Appendix 'A'

Treasury Management Update

Quarter 1 Report 2024/25
ended 30 June 2024

Boston Borough Council

1 Treasury Management Update

Quarter Ended 30 June 2024

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities at least quarterly. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

2 Economic Update (Commentary by Link Group)

The first quarter of 2024/25 saw:

- Gross Domestic Product (GDP) growth flatlining in April following positive Q4 2023/24 growth figures of 0.7% quarter on quarter (q/q).
- A stalling in the downward trend in wage growth, with the headline 3 month year on year (myy) rate staying at 5.9% in April.
- Consumer Price Index (CPI) inflation falling from 2.3% in April to 2.0% in May.
- Core CPI inflation decreasing from 3.9% in April to 3.5% in May.
- The Bank of England holding rates at 5.25% in May and June.
- 10-year gilt yields climbing to 4.35% in April, before closing out at 4.32% in May.

The news that the economy grew by 0.7% q/q in Q4 2023/24 confirmed that it moved out of its very mild technical recession that prevailed at the back end of 2023. However, data released for April and May so far shows a slight stalling in the recovery, with GDP data for April coming out at 0.0% month on month (m/m), as inclement weather weighed on activity. Moreover, the fall in the composite Purchasing Manager Index output balance from 53.0 in May to 51.7 in June confirms tepid growth.

On a more positive note, the 2.9% m/m increase in retail sales volumes in May more than reversed the 1.8% m/m drop in April as rainfall returned to seasonal norms. The strength was broad-based across the retail sector, including online, (+5.9% m/m) suggesting an underlying strengthening in sales beyond weather effects. With inflation falling back to target, Bank Rate likely to be reduced soon and with consumer confidence improving, retail sales may well continue to strengthen.

Stronger consumer spending, as low inflation allows households' real incomes to strengthen and the drag from higher interest costs fades, suggests that real consumption will strengthen substantially over the next two years. However, investment will only make a modest contribution to

GDP growth. With the industrial sector still 12% smaller than in 2019, excess capacity will continue to cap the need for industrial firms to invest. But improving business sentiment should raise investment by services' firms. Further, a fall in mortgage rates should trigger a recovery in residential investment. Overall, strong consumer spending is likely to be the backbone of GDP growth, along with government consumption. Our colleagues at Capital Economics forecast that following GDP growth of 1.0% in 2024, activity will continue to surprise to the upside with GDP growth of 1.5% for both 2025 and 2026 (consensus forecasts are 1.2% and 1.4% respectively).

Nonetheless, the on-going stickiness of wage growth in April will be a lingering concern for the Bank of England. The 3myy rate of average earnings growth stayed at 5.9% in April (consensus 5.7%), whilst the more timely 3m annualised rate rebounded from 5.9% to 9.3%. This stickiness partly reflected April's 9.8% increase in the minimum wage. This leaves the Bank of England's forecast for a fall back in regular private sector pay growth from 5.8% in April to 5.1% in June looking a challenge.

Despite the stickiness of wage growth in April, sharp falls in employment and a move up in unemployment suggests that wage growth will soon be back on a downward path. The 139,000 fall in employment in the three months to April was accompanied by a rise in the unemployment rate from 4.3% to 4.4%. This was the fourth increase in a row and took it to its highest level since September 2021. The rise would have been larger were it not for the 132,000 increase in inactivity in the three months to April as the UK's disappointing labour market participation performance since the pandemic continued. The vacancies data also paint a picture of a slowly cooling labour market. The number of job vacancies fell from an upwardly revised 908,000 to 904,000, leaving vacancies 31% below the peak in May 2022, but 11% above the pre-pandemic level.

The fall in CPI inflation in May back to the Bank's 2% target for the first time since July 2021 will have come as welcome news to the Bank. Furthermore, with CPI inflation of 3.3% in the US and 2.6% in the Euro-zone in May, the UK appears to have won the race to get CPI inflation back to 2.0%. A further easing in food inflation from 2.8% in April to 1.6% in May played a part in the fall in overall CPI inflation and with food producer price inflation at just 0.2% in May, food price inflation will probably soon fall to zero.

