolnshire	6,175	-	6,175
			Impairment of debts/appeals			
764	252	1,016	Increase in allowance for impairment	1,369	408	1,777
-	(323)	(323)	Increase/(decrease) in provision for appeals	-	58	58
-	91	91	Cost of Collection Allowance	-	91	91
-	222	222	Renewable Energy	-	222	222
-	-	-	Transitional Protection Payments	-	-	-
			Contributions towards previous year's Collection fund surplus			
-	-	-	Central Government	-	277	277
-	-	-	Boston Borough Council	-	221	221
-	-	-	Lincolnshire County Council	-	55	55
-	-	-	Police and Crime Commissioner for Lincolnshire	-	-	-
42,686	**19,387**	**62,073**	**Total Expenditure**	**45,330**	**21,608**	**66,938**
218	**(1,712)**	**(1,494)**	**(Surplus)/Deficit arising during year**	**433**	**1,286**	**1,719**
235	**760**	**995**	**(Surplus)/Deficit at beginning of year**	**453**	**(952)**	**(499)**
453	**(952)**	**(499)**	**(Surplus)/Deficit at end of year**	**886**	**334**	**1,220**

NOTES TO THE COLLECTION FUND STATEMENT

NOTE 1 PURPOSE OF COLLECTION FUND STATEMENT

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

NOTE 2 COUNCIL TAX INCOME

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

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

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

Band	No. of properties on Valuation List	Chargeable Dwellings	Ratio	Band D Equivalent
A (with Disabled Relief)		23	5/9	13
A	15,407	11,282	6/9	7,521
B	6,510	5,786	7/9	4,500
C	6,196	5,504	8/9	4,892
D	2,339	2,344	9/9	2,344
E	863	808	11/9	988
F	232	225	13/9	325
G	81	74	15/9	123
H	16	8	18/9	16
Band D Equivalents				**20,722**
Allowance for Non collection (2.01%)				**(420)**
District Tax Base				**20,302**

The basic level of council tax for a band D property, including the average parish element, was £2,165.35 (£2,067.74 in 2023/24). To calculate the charge payable for a specific property, the appropriate parish Band D charge is added to the basic level and then multiplied by the relevant factor for the band assigned to the property.

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

Under the arrangements for non-domestic rates, the Council collects rates for its area based on local rateable values (determined by the Valuation Office Agency, an executive agency of HM Revenue and Customs) multiplied by the multiplier (determined by the Government). For 2024/25 there are two multipliers, the non-domestic rating multiplier of 54.6p and the small business non-domestic rating multiplier of 49.9p.

The Council's total Non-Domestic Rates Rateable Value at 31 March 2025 was £55.715m (£55.868m at 31 March 2024).

NOTE 4 NON-DOMESTIC RATES PROVISION FOR APPEALS

The Collection Fund provides for a provision for appeals against the Rateable Value set by the Valuation Office Agency (VOA) not settled at 31 March 2025.

	Business Rate Appeals	
	£'000	£'000
Balance at 1 April 2024		**(755)**
Amounts used/reversed in 2024/25	301	
Additional Provisions made in 2024/25	(359)	
Increase in Provision		(58)
Balance at 31 March 2025		**(813)**
Boston Share (40%)		**325**

NOTE 5 COLLECTION FUND

As at 31 March 2025, the deficit on the Collection Fund is £1.220m (£0.499m surplus at 31 March 2024). The Council Tax surplus is apportioned to the relevant precepting bodies based on the following year's Council Tax requirement. Non Domestic Rates surplus/deficit is apportioned to Central Government (50%), Boston Borough (40%), and Lincolnshire County Council (10%).

	2024/25		2023/24	
	Council Tax	NNDR	Council Tax	NNDR
	£'000	£'000	£'000	£'000
Central Government	-	167	-	(476)
Boston Borough Council	118	134	59	(381)
Lincolnshire County Council	640	33	330	(95)
Lincolnshire Police and Crime Commissioner	128	-	64	-
(Surplus)/Deficit	**886**	**334**	**453**	**(952)**

