

## Boston Borough Council – Q1 Finance Report 2023/24

### Finance Summary

- The revenue outturn forecasts a deficit position of £366k at the year end.
- Specific and general reserves of the Council are forecast to be £11.047m at 31 March 2024.
- Capital spend at the end of Quarter 1 was £383k against a full year budget of £33.33m.
- An efficiency target of £664k is included in the budgets for 2023/24 and we have currently achieved £602k against that target.
- The Council held investments of £33.65m as at 30 June 2023.
- Investment income is overachieving by £554k against the budget of £1.462m.
- The Council held borrowing of £15.499m as at 30 June 2023 (Table 11).

### Section 2 – Finance

|             |  |
|-------------|--|
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#### Section 2.1 – Key Financial Issues in Quarter 1 of 2023/24

- The process of identifying the in-year efficiencies is currently underway and will continue throughout the year.
- The additional investment income is due to increases in the interest rates.
- A reduction in car parking income forecasted is based upon quarter 1 data which suggests usage has not yet returned to pre-covid levels.
- Underspends on both utilities and fuel have been forecasted due to better than estimated unit prices being realised during quarter 1. Due to the volatile nature of these budgets these will be monitored closely throughout the year.

| Inflation | April (%) | May (%) | June (%) |
|-----------|-----------|---------|----------|
| CPI       | 8.7       | 8.7     | 7.9      |
| RPI       | 11.4      | 11.3    | 10.7     |

#### Section 2.2 – Revenue Budget

**Table 1** details the outturn by Assistant Director. This shows an overspend position of £366k.

| Table 1 – Net Spend by Assistant Director |                                 |                          |  |                            |
|---|---------------------------------|--------------------------|--|----------------------------|
| Assistant Director Area                   | Revised Budget 2023/24<br>£'000 | Outturn 2023/24<br>£'000 | Variance (underspend)/overspend<br>£'000 | Comments on main variances |
| Corporate                                 | 1,813                           | 1,813                    | 0  |                            |
| Economic Growth                           | 251                             | 251                      | 0  |                            |

| Table 1 – Net Spend by Assistant Director             |                                 |                          |  |   |
|---|---------------------------------|--------------------------|--|---|
| Assistant Director Area                               | Revised Budget 2023/24<br>£'000 | Outturn 2023/24<br>£'000 | Variance (underspend)/overspend<br>£'000 | Comments on main variances  |
| Finance   | 2,500                           | 2,745                    | 245                                      | £114k increased PSPS contract base cost, £56k increased external audit fees not known when budgets were set, £21k allpay transactional costs due to increased volumes, £18k salary and oncosts higher than budget |
| Governance and Monitoring                             | 805                             | 815                      | 10                                       | £6k civil functions (Freedom of Boston), £4k small variances across other areas.  |
| General Fund Assets                                   | (761)                           | (278)                    | 483                                      | £234k parking income shortfall, £229k rent income shortfall.  |
| Leisure and Culture                                   | 1,012                           | 965                      | (47)                                     | (£34k) staffing, £9k market income, (£23k) leisure pool income.   |
| Neighbourhoods  | 1,748                           | 1,878                    | 130                                      | £57k hire vehicles, £9k other income, £45k commercial waste fee income budget error, £18k commercial waste disposal fees due to omission during budget setting process.   |
| Planning and Strategic Infrastructure                 | 239                             | 283                      | 44                                       | £4k salary & oncosts , £36k income - planning fees underperforming, £4k contractor fees.  |
| Regulatory  | 578                             | 577                      | (1)                                      |   |
| Strategic Growth and Development                      | 0                               | 0                        | 0  |   |
| Strategic Projects                                    | 0                               | 0                        | 0  |   |
| Wellbeing and Community Leadership                    | 1,412                           | 1,411                    | (1)                                      |   |
| BTAC  | 764                             | 759                      | (5)                                      | £5k salaries & oncosts.   |
| <b>Sub Total – Assistant Director – net costs</b>     | <b>10,361</b>                   | <b>11,219</b>            | <b>858</b>                               |   |
| Internal Drainage Boards/Parish Precepts              | 3,004                           | 3,004                    | 0  |   |
| DRF   | 4,259                           | 4,259                    | 0  |   |
| MRP   | 15                              | 15                       | 0  |   |
| Interest Payments Received / Return on Property Funds | (1,462)                         | (2,016)                  | (554)                                    | Additional investment Income estimated at (£554k) due to better than anticipated interest rates.  |
| Borrowing Costs                                       | 494                             | 494                      | 0  |   |
| Reserves  | (4,908)                         | (4,908)                  | 0  |   |
| Efficiencies Requirement                              | (664)                           | (602)                    | 62                                       | See table 2 for breakdown.  |
| <b>Non Service Expenditure</b>                        | <b>738</b>                      | <b>246</b>               | <b>(492)</b>                             |   |

| Table 1 – Net Spend by Assistant Director |                                 |                          |  |                            |
|---|---------------------------------|--------------------------|--|----------------------------|
| Assistant Director Area                   | Revised Budget 2023/24<br>£'000 | Outturn 2023/24<br>£'000 | Variance (underspend)/overspend<br>£'000 | Comments on main variances |
| <b>Total Expenditure</b>                  | <b>11,098</b>                   | <b>11,464</b>            | <b>366</b>                               |                            |
| Council Tax                               | (5,504)                         | (5,504)                  | 0  |                            |
| Business Rates                            | (4,208)                         | (4,208)                  | 0  |                            |
| Non Ring Fenced Government Grant          | (1,387)                         | (1,387)                  | 0  |                            |
| <b>Total Funding</b>                      | <b>(11,098)</b>                 | <b>(11,098)</b>          | <b>0</b>                                 |                            |
| <b>Total Budget - (Surplus)/Deficit</b>   | <b>(0)</b>                      | <b>366</b>               | <b>366</b>                               |                            |