The core rate also fell back from 3.9% to 3.5%. Within that, core goods CPI inflation slipped below zero for the first time since October 2016. As expected, clothing/footwear, recreation/culture and restaurants/hotels categories inflation declined, reflecting base effects from big increases last May. While services inflation fell from 5.9% to 5.7%, this decline was smaller than the Bank of England expected (forecast 5.3%) and the timelier three-month annualised rate of services prices has rebounded from 8.5% to 9.2%. This suggests that the persistence in domestic inflation that the Bank is worried about is fading more slowly than it thought. Even so, there is scope for inflation to fall further.

There was little chance that the Bank would cut rates at its June meeting, given upside surprises on services CPI inflation and wage growth. But several developments implied a rate cut is getting closer (August?). First, two members of the Monetary Policy Committee (MPC), Ramsden and Dhingra voted again to reduce rates immediately to 5.00%. Second, despite the recent run of stronger inflation and activity, the minutes noted "indicators of inflation persistence had continued to moderate" and that a range of indicators suggest pay growth had continued to ease. And there was new wording that members of the MPC will consider all the information available and how this affects the assessment that the risks from inflation persistence are receding "as part of the August forecast round".

Throughout the quarter there was a degree of volatility in the gilt market and, by way of example, the 10-year gilt yield rose from 4.05% on 2 April to finish at 4.15% on 28 June but it has exceeded 4.30% on several occasions. Overall, investors judged that interest rates will need to remain high for longer to keep inflation around the 2.0% target.

Meanwhile, the FTSE 100 broke through the 8,000 mark in April for the first time since its brief three-day flutter in February last year and reached a record closing high of 8,446 on 15 May. However, by the end of the quarter, despite AI-fuelled rises in the US S&P500, it finished rather tamely and had fallen back to 8,164. Arguably, significant interest rate cuts and an on-going UK economic recovery will be required for a further resurgence to take hold.

MPC meetings 9 May and 20 June 2024

On 9 May, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20 June.

Nonetheless, with UK CPI inflation now back at 2% and set to fall further over the coming months, Ramsden and Dhingra – who voted again to reduce rates immediately to 5.00% in June – may shortly be joined by some members in the no-change camp, for whom the June decision was "finely balanced" as the upside news on services price inflation was more likely to be a reflection of one-off effects and volatile components rather than factors that would push up "medium-term inflation".

3. Interest rate forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The Public Works Loan Board (PWLB) rate forecasts below are based on the Certainty Rate (the standard rate minus 20 basis points (bps)) which has been accessible to most authorities since 1 November 2012.

The latest forecast, updated on 28 May, sets out a view that both short and long-dated interest rates will start to fall once it is evident that the Bank of England has been successful in squeezing excess inflation out of the economy, despite a backdrop of a stubbornly robust economy and a tight labour market.

Moreover, whatever the shape of domestic data, recent gilt market movements have been heavily influenced by the sentiment pertaining to US monetary policy. Again, inflation and labour data has proven sticky and the market's expectation for rate cuts has gradually reduced throughout the course of the year, so that possibly rates may not be cut more than once, or possibly twice, before the end of 2024. In any event, even if the Bank of England starts to cut rates first, it may mean that the medium and longer parts of the curve take longer to fully reflect any such action until the US yield curve shifts lower too. Given the potential inflationary upside risk to US treasuries if Trump wins the presidential election in November (increased tariffs on imports from China for example), therein lies a further risk to yields remaining elevated for longer.

Closer to home, the General Election is not expected to have a significant impact on UK monetary policy. There is minimal leeway for further tax cuts or added spending without negatively impacting market sentiment. It may even be the case that the Bank of England will steer clear of an August rate cut – should that be supported by the inflation data – in favour of weighing up fiscal policy implications and market sentiment in the aftermath of the election.

Accordingly, Link's central case is still for a rate cut before the end of September, but we are not committed to whether it will be in August or September. Thereafter, the path and speed of rate cuts is similar to that which we previously forecast, with Bank Rate eventually falling to a low of 3% by H2 2026.

However, given the increased uncertainty surrounding Link's central gilt market forecasts, and the significant issuance that will be on-going from several of the major central banks, it has marginally increased its PWLB forecasts by c20 to 30 basis points across the whole curve since the previous quarter.