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2023/24 Gross Expenditure £'000	2023/24 Gross Income £'000	2023/24 Net Expenditure £'000		2024/25 Gross Expenditure £'000	2024/25 Gross Income £'000	2024/25 Net Expenditure £'000
3,609	(2,452)	1,157	General Fund Assets	3,512	(2,423)	1,089
15,825	(13,570)	2,255	Finance	16,036	(13,490)	2,546
1,238	(1,003)	235	Economic Growth	8,962	(1,020)	7,942
1,000	(121)	879	Governance	1,336	(496)	840
4,384	(3,096)	1,288	Wellbeing and Community Leadership	5,157	(2,713)	2,444
2,612	(923)	1,689	Leisure and Culture	2,128	(610)	1,518
2,040	(179)	1,861	Corporate	2,331	(491)	1,840
4,112	(1,749)	2,363	Neighbourhoods	4,320	(2,036)	2,284
762	(662)	100	Planning and Strategic Infrastructure	839	(1,937)	(1,098)
1,549	(555)	994	Regulatory	1,125	(684)	441
775	(757)	18	Strategic Growth and Development	1,646	(1,048)	598
1,139	(9,826)	(8,687)	Strategic Projects	-	-	-
1,013	(85)	928	BTAC	725	(56)	669
40,058	**(34,978)**	**5,080**	**Cost of Services**	**48,117**	**(27,004)**	**21,113**
3,008	-	3,008	Other operating expenditure	3,415	(5)	3,410
5,651	(13,265)	(7,614)	Financing and investment income and expenditure	4,065	(7,786)	(3,721)
5,486	(31,366)	(25,880)	Taxation and non-specific grant income and expenditure	5,675	(41,215)	(35,540)
54,203	**(79,609)**	**(25,406)**	**(Surplus)/Deficit on the Provision of Services**	**61,272**	**(76,010)**	**(14,738)**
-	-	-	Excess of fair value of net assets over the cost of investments of associates	-	-	-
-	34	34	Share of the (Surplus)/Deficit on the provision of services by associates	-	(142)	(142)
(2)	-	(2)	Tax expenses of associates and subsidiaries	23	-	23
54,201	**(79,575)**	**(25,374)**	**Group (Surplus)/Deficit on the Provision of Services**	**61,295**	**(76,152)**	**(14,857)**
		(499)	Surplus on revaluation of property, plant and equipment assets			(797)
		2,262	Remeasurements of the net defined benefit liability			285
		1,763	**Other Comprehensive Income and Expenditure**			**(512)**
		(23,611)	**Total Comprehensive Income and Expenditure**			**(15,369)**

GROUP MOVEMENT IN RESERVES STATEMENT

2024/25	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Boston Town Area Committee £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	Authority Share of Reserves of Associates £'000	Total Council Reserves £'000
Balance at 31 March 2024	**2,000**	**13,794**	**275**	**26,371**	**207**	**42,647**	**36,858**	**79,505**	**170**	**79,675**
Movement in Reserves during 2024/25										
Total comprehensive income and expenditure	14,738	-	-	-	-	14,738	512	15,250	119	15,369
Adjustments between accounting basis and funding basis under regulations	(11,396)	-	-	7,974	-	(3,422)	3,422	-	-	-
(Increase)/decrease for year	**3,342**	**-**	**-**	**7,974**	**-**	**11,316**	**3,934**	**15,250**	**119**	**15,369**
Transfer to/(from) earmarked reserves	(3,256)	3,256	-	-	-	-	-	-	-	-
Transfer to/(from) other reserves	(86)		-	-	86	-	-	-	-	-
Balance at 31 March 2025	**2,000**	**17,050**	**275**	**34,345**	**293**	**53,963**	**40,792**	**94,755**	**289**	**95,044**

2023/24	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Boston Town Area Committee	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority Share of Reserves of Associates	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023	**2,000**	**14,325**	**275**	**5,597**	**328**	**22,525**	**33,337**	**55,862**	**219**	**56,081**
Movement in Reserves during 2023/24										
Total comprehensive income and expenditure	25,406	-	-	-	-	25,406	(1,763)	23,643	(32)	23,611
Adjustments between accounting basis and funding basis under regulations	(26,058)	-	-	20,774	-	(5,284)	5,284	-	-	-
(Increase)/decrease for year	**(652)**	**-**	**-**	**20,774**	**-**	**20,122**	**3,521**	**23,643**	**(32)**	**23,611**
Transfer to/(from) earmarked reserves	531	(531)	-	-	-	-	-	-	-	-
Transfer to/(from) other reserves	121	-	-	-	(121)	-	-	-	-	-
Balance at 31 March 2024	**2,000**	**13,794**	**275**	**26,371**	**207**	**42,647**	**36,858**	**79,505**	**187**	**79,692**

GROUP BALANCE SHEET

31 March 2023 £'000		31 March 2025 £'000
38,668	Property, plant and equipment	46,905
-	Right of use assets	822
1,569	Heritage assets	1,569
4,679	Investment property	5,671
39	Intangible assets	26
15,005	Long-term investments	15,237
14	Long-term debtors	14
187	Investment in associates	289
60,161	**Long-term Assets**	**70,533**
23,829	Short-term investments	32,702
-	Assets Held for Sale	-
10,457	Short-term debtors	12,428
5,730	Cash and cash equivalents	2,879
40,016	**Current Assets**	**48,009**
-	Short-term borrowing	-
(7,049)	Short-term creditors	(5,864)
-	Short term lease liabilities	(37)
(302)	Provisions	(325)
-	Cash and Cash Equivalents – bank overdraft	-
(7,351)	**Current Liabilities**	**(6,226)**
(1,000)	Long-term borrowing	(1,000)
-	Long term lease liabilities	(71)
(12,134)	Other long-term liabilities	(10,733)
(13,144)	**Long-term Liabilities**	**(11,804)**
79,692	**Net assets**	**100,522**
43,184	Usable reserves	54,602
36,508	Unusable reserves	45,910
79,692	**Total Reserves**	**100,522**

