

## **Boston Borough Council**

Minutes of a meeting of the **Audit & Governance Committee** held in the Committee Room - Municipal Buildings, West Street, Boston, PE21 8QR on Monday 17th November 2025 at 6.30 pm.

### **Present:**

Councillor Barrie Pierpoint, in the Chair.

Councillors Councillor James Cantwell, Anton Dani, Neil Drayton, Andy Izard, Jonathan Noble, Ralph Pryke, David Scoot and Stephen Woodliffe.

Co-opted Independent Members: Adam Cartwright.

### **Officers:**

Director of Finance, Assistant Director - Governance and Monitoring Officer, Group Manager – Insights & Transformation, Information Manager and Data Protection Officer, Chief Finance Officer (PSPSL), Head of Finance Delivery - Technical and Corporate, PSPSL, Treasury and Investment Manager (PSPSL), Engagement Director, KPMG, External Audit Assistant Manager, KPMG and Democratic Services Officer.

## **27 Apologies for Absence**

Apologies for absence were received from Councillor Lina Savickiene, and from Co-opted Independent Member Gideon Hall.

## **28 Declarations of Interest**

There were no declarations of interest.

## **29 Minutes**

The minutes of the previous meeting held on 13<sup>th</sup> October 2025 were agreed and signed by the Chairman.

## **30 Actions**

Members considered the action sheet from the previous meeting held on 13<sup>th</sup> October 2025 which had been circulated with the agenda. It was confirmed that there were no outstanding actions.

## **31 Public Questions**

No questions had been received.

## **32 Proposed Amendments to the Council's Contract Procedure Rules**

At the request of the Chairman, this item was brought forward in the meeting.

The Committee received a detailed report on proposed amendments to the Council's Contract Procedure Rules (CPRs), presented by the Head of Procurement & Contracts, PSPSL. The review had been undertaken to ensure compliance with the Procurement Act

2023, reflected best practice, and addressed practical challenges identified since the last update three years ago. The amendments aimed to strengthen governance, improve flexibility, and support local suppliers while maintaining transparency and value for money. The Proposed Contract Procedure Rules – Clean Version was attached at Appendix 1a, the Proposed Contract Procedure Rules – Tracked Changes was attached as Appendix 1b, the Revised Delegations to Officers were attached as Appendix 2 and the Key Changes were attached as Appendix 3 within the report.

Key changes included:

- Updated procurement thresholds to align with legislative changes and benchmarking across other authorities.
- Reduction in minimum quotations from five to three for mid-value contracts (£50,000–£100,000) to reflect market feedback and practical sourcing challenges.
- New sections on conflict of interest and pre-market engagement to provide clearer guidance for officers.
- Additional exemption for short-term continuity arrangements where delays in re-procurement occur, capped at six months.
- Integration of frameworks and dynamic markets in line with the Procurement Act 2023.
- Removal of duplication by transferring asset disposal provisions to the Finance Procedure Rules.
- Enhanced contract management requirements, including monitoring, reporting, and post-contract evaluation.

The Committee was advised that Contract Management Standards would be implemented across the partnership within the following month, introducing tiered monitoring based on contract value and risk.

Members welcomed the clarity of the report and raised several points for further explanation:

- Members queried the rationale for increasing the threshold for written contract performance reports from £85,000 to £1,000,000. Officers explained that the change focussed on strategic, high-value contracts while ensuring operational contracts remain subject to robust monitoring through the new standards. A detailed written response would be provided following the meeting.
- Members expressed concern that the In-Tend portal could be a barrier for local suppliers and asked how contractors could access it. Officers confirmed that support was available, including one-to-one assistance and simplified processes for certain thresholds. A written response would be provided to outline the steps taken to improve accessibility.
- Concerns were raised about reducing the requirement for five written quotations to three. Officers advised that this change reflected practical difficulties in sourcing five quotes in certain sectors and feedback from local suppliers who found the process burdensome. The revised approach maintained competitiveness while improving accessibility. A written response would provide further detail on measures to prevent recurrence.
- A Member queried whether the Council operated an approved contractor list. Officers confirmed that no formal list existed, as it was no longer considered best practice, but suppliers could register on the portal to receive notifications of opportunities.