\*This denotes a full year projection

**Recommendation:**

**F1** That Cabinet notes the revenue outturn position for 2022/23 as detailed in **Table 1**

The 2023/24 budget included an efficiency target of £664k, efficiencies forecast so far are:

| Table 2 – Efficiency Description   | Amount<br>£'000 | Comments                                 |
|--|-----------------|--|
| DLUHC IDB Levies Grant   | (319)           | Future funding uncertain                 |
| General Fund Assets - Electricity & Gas  | (115)           | Budget in excess of requirements         |
| Leisure and Culture - Electricity & Gas  | (73)            | Budget in excess of requirements         |
| Neighbourhoods – Fuel  | (74)            | Budget in excess of requirements         |
| Finance  | (21)            | Procurement service now provided by PSPS |
| Total  | (602)           |  |
| Target   | (664)           |  |
| <b>Efficiencies to be Identified</b>   | <b>(62)</b>     |  |
| <b>Current forecast overspend</b>  | <b>(366)</b>    |  |
| <b>Total savings still to be identified to offset the forecast overspend and remaining efficiencies target</b> | <b>(304)</b>    |  |

Further work is underway to look at and consider opportunities for efficiencies and we are engaging with Service Managers to take this process forward.

Income

The Council has a number of demand-led budget areas which are reliant on income for services provided.

Table 3 – Trading Income Budgets

| Income Area                                 | Revised Budget to 30 June 2023 | Actual Income to 30 June 2023 | Variance (above)/ below budget | Comments  |
|---|--------------------------------|-------------------------------|--------------------------------|---|
|   | £'000                          | £'000                         | £'000                          |   |
| GF - Car Parking, Bereavement, and Property | (2,030)                        | (1,796)                       | 234                            | Car Parking - car parking volumes have not yet returned to pre-covid levels & permit income is also down due to loss of annual purchases. |
| Leisure Pool, and Markets                   | (936)                          | (945)                         | (9)                            | (£24k) leisure pool income improvement offset by £15k markets.  |
| Neighbourhoods – Office Cleaning, Recycling | (1,049)                        | (1,009)                       | 40                             | £40k commercial waste, (£5k) office cleaning.   |
| Development Management                      | (645)                          | (609)                         | 36                             | £36k planning application fees.   |
| Regulatory – Land Charges, Licences         | (400)                          | (413)                         | (13)                           | (£13k) Building control fee.  |
| Bed & Breakfast                             | (30)                           | (30)                          | 0                              |   |
| Property Asset Income                       | (1,104)                        | (868)                         | 236                            | £251k rent review to be completed, (£15k) favourable across other areas.  |
| <b>Total</b>                                | <b>(6,194)</b>                 | <b>(5,670)</b>                | <b>524</b>                     |   |

### Reserves

At 30 June 2023 specific reserves are forecast to be £11.047m, after a net transfer from reserves of £4.908m in Quarter 1 to cover revenue and capital expenditure. **Table 4** reflects the outturn position.

Table 4 – Specific and General Reserves Balance

| Reserve                    | Balances at 1 April 2023<br>£'000 | Contributions into Reserves<br>£'000 | Use of Reserves<br>£'000 | Balances at 31 March 2024<br>£'000 |
|----------------------------|-----------------------------------|--------------------------------------|--------------------------|------------------------------------|
| Capital Funding            | 5,643                             | 344                                  | (4,000)                  | 1,987                              |
| Transformation             | 1,391                             |                                      | (386)                    | 1,005                              |
| Repairs and Renewals       | 667                               | 35                                   |                          | 702                                |
| ICT                        | 50                                |                                      |                          | 50                                 |
| Housing                    | 1,395                             |                                      | (121)                    | 1,274                              |
| Controlling Migration Fund | 14                                |                                      |                          | 14                                 |
| Insurance                  | 250                               |                                      |                          | 250                                |
| Risk Mitigation Reserve    | 1,116                             |                                      |                          | 1,116                              |
| Funding Volatility         | 2,566                             |                                      | (674)                    | 1,892                              |
| Covid 19                   | 578                               |                                      | (106)                    | 472                                |
| Climate Change Reserve     | 84                                |                                      |                          | 84                                 |

| Reserve                        | Balances at 1 April 2023<br>£'000 | Contributions into Reserves<br>£'000 | Use of Reserves<br>£'000 | Balances at 31 March 2024<br>£'000 |
|--------------------------------|-----------------------------------|--------------------------------------|--------------------------|------------------------------------|
| Planning Reserve               | 86                                |                                      |                          | 86                                 |
| Property Funds Reserve         | 115                               |                                      |                          | 115                                |
| <b>Specific Reserves Total</b> | <b>13,954</b>                     | <b>379</b>                           | <b>(5,287)</b>           | <b>9,047</b>                       |
| General Fund                   | 2,000                             |                                      |                          | 2,000                              |
| <b>Total</b>                   | <b>15,954</b>                     | <b>379</b>                           | <b>(5,287)</b>           | <b>11,047</b>                      |