In summary, regarding PWLB rates, movement in the short-end of the curve is expected to reflect Link's Bank Rate expectations to a large degree, whilst medium to longer-dated PWLB rates will remain influenced not only by the outlook for inflation, domestically and globally, but also by the market's appetite for significant gilt issuance (£200bn+ for each of the next few years). As noted at the Link March Strategic Issues webinars, there is upside risk to that part of our forecast despite the Debt Management Office skewing its issuance to the shorter part of the curve.

Link Group Interest Rate View	28.05.24											
	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.00	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month ave earnings	5.30	5.00	4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month ave earnings	5.30	4.90	4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month ave earnings	5.10	4.80	4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB	5.00	4.80	4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB	5.30	5.20	5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB	5.10	5.00	4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10

Money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.

The Link forecast for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

End of Link Group Commentary

4 Annual Investment Strategy

The Treasury Management Strategy Statement for 2024/25, which includes the Annual Investment Strategy, was approved by the Council on 4 March 2024. It sets out the Council's investment priorities as being:

- Security of capital;
- Liquidity; and
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity, aligned with the Council's risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

As shown by the following chart and the interest rate forecasts in section 3, rates have remained elevated during the first quarter of 2024/25 but are expected to fall back through the second half of 2024 as inflation reduces and the MPC starts to loosen monetary policy.

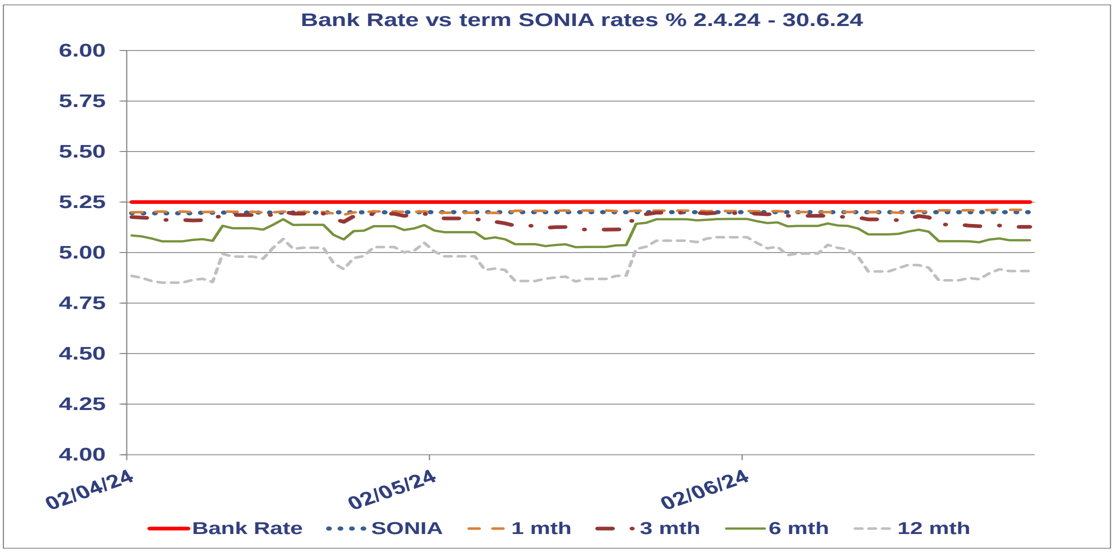
Creditworthiness - There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of creditworthiness to ensure that only appropriate counterparties are considered for investment purposes.

Investment Counterparty Criteria - The current investment counterparty criteria selection approved in the Treasury Management Strategy Statement is meeting the requirement of the treasury management function.

Credit Default Swap prices - For UK banks, these have remained low, and prices are not misaligned with other creditworthiness indicators, such as credit ratings. Nevertheless, it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

Investment performance year to date as at 30 June 2024

The graph below shows that during the first quarter of the financial year rates have been relatively flat over all time periods.



On 20 May 2024 the limit of £7.5m with the CCLA Money Market Fund was breached by £150k and was corrected on 21 May 2024. Internal processes have been reviewed to ensure further breaches do not occur again.

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 BC’s own resources.

The following table provides details of the cash investments held by the Council on 30 June 2024. Note this represents the position at this one point in time. The peaks and troughs in cash flow are managed on a daily basis.

