

Boston Borough Council

Minutes of a meeting of the **Audit & Governance Committee** held in the Committee Room - Municipal Buildings, West Street, Boston, PE21 8QR on Monday 19th January 2026 at 6.30 pm.

Present:

Councillor Barrie Pierpoint, in the Chair.

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

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

In attendance:

Councillor John Baxter, Portfolio Holder - Housing.

Officers:

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

42 Apologies for Absence

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

43 Declarations of Interest

No declarations of interest were made.

44 Minutes

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

45 Actions

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

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

46 Public Questions

No public questions were received.

47 Audit & Governance Committee Personal Skills Audit

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

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

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

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

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

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

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

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

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

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

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

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

Resolution:

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

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

48 Internal Audit Progress Report

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

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

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

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

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

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

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

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

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

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

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

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

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

Resolved:

That the Internal Audit Progress Report be noted.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Resolved:

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

50 Audit of Building Control Service by the Building Safety Regulator

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

51 Audit and Governance Committee Annual Report 2024/2025

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

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

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

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

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

Resolved:

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

52 Work Programme

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

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

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

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

Resolved:

That the Work Programme be noted.

The Meeting ended at 8.05 pm.