GROUP CASH FLOW STATEMENT

2023/24 £000	2023/24 £000		2024/25 £000	2024/25 £000
	25,406	Net surplus on the provision of services		14,738
3,703		Adjustments to net surplus or deficit on the provision of services for non-cash movements	(2,222)	
(24,695)	(20,992)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(22,633)	(24,855)
	4,414	Net cash flows from Operating Activities		(10,117)
	12,377	Investing Activities		8,894
	(18,085)	Financing Activities		(1,629)
	(1,294)	Net increase/(decrease) in cash and cash equivalents		(2,852)
	7,065	Cash and cash equivalents at the beginning of the reporting period		5,730
	(41)	Other movements		1
	5,730	**Cash and cash equivalents at the end of the reporting period**		**2,879**

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

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

Public Sector Partnership Services Limited

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

In 2024/25, the Company's statement of comprehensive income shows a surplus for the year of £0.627m. Of this, the Council's proportion of £0.119m is included in the Group Comprehensive Income and Expenditure Statement. At 31 March 2025, the net worth of PSPS Ltd was £1.523m, taking into account the pension defined benefit obligations asset ceiling adjustment. Boston's share of the net worth of £0.289m has been incorporated into the Group Balance Sheet.

Voting Rights

At 31 March 2025, Boston held 2 seats on the Board of Directors, therefore holding 25% of the voting rights of the company.

Accounting Policies

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

Council Interest

The Council has the following interest in PSPS Ltd.

2023/24 £'000		2024/25 £'000
448	Current Assets	513
103	Non-Current Assets	116
(291)	Current Liabilities	(248)
(73)	Long Term Liabilities	(92)
187	**Shown in Balance Sheet**	**289**
32	Interest in Income and Expenditure	(119)
219	Total Interest	170

GLOSSARY OF TERMS

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

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

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

ACTUARY
An expert on pension scheme assets and liabilities.

ACTUARIAL GAINS AND LOSSES (RELATES TO IAS 19 - PENSIONS)
For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

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

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

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

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

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

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

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

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

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

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

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

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

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

CIPFA (CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY)
The leading professional accountancy body for the public sector.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MINIMUM REVENUE PROVISION (MRP)
The minimum amount that the Council must charge to the income and expenditure statement to provide for the repayment of debt or other credit liabilities.

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

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

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

NON-CURRENT ASSETS
Assets that yield benefit to the Council and the services it provides for a period of more than one year e.g., Land and Buildings, Vehicles, Plant and Equipment.

NON - OPERATIONAL ASSETS
Non-Current assets held by the Council but not directly occupied, used or consumed in the direct delivery of services e.g., investment properties.

OPERATING LEASE
This is a type of lease usually for computer equipment or office furniture and equipment where the balance of risks and rewards of holding assets remains with the lessor. The assets remain the property of the lessor and the lease costs are revenue expenditure to the Council.

OPERATIONAL ASSETS
Non-Current assets held and occupied, used or consumed by the Council, in the direct delivery of those services for which it has either a statutory or discretionary responsibility e.g., Council Offices, Geoff Moulder Leisure Centre, Princess Royal sports arena, Guildhall.

POST BALANCE SHEET EVENTS
Those events, both favourable and unfavourable, which occur between the Balance Sheet date (31 March) and the date on which the Chief Finance Officer signs the statements of accounts.

PRECEPTS
These are demands made upon the Collection Fund, by the Boston Borough Council, Lincolnshire County Council, Police and Crime Commissioner for Lincolnshire, Special Expenses and Parish Councils, which it requires to finance the services it provides.

PROVISIONS
An amount set aside in the accounts and charged to individual services for liabilities that are likely to be incurred in the future but cannot be accurately quantified.

PUBLIC WORKS LOAN BOARD (PWLB)

A Central Government Agency, which provides loans, for one year and above, to Councils at interest rates only slightly higher than those at which the government can borrow itself.

RELATED PARTY TRANSACTIONS
Two or more parties are related when at any time during the financial period:

- one party has direct or indirect control of the other party; or
- the parties are subject to common control from the same source; or
- one party has influence over the financial and operational policies of the other party, to an extent that the other party may be inhibited from pursuing at all times its own interests; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interests.

