

Boston Borough Council – Q4 Outturn Report for 2023/24

Finance Summary

- The year end revenue outturn is a surplus position of £458k (at Q3 - a surplus of £162k).
- Specific and general reserves for the Council are £13.208m as at 31 March 2024.
- Capital expenditure for the year totalled £5.939m, against a full-year budget of £8.602m (at Q3, Capital spending was £3.099m).
- The budgets for 2023/24 included an efficiency target of £664k, and we achieved £575k against that target (87%)
- At the year end the Council held investments of £33.65m (Q3 - £33.65m).
- The investment income budget for the year was £1.492m. The Council achieved £2.858m of income which resulted favourable variance of £1.396m (Q3 - £1.055k).
- The Council repaid its £15.449m of external borrowing with the PWLB on 9 October 2023.

Section 2 – Finance

Section 2.1	Key Financial Issues in Quarter 4 of 2023/24
Section 2.2	Revenue Budget
Section 2.3	Capital Budget
Section 2.4	Treasury Update
Section 2.5	Insurance
Section 2.6	Debt Collection
Section 2.7	Business Rates and Council Tax Collection

Section 2.1 – Key Financial Issues in Quarter 4 of 2023/24

- The identification of in-year efficiencies has taken place throughout the year, with emphasis placed on this during the quarterly review meetings.
- Additional MRP charges of £570k resulting from the M&G sales distribution of £520k and a provision for the Property fund of £50k.
- There have also been liquidation proceeds received from the M&G property funds, with £550k received for the liquidation proceeds which offsets the MRP-related charge mentioned above.
- Investment income of £1.3m is due to higher than expected levels of investments resulting from capital programme slippage and higher interest rates.
- Due to early loan repayments, the Council benefitted from a discount that will be released over the life of the original loans, resulting in a benefit of £642k for 2023/24.
- New car parking machines have now been installed as planned. This income will continue to be monitored during the coming months.
- External audit increased costs, resulting in an overspend of £127k.
- The PSPS Contract price was in excess of budget by £114k.
- On 1 December 2023, the NJC local government pay award for 2023/24 was agreed. The final pay award rose to 9.42% for the lowest paid and 3.88% for those in the highest bands. The budgets for Salary, NI and Pension costs were uplifted by 5% for the 2023/24. The impact of the pay award pressure over this budgeted value was £119k. It should be noted that vacancies within the services offset these costs for most areas.
- It should be noted that a sundry bad debt provision of £299k has been included in the costs of the services. Council tax court costs of £68,000 have been provided for at outturn.

Inflation	January (%)	February (%)	March (%)
CPI	4	3.4	3.2
RPI	4.9	4.5	4.3

Section 2.2 – Revenue Budget

Table 1 details the outturn by Service Area. This shows an underspend position of (£458k).

Table 1 – Net Spend by Assistant Director					
Assistant Director Area	Revised Budget 2023/24 at Q4 £'000	Outturn 2023/24 at Q4 £'000	Variance (underspend)/overspend at Q4 £'000	Comments on main variances at Q4	Variance (underspend)/overspend at Q3 £'000
Corporate	1,922	1,704	(218)	(£99k) ICT savings against software & hardware budgets due to the improvement in procurement processes and the buying power of the SELCP partnership, (£38k) net income of unbudgeted S113 recharges, £6k increased PSPS contract base cost, (£40k) staffing underspend, £12k central training overspends net again underspends across council.	(60)
Economic Growth	258	223	(35)	(£37k) salary & oncosts savings due to vacant posts, £2k other small areas.	(39)
Finance	2,057	2,708	651	Bad debt impairment of Council Tax £112k - 24/25 Budget for provision of £130k has been included. HB Overpayment of HB (£115k), £127k External audit increased costs, £354k staffing efficiency target within Finance when savings are cross Council, £114k PSPS Contract price in excess of budget, £70k CTS grant budgeted in error as now included within settlement amount, £13k banking charges, (£16k) Rent rebate overspend has	471