Table for S106 and Commuted sums:

| Detail               | Balance at 1 April 2023<br>£'000 | Contributions in<br>£'000 | Contributions out<br>£'000 | Balance at 31 March 2024<br>£'000 |
|----------------------|----------------------------------|---------------------------|----------------------------|-----------------------------------|
| S106 & Commuted Sums | 157                              |                           |                            | 157                               |

### Section 2.3 – Capital Budget

This section covers:

- Revisions to the Capital Programme
- Progress against the 2023/24 approved capital programme and the anticipated outturn
- Funding of the Capital Programme

| Scheme   | Approved Budget 2023/24<br>£000 | 22/23 Slippage/accelerated spend (-)<br>£000 | Changes to approved budget<br>£000 | Revised Budget 23/24<br>£000 | Actual June 23<br>£000 | Forecast Outturn 2023/24<br>£000 | Variance (under)/over<br>£000 |
|--|---------------------------------|--|------------------------------------|------------------------------|------------------------|----------------------------------|-------------------------------|
| Disables Facilities Grant  | 630                             |  |                                    | 630                          | 20                     | 630                              | 0                             |
| Housing Stock Modelling Condition Survey                         | 55                              | 0  | (22)                               | 33                           | 0                      | 33                               | 0                             |
| Housing Strategy Costs-Waterloo Housing, 80 new affordable homes | 59                              | (2)  |                                    | 57                           | 0                      | 0                                | (57)                          |
| Multi Use Games Area (Controlling Migration Funding)             | 0                               | 17   |                                    | 17                           | 0                      | 17                               | 0                             |
| Resurfacing & footpath improvements                              | 0                               | 28   |                                    | 28                           | 0                      | 28                               | 0                             |
| Vehicle Replacement - Grounds Maintenance - Mowers x 3           | 56                              | 255  |                                    | 311                          | 0                      | 311                              | 0                             |
| Changing Place   | 0                               | 300  |                                    | 300                          | 62                     | 300                              | 0                             |
| Town Centre Heritage Scheme                                      | 0                               | 1,186  |                                    | 1,186                        | 17                     | 449                              | (737)                         |
| Information Technology Infrastructure Refresh                    | 120                             | 35   |                                    | 155                          | 0                      | 155                              | 0                             |
| IT Refresh   | 96                              | 0  |                                    | 96                           | 0                      | 96                               | 0                             |
| Telephony  | 49                              | 0  |                                    | 49                           | 0                      | 49                               | 0                             |
| Car Park Machines  | 200                             | 0  |                                    | 200                          | 0                      | 200                              | 0                             |

Table 5 – 2023/24 Capital Programme and Q1 Forecast Outturn

| Scheme  | Approved Budget 2023/24 | 22/23 Slippage/ accelerated spend (-) | Changes to approved budget | Revised Budget 23/24 | Actual June 23 | Forecast Outturn 2023/24 | Variance (under)/over |
|---|-------------------------|---------------------------------------|----------------------------|----------------------|----------------|--------------------------|-----------------------|
|   | £000                    | £000                                  | £000                       | £000                 | £000           | £000                     | £000                  |
| Local Authority Housing Fund  | 1,530                   | 0                                     | 124                        | 1,654                | 0              | 1,654                    | 0                     |
| <b>Total Projects (Excl Towns Funds, UKSPF &amp; LUF)</b>             | <b>2,795</b>            | <b>1,819</b>                          | <b>102</b>                 | <b>4,716</b>         | <b>99</b>      | <b>3,922</b>             | <b>(794)</b>          |
| Towns Fund - Leisure  | 5,442                   | 203                                   |                            | 5,645                | 100            | 1,506                    | (4,139)               |
| Towns Fund - Mayflower  | 8,467                   | 59                                    |                            | 8,526                | 11             | 5,115                    | (3,411)               |
| Towns Fund - St Botolphs Library                                      | 0                       | 124                                   |                            | 124                  | 0              | 124                      | 0                     |
| Towns Fund - Centre for Food & Fresh Produce Logistics                | 702                     | (192)                                 |                            | 510                  | 96             | 210                      | (300)                 |
| Towns Fund - Healing the High St (incl Shodfriars)                    | 2,334                   | (58)                                  |                            | 2,276                | 19             | 499                      | (1,777)               |
| Towns Fund - Boston Station   | 1,926                   | 435                                   |                            | 2,361                | 58             | 1,180                    | (1,181)               |
| <b>Total Towns Fund Projects</b>                                      | <b>18,871</b>           | <b>571</b>                            | <b>0</b>                   | <b>19,442</b>        | <b>284</b>     | <b>8,634</b>             | <b>(10,808)</b>       |
| UKSPF (Capacity building projects for local groups)                   | 107                     | 53                                    |                            | 160                  | 0              | 160                      | 0                     |
| UKSPF Rural (Community projects aimed at reducing the cost of living) | 200                     | 0                                     |                            | 200                  | 0              | 200                      | 0                     |
| <b>Total UKSPF Projects</b>   | <b>307</b>              | <b>53</b>                             | <b>0</b>                   | <b>360</b>           | <b>0</b>       | <b>360</b>               | <b>0</b>              |
| LUF - Civic Hub   | 890                     | 0                                     |                            | 890                  | 0              | 890                      | 0                     |
| LUF - CROWN HOUSE   | 4,397                   | 0                                     |                            | 4,397                | 0              | 1,501                    | (2,896)               |
| LUF - Public Realm  | 6,070                   | 0                                     |                            | 6,070                | 0              | 500                      | (5,570)               |
| <b>Total LUF Projects</b>   | <b>11,357</b>           | <b>0</b>                              | <b>0</b>                   | <b>11,357</b>        | <b>0</b>       | <b>2,891</b>             | <b>(8,466)</b>        |
| <b>Grand Total</b>  | <b>33,330</b>           | <b>2,443</b>                          | <b>102</b>                 | <b>35,875</b>        | <b>383</b>     | <b>15,807</b>            | <b>(20,068)</b>       |