Advice from CIPFA is that related parties to a local authority include UK Central Government, bodies precepting or levying demands on the Council Tax, members and chief officers of the Council and its pension fund.

RESERVES
The accumulation of surpluses, deficits and appropriations arising from previous financial years. Reserves can either be usable; that is, available to meet the Council's future expenditure plans and unusable; that is, those maintained purely for accounting purposes.

REVENUE EXPENDITURE
Day-to-day payments on the running of Council services including salaries, wages, contract payments, supplies, housing benefits and capital financing costs.

RIGHT OF USE ASSET
An asset representing the lessee's right to use the leased asset for the lease term.

SEGMENT
Distinguishable service of the Council that is engaged in providing a service or a group services. Segments in the Statements are based on the Council's management structure.

TREASURY MANAGEMENT
This is the process by which the Council controls its cash flow and its borrowing and lending activities.

TREASURY MANAGEMENT STRATEGY
A strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.

USEFUL LIFE
The period over which the Council will derive benefits from the use of a non-current (fixed) asset.

ANNUAL GOVERNANCE STATEMENT 2024/25

1. Scope of Responsibility

1.1 Boston Borough Council (BBC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. BBC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2 In discharging this overall responsibility, BBC is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

1.3 The Council has approved and adopted a code of corporate governance. This is consistent with the principles of the latest CIPFA / SOLACE Framework *Delivering Good Governance in Local Government guidance*. This statement explains how the Council has met the requirements of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement. Local Code of Corporate Governance (boston.gov.uk)

2. The Purpose of the Governance Framework

2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

2.3 The governance framework has been in place at the Council for the year ended 31 March 2025 and up to the date of approval of the annual Accounts.

3. The Governance Framework

3.1 The Council's review of the effectiveness of its governance arrangements is set out below against the key elements identified in *Delivering Good Governance in Local Government: Framework*.

Key Elements	Description of Governance Mechanisms	Assurance Received
Identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and service users	• The Sub-regional Strategy was approved at Council on the 12 November 2023. It sets out the vision and priorities for the Partnership and for the Council. The Alignment and Delivery Plan (ADP) for the Partnership sets out the projects/activities that will be taken forward to deliver on corporate priorities. • In addition, the Boston Borough Plan 2040, setting out three key priorities of Thriving Economy, Community Cohesion and	• The Performance Management Framework quarterly report is reported through the Cabinet and the Environment and Performance Scrutiny Committee. • Portfolio Holders receive updates as required. • The Leadership Team receive the full quarterly reports to check the position on each indicator.

Key Elements	Description of Governance Mechanisms	Assurance Received
	Resilience, and A Healthy and Sustainable Borough, was agreed by Council in March 2025. • The Council is pro-active in reporting activity and outcomes to the public through the local press and online. • Most Council business is undertaken in public meetings	Quarterly governance clinics (covering performance and risk) are also in place. • The Strategic Risk Register and Internal Audit Plan support the achievement of the Council's priorities • The Medium Term Financial Strategy which is reported at the March Council meeting not only sets the scene financially, it also identifies any change to priorities and/or new areas of focus.
Reviewing the Authority's **vision** and its implications for the Authority's governance arrangements	• Challenge sessions are held annually with Senior Managers to consider the service priorities and the associated targets set in the performance framework. • Council approves the performance framework, following discussion at Joint Strategy Board.	• Review of current performance against priorities reported to Portfolio Holders. • Performance reporting is aligned to the Strategic Priorities of the Partnership Business Case and Sub-regional Strategy • Feedback from community/member/staff consultation on Partnership and Council priorities
Translating the Vision into objectives	• The Alignment and Delivery Plan identifies activity that helps to deliver the priorities • The Medium Term Financial Strategy identifies risks and opportunities to achieving the delivery of the priorities • The Risk Strategy and Risk Registers support the delivery of priorities.	• The Alignment and Delivery Plan sets out the deliverables in the year-ahead. • Service performance is monitored via Performance Framework which reports into Cabinet and Scrutiny quarterly. • MTFS recommended by the Cabinet and agreed by Council
Measuring the **quality of service** for users, for ensuring they are delivered in accordance with the Authority's objectives and for ensuring that they represent the best **use of resources and value for money**	• A range of surveys are carried out each year, co-ordinated through the Corporate Consultation programme • Monitoring of social networking • Quarterly Monitoring report contains both performance and finance indicators and to show the overall health of the organisation • Regular Portfolio Holder meetings held with key staff to monitor performance, project activity and new areas of work or policy. • Individual Services carry out their own customer satisfaction surveys which feed into service improvement	• Performance Management Framework quarterly report, reported through Cabinet and the Environment and Performance Scrutiny Committee • Feedback from service level surveys • Portfolio Holder meetings held as required.
Defining and documenting the **roles and responsibilities** of the Executive, non-Executive, scrutiny and officer functions,	• This is set out in the Council's Constitution	• Proposed changes/updates to the Constitution brought to Council for consideration including responsibility for functions.