Table 1 – Net Spend by Assistant Director

Assistant Director Area	Revised Budget 2023/24 at Q4 £'000	Outturn 2023/24 at Q4 £'000	Variance (underspend)/overspend at Q4 £'000	Comments on main variances at Q4	Variance (underspend)/overspend at Q3 £'000
				been partially offset with HB subsidy underspend that arose as a result of the provision for the error rate adjustment not required, (£8k)	
Governance and Monitoring	829	896	67	£6k civil functions (freedom of Boston), £39k members allowances. Estimated increase added to 24/25 budget based on the budgeted increase for staff. (£25k) Election underspend, (£9k) net income of unbudgeted S113 recharges, £34k mainly due to less than budgeted income recovered from legal cases/actions, £42k additional staffing costs to support service delivery, (£20k) settlement of previous years PCC Election.	80
General Fund Assets	(827)	(647)	180	£216k reduced Parking income, but an improvement on Q3, permit income and fines income. £178k increased Building Maintenance costs (£75k) additional rental income mainly relating to Boston Enterprise Centre, (£33k) staffing savings, (£28k) additional Municipal Building income, (£18k) additional office cleaning income, (£26k) reduced Business rates costs, (£33k) reduced Grounds maintenance charge.	310

Table 1 – Net Spend by Assistant Director

Assistant Director Area	Revised Budget 2023/24 at Q4 £'000	Outturn 2023/24 at Q4 £'000	Variance (underspend)/overspend at Q4 £'000	Comments on main variances at Q4	Variance (underspend)/overspend at Q3 £'000
Leisure and Culture	1,020	1,060	40	£84k additional project and shared management costs, £10k Mayfair, £18k reduced Markets income, £30k net charge of unbudgeted S113 recharges (is this the impact of S113 charges not going through until the year end, £18k Christmas event funded from Earmarked reserves, (£42k) saving against budget for business rates, (£73k) staffing savings, (£5k) other small variances	(56)
Neighbourhoods	1,856	2,070	214	Bad debt impairment of £65k charged to service re maintenance contract dispute, £70k additional Hire vehicles (including cleaning, fuel and hire), £40k additional driver, £33k additional wheelie bin requests above budget (£62k) additional ELDC rounds income, £32k additional tree management costs, £31k additional vehicle maintenance costs, £5k additional insurance costs.	116
Planning and Strategic Infrastructure	272	160	(112)	Local planning policy savings mainly made up of local plan review work not undertaken offset by extra S106 income (£11k)	18
Regulatory	1,092	1,235	143	Bad debt provision - impairment of £157k charged to service area, £40k building control fees income reduced, (£52k) Licensing additional	(1)

Table 1 – Net Spend by Assistant Director

Assistant Director Area	Revised Budget 2023/24 at Q4 £'000	Outturn 2023/24 at Q4 £'000	Variance (underspend)/overspend at Q4 £'000	Comments on main variances at Q4	Variance (underspend)/overspend at Q3 £'000
				income and vacant post, (£22k) reduced land charges income off set with new burdens income and vacant post, £29k Climate change S113 recharges, will be corrected in 24/25, (£9k) other minor variances.	
Strategic Growth and Development	19	19	0		0
Strategic Projects	(80)	(80)	0		0
Wellbeing and Community Leadership	1,566	1,564	(2)	Debt impairment of £9k – Housing Standards enforcement, (£51k) salary savings from vacant admin post, S113 recharges and increased capitalised salaries post restructure, (£18k) HSF admin income, £73k reduced Housing Standards income (including reduced invoices from previous year), £12K reduction in HMO licence income, £33k increased Bed and Breakfast and Temp accommodation costs, (£36k) rough sleeper service balance will net off support cost recharges, (£24k) net income of unbudgeted S113 recharges.	12
BTAC	798	798	0		10
Sub Total – Assistant Director – net costs	10,782	11,710	928		861
Internal Drainage Boards/Parish Precepts	3,004	3,009	5		0
DRF	476	253	(223)		0
MRP	15	65	50	Property funds (exc. M&G) annual MRP	0