The revised capital budget as at Q1 was £35.875m, derived from the combination of the 2023/24 approved budget of £33.330m, 2022/23 slippage or accelerated spend of £2.443m and recent net changes to approved budget of £0.102m.

The Towns Fund projects represent the largest group £19.442m, 54% of total revised capital budget followed by Levelling Up Fund (LUF) £11.357m which represents 32%. Others make up the remaining £5.076m, 14% of total revised capital budget.

The overall expenditure forecast as at Q1 is showing the potential for slippage of £20.068m, however this position could change as the year progresses and projects develop.

### Changes to approved capital budget

The changes to approved budget are an increase of £0.124m and a reduction of £0.022m (£0.102m net amount) and these are detailed below.

| Project Description  | Amount £'000 | Approval   |
|--|--------------|--|
| Local Authority Housing Fund: On 28 <sup>th</sup> June 2023, Cabinet agreed to increase Boston Borough Council's contribution towards this project from £0.838m to £0.962m (an increase of £0.124m), to reflect the nature and price of homes currently. | 124          | Approved by Cabinet on 28 <sup>th</sup> June 2023. |

| Project Description   | Amount<br>£'000 | Approval   |
|---|-----------------|--|
| Housing Stock Modelling Condition Survey: A budget reduction of £22k from £55k, only £33k is required in 2023/24. | (22)            | The £55k was approved by Full Council in March 2023. |

**F2** That Cabinet recommends to Full Council to amend the Capital Programme to take into account the changes set out in this report at Appendix A – Table 5.

### Progress against approved budgets

- Leisure (£4.139m slippage) – Initial planning permission was secured on 28<sup>th</sup> April 2023 for the original 2000m2 extension scheme. A reduced 1500m2 extension scheme has been developed to bring the project cost estimate within the funding and budget envelope and amended planning application submitted. These changes have resulted in a delay to the start of the project with the current estimated start being January 24.
- Mayflower (£3.411m slippage) - Project to start August 23, completion March 25. Contractor evaluation is currently being done and the service is currently assuming two-thirds completion for 2023/24.
- Healing the High Street (£1.777m slippage) - There is pipeline of projects that has been delayed as the process of bringing the owners into grant funding agreement is taking longer than anticipated.
- Boston Station (£1.181m slippage) - Delays to the project is because of the hold up in the grant funding agreement sign-off. Contract to start in Oct 23 and to complete in Oct 24.
- Town Centre Heritage Scheme (£0.737m slippage) – There is pipeline of projects that has been delayed as the process of drawing up contracts is taking longer than anticipated.
- Centre for Food and Fresh Produce Logistics (£0.3m slippage) - The project has had a slow start however, the University of Lincoln working in partnership with Boston College continues to undertake various activities in a bid to create more enquiries.
- Housing Strategy Costs-Waterloo Housing, 80 new affordable homes (£0.057m slippage) – This is top-up funding for Housing Assoc (Registered Providers) to encourage them to build new affordable homes. No schemes currently agreed so it is unlikely this funding will be used in 2023/24.
- Housing Stock Modelling Condition Survey – The current expenditure estimate for BBC is £0.033m to be funded from the DGF grant (project 710). This is likely to be spent by September 23.
- Car Park Machine – All spend save any retention (assumed 10%, £0.02m) to be completed by Q3.
- LUF – Delayed start to both Crown House and Public Realm projects. Crown House an externally managed project that will be subject to a grant agreement. Public Realm project has a design team appointed during quarter two of 2022/23. Further updates will be provided on this project as the year progresses.
- All other projects are forecasting to spend to the 2023/24 budgets.