- Members expressed concern about upfront payments and asked whether payment terms would be reviewed. Officers confirmed that guidance on payment mechanisms was included within the revised standards and would be reinforced through training to minimise financial risk.
- Members sought assurance that high-value contracts would be closely monitored. Officers confirmed that bi-monthly review meetings would be held for strategic contracts, supported by escalation procedures and a contract management network to share best practice.

The Committee noted the importance of balancing flexibility with strong governance and welcomed the introduction of Contract Management Standards as a key improvement.

**Resolved:**

**That the proposed amendments to the Council's Contract Procedure Rules be recommended for approval by Cabinet and Council.**

**33 External Audit Completion Report 2024/2025 (ISA260)**

The Committee received the External Audit Completion Report for 2024/25, presented by KPMG. The auditors confirmed that the audit was substantially complete and that an unqualified, unmodified opinion would be issued ahead of the statutory deadline. Members were advised that Boston Borough Council was in a strong position compared to the national picture, where many audits remain incomplete. The report provided assurance on key areas of financial reporting and governance, including asset valuations, management override of controls, and pension obligations.

The auditors highlighted that two material misstatements relating to asset valuations had been identified and corrected by management:

- Garfits Lane Playing Field: Land value per acre assumption overstated by £1.485m.
- PRSA Athletics Track: Inflationary uplift error resulting in an overstatement of £1.249m.

No issues were found regarding management override of controls or post-retirement benefit obligations. Four recommendations were raised for performance improvement, none of which were significant or fundamental to internal control. Of ten prior-year recommendations, six had been implemented, two partially implemented, and two remained outstanding. The audit fee increase of £22,000 was explained as due to ISA 315 revised risk assessment requirements and an inflationary uplift set by PSAA.

Members welcomed the positive outcome and commended the improvements in timeliness and quality of information provided by PSPS.

The following points were raised during discussion:

- A Member requested inclusion of a glossary of technical terms and acronyms in future audit reports to aid understanding. The auditors agreed to implement this.
- A Member queried why one recommendation had not been accepted. Officers confirmed that work was ongoing and that a detailed response would be provided following the meeting.

- Clarification was sought on governance arrangements for efficiency board meetings. Officers confirmed that agendas and minutes were now maintained to ensure transparency.
- Members noted the increase in audit fees and requested confirmation that this was driven by national changes rather than local issues. The auditors confirmed the increase was due to new auditing standards and PSAA adjustments.
- Members expressed concern about the complexity of asset valuations and asked whether additional controls would be introduced. Officers confirmed that Contract Management Standards and enhanced review processes were being implemented.

The Committee acknowledged the significant improvement in collaborative working between auditors and officers and noted that Boston's position compared favourably to the national picture.

**Resolved:**

**That the External Audit Completion Report for 2024/25 be noted.**

**34 External Auditor's Annual Report 2024/25**

The Committee received the External Auditor's Annual Report for 2024/25, presented by KPMG in accordance with the National Audit Office's Code of Audit Practice. The report summarised the findings from the audit and provided commentary on the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources. This assessment covered three key domains:

- Financial Sustainability: How the Council plans and manages its resources to ensure services can continue.
- Governance: How the Council makes informed decisions and manages risks.
- Improving Economy, Efficiency and Effectiveness: How the Council uses performance and cost information to improve service delivery.

The auditors confirmed that no significant weaknesses had been identified in any of these areas. Boston Borough Council was reported to be in a strong position compared to the national picture, where many authorities faced challenges in financial resilience and governance. The report would be published alongside the signed annual accounts on the Council's website.