Table 1 – Net Spend by Assistant Director					
Assistant Director Area	Revised Budget 2023/24 at Q4 £'000	Outturn 2023/24 at Q4 £'000	Variance (underspend)/overspend at Q4 £'000	Comments on main variances at Q4	Variance (underspend)/overspend at Q3 £'000
				charge £50k and State Street £15k.	
Interest Payments Received / Return on Property Funds	(1,462)	(2,307)	(845)	£845k is due to higher levels of investments. There have also been liquidation proceeds received from the M&G property funds.	(896)
M&G Property Fund Liquidation Distributions	0	(551)	(551)	M&G liquidation distributions received in year.	(159)
MRP in respect of reduced M&G Property Fund valuation	0	520	520	Funded from liquidation proceeds. Balance of £31k transferred to property fund earmarked reserve.	
Borrowing Costs	494	311	(183)	Due to lower interest costs because of premature repayment of loans.	(183)
Borrowing Discount Allocated to Revenue	0	(642)	(642)	Discount being applied to revenue.	
Reserves	(1,801)	(1,477)	324		0
Efficiencies Required	(409)	(320)	89	See table 2	85
Court costs for council tax	0	68	68	Court costs for council tax.	130
Non-Service Expenditure	317	(1,071)	(1,388)		(1,023)
Total Expenditure	11,099	10,639	(460)		(162)
Council Tax	(5,504)	(5,476)	28		0
Business Rates	(4,208)	(4,226)	(18)		0
Non Ring Fenced Government Grant	(1,387)	(1,395)	(8)		0
Total Funding	(11,099)	(11,097)	2		0
Total Budget – (Surplus)/Deficit	0	(458)	(458)		(162)

The 2023/24 budget included an efficiency target of £664k, below are efficiencies achieved at outturn:

Table 2 – Efficiency Description	Amount £'000	Comments
DLUHC IDB Levies Grant	(319)	
Regulatory	(6)	BR RELIEFS NEW BURDENS & LICENCES
General Fund Assets – Electricity & Gas	(122)	Budget in excess of requirements
Leisure and Culture – Electricity & Gas	(2)	Budget in excess of requirements
Neighbourhoods – Fuel	(21)	Budget in excess of requirements
Neighbourhoods – Electricity & Gas	(6)	Budget in excess of requirements
Finance	(21)	Procurement service now provided by PSPS
Leisure and Culture – GMLC	(46)	Budget in excess of requirement
Wellbeing and Community Leadership – Accessible Homes	(19)	Savings created from DFG restructure
Corporate	(2)	Efficiencies identified as part monitoring meetings
Planning and Strategic Infrastructure	(2)	Efficiencies identified as part monitoring meetings
Leisure and Culture	(9)	Efficiencies identified as part monitoring meetings
Total	(575)	
Target	(664)	

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 31 March 2024 £'000	Actual Income to 31 March 2024 £'000	Variance (above)/ below budget £'000	Comments
GF – Car Parking, Bereavement, and Property, Office Cleaning	(2,043)	(1,847)	196	Income has not yet returned to pre-covid levels & permit income is also down by £37k. This is partially offset by above budget office cleaning income £26k.
Leisure Pool, and Markets	(936)	(703)	233	£224k loss of leisure income as a result of GMLC transfer to Parkwood in December 2023, £13k markets income down on budget
Neighbourhoods – Office Cleaning, Recycling	(987)	(983)	4	

Table 3 – Trading Income Budgets				
Income Area	Revised Budget to 31 March 2024 £'000	Actual Income to 31 March 2024 £'000	Variance (above)/ below budget £'000	Comments
Development Management	(645)	(442)	203	£203k planning application fees. Applications have generally been smaller, low value applications and free submissions. Rising costs, a slowdown in the housing market and interest rate rises have all been contributing factors. This has impacted on larger/speculative developments.
Regulatory – Land Charges, Licences	(405)	(401)	4	
Bed & Breakfast	(30)	(50)	(20)	
Property Asset Income	(1,104)	(1,046)	58	£61k rent income PRSA (offset by reduction of gas & electric expenditure), offset by (£22k) Municipal buildings rent and (£34k) additional income (share of turnover)
Total	(6,150)	(5,472)	678	

Reserves

At 31 March 2024 specific reserves were £13.208m, after a net transfer from reserves of £961k 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 £'000	Contributions into Reserves £'000	Use of Reserves £'000	Balances at 31 March 2024 £'000
Capital Funding	5,643	344	(54)	5,933
Transformation	1,547	538	(1,104)	981
Repairs and Renewals	667	16	(70)	613
ICT	50	0	(17)	33
Housing	1,453	77	(80)	1,450
Controlling Migration Fund	14	0	0	14
Insurance	250	0	(42)	208
Risk Mitigation Reserve	1,116	0	0	1,116
Funding Volatility	2,566	0	(674)	1,892