Key Elements	Description of Governance Mechanisms	Assurance Received
with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements	• The Constitution is updated where necessary. Significant changes are reported to the Audit & Governance Committee and then to Council	• The South & East Lincolnshire Councils Partnership has a Memorandum of Agreement in place signed up to by all three Councils. • Monitoring of partnering arrangements on an ongoing basis take place through the Partnerships Portfolio; and include reports to the Finance Portfolio Holder where appropriate. • Stakeholder Board and Joint Strategy Board in place to support the delivery of partnership activity between the Councils.
Developing, communicating and embedding **codes of conduct**, defining the standards of behaviour for members and staff	• This is set out in the Council Constitution • Expectations and requirements of staff behaviour are set out in the Staff Handbook provided to all new staff • The Constitution sets out expectations and guidance on Councillor/Officer working relationships • Training is provided to all members on the member code of conduct arrangements (mandatory training) • Audit & Governance Committee monitor member standards arrangements. This role is set out in the Constitution. • The Monitoring Officer provides ongoing support and advice to Councillors as required and/or requested. • The Monitoring Officer considers, and may investigate, complaints about BBC Councillors, and Town and Parish Councillors	• Audit & Governance Committee oversees and receives reports from a Standards Sub-Committee on the local Member Code of Conduct • A Standards Sub-Committee provides a Hearing Panel function for dealing with any serious complaints • The Officer Code of Conduct is embedded in the Council Constitution. • A Monitoring Officer is shared with the three Councils and Deputy Monitoring Officers support Councillors as required.
Reviewing the effectiveness of the Authority's **decision-making framework**, including delegation arrangements, decision making in partnerships and robustness of data quality	• This is set out in the Constitution • Decision making arrangements meet legislative requirements • Data sharing protocols are in place where necessary • Service Level Agreements with partners are in place and monitored carefully (financial and performance), with named officers and Portfolio responsibilities set out • Memoranda of Understanding documents are produced/signed up to where appropriate.	• All members and officers are provided with guidance on decision making arrangements with detailed delegations set out in the Constitution; these are updated when necessary and reported to Council. • Contractual arrangements or partnering arrangements are subject to GDPR reviews on an ongoing basis, particularly where there are any changes.
Reviewing the effectiveness of the framework for identifying and managing **risks** and demonstrating clear accountability	• Partnership Risk Register in place and monitored by SLT and members • Strategic Risk register in place and monitored by managers and members	• The Risk Strategy has been fully refreshed and brought in-line with up to date methods of managing risk, and approved through Full Council.

Key Elements	Description of Governance Mechanisms	Assurance Received
	• Operational Risk Registers and a Fraud Risk Register are in place and monitored by the Insights and Transformation Team and Senior Leadership Team • Operational staff able to escalate risks reporting to Management Team. • Risk Strategy aligned across the Partnership Councils and agreed at Boston Full Council on 15th January 2024	• An audit of our Risk Management arrangements in 2023 resulted in Substantial Assurance and included some very positive feedback. • Management Team update the Strategic Risk Register quarterly and feed into quarterly reporting to members – Cabinet and Audit & Governance Committee. • Operational Risks are identified • Service level monitoring • Risk is a standing item on the quarterly governance clinic agenda • The committee report template includes risk management implications.
Ensuring effective **counter-fraud and anti-corruption** arrangements are developed and maintained	• A Counter Fraud Policy has been in place since 2023/4 and is being reviewed across the Partnership for 2025/26 • Service Managers complete an on-line training programme on fraud • The Council actively takes part in the National Fraud Initiative • A counter fraud e-learning package is provided for all staff • The Council is a member of the Lincolnshire Counter Fraud Partnership which provides access to best practice, guidance and support.	• Audit & Governance Committee and Staff training • Work with DWP arrangements • Reminders provided to staff to be aware of fraud risk. • Internal Audit have completed their counter fraud risk work which created the fraud risk register which is now part of the quarterly reporting alongside strategic and operational risks.
Ensuring effective management of **change and transformation**	• Reporting of significant changes to policy or provision are reported through Portfolio and Cabinet (and Council where appropriate) • Innovation, Transformation and Efficiency board in place in 24/25 • A Corporate Staff Development programme is in place • Workforce Strategy in place to ensure appropriate levels of support and training are in place to enable staff to manage change • Workforce Strategy Action plan in place and being delivered. • Strong internal communication to keep staff and members informed • 6-monthly staff survey to help monitor impact of change	• Leadership Team decisions • Portfolio/Cabinet reports and decisions • Cabinet reports considered by Scrutiny Committees prior to decision making • Client/Contractor management meetings are held regularly to discuss planned changes to service delivery and priorities • The Client Officer and members of Leadership Team were engaged with PSPS in the development of their Transformation Programme in 24/25. • A Workforce Strategy is in place.