Members welcomed the positive assurance and raised several points for clarification:

- A Member queried whether the ongoing cost pressure from IDB levies might reduce following falling fuel prices. Officers explained that costs remained high due to electricity charges and operational requirements, and confirmed that discussions with drainage boards and government were ongoing.
- Members asked whether the temporary government grant to offset IDB costs would continue. Officers advised that indications suggested continuation for the coming year, but a long-term funding solution had not yet been secured.
- A Member highlighted the significant change in the Council's year-end cash position compared to the previous year and requested commentary on the reasons behind this movement. Officers undertook to provide a written response at the next meeting.

- Members noted the importance of maintaining robust arrangements for identifying and monitoring efficiency savings, particularly given the medium-term financial challenges outlined in the report. Officers confirmed that improvements to governance processes for efficiency monitoring were underway.

The Committee acknowledged the favourable comparison to national trends and commended the Council's proactive approach to financial planning and governance.

**Resolved:**

**That the External Auditor's Annual Report for 2024/25 be noted.**

### **35 Financial Statements 2024/25**

The Committee received the audited Financial Statements for 2024/25, presented by the Head of Finance Delivery, PSPSL. The report sought formal approval for publication and outlined key changes since the draft version considered in July. The Audited Financial Statements 2024/25 were attached as Appendix 1 within the report. Members were reminded that the Accounts and Audit Regulations required the statements to be approved and published by 27<sup>th</sup> February 2026.

The audited statements incorporated adjustments identified during the external audit process, including:

- Two valuation corrections:
  - Garfits Lane Playing Field – land value per acre assumption overstated by £1.485m.
  - PRSA Athletics Track – inflationary uplift error resulting in an overstatement of £1.249m.
- Disclosure amendments – Updates to the Related Parties note and Officers' Remuneration note to ensure compliance with the CIPFA Code of Practice.
- Minor presentational changes – To improve clarity and meet statutory requirements.

Officers confirmed that final checks with KPMG were ongoing and requested delegated authority for minor amendments prior to official sign-off. The Committee was assured that these adjustments did not affect the overall financial position or the unqualified audit opinion.

Members welcomed the clarity of the report and raised several points for further explanation:

- Members queried the nature of the valuation errors and whether additional controls would be introduced to prevent recurrence. Officers confirmed that enhanced review processes and validation of floor areas were being implemented.
- A Member requested a breakdown of the proportion of expenditure on salaries and pensions. Officers undertook to provide a written response.
- Clarification was sought on the total amount of government funding received under the Boston Partnership initiative. Officers agreed to confirm this outside the meeting.
- Members asked for comparative figures and trends. Officers undertook to report these at the next meeting.

- Questions were raised about the reduction in property fund returns. Officers explained that this reflected market conditions and lower yields, while overall returns remained positive when income was considered.
- Members queried the disclosure of peppercorn leases and the increase in debt impairment. Officers confirmed these were linked to the implementation of IFRS 16 and arrears analysis.

The Committee noted the importance of maintaining robust processes for year-end accruals and valuation checks, particularly given the complexity of accounting standards.

**The recommendations were proposed by Councillor Anton Dani and seconded by Councillor Suzanne Welberry.**

**Resolved:**

- 1. That the audited Financial Statements for 2024/25 be approved for publication;**
- 2. That delegated authority be given to the S151 Officer, in consultation with the Chairman, to approve any amendments prior to official sign-off; and**
- 3. That the S151 Officer be authorised to approve the Letter of Representation on behalf of the Committee.**

### **36 Annual Governance Statement - Action Plan Update**

The Committee received an update on progress against actions arising from the Annual Governance Statement (AGS), presented by the Group Manager – Insights & Transformation. The AGS formed a key part of the Council's governance framework and provided assurance that arrangements were in place to deliver good governance in line with the CIPFA/SOLACE principles.

The update focused on improvement areas identified in the previous statement and confirmed that work was ongoing to strengthen financial planning and governance processes.