Table 4 – Specific and General Reserves Balance				
Reserve	Balances at 1 April 2023 £'000	Contributions into Reserves £'000	Use of Reserves £'000	Balances at 31 March 2024 £'000
Contingency Reserve	578	0	(196)	382
Climate Change Reserve	84	18	(1)	101
Planning Reserve	86	273	(20)	339
Property Funds Reserve	115	31	0	146
Specific Reserves Total	14,169	1,297	(2,258)	13,208
General Fund	2,000	0	0	2,000
S106 & Commuted Sums	157	0	(29)	128
BTAC	328	0	(121)	207
TOTAL	16,654	1,297	(2,408)	15,543

- Notes the report outlining the current year end underspend of £458,000 for 2023/24 and the detail set out in Appendix A and approve the transfer of the surplus to reserves.
- That Cabinet recommends to Full Council to approve the reserves transactions and balances as set out in Appendix A - Table 4 for 2023/24.

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

Table 5a – 2023/24 Capital Programme and Q4 Forecast Outturn					
Scheme	Approved Budget 2023/24 £000	Changes to approved budget £000	Revised Budget 23/24 £000	Actual 23/24 £000	Variance (under)/over £000
Disabled Facilities Grant	480	-	480	582	102
Housing Stock Modelling Condition Survey	33	-	33	-	(33)
Multi Use Games Area (Controlling Migration Funding)	17	-	17	-	(17)
Resurfacing & footpath improvements	28	-	28	-	(28)
Changing Places	212	-	212	212	-
Town Centre Heritage Scheme	1,161	-	1,161	188	(973)
Information Technology Infrastructure Refresh	65	-	65	85	20

Table 5a – 2023/24 Capital Programme and Q4 Forecast Outturn

Scheme	Approved Budget 2023/24	Changes to approved budget	Revised Budget 23/24	Actual 23/24	Variance (under)/over
	£000	£000	£000	£000	£000
IT Refresh	44	-	44	47	3
Telephony	49	-	49	49	-
Car Park Machines	200	-	200	167	(33)
Local Authority Housing Fund	2,797	-	2,797	2,554	(243)
Christmas Decorations	-	65	65	65	-
Total Projects (Excl Towns Funds, UKSPF & LUF)	5,086	65	5,151	3,949	(1,202)
Towns Fund - Leisure	350	-	350	322	(28)
Towns Fund - Mayflower	1,110	-	1,110	12	(1,098)
Towns Fund - St Botolph's Library	124	-	124	55	(69)
Towns Fund - Centre for Food & Fresh Produce Logistics	510	-	510	702	192
Towns Fund - Healing the High St (incl. Shodfriars)	344	-	344	231	(113)
Towns Fund - Boston Station	120	-	120	126	6
Total Towns Fund Projects	2,558	-	2,558	1,448	(1,110)
UKSPF (Capacity building projects for local groups)	160	-	160	116	(44)
UKSPF Rural (Community projects aimed at reducing the cost of living)	200	(50)	150	150	-
Total UKSPF Projects	360	(50)	310	266	(44)
LUF - Civic Hub	200	-	200	3	(197)
LUF - Crown House	263	-	263	265	2
LUF - Public Realm	120	-	120	8	(112)
Total LUF Projects	583	-	583	276	(307)
Grand Total	8,587	15	8,602	5,939	(2,663)

The revised capital budget as at Q4 is £8.602m, derived from the combination of the 2023/24 approved budget of £8.587m and new in-year approved spend. The overall expenditure as at Q4 is £5.939m.

Changes to approved capital budget

The changes to the approved budget of £0.015m are detailed below:

Project Description	Amount £'000	Approval
Christmas Decorations	15	Approval via proforma and portfolio holder, financed by UKSPF and revenue.
Total	15	

Capital Scheme Outturns

- Disabled Facilities Grants – Progress across schemes improved in comparison to the Q3 position, slippage previously approved from 2023/24 into 2024/25 to be reduced in line with increased spend.