### 2023/24 Funding

| All Projects           | Approved Budget<br>2023/24<br>£'000 | Revised Budget Plus<br>Slippage/<br>accelerated spend (-)<br>2023/24<br>£'000 | Full year forecast<br>£'000 | Variance<br>£'000 |
|------------------------|-------------------------------------|---|-----------------------------|-------------------|
| Capital Grants         | (28,057)                            | (29,866)  | (14,048)                    | 7,352             |
| Capital Reserve        | (4,000)                             | (4,630)   | (444)                       | 4,186             |
| Transformation Reserve | (200)                               | (200)   | (200)                       | 0                 |

|                              |                 |                 |                 |               |
|------------------------------|-----------------|-----------------|-----------------|---------------|
| RR Reserve                   | 0               | (7)             | 0               | 7             |
| IT Reserve                   | 0               | 0               | 0               | 0             |
| Housing Reserve              | (59)            | (57)            | 0               | 57            |
| Internal Borrowing           | (120)           | (120)           | (120)           | 0             |
| Internal Borrowing - Housing | (839)           | (962)           | (962)           | 0             |
| External Grants              | (55)            | (33)            | (33)            | 0             |
| <b>Totals</b>                | <b>(33,330)</b> | <b>(35,875)</b> | <b>(15,807)</b> | <b>11,602</b> |

### Capital Financing

The current Capital Programme is financed from reserves and external borrowing in line with the Capital Strategy.

**Table 6** indicates the forecast capital resources available to the Council at the end of 2023/24. The estimated position for the following two years is also provided.

| Table 6 – Capital Resources                               |                  |                  |                  |
|---|------------------|------------------|------------------|
|   | 2022/23<br>£'000 | 2023/24<br>£'000 | 2024/25<br>£'000 |
| Capital Resources* available at start of each year        | 5,627            | 5,341            | 4,781            |
| Capital Investment (estimate in future years)             | (3,747)          | (15,807)         | (7,868)          |
| Additional Sources of Finance                             |                  |                  |                  |
| New Capital Receipts (estimate in future years)           |                  |                  |                  |
| Funding from other reserves and internal borrowing        | 58               | 1,282            | 194              |
| External Grants   | 3,387            | 14,081           | 6,897            |
| Revenue Contributions                                     | -                | -                | -                |
| External borrowing  | -                | -                | -                |
| Budgeted contributions to capital reserve                 | 333              | 344              | 344              |
| Minimum Revenue Provision                                 | (15)             | (15)             | (15)             |
| Transfer from Capital Reserve to support ongoing projects | (302)            | (444)            | (777)            |
| <b>Estimated Capital Resources* at end of each year</b>   | <b>5,341</b>     | <b>4,781</b>     | <b>3,556</b>     |

\* Capital Reserve and Capital Receipts

## Section 2.4 – Treasury Management

### Investments at 30 June 2023

During the financial year the Council has made investments in line with the agreed Treasury Management Strategy.

Detailed in **Table 7** are the investments held by the Council on 30 June 2022 excluding accrued interest. Note this represents the position at this one point in time. The peaks and troughs in cash flow are managed on a daily basis. Because the Council collects money on behalf of other organisations which are paid out at future dates (e.g., Council Tax and Business Rates) the value of investments held at any point in time does not represent the value of Boston's own resources.

**Table 7 – Cash Investments on 30 June 2023**

| Financial Institution     | Country | Amount (£) | Start Date | Maturity Date  | Fixed/Variable | Yield % |
|---------------------------|---------|------------|------------|----------------|----------------|---------|
| HSBC Bank                 | UK      | 600,000    | N/A        | Instant Access | Variable       | 0.50%   |
| CCLA Money Market Fund    | Various | 7,050,000  | N/A        | Instant Access | Various        | 4.78%   |
| UK Debt Management Office | UK      | 6,000,000  | 30/06/23   | 04/07/2023     | Fixed          | 4.88%   |



**APPENDIX A**

|                                  |             |                   |          |            |       |        |
|----------------------------------|-------------|-------------------|----------|------------|-------|--------|
| Helaba Bank                      | Germany     | 3,000,000         | 23/09/22 | 22/09/2023 | Fixed | 4.305% |
| Bank of Montreal                 | Canada      | 3,000,000         | 02/11/22 | 06/11/2023 | Fixed | 4.80%  |
| Rabobank                         | Netherlands | 3,000,000         | 14/11/22 | 14/11/2023 | Fixed | 4.68%  |
| Credit Industriel et Commercial  | France      | 3,000,000         | 12/01/23 | 12/01/2024 | Fixed | 4.71%  |
| Toronto Dominion                 | Canada      | 2,000,000         | 06/04/23 | 05/04/2024 | Fixed | 5.10%  |
| Skandinaviska Enskilda Banken AB | Sweden      | 3,000,000         | 05/05/23 | 03/05/2024 | Fixed | 5.23%  |
| National Australia Bank          | Australia   | 3,000,000         | 27/06/23 | 24/05/2024 | Fixed | 6.35%  |
| <b>TOTAL</b>                     |             | <b>33,650,000</b> |          |            |       |        |