Financial Institution	**Country**	**Amount (£)**	**Start Date**	**Maturity Date**	**Fixed/ Variable**	**Yield (%)**
HSBC Bank	UK	109,729	N/A	Current A/C	Variable	0.00%
CCLA Money Market Fund	Various	7,350,000	N/A	Instant Access	Various	5.21%
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%
Goldman Sachs Bank	UK	2,000,000	17/05/24	18/11/24	Fixed	5.275%
Wrexham County Borough Council	UK	3,000,000	25/01/24	24/01/25	Fixed	5.70%
CIC Bank	France	3,000,000	03/05/24	02/05/25	Fixed	5.33%
Canterbury City Council	UK	2,000,000	21/05/24	21/05/25	Fixed	5.25%
TOTAL		**29,459,729**				

** The CCLA (Church, Charities and Local Authorities) Money Market Fund is domiciled in the UK but investment funds deposited globally.*

Property Fund Investments

The Council has purchased property fund units and the table below provide 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 30/12/16 28/09/18 **TOTAL**	255,085 255,085 3,945,592 **4,455,762**	(5,102) (5,103) 54,449 **44,244**	(2.00) (2.00) 1.38 **0.99**	249,983 249,982 4,000,041 **4,500,006**
Schroder UK Real Estate Fund	05/08/16 03/09/18 **TOTAL**	250,000 4,020,006 **4,270,006**	- (20,000) **(20,000)**	- (0.50) **(0.47)**	250,000 4,000,006 **4,250,006**
Threadneedle Property Unit Trust	31/08/16 31/08/18 28/09/18 31/10/18 **TOTAL**	263,549 2,902,441 483,966 483,930 **4,133,886**	(13,177) 86,572 16,116 16,357 **105,868**	(5.00) 2.98 3.33 3.38 **2.56**	250,372 2,989,013 500,082 500,287 **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**

The following table provides the fair value and performance information of the property fund investments on 30 June 2024 and projected outturns for the year.

Property Funds (Capital Expenditure)

Financial Institution	Purchase Cost (£)	Q1 Budgeted Net Revenue 2024/25 (£ & %)	Q1 Estimated Net Revenue (£ & %)	2024/25 Budgeted Net Revenue 2024/25 (£ & %)	2024/25 Estimated Outturn Net Revenue (£ & %)	Net Asset Value (£)	Total Gain/ (Loss) Since Purchase (£ & %)	Capital Gain/(Loss) Since 31/03/24 (£ & %)	2024/25 Combined Annual Return (%)
BlackRock UK Property Fund	4,500,006	42,384 4.00%	38,769 3.45%	180,000 4.00%	173,892 3.86%	3,992,735	(507,271) (11.27%)	14,209 0.36%	4.22%
Schroder UK Real Estate Fund	4,250,006	44,877 4.00%	38,111 3.60%	170,000 4.00%	165,728 3.90%	3,561,947	(688,059) (16.19%)	(30,958) (0.86%)	3.04%
Threadneedle Property Unit Trust	4,239,754	42,281 4.00%	33,144 3.11%	169,590 4.00%	160,452 3.78%	3,568,826	(670,928) (15.82%)	49,802 1.42%	5.20%
M&G Investments UK Property Fund (After Distribution Payments)	336,277	7,280 4.00%	3,353 4.00%	29,200 4.00%	13,451 4.00%	470,097	133,820 N/A	(12,379) N/K	N/K
AEW UK Core Property Fund	4,000,000	39,890 4.00%	39,890 4.00%	160,000 4.00%	160,000 4.00%	3,480,545	(519,455) (12.99%)	48,282 1.41%	5.41%
TOTAL	**17,326,043**	**176,712**	**153,267**	**708,790**	**673,523**	**15,074,150**	**(2,251,893)**	**68,956**	
Adjustment for 2023/24 Accrual	-	-	(22,284)	-	(22,284)	-	-	-	-
GRAND TOTAL	**17,326,043**	**176,712**	**130,983**	**708,790**	**651,239**	**15,074,150**	**(2,251,893)**	**68,956**	

The overall change in the combined Net Asset Values for all funds in Quarter 1 was an increase of £68,956. 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 2024 can be found in the table below:

Financial Institution	Actual Net Dividend Distributions Received Pre 2024/25	Net Dividend Distributions Received 2024/25	Adjustment For 2023/24 Accrual	Total Net Distributions Received Since Purchase
BlackRock UK Property Fund	809,969	38,769	645	849,383
Schroder UK Real Estate Fund	809,186	38,111	(1,171)	846,126
Threadneedle Property Unit Trust	1,015,699	38,144	(3,229)	1,045,614
M&G Investments UK Property Fund	534,942	3,353	-	538,295
AEW UK Core Property Fund	905,204	39,890	(18,529)	926,565
Total Revenue	**4,075,000**	**153,267**	**(22,284)**	**4,205,983**

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 30 June 2024, from the asset sale proceeds leaving a balance of £336,276.