- Leisure - Planning permission secured in July 2023 for the revised 1500m2 extension scheme. Construction tenders closed in Dec 2023.
- Mayflower - Works have now started on site, completion expected within 2024/25.
- Centre for Food & Fresh Produce Logistics – Project forecast to complete by January 2025 with minimum further capital spend.
- Healing the High Street - Major works ongoing with Shodfriars project, expected movement on this between Q1-2 2024/25.
- Boston Station - Works now moving forward with temporary ticket office, hall and envoy room forecast to be completed within Q1 of 2024/25. Next phase of works will see the refurbishment of the existing ticket office and hall.
- Housing Strategy Costs-Waterloo Housing, 80 new affordable homes – This is top-up funding for Housing Assoc (Registered Providers) to encourage them to build new affordable homes.
- Car Park Machines – All works now completed.
- LUF – Delayed start to both Crown House and Public Realm projects. Crown House is an externally managed project that will be subject to a grant agreement. Public Realm project has a design team appointed.

Capital Outturn and Slippage Adjustments required in 2024/25

As a result of the variances shown in **Table 5a**, changes are required to the 2024/25 Capital Programme. These are reflected in the revised Capital Programme shown in **Table 5b**. The slippage of expenditure into 2024/25 will be funded in line with the approvals already obtained for the relevant projects.

Table 5b – Capital Programme Revised 2024/25			
Scheme	Current Budget 2024/25 £'000	Budget c/f 2023/24 £'000	Revised Budget 2024/25 £'000
Disabled Facilities Grants	1,036	(102)	934
Multi Use Games Area (Controlling Migration Funding)	-	17	17
Resurfacing & footpath improvements	-	28	28
Town Centre Heritage Scheme	-	973	973
Vehicle Replacements	311	-	311
Housing Strategy	57	-	57
Information Technology Infrastructure Refresh	367	(20)	347
Neighbourhood Vehicle Replacements	56	-	56
Total Projects (Excl Towns Funds, UKSPF & LUF)	1,827	896	2,723
Towns Fund – Leisure	4,000	28	4,028
Towns Fund – Mayflower	8,150	1,098	9,248
Towns Fund – St Botolph’s Library	-	69	69
Towns Fund - Healing the High St (incl. Shodfriars)	1,600	113	1,713
Towns Fund - Boston Station	2,274	(6)	2,268
Total Towns Fund	16,024	1,302	17,326
UKSPF (Capacity building projects for local groups)	279	44	323
UKSPF Rural (Community projects aimed at reducing the cost of living)	203	-	203
Total UKSPF	482	44	526
LUF – Civic Hub	690	197	887
LUF – Crown House	7,160	(2)	7,158
LUF – Public Realm	6,413	112	6,526
Total Towns Fund	14,263	307	14,571
Total (including new items)	32,596	2,549	35,146
Internal Borrowing	(423)	20	(403)
External Grants	(30,001)	(2,294)	(32,294)
Capital Reserve	(2,115)	(269)	(2,384)

Other Reserve – Housing	(57)	-	(57)
Other Reserve – Repairs and Renewals	-	(7)	(7)
Total Financing	(32,596)	(2,549)	(35,145)

That Cabinet recommends to Full Council to amend the Capital Programme to take into account the changes set out at Appendix A – Table 5b.

2023/24 Capital Programme Funding

All Projects	Approved Budget 2023/24	Revised Budget Plus Slippage/ accelerated spend (-) 2023/24	Actual 23/24	Variance
	£'000	£'000	£'000	£'000
Capital Grants	(6,287)	(6,287)	(3,924)	2,363
Capital Reserve	(269)	(269)	(54)	215
Transformation Reserve	(200)	(200)	(167)	33
RR Reserve	(7)	(7)	-	7
Internal Borrowing	(158)	(158)	(181)	(23)
Internal Borrowing - Housing	(1,633)	(1,633)	(1,598)	35
External Grants	(33)	(33)	-	33
Revenue	-	(15)	(15)	-
Totals	(8,587)	(8,602)	(5,939)	2,663

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

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

	2022/23 £'000	2023/24 £'000	2024/25 £'000
Capital Resources* available at start of each year	6,358	5,918	6,193
Capital Investment (estimate in future years)	(3,747)	(5,939)	(35,145)
Additional Sources of Finance			
New Capital Receipts (estimate in future years)	(456)	-	-
Funding from other reserves	58	167	64
External Grants	3,352	3,924	32,294
Revenue Contributions	35	-	-
Internal borrowing	-	1,779	403
Budgeted contributions to capital reserve	333	344	-
Minimum Revenue Provision	(15)	-	-