The Council has purchased property fund units and the table below provides a breakdown in relation to the purchase of these units:

| <b>Fund</b>   | <b>Date of Purchase</b> | <b>Net Asset Value at Date of Purchase<br/>£</b> | <b>Premium/ (Discount) on Purchase<br/>£</b> | <b>Premium/ (Discount) on Purchase<br/>%</b> | <b>Total Cost<br/>£</b> |
|---|-------------------------|--|--|--|-------------------------|
| Black Rock UK Property Fund                         | 05/08/16                | 255,085  | (5,102)                                      | (2.00)                                       | 249,983                 |
|   | 30/12/16                | 255,085  | (5,103)                                      | (2.00)                                       | 249,982                 |
|   | 28/09/18                | <u>3,945,592</u>                                 | <u>54,449</u>                                | <u>1.38</u>                                  | <u>4,000,041</u>        |
|   | <b>TOTAL</b>            | <b>4,455,762</b>                                 | <b>44,244</b>                                | <b>0.99</b>                                  | <b>4,500,006</b>        |
| Schroder UK Real Estate Fund                        | 05/08/16                | 250,000  | -  | -  | 250,000                 |
|   | 03/09/18                | <u>4,020,006</u>                                 | <u>(20,000)</u>                              | <u>(0.50)</u>                                | <u>4,000,006</u>        |
|   | <b>TOTAL</b>            | <b>4,270,006</b>                                 | <b>(20,000)</b>                              | <b>(0.47)</b>                                | <b>4,250,006</b>        |
| Threadneedle Property Unit Trust                    | 31/08/16                | 263,549  | (13,177)                                     | (5.00)                                       | 250,372                 |
|   | 31/08/18                | 2,902,441  | 86,572                                       | 2.98   | 2,989,013               |
|   | 28/09/18                | 483,966  | 16,116                                       | 3.33   | 500,082                 |
|   | 31/10/18                | <u>483,930</u>                                   | <u>16,357</u>                                | <u>3.38</u>                                  | <u>500,287</u>          |
|   | <b>TOTAL</b>            | <b>4,133,886</b>                                 | <b>105,868</b>                               | <b>2.56</b>                                  | <b>4,239,754</b>        |
| M&G Investments UK Property Fund (after repayments) | 14/09/18                | <b>663,259</b>                                   | <b>88,020</b>                                | <b>2.25</b>                                  | <b>751,279</b>          |
| AEW UK Core Property Fund                           | 31/10/18                | <b>3,745,319</b>                                 | <b>254,681</b>                               | <b>6.80</b>                                  | <b>4,000,000</b>        |
| <b>TOTAL</b>  |                         | <b>17,268,232</b>                                | <b>472,813</b>                               | <b>2.30</b>                                  | <b>17,741,045</b>       |

Property Fund Investments (Capital Expenditure) as at 30 June 2023

| Financial Institution                                  | Purchase Cost (£) | Estimated Net Revenue Received 2023/24 (£) | Projected Annualised Distribution Yield 2023/24 (%) | Net Asset Value (£) | Total Gain/(Loss) Since Purchase (£) | Total Gain/(Loss) Since Purchase (%) | 2023/24 Capital Gain/(Loss) Since 31/3/23 (£) | 2023/24 Capital Gain/(Loss) Since 31/3/23 (%) | 2023/24 Combined Annual Return (%) |
|--|-------------------|--|---|---------------------|--------------------------------------|--------------------------------------|---|---|------------------------------------|
| BlackRock UK Property Fund                             | 4,500,006         | 36,717                                     | 3.06%   | 4,215,004           | (285,002)                            | (6.33%)                              | (43,642)                                      | (1.02%)                                       | (2.04%)                            |
| Schroder UK Real Estate Fund                           | 4,250,006         | 36,306                                     | 3.57%   | 3,829,821           | (420,185)                            | (9.89%)                              | (129,111)                                     | (3.26%)                                       | (0.31%)                            |
| Threadneedle Property Unit Trust                       | 4,239,754         | 54,133                                     | 4.68%   | 3,703,666           | (536,088)                            | (12.64%)                             | 5,826   | 0.16%   | 4.84%                              |
| M&G Investments UK Property Fund (after distributions) | 751,279           | 22,461                                     | N/A   | 851,529             | 100,250                              | N/A                                  | (14,670)                                      | N/A   | N/A                                |
| AEW UK Core Property Fund                              | 4,000,000         | 28,592                                     | 3.60%   | 3,491,622           | (508,378)                            | (12.71%)                             | 30,389  | 0.88%   | 4.48%                              |
| <b>TOTAL</b>   | <b>17,741,045</b> | <b>178,209</b>                             |   | <b>16,091,642</b>   | <b>(1,649,403)</b>                   |                                      | <b>(151,208)</b>                              |   |                                    |

The movement in fair value of the funds gets charged to the revenue account and reversed out through the MIRS to the capital adjustment account each year end so there is no bottom line impact.

Property Fund Dividends

An analysis of dividend distributions received since the purchase of the property funds to 30 June 2023 can be found in **Table 8** below.

**Table 8 – Property Fund Dividend Information**

| Financial Institution            | Actual Net Dividend Distributions Received Pre 2023/24 | Original Budgeted Net Distribution 2023/24 | Net Dividend Distributions Received 2023/24 | Total Net Distributions Received Since Purchase |
|----------------------------------|--|--|---|---|
| BlackRock UK Property Fund       | 664,402  | 40,279                                     | 36,717                                      | 701,119   |
| Schroder UK Real Estate Fund     | 641,271  | 38,041                                     | 36,306                                      | 677,577   |
| Threadneedle Property Unit Trust | 810,274  | 37,949                                     | 54,133                                      | 864,407   |
| M&G Investments UK Property Fund | 489,440  | 7,946                                      | 22,461                                      | 511,901   |
| AEW UK Core Property Fund        | 737,521  | 35,803                                     | 28,592                                      | 766,113   |
| <b>Total Revenue</b>             | <b>3,342,908</b>                                       | <b>160,018</b>                             | <b>178,209</b>                              | <b>3,521,117</b>                                |

The M&G UK Property fund is liquidating its assets and therefore their fund valuation is reducing as repayments are made. M&G have now paid Boston BC distribution payments totalling £3,248,722 as at 30 June 2023, from the asset sale proceeds.