Maturity profile of investment

A breakdown of the maturity structure of investments on 30 June 2024 is as follows:

Period to Maturity	Amount (£)	% of Portfolio
Instant Access	7,459,729	16%
Less than one month	5,000,000	11%
One to three months	6,000,000	13%
Three to six months	3,000,000	6%
Six to nine months	3,000,000	6%
Nine months to a year	5,000,000	11%
>12 Months	17,326,043	37%
TOTAL	**46,785,772**	**100%**

Summary of Investment Income Received Against Budget and Forecast Outturn

The table below provides a comparison of investment income received against budget at Quarter 1 and a forecast outturn position for the year.

Investment Type	**2024/25 Budget Quarter 1**	**2024/25 Actual Quarter 1**	**2024/25 Variance Quarter 1**	**2024/25 Annual Budget**	**2024/25 Forecast Outturn**	**2024/25 Forecast Variance**
Treasury Investments						
Gross Interest	(221,322)	(435,861)	(214,539)	(887,720)	(1,268,912)	(381,192)
Brokers Fees	2,493	1,532	(961)	10,000	10,000	0
Net Position	(218,829)	(434,329)	(215,500)	(877,720)	(1,258,912)	(381,192)
	(5.075%)	*(5.500%)*	(0.425%)			
Property Funds						
Gross Distributions	(219,096)	(162,399)	56,697	(878,790)	(807,436)	71,354
Less Management Fees	42,384	31,416	(10,968)	170,000	156,197	(13,803)
Net Distributions	(176,712)	(130,983)	45,729	(708,790)	(651,239)	57,551
	(4.000%)	*(3.548%)*	*0.452%*			
M&G Property Fund Liquidation Distributions (*to be used for MRP Contributions as the original capital purchase was unfinanced*)	0	0	0	0	0	0
Total Net Income	**(395,541)**	**(565,312)**	**(169,771)**	**(1,586,510)**	**(1,910,151)**	**(323,641)**
	(4.531%)	***(4.796%)***	***(0.265%)***			

Treasury investments achieved an average rate of 5.500% compared to the benchmark average 3-month Sterling Overnight Index Average (SONIA) rate of 5.167%, property fund investments achieved an average rate of 3.548%. The combined rate achieved on all investments was 4.796%.

The higher levels of investment income compared to the original budget is due to increased balances available for investment resulting from capital expenditure slippage and higher interest rates on investments. These rates are likely to fall below the average budget rate later in the financial year.

5 Borrowing

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.

Borrowing Type	2024/25 Budget Quarter 1	2024/25 Actual Quarter 1	2024/25 Annual Budget	2024/25 Forecast Outturn
State Street LOBO	27,736	27,736	111,250	111,250
Total Borrowing Costs	**27,736**	**27,736**	**111,250**	**111,250**