Transfer from Capital Reserve to support ongoing projects	-	-	-
Estimated Capital Resources* at end of each year	5,918	6,193	3,809

* Capital Reserve and Capital Receipts

Section 2.4 – Treasury Management

Investments at 31 March 2024

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 31 March 2024 excluding accrued interest. Note this represents the position at year end. 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 31 March 2024

Financial Institution	Country	Amount (£)	Start Date	Maturity Date	Fixed/Variable	Yield %
HSBC Bank	UK	630,000	N/A	Instant Access	Variable	0.50%
CCLA Money Market Fund	Various	5,000,000	N/A	Instant Access	Various	5.26%
Toronto Dominion Bank	Canada	2,000,000	06/04/23	05/04/24	Fixed	5.10%
Skandinaviska Enskilda Banken AB	Sweden	3,000,000	05/05/23	03/05/24	Fixed	5.23%
National Australia Bank	Australia	3,000,000	27/06/23	24/05/24	Fixed	6.35%
UBS Bank	Switzerland	3,000,000	13/07/23	12/07/24	Fixed	6.69%
Police & Crime Commissioner for Humberside	UK	2,000,000	29/01/24	29/07/24	Fixed	5.70%
Blackpool Borough Council	UK	2,000,000	09/02/24	09/08/24	Fixed	5.90%
DNB Bank	Norway	2,000,000	31/08/23	30/08/24	Fixed	6.18%
Leeds City Council	UK	2,000,000	08/03/24	09/09/24	Fixed	6.10%
DNB Bank	Norway	1,000,000	06/11/23	04/11/24	Fixed	5.72%
Wrexham County Borough Council	UK	3,000,000	25/01/24	24/01/25	Fixed	5.70%
TOTAL		28,630,000				

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

Fund	Date of Purchase	Net Asset Value at Date of Purchase (£)	Premium/ (Discount) on Purchase (£)	Premium/ (Discount) on Purchase (%)	Total Cost (£)
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>
	TOTAL	4,455,762	44,244	0.99	4,500,006
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>
	TOTAL	4,270,006	(20,000)	(0.47)	4,250,006
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>

APPENDIX A

	TOTAL	4,133,886	105,868	2.56	4,239,754
M&G Investments UK Property Fund (after distributions)	14/09/18	248,257	88,020	2.25	336,277
AEW UK Core Property Fund	31/10/18	3,745,319	254,681	6.80	4,000,000
TOTAL		16,853,230	472,813	2.30	17,326,043

Property Fund Investments (Capital Expenditure) as at 31 March 2024

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	145,567	3.18%	3,991,720	(508,286)	(11.30%)	(266,927)	(6.27%)	(3.09%)
Schroder UK Real Estate Fund	4,250,006	167,915	3.98%	3,592,904	(657,102)	(15.46%)	(366,028)	(9.25%)	(5.27%)
Threadneedle Property Unit Trust	4,239,754	205,425	4.72%	3,519,024	(720,730)	(17.00%)	(178,816)	(4.84%)	(0.12%)
M&G Investments UK Property Fund (After Distribution Payments)	336,277	45,502	N/A	482,476	146,199	N/A	31,278	N/K	N/K
AEW UK Core Property Fund	4,000,000	168,683	4.36%	3,432,264	(567,736)	(14.19%)	(28,969)	(0.84%)	3.52%
TOTAL	17,326,043	732,092		15,018,388	(2,307,655)		(809,462)		

The overall change in the combined Net Asset Values for all funds in Quarter 4 was a reduction of £101,422 compared with the Q3 reduction of £411,044.

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 31 March 2024 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	162,000	145,567	809,969
Schroder UK Real Estate Fund	641,271	153,000	167,915	809,186
Threadneedle Property Unit Trust	810,274	153,000	205,425	1,015,699
M&G Investments UK Property Fund	489,440	32,000	45,502	534,942
AEW UK Core Property Fund	737,521	144,000	167,683	905,204
Total Revenue	3,342,908	644,000	732,092	4,075,000

The M&G UK Property fund is liquidating its assets and therefore their fund valuation is reducing as repayments are made. Of the £4m originally invested, M&G have now paid Boston BC distribution payments totalling £3,663,724 as of 31 March 2024, from the asset sale proceeds leaving a balance of £336,276.