Two key actions were highlighted:

- **Medium-Term Financial Strategy (MTFS):** A revised process had been implemented to improve financial planning, monitoring, and reporting, ensuring greater transparency and resilience in budget setting.
- **Proxy Voting and Virtual Meetings:** The Council was monitoring government proposals for new arrangements to allow remote participation and proxy voting. Further guidance was expected nationally, and implementation will follow once legislation is confirmed.

The report provided assurance that no new governance risks had emerged since the last update and that existing actions remained on track.

**Resolved:**

**That the update be noted.**

**37 Quarter 2 25/26 Risk Report**

The Committee received the Quarter 2 Risk Report, presented by the Group Manager – Insights & Transformation. The report provided an update on the Council’s strategic and partnership risk registers as at the end of September 2025 and formed part of the Committee’s regular oversight of risk management arrangements. The BBC Strategic Risks were attached as Appendix A, the Partnership Risk Register was attached as Appendix B and the Fraud Risk Register was attached as Appendix C within the report.

Members were reminded that the Council’s risk management framework was aligned with CIPFA best practice and supported informed decision-making by identifying, assessing, and mitigating risks that could impact service delivery or financial sustainability.

The update confirmed:

- Actions from recent risk workshops were being progressed, including work on defining risk appetite and reviewing mitigation strategies.
- A comprehensive review of all risks would follow the risk appetite workshops scheduled for later in the year.
- Some risks remained marked as “not on target”, and officers undertook to provide detailed explanations and revised timelines in the next quarterly report.

Members welcomed the report and raised several points for clarification:

- Members queried why certain risks were flagged as not on target and requested clarity on revised deadlines and mitigation progress. Officers confirmed that updates would be provided in Quarter 3 and that interim measures were in place to manage exposure.
- A Member expressed concern about the significant delay to the IT server room upgrade project, noting its importance for business continuity and cyber resilience. Officers explained that the delay was due to supply chain issues and confirmed that mitigation work, including temporary resilience measures, was underway. A written update was promised.
- Members highlighted the absence of the Landlords Reform Bill from the risk register and asked whether its implications for housing enforcement and resource planning had been considered. Officers confirmed that this risk was being assessed and would be included in the next review.
- Members asked how the effectiveness of mitigation actions was tested. Officers advised that this was identified as an improvement area in a recent internal audit and that enhanced assurance processes would be introduced.
- Members noted the importance of clearly defining risk appetite and asked how this would be communicated. Officers confirmed that workshops would inform a revised risk appetite statement, which would be reported to the Committee and embedded in governance processes.

The Committee emphasised the need for timely updates on high-impact risks and welcomed the commitment to strengthen assurance over mitigation effectiveness.

**Resolved:**

**That the Quarter 2 Risk Report be noted.**

### 38 2025/26 Mid-Term Treasury Report

The Committee received the Mid-Term Treasury Management Report for 2025/26, presented by the Treasury and Investment Manager, PSPSL. The report provided an update on treasury performance for the first half of the financial year and confirmed compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice and the Council's approved Treasury Management Strategy. The 2025/26 Mid-Term Treasury Report was attached as Appendix 1 within the report.

Key highlights included:

- **Borrowing Position:** The Council continued to operate with low external borrowing, maintaining a strong liquidity position. External borrowing stood at £1m, with £17.3m internally borrowed against a capital financing requirement of £18.3m.
- **Repayment of LOBO Loan:** The historic LOBO loan with State Street, carrying an interest rate of 11.125%, had been repaid following a one-off offer from the lender. This was replaced with a £1m Public Works Loan Board (PWLb) loan at 4.81% for five years, generating projected savings of approximately £660,000 over the remaining term.
- **Investments:** Investment balances as at 30<sup>th</sup> September were £31m, achieving an average return of 4.95% on treasury investments and 3.12% on property funds. Compliance with all prudential indicators was confirmed.
- **Property Funds:** Valuations had decreased by £2m compared to purchase cost, reflecting market conditions, although overall returns remained positive when income was considered.