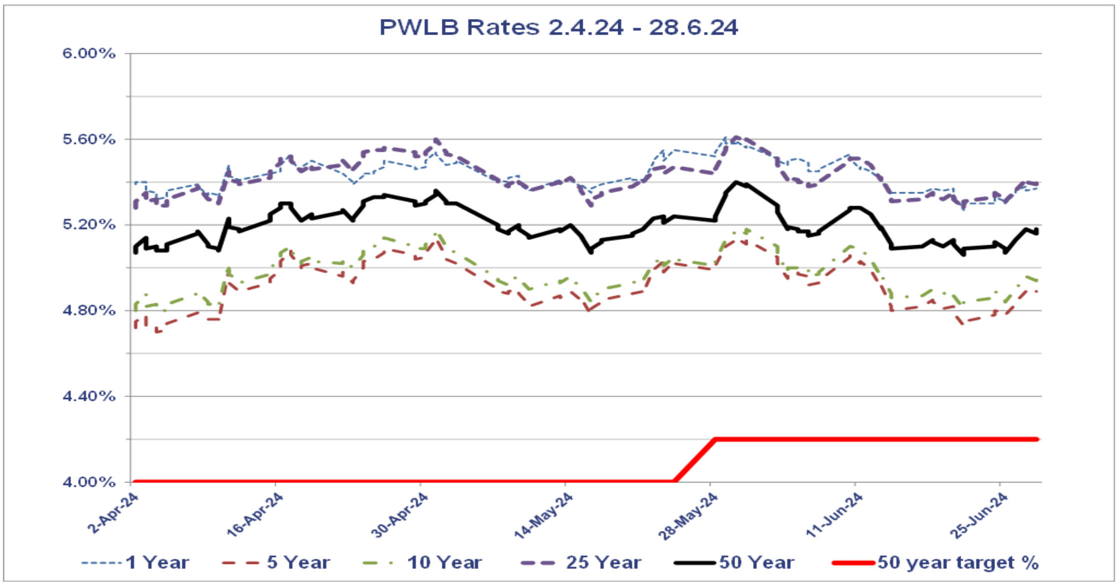
It is anticipated that new borrowing will not be undertaken during this financial year, but this may be subject to review.

Gilt yields and PWLB rates remained relatively stable between 1 April and 30 June. Having said that, the spread between the low and high points during the quarter was between 0.3% and 0.45% across the curve.

The 50-year PWLB Certainty Rate target for new long-term borrowing (the low point of the Link forecast on a two-year timeline) started 2024/25 at 4.00% and increased to 4.20% on 28 May. With rates remaining elevated across the whole of the curve, it is advised to not borrow long-term unless the Authority wants certainty of rate and judges the cost to be affordable.

Public Works Loan Board (PWLB) Borrowing Rates

The 50 year PWLB certainty rate was 5.18% as at 30 June 2024.



6 Summary of the Net Treasury Position Against Budget and Forecast Outturn

The table below provides an analysis of the net treasury position and forecast outturn. It also includes the 2024/25 allocation of the discount received following the premature repayment of PWLB borrowing in 2023/24.

	2024/25 Budget Quarter 1	2024/25 Actual Quarter 1	2024/25 Variance Quarter 1	2024/25 Annual Budget	2024/25 Forecast Outturn	2024/25 Forecast Variance
Net Investment Income	(395,541)	(565,312)	(169,771)	(1,586,510)	(1,910,151)	(323,641)
Premature Repayment of Borrowing Discount Allocated to Revenue	(159,996)	(159,996)	0	(641,743)	(641,743)	0
Total Borrowing Costs	27,736	27,736	0	111,250	111,250	0
Overall Net Position	**(527,801)**	**(697,572)**	**(169,771)**	**(2,117,003)**	**(2,440,644)**	**(323,641)**

At Quarter 1 there is a favourable variance of £169,771 and the forecast outturn is a favourable variance of £323,641.

7 Compliance with Treasury and Prudential Indicators

The prudential and treasury Indicators are shown in Appendix A1.

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved Treasury Management Strategy Statement.

During the quarter ended 30 June 2024 the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement.

The Deputy Chief Executive (Corporate Development) & S151 Officer reports that no difficulties are envisaged for the current or future years in complying with these indicators.

Treasury Indicators and Prudential Indicators for 2024/25 as of 30 June 2024

Treasury Indicators	2024/25 Budget £'000	Revised Budget as at Quarter 1 £'000	30/06/24 Actual £'000
Authorised limit for external debt	18,000	18,000	18,000
Operational boundary for external debt	15,000	15,000	15,000
Gross external debt	1,000	1,000	1,000
Investments	(24,552)	(24,552)	(46,786)
Net investments	(23,552)	(23,552)	(45,786)
Upper limit for principal sums invested over 365 days:			
2024/25	10,000	10,000	0
2025/26	10,000	10,000	0
2026/27	10,000	10,000	0
2027/28	10,000	10,000	0
2028/29	10,000	10,000	0

