

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

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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) |

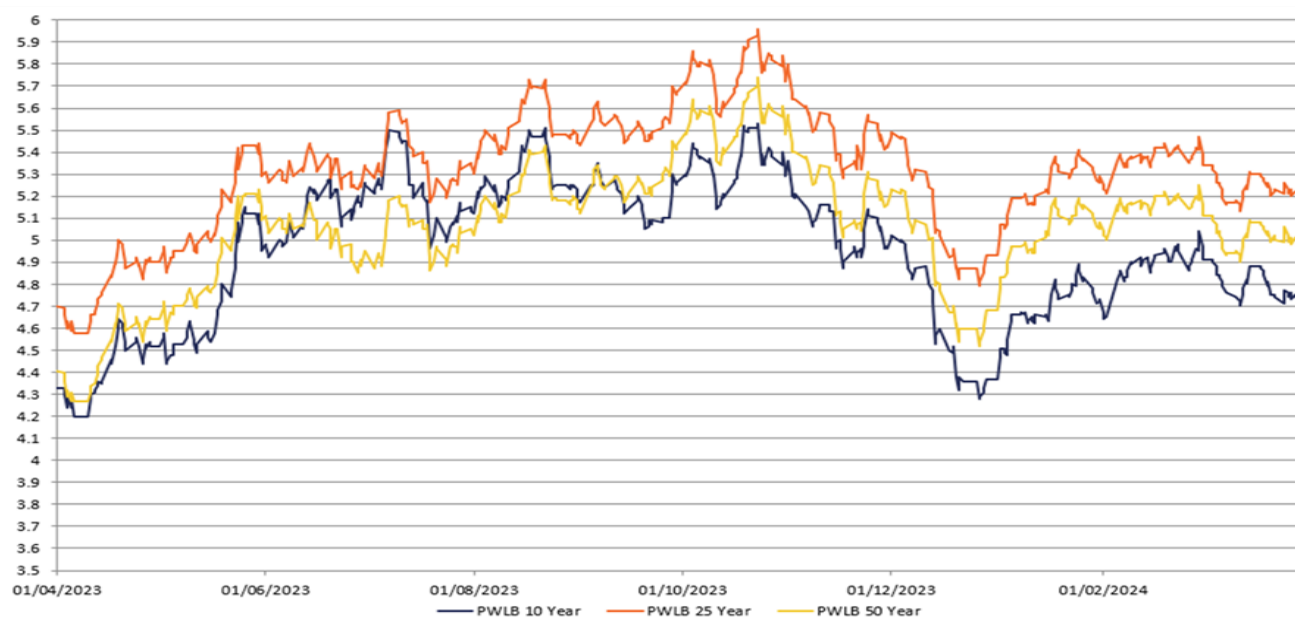
On 31 March 2024 it can be seen from the table that the overall net treasury position after borrowing costs is a favourable £2,220,216 above budget. A full one tenth of the premature repayment of borrowing discount can be allocated to 2023/24.

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).

| | 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.