Key Elements	Description of Governance Mechanisms	Assurance Received
	• A Project Management Framework is in place • Members of Corporate Management Team have corporate responsibility for projects that deliver change • Improved working relationship with PSPS that enables joint working on change programmes within back office services. • An Organisational Development function and transformation resource is in place to support change arrangements across the council – providing additional support to managers; • There is a shared management team in place to support the development of the Partnership between BBC, ELDC and SHDC. • Below Management Team, there are a range of other shared positions that support the bringing together of the Partnership.	
Ensuring the Authority's **financial management** arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)* and, where they do not, explain why and how they deliver the same impact	• Full compliance with the CIPFA guidance: – The Section 151 Officer has responsibilities set out in the Constitution; key member of Senior Leadership Team (SLT) and Corporate Management Team (CMT); professionally qualified accountant with direct access to the Chief Executive, Leader, Cabinet, Audit & Governance Committee & the appointed auditors – The Finance team is fit for purpose and has been reviewed by CIPFA for adequacy. The Medium Term Financial Strategy, annual budget process, compliance with CIPFA codes and guidance on capital finance, treasury management and management of reserves	• Adequacy of financial arrangements are overseen by S151 Officer, Portfolio Holder for Finance, Cabinet, Audit & Governance Committee and Full Council.
Ensuring the authority's **assurance arrangements** conform with the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit* (2019) and, where they do not, explain why and how they deliver the same impact	• Full compliance with the CIPFA guidance: – The Internal Audit Team/Head of Internal Audit provide an objective and evidence based opinion on all aspects of governance, risk management and internal control – Internal Audit is delivered through Lincolnshire County Council with a principal auditor allocated to Boston Borough Council. This has improved the resilience of the audit team and enables access to specialist audit which previously had to be commissioned. – The internal audit service is fit for purpose – Team and Section 151 Officer, the Audit & Governance Committee and is able to meet separately with the Chair of	• The Corporate Management Team receives and considers all Internal Audit reports • Senior Leadership Team reviews all low assurance reports. • Low assurance reports are subject to follow up audits. • Audit & Governance Committee monitor audit recommendations and receive updates where necessary • Audit recommendations are discussed at Governance Clinic.

Key Elements	Description of Governance Mechanisms	Assurance Received
	the Audit & Governance Committee should that be required (as set out in the Constitution) – Audit Team attend external training as necessary, and access national network of governance support through CIPFA – The service has been assessed as conforming to the UK Public Sector Internal Audit Standards, a Quality Assurance Improvement Programme is maintained as part of those standards. The next external assessment is in 2026. The overall themed areas of Governance, Risk Management, Internal Control and Financial Control are all assessed as performing adequately.	
Ensuring effective arrangements are in place for the discharge of the M**onitoring Officer** function	• Set out in the Constitution • The Council shares a monitoring officer with East Lindsey District Council and South Holland District Council.	• Council through the Constitution • Deputy Monitoring Officers appointed • The Monitoring Officer sits on the Senior Leadership Team
Ensuring effective arrangements are in place for the discharge of the **head of paid service** function	• Set out in the Constitution • The Council shares a Head of Paid Service with East Lindsey District Council and South Holland District Council.	• Council through the Constitution
Undertaking the core functions of an A**udit Committee**, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities*	• The Terms of Reference which include the core functions are set out in the Constitution • The Audit & Governance Committee have had training to help them understand their role and responsibility • Training for a new Audit & Governance Committee and substitution members is now identified as mandatory in the Constitution. • The Chair and Vice Chair attend external training as necessary	• Council through the Constitution • Audit & Governance Committee • Annual Self-Assessment exercise undertaken and Annual Report submitted to Council
Ensuring **compliance** with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful	• Annual Internal Audit Plan work includes the review of compliance in some of these areas • The Section 151 Officer and Monitoring Officer advise on the legality of activity where appropriate, and Legal Services Lincolnshire provides advice on legislation and law • An Assurance Framework has been created to monitor conformance with all Regulatory, Legislative, Policy and Operational requirements	• Corporate Management Team, Audit & Governance Committee (through Internal Audit reporting) • External Audit Plan • Annual Assurance Report to Senior Management Team and Audit and Governance Committee following the creation of the Assurance Framework
Whistleblowing and for receiving and investigating **complaints** from the public	• A Whistleblowing policy is in place	• Senior Leadership Team Governance Meeting