Prudential Indicators	31/03/24 Actual £'000	Original 2024/25 Budget £'000	Revised 2024/25 Budget as at Quarter 1 £'000
Capital expenditure:			
Non Towns Fund	3,949	1,827	3,323
Towns Fund	1,448	16,024	17,325
UKSPF Projects	266	482	526
LUF Projects	276	14,263	14,571
TOTAL	5,939	32,596	35,745
Capital Financing Requirement (CFR):	16,626	18,671	17,020
Annual change in CFR:	1,194	294	394
In year borrowing requirement:	1,779	423	523
Ratio of financing costs to net revenue stream:	(23.46%)	(15.58%)	(18.11%)

General Fund Capital Expenditure 2024/25

2024/25 Capital Programme and Outturn						
Scheme	Approved Budget 2024/25	Changes to approved budget	Revised Budget 2024/25	Actual June 2024/25	Forecast Outturn 2024/25	Variance (under)/over
	£000	£000	£000	£000	£000	£000
Disabled Facilities Grant	934	300	1,234	79	1,234	-
Multi Use Games Area (Controlling Migration Funding)	17	(17)	-	-	-	-
Resurfacing & footpath improvements	28	17	45	50	50	5
Town Centre Heritage Scheme	973	-	973	116	973	-
Vehicle Replacements	311	-	311	-	311	-
Housing Strategy	57	-	57	-	-	(57)
Information Technology Infrastructure Refresh	347	(40)	307	-	148	(159)
Neighbourhood Vehicle Replacements	56	-	56	-	56	-
Bin Safety Upgrade	-	7	7	-	7	-
Markets Regeneration	-	44	44	-	44	-
ICT – Revenues & Benefits	-	92	92	-	92	-
ICT – Relocate Server Room to SHDC	-	120	120	-	120	-
Pool Cars	-	68	68	-	68	-
Fly-Tipping Intervention	-	9	9	-	9	-
Total Projects (Excl Towns Funds, UKSPF & LUF)	**2,723**	**600**	**3,323**	**245**	**3,112**	**(211)**
Towns Fund - Leisure	4,028	-	4,028	48	4,028	-
Towns Fund - Mayflower	9,248	-	9,248	151	9,248	-
Towns Fund - St Botolph's Library	69	-	69	12	69	-
Towns Fund - Healing the High St (incl. Shodfriars)	1,712	-	1,712	43	1,712	-
Towns Fund - Boston Station	2,268	-	2,268	61	2,268	-
Total Towns Fund Projects	**17,325**	**-**	**17,325**	**315**	**17,325**	**-**
UKSPF (Capacity building projects for local groups)	323	-	323	90	323	-
UKSPF Rural (Community projects aimed at reducing the cost of living)	203	-	203	40	203	-
Total UKSPF Projects	**526**	**-**	**526**	**130**	**526**	**-**
LUF - Civic Hub	887	-	887	1	200	(687)
LUF - Crown House	7,158	-	7,158	1,963	2,000	(5,158)
LUF - Public Realm	6,526	-	6,526	-	2,000	(4,526)
Total LUF Projects	**14,571**	**-**	**14,571**	**1,964**	**4,200**	**(10,371)**
Grand Total	**35,145**	**600**	**35,745**	**2,654**	**25,163**	**(10,582)**

The revised capital budget as at Q1 is £35.745m, derived from the combination of the 2024/25 approved budget of £35.145m, new in-year approved spend, and decommitted spend.

The overall expenditure as at Q1 is £2.654m.

The Towns Fund projects represent the largest specific group at £17.325m, 48% of total revised capital budget followed by Levelling Up Fund (LUF) £14.571m which represents 41%. Others make up the remaining £3.323m, 11% of total revised capital budget.

The forecast outturn as at Q1 is showing spend at £25.163m.

Financing of Capital Expenditure 2024/25

All Projects	Approved Budget 2024/25 £'000	Revised Budget Plus Slippage/ accelerated spend (-) 2024/25 £'000	Full year forecast £'000	Variance £'000
Internal Borrowing	(403)	(523)	(364)	159
External Grants	(32,294)	(32,603)	(22,237)	10,366
Capital Reserve	(2,384)	(2,511)	(2,511)	-
Other Reserve – Housing	(57)	(57)	-	57
Other Reserve – Repairs and Renewals	(7)	(7)	(7)	-
Other Reserve – COVID-19 Reserve	-	(44)	(44)	-
Totals	**(35,145)**	**(35,745)**	**(25,163)**	**10,582**