The report assured Members that no difficulties were anticipated for the remainder of the year and that the Council remained within approved treasury and prudential indicators.

Members commended the clarity of the report and raised several points for further explanation:

- A Member queried whether future PWLB borrowing could include a repayment structure to reduce principal over time rather than a maturity loan. Officers confirmed that annuity options were available and would be considered at renewal to manage long-term debt prudently.
- Members asked whether similar yields could be achieved on maturing investments. Officers advised that current market rates are lower, with one-year deposits around 4.4%, and noted that returns were expected to decline as interest rates fall.
- Questions were raised about the impact of property fund performance and whether alternative investment strategies were being considered. Officers confirmed that property funds were under review and that options for exit would be explored when market conditions improve, balancing liquidity needs and long-term returns.
- Members sought clarification on changes to Section 106 financing and the timing of receipts from the M&G property fund liquidation. Officers undertook to provide a written update.
- Members noted the importance of monitoring treasury risks, particularly in light of market volatility and interest rate movements. Officers confirmed that risk appetite remained unchanged and that treasury activity would continue to prioritise security and liquidity over yield.



The Committee acknowledged the proactive approach taken to secure savings through the LOBO loan repayment and commended the Treasury team for achieving a favourable outcome.

**The recommendation was moved by Councillor David Scoot and seconded by Councillor Neil Drayton.**

**Resolved:**

**That the Mid-Term Treasury Report for 2025/26 be noted and comments recorded for consideration by Council.**

### **39 Counter Fraud, Bribery and Corruption Policy**

The Committee received the refreshed Counter Fraud, Bribery and Corruption Policy, presented by the Director of Finance (S151 Officer). The policy, attached as Appendix 1 within the report, formed a critical part of the Council's governance framework and set out the Council's commitment to maintaining the highest standards of integrity and accountability. The update ensured compliance with current legislation and aligned with best practice guidance issued by CIPFA and the Local Government Association.

Key features of the revised policy include:

- A clear zero-tolerance approach to fraud, bribery, and corruption.
- Defined responsibilities for Members, officers, and contractors.
- Procedures for reporting suspected fraud, including whistleblowing channels.
- Confirmation of the role of internal audit in monitoring compliance and undertaking investigations.
- Alignment of the policy across the South & East Lincolnshire Councils Partnership, with minor amendments to ensure correct references to Boston Borough Council.

The policy also reinforced the Council's commitment to proactive fraud prevention measures, including risk-based audits, staff training, and awareness campaigns.

Members welcomed the update and raised several points for clarification and improvement:

- A Member suggested that the wording in the policy should move from "aims" to "will" to emphasise the Council's firm commitment to zero tolerance. Officers agreed to review and strengthen the language accordingly.
- Members queried whether internal audit undertook random spot checks in addition to scheduled reviews. Officers confirmed that spot checks were carried out where appropriate and that internal audit provided assurance on fraud prevention measures through its annual plan and targeted reviews.
- Clarification was sought on delegated authority for minor amendments. Officers confirmed that authority rests with the S151 Officer to make changes required by legislation or statutory guidance without returning to Committee.
- Members asked whether staff and Members received regular training on fraud awareness. Officers confirmed that training was delivered periodically and that refresher sessions would be scheduled following the policy update.

- Members queried whether whistleblowing arrangements were robust and accessible. Officers confirmed that the Whistleblowing Policy complemented the Counter Fraud Policy and provided clear channels for confidential reporting.

The Committee noted the importance of maintaining strong anti-fraud measures, particularly in light of increasing cyber threats and financial pressures.