Maturity Structure of Investments

An analysis of the maturity structure of investments on 31 March 2024 can be found in Table 9 below.

Table 9 - Maturity Structure of Investments on 31 March 2024.

Period to Maturity	Amount (£)	% of Portfolio
Less than one week	7,630,000	17%
Less than one month	0	0%
One to three months	6,000,000	13%
Three to six months	11,000,000	24%
Six to nine months	1,000,000	2%
Nine months to a year	3,000,000	6%
>12 Months	17,326,043	38%
TOTAL	45,956,043	100%

Summary of Investment Income Received Against Budget and Forecast Outturn

Table 10 below provides a comparison of interest received and the outturn position for the year.

Table 10 - Int Received Against Budget and Forecast Outturn

Investment Type	2023/24 Annual Budget	2023/24 Outturn	2023/24 Variance
Treasury Investments & Other Interest	(818,000)	(1,574,663)	(756,663)
<u>Property Funds</u>			
Gross Distributions	(814,000)	(913,867)	(99,867)
Less Management Fees	<u>170,000</u>	<u>181,775</u>	<u>11,775</u>
Net Distributions	(644,000)	(732,092)	(88,092)
M&G Property Fund Liquidation Distributions <i>(to be used for Minimum Revenue Provision Contributions as the original capital purchase was unfinanced capital expenditure)</i>	0	(551,465)	(551,465)
Total Net Income	(1,462,000)	(2,858,220)	(1,396,220)

Treasury investments achieved an average rate of 5.20% (previously 5.09%) compared to the benchmark average 3-month Sterling Overnight Index Average (SONIA) rate of 5.12% (previously 5.10%) and property fund investments achieved an average rate of 4.13% (previously 3.99%). The combined rate achieved on all investments was 4.81% (previously 4.68%).

The outturn for net investment income was £2,311,982 which was £849,982 above budget.

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

External Borrowing

The Council repaid its £15.449m of external borrowing with the PWLB on 9 October 2023 at a discount of £6.417m.

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.

The following table provides a comparison of budgeted borrowing costs and the outturn position for the year.

Table 11 – Summary of Borrowing Costs Against Budget and Forecast Outturn

Borrowing Type	2023/24 Annual Budget	2023/24 Outturn	2023/24 Variance
Public Works Loan Board	382,390	200,137	(182,253)
State Street LOBO	111,250	111,250	-
Total Borrowing Costs	493,640	311,387	(182,253)

Following the decision to prematurely repay the PWLB borrowing, the outturn for interest paid on all borrowing for 2023/24 is £311,387 compared to the original budget of £493,640. This is a budget saving of £182,253.

Summary of the Net Position Against Budget and Forecast Outturn

The table below provides an analysis of the net position following the decision to repay the PWLB borrowing and takes account the discount which must be allocated to revenue over a ten year period in accordance with proper accounting practice.

Table 12 - Summary of the Net Position Against Budget and Outturn

	2023/24 Annual Budget	2023/24 Outturn	2023/24 Variance
Net Investment Income (Table 10)	(1,462,000)	(2,858,220)	(1,396,220)
Premature Repayment of Borrowing Discount Allocated to Revenue	0	(641,743)	(641,743)
Less: Total Borrowing Costs (Table 11)	493,640	311,387	(182,253)
Overall Net Position	(968,360)	(3,188,576)	(2,220,216)