Key Elements	Description of Governance Mechanisms	Assurance Received
	• A clear Feedback Policy and procedure is in place (including complaints) • A dedicated team delivers the complaints process and also trains and advises staff accordingly. • CMT receives a regular report setting out the number and type of complaints.	• Corporate Feedback Policy reviewed and aligned with Ombudsman guidance • Feedback levels included in the Quarterly Performance Report
Identifying the **development needs of members and senior officers** in relation to their strategic roles, supported by appropriate training	• Reserved Member Days are held for any training or awareness sessions requested by members and/or suggested by officers. • A very thorough member induction programme is delivered following District Council elections, with further development / training delivered through rolling programmes thereafter. • Training for named Committees is mandatory as set out in the Constitution • Training and development opportunities are circulated to members on a regular basis alongside internal training provision • Groups are encouraged to identify development priorities through local and national networks • Annual staff appraisals with interim check-ins mid-year. • An annual corporate training programme is developed and implemented annually, linked to service requirements and development needs	• Member induction programme in May 2023 • A corporate training system has been developed and rolled out to staff. This will enable both individual staff and the organisation to more easily monitor completed training, especially where it is a requirement, and/or is linked to professional standards. • The Corporate Training Programme budget continues to be protected to ensure staff are able to access mandatory and discretionary training and development. • Corporate and Group training opportunities can be supported.
Establishing clear channels of **communication** with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation	• 'Bulletin' e-magazine is produced monthly with a combination of Council and partner articles with a readership database that is continually growing. • A range of consultations are carried out with service users (co-ordinated through a central team) • Pro-active communication through the press, along with communication through the BBC website, Facebook and twitter • A Town and Parish newsletter is issued regularly. • Thorough public consultations take place where there is a potentially significant change to a service and feedback is reported through the decision making process e.g. sub-regional strategy and town centre strategy.	• Partnership Communications Team in place to support messages to the public, including during emergency situations. • Corporate Management Team • Cabinet for key pieces of consultation • Town and Parish newsletter • Information and feedback provided via the council website • Communication Strategy approved in 2023/4
Enhancing the accountability for service delivery and effectiveness of **other public service providers**	• The Corporate and Community Scrutiny Committee take an active role in overseeing scrutiny of other public service providers	• Corporate and Community Scrutiny Committee Reserved Members' Days

Key Elements	Description of Governance Mechanisms	Assurance Received
	• Significant changes to other public services communicated to members through briefing or awareness sessions • Members are informed of any significant consultations being held by key partner organisations (e.g. NHS) • There is now joint scrutiny of common topics for BBC, ELDC and SHDC.	• Joint Scrutiny undertaken by members where there are common topics across the partnership sub-region • Member and Senior Officer contribution to the Community Safety framework. • Joint scrutiny framework in place.
Incorporating good governance arrangements in respect of **partnerships** and other joint working as identified by the Audit Commission's report on the governance of partnerships and reflecting these in the Authority's overall governance arrangements	• Operational /strategic partnering arrangements are subject to contractual agreements and performance monitoring and reported on as part of service and budget monitoring • Portfolio Holders have responsibilities for receiving reports on key partner arrangements • A management Agreement and Service Level Agreements are in place with PSPS with a single PSPS Client Liaison Officer in place at the Councils (Assistant Director – Corporate fulfils this role). • PSPS provide briefing sessions to members on a regular basis. • Joint working arrangements are subject to written agreements approved by Leadership Team and portfolio holders • Memorandum of Understanding documents are developed and signed up to where appropriate.	• Audit & Governance Committee • Corporate Management Team • Portfolio Holder (Leader) • Full Council • The governance arrangements of the PSPS Board have been reviewed following an external evaluation of the current contractual arrangements. • Client/Partner meetings held regularly
Information Governance	• All staff and Members have access to Data Protection Act (DPA) training. • Specific and tailored training has been requested and delivered to key teams. • Further training will be designed to incorporate changes in Data (Use and Access) Act 2025. • The Data Protection Officer is experienced and qualified to provide advice and shared across the Partnership.	• Audit & Governance Committee • Leadership Team • Portfolio Holder • Performance Report • A Data Protection Officer (DPO) is engaged by the Council • Data Sharing Agreements and contractual arrangements are reviewed by the DPO on an ongoing basis to ensure compliance with the UK GDPR. All new DSAs are assessed by the DPO before being signed, and challenged where necessary.