Maturity Structure of Investments

An analysis of the maturity structure of investments on 30 June 2023 can be found in Table 9 below.

**Table 9 - Maturity Structure of Investments on 30 June 2023.**

| Period to Maturity    | Amount (£)        | % of Portfolio |
|-----------------------|-------------------|----------------|
| Less than one week    | 13,650,000        | 26%            |
| Less than one month   | 0                 | 0%             |
| One to three months   | 3,000,000         | 6%             |
| Three to six months   | 6,000,000         | 12%            |
| Six to nine months    | 3,000,000         | 6%             |
| Nine months to a year | 8,000,000         | 16%            |
| >12 Months            | 17,741,045        | 34%            |
| <b>TOTAL</b>          | <b>51,391,045</b> | <b>100%</b>    |

Summary of Investment Income Received Against Budget and Forecast Outturn

**Table 10** below provides a comparison of investment income received and an estimate of the outturn position for the year against the original budget.

**Table 10 - Investment Income Received Against Budget and Forecast Outturn**

| Investment Type         | 2023/24<br>Profiled<br>Q1 Budget | 2023/24<br>Profiled<br>Q1 Actual | 2023/24<br>Annual<br>Budget | 2023/24<br>Projected<br>Outturn |
|-------------------------|----------------------------------|----------------------------------|-----------------------------|---------------------------------|
| Treasury Investments    | 203,383                          | 258,200                          | 818,000                     | 1,354,975                       |
| <u>Property Funds</u>   |                                  |                                  |                             |                                 |
| Gross Distributions     | 202,388                          | 225,282                          | 814,000                     | 835,843                         |
| Less Management Fees    | (42,268)                         | (47,073)                         | (170,000)                   | (174,562)                       |
| Net Distributions       | 160,120                          | 178,209                          | 644,000                     | 661,281                         |
| <b>Total Net Income</b> | <b>363,503</b>                   | <b>436,409</b>                   | <b>1,462,000</b>            | <b>2,016,256</b>                |

Treasury investments achieved an average rate of 4.44% compared to the benchmark average 3-month Sterling Overnight Index Average (SONIA) rate of 4.65%. and property fund investments achieved an average rate of 4.02%. The combined rate achieved on all investments was 4.26%.

The higher levels of investment income compared to the original budget is due to increased balances available for investment resulting from additional grant money being received and recent rises in interest rates on new investments.

External Borrowing

The Council has £15.449m of external PWLB fixed rate borrowing as shown in table 11 below.

**Table 11 – External Borrowing**

| Entity                  | Amount (£)        | Start Date | Maturity Date | Rate (%)                  |
|-------------------------|-------------------|------------|---------------|---------------------------|
| Public Works Loan Board | 10,000,000        | 10/12/2018 | 10/12/2068    | 2.54%                     |
| Public Works Loan Board | 4,000,000         | 13/12/2018 | 13/12/2068    | 2.42%                     |
| Public Works Loan Board | 1,449,000         | 27/03/2019 | 27/03/2069    | 2.18%                     |
| <b>TOTAL</b>            | <b>15,449,000</b> |            |               | <b>2.475%<br/>Average</b> |

Fixed interest costs for 2023/24 on this borrowing are £382,388.