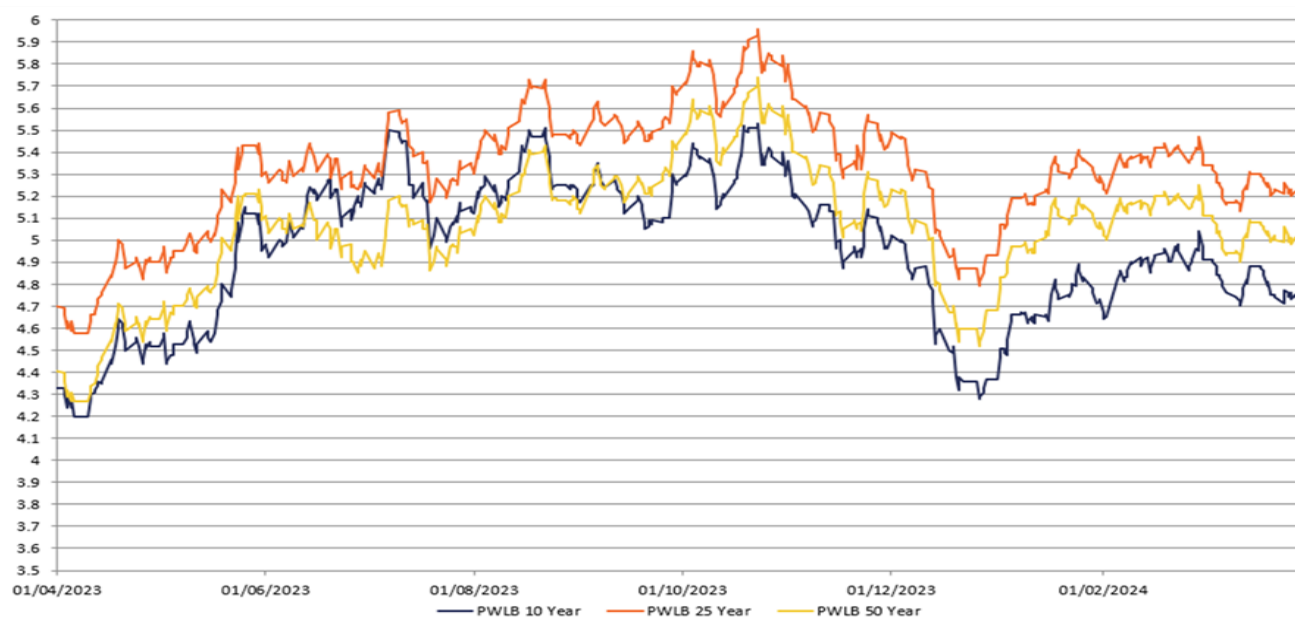
On 31 March 2024 it can be seen from the table that the overall net treasury position after borrowing costs is a favourable £2,220,216 above budget. A full one tenth of the premature repayment of borrowing discount can be allocated to 2023/24.

Public Works Loan Board (PWLB) Borrowing Rates

During the financial year PWLB borrowing rates had been on a gradual rising trend due to stubborn inflation levels and expectations for further base rate rises. These rates stabilised during June and July 2023 when inflation levels slowly started falling and increased again during September and October 2023 due to concerns over the US economy. These concerns abated and with the market expectation that base rates were likely to fall the PWLB rates saw a sharp fall in November and December however some of these reductions have reversed during the final quarter of the financial year.

The 50-year PWLB certainty rate was 5.01% on 31 March 2024 (4.68% as at Quarter 3).

Graph 1 – PWLB Borrowing Rates



Section 2.5 – Insurance

2023/24 Claims Statistics

Table 7 details the number of formal insurance claims for Quarter 4 of 2023/24 (figures in brackets are comparable figures for 2022/23).

Table 8 – Insurance Claims					
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Public Liability	1(0)	0(1)	(1)	(2)	(4)
Employers Liability	0(0)	0(0)	(1)	(1)	(2)
Motor	4(1)	2(2)	(2)	(5)	(10)
Property	0(0)	0(0)	(0)	(0)	(0)
Officers Indemnity	0(0)	0(0)	(0)	(0)	(0)
Total	5(1)	2(3)	(4)	(8)	(16)

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 31 March 2024 the balance on the reserve was £208k, 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 £5,000 requiring Cabinet approval for write off.

An analysis of the sundry debts the Council held as at 31 March 2024 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
£	£	£	£	£	£	£	£
809,789	55,593	79,596	88,291	23,211	268,546	381,145	1,706,171

Note: This does not include details of invoice amounts (£87,818) 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 has been in place throughout the year.

Council Tax Support Scheme (CTS)

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

Council Tax – 2023/24 In-Year Collection

The annual collectable debit at 31 March 2024 was £42.4m with a net collection rate of 93.37% (93.72% at 31 March 2023).

Business Rates – 2023/24 In-Year Collection

The annual collectable debit at 31 March 2024 was £19m with a net collection rate of 93.75% (92.43% at 31 March 2023). It should be noted that comparison between years is not reliable due to the differences between financial years, including revaluation and rate relief schemes.