**Resolved:**

- 1. That the Counter Fraud, Bribery and Corruption Policy be approved; and**
- 2. That delegated authority be given to the S151 Officer to make minor amendments to reflect changes in legislation or statutory guidance.**

**40 Information Governance Annual Update 2024/25**

The Committee received the annual update on Information Governance compliance, presented by the Group Information Manager and Deputy Data Protection Officer. The report provided assurance on the Council's adherence to key legislation, including the Data Protection Act 2018, Freedom of Information Act 2000, and Environmental Information Regulations, for the period 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025. It outlined performance against statutory requirements and highlighted the Council's commitment to transparency and data security.

**Key points included:**

- **Volume of Requests:** 724 information requests had been received during the year, with 98.3% responded to within statutory deadlines, exceeding the ICO's benchmark of 95%. Five months achieved 100% compliance.
- **Redactions and Refusals:** 99 requests had been redacted, primarily for personal data and law enforcement exemptions, and 47 had been refused because the information was already published or scheduled for publication.
- **Internal Reviews and ICO Action:** Only three internal review requests had been received, and no ICO decision notices had been issued against the Council.
- **Data Incidents:** 53 data incidents had been reported, none meeting the threshold for ICO notification or resulting in harm or claims.
- **Subject Access Requests:** 16 subject access requests had been processed, and third-party data requests had been managed in compliance with legal requirements.

The report confirmed that the Council continued to maintain strong governance arrangements and proactive measures to ensure compliance.

Members welcomed the positive performance and raised several points for clarification:

- A Member queried whether any requests had been redacted for health and safety reasons. Officers undertook to confirm this outside the meeting.
- Clarification was sought on how internal reviews were conducted. Officers explained that reviews were carried out by a different officer to ensure independence and reassessment of decisions.

- Members asked whether councillors were informed when FOI requests relate to them. Officers confirmed that councillors were contacted if their input was required to provide recorded information.
- A Member suggested introducing a feedback process to measure satisfaction with FOI responses. Officers noted that statutory processes already allowed escalation to the ICO but agreed to consider options for additional feedback.
- Members queried whether the volume of requests was increasing and what impact this had on resources. Officers confirmed a slight upward trend year-on-year and advised that resource planning was reviewed regularly to maintain compliance.

The Committee commended the strong compliance record and noted the importance of maintaining robust processes in light of increasing public expectations for transparency.

**Resolved:**

**That the Information Governance Annual Update for 2024/25 be noted.**

**41 Work Programme**

The Committee received the updated Work Programme for the Audit & Governance Committee, presented by the Democratic Services Officer. The report outlined scheduled items for forthcoming meetings and invited Members to suggest any additional topics for inclusion.

The Work Programme was a key planning tool to ensure the Committee fulfilled its responsibilities for financial oversight, governance, and risk management in line with statutory requirements and best practice.

The update confirmed that the programme included:

- Regular reports on risk management, treasury performance, and internal audit progress.
- Annual items such as the Statement of Accounts, Annual Governance Statement, and Information Governance Update.
- Forward planning for emerging issues, including legislative changes and partnership governance.

Members noted the volume of reports scheduled for future meetings and raised several points for consideration:

- A Member queried whether additional meetings should be considered to manage heavy agendas. The Chairman advised that while agendas could be lengthy, meetings were structured to ensure all items received appropriate scrutiny and that additional meetings would only be scheduled if necessary.
- Members suggested exploring options to streamline preparation, such as allocating sections of large reports among Members. The Chairman confirmed that this could be considered informally if required.
- Members asked whether the Work Programme was flexible enough to accommodate emerging risks or urgent governance matters. Officers confirmed that the programme was reviewed regularly and could be updated to reflect new priorities.

- A Member highlighted the importance of including Member training sessions within the programme, particularly on technical areas such as treasury management and audit standards. Officers agreed to incorporate training opportunities where appropriate.

The Committee acknowledged the importance of maintaining a clear forward plan to support effective governance and welcomed the assurance that the programme remained adaptable.

**Resolved:**

**That the Work Programme be noted.**

The Meeting ended at 8.48 pm.