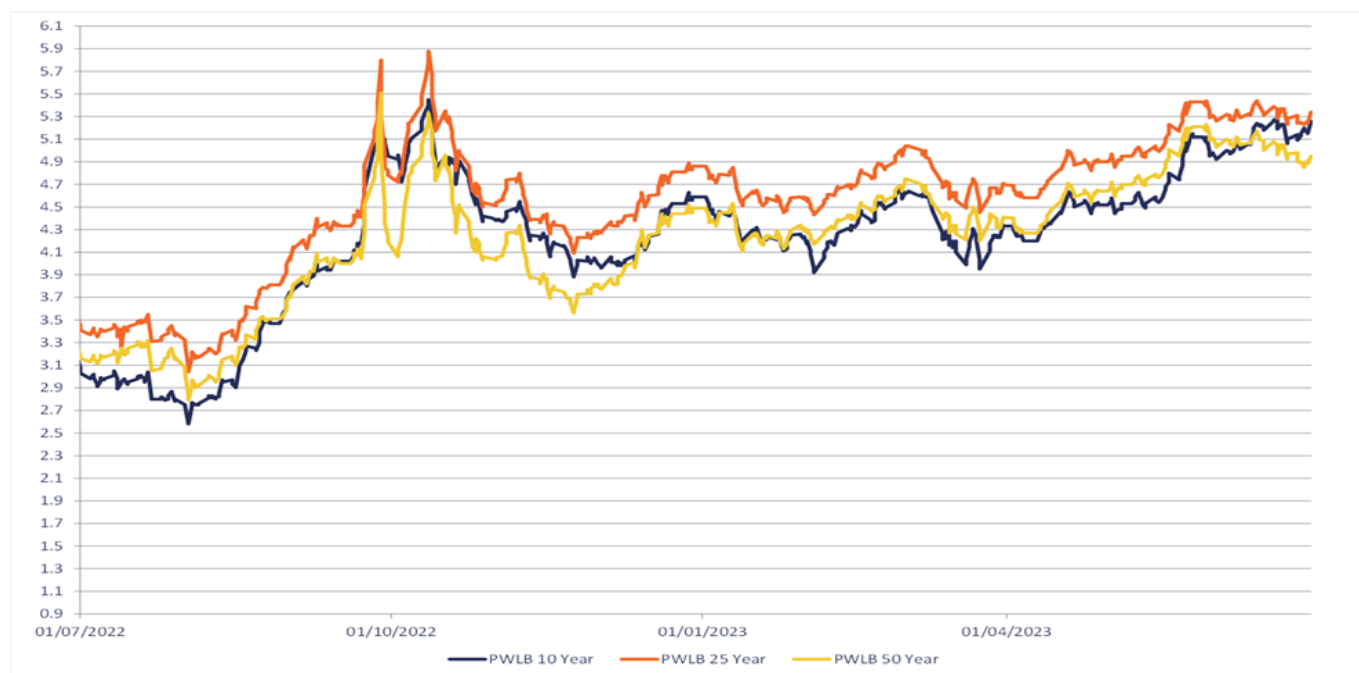
In addition to the PWLB loans above the Council has a £1m Lender Option Borrower Option (LOBO) loan with State Street Nominees at a rate of 11.125% which is due to mature in 2051. Interest costs for 2023/24 on this borrowing are £111,250.

As at the 30 June 2023, the premature repayment discount on the PWLB loans was £5,106,127. Under accounting rules, this discount would need to be credited to revenue over a period of 10 years.

### Public Works Loan Board (PWLB) Borrowing Rates

During the first quarter of the financial year PWLB borrowing rates have been on a gradual rising trend due to stubborn inflation levels and expectations for further base rate rises. The 50 year PWLB certainty rate was 4.95% on 30 June 2023.

**Graph 1 – PWLB Borrowing Rates**



## Section 2.5 – Insurance

### *2023/24 Claims Statistics*

**Table 7** details the number of formal insurance claims for Quarter 1 of 2023/24 (figures in brackets are comparable figures for 2022/23).

|                     | Quarter 1   | Quarter 2  | Quarter 3  | Quarter 4  | Total       |
|---------------------|-------------|------------|------------|------------|-------------|
| Public Liability    | 1(0)        | (1)        | (1)        | (2)        | (4)         |
| Employers Liability | 0(0)        | (0)        | (1)        | (1)        | (2)         |
| Motor               | 4(1)        | (2)        | (2)        | (5)        | (10)        |
| Property            | 0(0)        | (0)        | (0)        | (0)        | (0)         |
| Officers Indemnity  | 0(0)        | (0)        | (0)        | (0)        | (0)         |
| <b>Total</b>        | <b>5(1)</b> | <b>(3)</b> | <b>(4)</b> | <b>(8)</b> | <b>(16)</b> |

### *Insurance Reserves*

The Council maintains an insurance reserve for smaller value insurance claims where the losses are below the principal deductible of £25,000.

At 30 June 2023 the balance on the reserve was £260k, and this balance is monitored on a regular basis to ensure that the value of the reserve is sufficient to meet future liabilities.

## Section 2.6 – Debt Collection

A review of debts is undertaken every month, and monitoring is reported against targets. In line with the new financial procedure limits there are no debts in excess of £50,000 requiring Executive Board approval for write off.

An analysis of the sundry debts the Council held as at 30 June 2023 is show in **Table 8**.

| Table 8 – Sundry Debt Analysis |            |            |             |              |              |               |           |
|--------------------------------|------------|------------|-------------|--------------|--------------|---------------|-----------|
| 0-30 days                      | 31-60 days | 61-90 days | 91-120 days | 121-183 days | 184-365 days | Over 365 days | Total     |
| £                              | £          | £          | £           | £            | £            | £             | £         |
| 115,545                        | 349,594    | 525,147    | 50,025      | 53,929       | 144,905      | 478,813       | 1,717,958 |

Note: This does not include details of invoice amounts (£76,163) that are not yet due

### Section 2.7 – Council Tax and Business Rates

There is uncertainty over the ongoing impact on collection and recovery as a result of the knock-on effect of the pandemic, and now the cost of living and energy cost crises. In recognition, we continue to remain prudent in setting the bad debt provision in this area.

A programme of statutory recovery activity is in place throughout the year.

#### Council Tax Support Scheme (CTS)

Following the statutory annual review during 2022/23, the 2023/24 scheme remains unchanged from the previous year, allowing for national up-ratings.

#### Council Tax – Quarter 1 In-Year Collection

The annual collectable debit as at 30 June 2023 was £42.4m with a net collection rate of 26.98% (23.34% at 30 June 2022).

#### Business Rates – Quarter 1 In-Year Collection

The annual collectable debit as at 30 June was £19m with a net collection rate of 29.72% (33.75% at 30 June 2022).