4 Review of Effectiveness

4.1 The Council has responsibility for conducting, at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

4.2 The effectiveness of the governance framework has been evaluated in the following ways:

The Council:	The Council approves and keeps under regular review all the strategic policies which it reserves for its own consideration, including • The Constitution, • The Sub-regional Strategy • The Medium Term Financial Plan and Capital Strategy, • The Licensing Authority Policy Statement, • The Asset Management Strategy • The plan and Strategy which comprise the Housing Investment Programme • The Treasury Management and Investment Strategies, and • The Gambling Policy Statement.
The Leader:	Executive powers vest in the Leader and the Leader may determine to exercise any of the executive functions of the Council personal or may arrange for the exercise of any of the Council's executive functions by the Cabinet.
Cabinet	The Cabinet is appointed by the Leader and carries out the executive functions of the Council as required by legislation and the Council's constitution and accordingly: • Takes executive decisions, • Approves policies other than those reserved for Council, and • Recommends to Council policies and budgetary decisions.
Scrutiny	The Overview and Scrutiny Committees (Corporate and Community and Environment and Performance) may undertake any work relating to the four key principles of scrutiny as follows: • Hold the Cabinet to Account (Call-In), • Performance Management, • Assist Policy Development and Review, and • Internal/External Scrutiny.
Audit and Governance Committee	The Audit and Governance Committee: • Considers and approves audit plans, • Considers audit reports, • Comments on the work of audit in addressing the authority's significant risks, • Satisfies itself that the control and governance arrangements have operated effectively by considering audit and risk reports and undertaking ad hoc reviews,

	• Annually self-assess themselves against best practice guidance to check their effectiveness, • Approves the Statements of Accounts, • Reviews treasury policy and performance, and • Considers standards arrangements.
Senior Leadership Team (SLT)	SLT review corporate responsibility, direction and delivery of the sub-regional strategy , direction and delivery of resources, horizon scanning and key controls. SLT has a monthly meeting focused specifically on governance and receives regular reports from a variety of governance boards which have been set up to manage corporate performance and risk. These boards cover performance and risk, employee relations, safeguarding, health and safety, emergency planning, and finance, as well as the statutory officers group. There are several other groups covering cross cutting themes and specific services.
Service Managers	Managers have carried out self-assessments of the processes and controls they have in place to allow them to achieve their service objectives. These are reviewed by Finance to provide assurance that effective controls were in place.
External Audit	External audit is provided by KPMG. Following the annual audit they issue an Audit Results Report to the Audit & Governance Committee covering the opinion on the financial statements, value for money and the Whole of Government Accounts submission. The Council takes appropriate action where improvements need to be made.
Internal Audit	Internal Audit is provided by Assurance Lincolnshire Regular reports are provided to the Audit and Governance Committee and the lead auditor attends monthly LT meetings focused around Governance Issues.

5 Update to Significant Governance Issues 2024/25

Action	Lead	Status
In-year Audit Committee update and review of AGS and action plan on Forward Plan for 2024/25 (from internal audit annual report)	AD - Governance	Complete
Monitoring of controls around procurement cards (following no assurance audit)	DCX S151 Officer/PSPS	Complete and follow up audit undertaken
Monitoring of controls around payroll reconciliation (following limited assurance audit)	DCX S151 Officer/PSPS	Complete and follow up audit undertaken
Align key elements of Council constitutions	AD - Governance	Partnership alignment programme paused pending more clarity around Local Government Reorganisation.
Relaunch of the Member Development Group across the Partnership	AD - Governance	Closed - Agreement for sovereign Member Development approach to continue in each Council with opportunities for sharing development opportunities where appropriate.

6 Internal Audit Report 2024/25

6.1 The Council's Combined Assurance report is a key element of its governance and assurance arrangements. It provides the Senior Leadership & Audit and Governance Committee with better understanding on the assurances across all the Council's critical services, key risks, partnerships, and projects – identifying any areas for greater oversight, improvement and assurance gaps. Overall, there is a positive realistic assurance picture for the Council but one that reflects the complex environment in which it operates, recognising that some areas will remain Amber.

- Red Assurance – Up from 0% to 1%
- Amber Assurance – Down from 40% to 37%
- Green Assurance – Up from 60% to 62%

6.2 The Internal Audit Annual Report 2024/25 includes an opinion on the overall adequacy of and effectiveness of the Council's governance, risk and control framework and therefore the extent to which the Council can rely on it. It is the auditor's opinion that "the frameworks of governance, risk management and management controls provide adequate assurance."

7 Summary

7.1 We propose over the coming year to address and/or monitor the above matters to further enhance our governance arrangements and the understanding of those arrangements where there is any change. We are satisfied this will address the need for improvements that were identified in our review of effectiveness, or manage any significant change, and will monitor their implementations and operation as part of our annual review.

Action	Lead	Timescale
Establishing improved governance and processes to support the preparation of the 2026/27 budget and MTFS	S151 Officer	April 25 – March 26
Monitor the government's plans for remote meetings, proxy voting and standards arrangement and develop policies and procedures as appropriate	AD Governance and Monitoring Officer	April 25 – March 26

Chief Executive

DATE:

Leader of the Council

DATE: