

Boston Borough Council – Q2 Finance Report for 2024/25

Finance Summary

- The revenue outturn forecasts a surplus position of £202k at year end (a movement from the forecast surplus of £148k in Q1, an improvement of £54k)
- Specific and general reserves for the Council are £12.584m as at 31 March 2025.
- At quarter 2, Capital spend was £5.387m against a full year budget of £52.724m.
- The budgets for 2024/25 included an efficiency target of £846k, and we have achieved £656k against that target in Q2 (78%).
- The Council held cash investments of £31.66m as at 30 September 2024.
- Investment income is overachieving to the 30th September 2024 by £318k.
- Investment income is overachieving by £359k against the budget of £1.587m for the full financial year.
- The Council forecasts the borrowing costs to be £111k as at 31 August 2024.

Section 2 – Finance

Section 2.1	Key Financial Issues in Quarter 4 of 2023/24
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Section 2.3	Capital Budget
Section 2.4	Treasury Update
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Section 2.6	Debt Collection
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Section 2.1 – Key Financial Issues in Quarter 2 of 2024/25

- The 2024/25 budget included an efficiency target of £846k. As of 30 September, £656k (78%) savings had been identified. The process of identifying the in-year efficiencies will continue throughout the year.
- The Government announced it would provide £3m of further funding to support Councils significantly impacted by Internal Drainage Board levies and provide a longer-term funding solution in time for the 25/26 Local Government Finance Settlement. Boston has been awarded £431k for 2024/25 which has been included within the Q2 forecast and efficiencies.
- The higher levels of investment income compared to the original budget is due to increased balances available and higher interest rates on investments.
- The Capital Programme for 2024/25 is £35.745m and Cabinet approval is sought for the amendments set out in Table 5 which require approval increasing it to £51.775m.
- Planning is forecasting a further reduction in planning fee income at quarter 2 of £37k, resulting in a total underperformance of £94k.
- Cremation income is underperforming by a further £53k at quarter 2, resulting in a total income underperformance for 24/25 of £92k.
- Regulatory has reported forecasting is back to full budget within Building Control.
- Hackney Carriage Licences have reported an income overperformance of £12k at quarter 2 – this has been taken towards the efficiencies target.
- Underspends have been identified in credit control based on quarter 2 data – this has been taken towards the efficiencies target.

Inflation	July (%)	August (%)	September (%)
CPI	2.2	2.2	1.7
RPI	3.6	3.5	2.7

Section 2.2 – Revenue Budget

Table 1 details the service forecast outturn by Assistant Director of £157k overspend mainly driven by income underperformance, this is offset in the Corporate Section mainly by excess income of (£359k) driven by investment income, creating a net position of (£202k). This is based on the Quarter 2 forecast position as of 30 September 2024 and is based on officers' projections for the remainder of the financial year.

Assistant Director Area	Revised Budget 2024/25 at Q2	Outturn 2024/25 at Q2	Variance (underspend)/overspend at Q2	Comments on main variances at Q2
	£'000	£'000	£'000	
Corporate	1,986	1,966	(20)	Computer licence costs underspend resulting from moving to cloud under shared arrangement. Offset by BT charges & Business Support use of Teamworks against a nil budget Apprentice costs slightly higher than budgeted due to increase in Real Living Wage.
Economic Growth	(2,132)	(2,129)	3	Minor Variances
Finance	3,127	3,236	109	Increased External Audit charges offset by Government Grant £9k Bank Charges increased cost £35k Additional costs of Housing Benefits Administration net of new burden funding £66k. (Cost of increased compliance work by External Auditors £44k and data-sharing with DWP net cost of £19k after receipt of New Burden Funding). (Other Minor Variances)
Governance and Monitoring	765	732	(33)	Staff saving from vacancy £29k Other minor variances

Assistant Director Area	Revised Budget 2024/25 at Q2 £'000	Outturn 2024/25 at Q2 £'000	Variance (underspend)/overspend at Q2 £'000	Comments on main variances at Q2
General Fund Assets	(873)	(773)	100	<p>Cremation income underperforming by £92k offset by staff savings net cost £80k</p> <p>R&M Programme at the municipal buildings forecasted to exceed budget by £50k.</p> <p>Car parking income is forecast to improve by (£47k) offset by additional running costs for material and card transactions £18k. Net increase in income (£30k).</p>
Leisure and Culture	1,289	1,268	(21)	<p>Additional Christmas Stall income of (£5k) received.</p> <p>Reduced income for markets due to less demand for lettings £15k.</p> <p>Net increase from share of leisure centre savings following award of what Business Rates Relief (£31k).</p>
Neighbourhoods	2,301	2,312	11	<p>Additional cost for recycling bins £16k</p> <p>Net saving from cessation of Ground maintenance contract ceased with LCC, (15k)</p> <p>Other minor variances related to Tree Management and Street Cleansing supplies.</p>
Planning and Strategic Infrastructure	243	318	75	<p>Planning Applications forecast to be less than budget £96k offset by savings from staff vacancies and other minor costs net £21k</p>
Regulatory	611	568	(43)	<p>Savings from staff vacancies in Building Control of (£23k).</p>

Assistant Director Area	Revised Budget 2024/25 at Q2 £'000	Outturn 2024/25 at Q2 £'000	Variance (underspend)/overspend at Q2 £'000	Comments on main variances at Q2
				Land Charges and Licencing vacant apprenticeship roles (£16k) Other minor variances
Strategic Growth and Development	539	539	0	
Strategic Projects	0	0	0	
Wellbeing and Community Leadership	1,898	1,871	(27)	First Homes income received (£7k) Affordable Housing & Enabling Staffing saving on budget (£6k). Staffing underspends relating to Admin vacancy (£14k)
BTAC	773	776	3	
Sub Total – Assistant Director – net costs	10,527	10,684	157	
Internal Drainage Boards/Parish Precepts	2,973	2,973	0	
DRF	2,371	2,371	0	
MRP	129	129	0	
Interest Payments Received / Return on Property Funds	(1,586)	(1,945)	(359)	Due to higher than anticipated cash balances and better rates than expected.
M&G Property Fund Liquidation Distributions/ MRP in respect of reduced M&G Property Fund valuation	0	0	0	
Borrowing Costs	111	111	0	
Borrowing Discount Allocated to Revenue	(642)	(642)	0	
Reserves	(3,418)	(3,418)	0	
Efficiencies Required	(190)	(190)	0	£656k efficiencies identified (see table 2) reduce the requirement from original budget of £846k. Forecast assumes efficiencies will be met in full.

Assistant Director Area	Revised Budget 2024/25 at Q2 £'000	Outturn 2024/25 at Q2 £'000	Variance (underspend)/overspend at Q2 £'000	Comments on main variances at Q2
Court costs for council tax	100	100	0	
REFCUS & Application of Capital Grants	2,387	2,387	0	
Non-Service Expenditure	2,235	1,876	(359)	
Total Expenditure	12,762	12,560	(202)	
Council Tax	(5,682)	(5,682)	0	
Business Rates	(5,598)	(5,598)	0	
Non-Ring-Fenced Government Grant	(1,482)	(1,482)	0	
Total Funding	(12,762)	(12,762)	0	
Total Budget – (Surplus)/Deficit	0	(202)	(202)	

Recommendations:

- F1** That Cabinet notes the forecast revenue position of a £202k underspend for 2024/25 as detailed in Table 1 and the need for continued focus on the savings and efficiency programme.

The 2024/25 budget included an efficiency target of £846k, below are efficiencies achieved at Q2:

Table 2 – Efficiency Description	Amount £'000	Comments
Regulatory – Climate Change	(29)	Funding of service from grant
Regulatory – Environmental Protection	(60)	Environmental Protection vacant posts
Governance – Legal Services	(3)	Merging of Legal subscriptions
Operations – Vehicle Holding Account	(30)	Estimated saving of the fuel budget to due to reduced fuel costs
Leisure & Culture	(35)	Additional income whilst Parkwood continue to generate income from 2 pools due to delayed building works
Wellbeing & Community Leadership - CCTV	(20)	CCTV enhanced and overtime budget
ICT	(9)	Efficiency savings identified as part of Q1 monitoring
Housing Standards	(16)	Efficiency savings identified as part of Q1 monitoring
IDB	(431)	Further funding received
Credit Control	(11)	Efficiency savings identified as part of Q2 monitoring
Hackney Carriage Licences Additional Income	(12)	Efficiency savings identified as part of Q2 monitoring
Total efficiencies found	(656)	
% Achieved	78%	
Target	(846)	
Efficiencies to be identified	(190)	

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

Based upon 2024/25 budget assumptions the value of efficiency savings required to set a balanced budget for the next five years are as follows:

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Annual Savings Requirement (£'000)	172	1,417	1,344	1,333	1,852
IDB Funding Requirement (£'000)	674				

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 2025 £'000	Actual Income to 31 March 2025 £'000	Variance (above)/ below budget £'000	Comments
GF – Car Parking, Bereavement, and Property, Office Cleaning	(1,906)	(1,861)	45	Loss of cremation income of £92k (a further £53k from Q1) The income split has swung more towards direct cremations than standard, therefore less money. Car parking permits forecasting a reduction in income by £12k, Car Parking charges & PCN income forecasting increased income of (£59k).
Leisure Pool, and Markets	(139)	(109)	30	Loss of income of £10k due to switch off of Biomass Loss of income of £6k once work commences on Solar Fits Markets rental income budget has not been achieved - currently forecasting £14k loss of income.
Neighbourhoods – Office Cleaning, Recycling	(1,102)	(1,102)	0	n/a
Development Management	(638)	(544)	94	A further reduction in planning fees income by £37k since Q1.
Regulatory – Land Charges, Licences	(435)	(440)	(5)	Building Control forecasting back to budget due to improvements in the team quoting of non-standard applications & also the loss of a local private sector organisation in the area Hackney Carriage Licences overperforming

Table 3 – Trading Income Budgets				
Income Area	Revised Budget to 31 March 2025 £'000	Actual Income to 31 March 2025 £'000	Variance (above)/ below budget £'000	Comments
				Income reduction in Licencing fees & charges
Bed & Breakfast	(30)	(30)	0	
Property Asset Income	(1,028)	(938)	90	Princess Royal Sports Arena new lease arrangements resulting in loss of income of £75k, offset by utility costs saving – net effect £2.5k New Haven Lease agreed at start of the year income of (£4k) Redstone & Riverside Ind sites holding 2 vacant units resulting in loss of £7k income Redstone Caravan Site management handed back to Lincolnshire County Council from 1 st September saving £55k of costs but with a loss of income of £68k. Rental of Municipal Buildings income £2k tenant vacated.
Total	(5,278)	(5,024)	254	

Budget Additions:

Table 4 - General Fund Revenue Budget Movement				
Description	AD	Approval	Funding	£
Income management	AD Corporate	Proforma B	ICT reserve	15,504
Subtotal: ICT Reserve				15,504
Technology Forge contract	AD Corporate	Proforma B	Transformation reserve	8,390

Description	AD	Approval	Funding	£
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Planning Service review	AD Planning and Strategic Infrastructure	Proforma B	Transformation reserve	8,016
Technology Forge migration	AD General Fund Assets	Proforma B	Transformation reserve	8,000
Interim Waste manager	AD Neighbourhoods	Proforma B	Transformation reserve	13,416
Accessing EHC funding	AD Wellbeing and Communities	Proforma B	Transformation reserve	5,000
Server Room relocation	AD Corporate	Proforma B	Transformation reserve	7,200
Guildhall support for funding submission	AD Leisure and Culture / General Fund Assets	Proforma B	Transformation reserve	12,442
Temp 2 roles for 2 years to oversee Food Waste etc	AD Neighbourhoods	Proforma B	Transformation reserve	9,904
Unit 4 Cloud Migration	AD Finance	Proforma B	Transformation reserve	37,213
CIPFA works requested by S151	AD Finance	Proforma B	Transformation reserve	3,080
Staffing Costs	AD Finance	Proforma B	Transformation reserve	44,577
HR Transformation Resource	AD Corporate	Proforma B	Transformation reserve	5,845
Shared Officer Job Evaluation Scheme.	AD Corporate	Proforma B	Transformation reserve	5,247
Subtotal: Transformation Reserve				168,330
Boston Market regeneration	AD Leisure and Culture	Proforma B	Contingency reserve	47,750
Fly tipping liaison officer	AD Regulatory	Proforma B	Contingency reserve	2,576
Boston Events	AD Leisure and Culture	Proforma B	Contingency reserve	14,130
Market stall erectors redundancy stage 1	AD Leisure and Culture	Proforma B	Contingency reserve	19,984
Town Centre Action CHE2 - Deliver Xmas festival - Support illuminate Parade	AD Leisure and Culture	Proforma B	Contingency reserve	10,000
Synthetic Ice Rink - Christmas 2024	AD Wellbeing and Communities	Proforma B	Contingency reserve	10,000
BBC Markets Regeneration	AD Leisure and Culture	Proforma B	Contingency reserve	16,275
Subtotal: Contingency Reserve				120,715
Vehicle upgrades	AD Neighbourhoods	Proforma B	Capital Reserve	7,150

Subtotal: Capital Reserve				7,150
Tree works	AD Neighbourhoods	Proforma B	Insurance Reserve	10,375
Subtotal: Insurance Reserve				10,375
Conservation Area project	AD Planning and Strategic Infrastructure	Proforma B	Planning reserve	13,406
Subtotal: Planning Reserve				13,406
			Subtotal Reserve Use.	335,480
BTAC Events	AD Leisure and Culture	Proforma B	BTAC Reserve	4,000
Subtotal: BTAC Reserve				4,000
Household support fund	AD Wellbeing and Communities	New Budget	Additional income	185,800
Software licences	AD Corporate	New Budget	Additional income	3,000
DA accreditation	AD Wellbeing and Communities	New Budget	Additional income	5,000
AD Finance	AD Corporate	Proforma B	Increased salary efficiency target	13,070
Serious Violence funding	AD Wellbeing and Communities	New Budget	Additional income	265,220
Env Health Qtr 1	AD Regulatory	New Budget	Additional income	4,410
Climate Change transfer of funding from ELDC	AD Regulatory	New Budget	Additional income	55,000
Additional Homelessness income	AD Wellbeing and Communities	New Budget	Additional income	92,671
Broker Fees Temporary investments	AD Finance	New Budget	Additional income	10,000
Migration of data from Alfresco	AD Corporate	Proforma B	In year savings	12,275
NHS project funding balance	AD Economic Growth	Proforma B	Additional income	296,307
Subtotal: Additional Income/Efficiency increases				942,753
Total Budget Movement as at 30 September 2024				1,282,234

Reserves

At 30 September 2024 specific reserves were £12.584m, after a net transfer from reserves of £3.417m to cover revenue and capital expenditure. **Table 4** reflects the outturn position.

Table 4a – Specific and General Reserves Balance				
Reserve	Balances at 1 April 2024 £'000	Contributions into Reserves £'000	Use of Reserves £'000	Balances at 31 March 2025 £'000
Capital Funding	6,390	0	(2,511)	3,879
Transformation	981	43	(493)	531
Repairs and Renewals	612	17	(7)	622
ICT	33			33
Housing	1,450	0	(144)	1,306
Controlling Migration Fund	14			14
Insurance	207		(10)	197
Risk Mitigation Reserve	1,116			1,116
Funding Volatility	1,892		(135)	1,757
Contingency Reserve	382	0	(126)	256
Climate Change Reserve	102	53		155
Planning Reserve	338	0	(50)	288
Property Funds Reserve	146		(50)	96
Specific Reserves Total	13,665	113	(3,526)	10,252
General Fund	2,000			2,000
S106 & Commuted Sums	128			128
BTAC	208		(4)	204
TOTAL	16,001	113	(3,530)	12,584

Section 2.3 – Capital Budget

This section covers:

- Revisions to the Capital Programme
- Progress against the 2024/25 approved capital programme and the anticipated outturn
- Funding of the Capital Programme

Table 5 – 2024/25 Capital Programme and Outturn						
Scheme	Approved Budget 2024/25	Changes to approved budget	Revised Budget 2024/25	Actual September 2024/25	Forecast Outturn 2024/25	Variance (under)/over
	£000	£000	£000	£000	£000	£000
Disabled Facilities Grant	1,234	-	1,234	332	1,036	(198)
Resurfacing & footpath improvements	45	-	45	50	50	5
Town Centre Heritage Scheme	973	-	116	116	116	(852)
Vehicle Replacements	311	-	311	-	311	-
Housing Strategy	57	-	57	-	-	(57)
Information Technology Infrastructure Refresh	307	-	307	20	148	(159)
Neighbourhood Vehicle Replacements	56	-	56	-	56	-
Bin Safety Upgrade	7	(7)	-	-	-	-
Markets Regeneration	44	-	44	40	44	-
ICT – Revenues & Benefits	92	-	-	-	-	(92)
ICT – Relocate Server Room to SHDC	120	-	120	-	120	-
Pool Cars	68	-	68	46	68	-
Fly-Tipping Intervention	9	-	9	-	9	-
Total Projects (Excl Towns Funds, UKSPF, LUF & LUP)	3,323	(7)	2,367	604	1,958	(1,358)
Towns Fund - Leisure	4,028	7,000	11,028	174	11,028	-
Towns Fund - Mayflower	9,248	-	9,248	1,504	7,000	(2,248)
Towns Fund - St Botolph's Library	69	-	69	12	69	-
Towns Fund - Healing the High St (incl. Shodfriars)	1,712	-	1,712	52	1,712	-
Towns Fund - Boston Station	2,268	-	2,268	563	2,268	-
Total Towns Fund Projects	17,325	7,000	24,325	2,305	22,077	(2,248)
UKSPF (Capacity building projects for local groups)	323	-	323	223	323	-
UKSPF Rural (Community projects aimed at reducing the cost of living)	203	-	203	40	203	-
Total UKSPF Projects	526	-	526	263	526	-
LUF - Civic Hub	887	-	887	5	5	(882)
LUF - Crown House	7,158	-	7,158	1,997	2,000	(5,158)
LUF - Public Realm	6,526	-	6,526	213	900	(5,626)
Total LUF Projects	14,571	-	14,571	2,215	2,905	(11,666)
LUP – Boston United Football Sports Complex & Affordable Homes	-	3,205	3,205	-	3,205	-
LUP – Boston Community Research Project	-	370	370	-	370	-

Table 5 – 2024/25 Capital Programme and Outturn

Scheme	Approved Budget 2024/25	Changes to approved budget	Revised Budget 2024/25	Actual September 2024/25	Forecast Outturn 2024/25	Variance (under)/over
	£000	£000	£000	£000	£000	£000
LUP – Community Organisations Package	-	690	690	-	690	-
LUP – Boston Connected	-	571	571	-	571	-
LUP – St Botolph’s Church Visitor Offer	-	50	50	-	50	-
LUP – Community Diagnostic Centre		2,300	2,300	-	2,300	-
LUP – Haven Wharf	-	2,800	2,800	-	2,800	-
Total LUP Projects (excl Boston Leisure)	-	9,986	9,986	-	9,986	-
Grand Total	35,745	16,979	52,724	5,387	37,452	(15,272)

The revised capital budget as at Q2 was £52.724m, derived from the combination of the 2024/25 approved budget of £35.745m, new in-year approved spend, and decommitted spend. The overall expenditure as at Q2 is £5.387m.

The Towns Fund projects represent the largest specific group at £17.325m, 33% of total revised capital budget followed by Levelling Up Fund (LUF) £14.571m which represents 28%. Others make up the remaining £12.353m, 25% of total revised capital budget. LUP funding approved at Council on the 11th November totals £9.9m and is also included above.

Changes to approved capital budget

Table 5a – Changes to approved capital budget

Project Description	Amount £'000	Approval
Bin Lift Safety Upgrade	(7)	Upgrade works now provided by supplier free of charge, decommitment of proforma.
Towns Fund – Leisure	7,000	Approved at Council 11 November 2024
LUP – Boston United Football Sports Complex & Affordable Homes	3,205	Approved at Council 11 November 2024
LUP – Boston Community Research Project	370	Approved at Council 11 November 2024
LUP – Community Organisations Package	690	Approved at Council 11 November 2024
LUP – Boston Connected	571	Approved at Council 11 November 2024
LUP – St Botolph’s Church Visitor Offer	50	Approved at Council 11 November 2024
LUP – Community Diagnostic Centre	2,300	Approved at Council 11 November 2024
LUP – Haven Wharf	2,800	Approved at Council 11 November 2024
Total	16,979	

Progress against approved budgets

- **LUF – Civic Hub** – The demolition works are on hold, pending a decision to demolish, once a decision is made the scheme will be able to progress.
- **LUF – Crown House** – The withdrawal of YMCA as a partner has led to the Council delivering the Council directly. Currently being programmed.
- **LUF – Public Realm** – On site in January 2025, the design works have taken longer than originally expected.

2024/25 Funding

All Projects	Approved Budget 2024/25	Revised Budget Plus Slippage/ accelerated spend (-) 2024/25	Full year forecast	Variance
	£'000	£'000	£'000	£'000
Internal Borrowing	(523)	(431)	(272)	159
External Grants	(32,603)	(48,980)	(34,868)	14,112
Capital Reserve	(2,511)	(2,263)	(2,268)	(5)
Other Reserve – Housing	(57)	(57)	-	57
Other Reserve – Repairs and Renewals	(7)	-	-	-
Other Reserve – Contingency Reserve	(44)	(44)	(44)	-
Totals	(35,745)	(35,745)	(25,163)	10,582

Capital Financing

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

Table 6 indicates the forecast capital resources available to the Council at the end of 2024/25. The estimated position for the following years is also provided.

Table 6 – Capital Resources			
	2023/24 £'000	2024/25 £'000	2025/26 £'000
Capital Resources* available at start of each year	5,918	6,193	3,682
Capital Investment (estimate in future years)	(5,939)	(51,775)	(5,381)
Additional Sources of Finance			
New Capital Receipts (estimate in future years)	-	-	-
Funding from other reserves	167	101	-

External Grants	3,924	48,908	1,803
Internal borrowing	1,779	431	661
Budgeted contributions to capital reserve	344	-	-
Estimated Capital Resources* at end of each year	6,193	3,930	1,013

* Capital Reserve and Capital Receipts

Section 2.4 – Treasury Management

Investments at 30 September 2024

During the financial year the Council has made fixed term investments in line with the agreed Treasury Management Strategy. A minor breach of the CCLA Money Market investment limit occurred on 20 May 2024 by £150k which was corrected on 21 May 2024. Processes have been reviewed and changes made to prevent this type of occurrence happening going forward.

Detailed in **Table 7** are the investments held by the Council on 30 September 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 30 September 2024

Financial Institution	Country	Amount (£)	Start Date	Maturity Date	Fixed/ Variable	Yield %
HSBC Current Account	UK	255,356	N/A	Instant access	N/A	N/A
CCLA Money Market Fund	Various	7,500,000	N/A	Instant Access	Various	4.99%
UK Debt Management Office	UK	2,300,000	30/09/24	01/10/2024	Fixed	4.94%
UK Debt Management Office	UK	1,600,000	27/09/24	04/10/2024	Fixed	4.94%
Blaenau Gwent CBC	UK	2,000,000	26/07/2024	28/10/2024	Fixed	5.25%
DNB Bank	Norway	1,000,000	06/11/2023	04/11/2024	Fixed	5.72%
Goldman Sachs Bank	UK	2,000,000	17/05/2024	18/11/2024	Fixed	5.28%
DZ Bank	Germany	2,000,000	27/08/2024	27/11/2024	Fixed	4.99%
Wrexham County BC	UK	3,000,000	25/01/2024	24/01/2025	Fixed	5.70%
National Westminster Bank	UK	2,000,000	19/08/2024	19/02/2025	Fixed	4.87%
CIC Bank	France	3,000,000	03/05/2024	02/05/2025	Fixed	5.33%
Canterbury City Council	UK	2,000,000	21/05/2024	21/05/2025	Fixed	5.25%
UBS Bank	Switzerland	3,000,000	12/07/2024	11/07/2025	Fixed	5.18%
TOTAL		31,655,356				

At Quarter 1 the level of investments was £29.5m.

APPENDIX 1

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>
	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 30 September 2024

Financial Institution	Purchase Cost (£)	Q2 Budgeted Net Revenue 2024/25 (£ & %)	Q2 Forecast Net Revenue (£ & %)	2024/25 Budgeted Net Revenue 2024/25 (£ & %)	2024/25 Forecasted Outturn Net Revenue (£ & %)	Net Asset Value (£)	Total Gain/(Loss) Since Purchase (£ & %)	Capital Gain/(Loss) Since 31/3/24 (£ & %)	2024/25 Combined Annual Return (%)
BlackRock UK Property Fund	4,500,006	90,247 4.00%	75,147 3.33%	180,000 4.00%	164,900 3.66%	3,997,809	(502,197) (11.16%)	19,284 0.48%	3.81%
Schroder UK Real Estate Fund	4,250,006	85,233 4.00%	76,373 3.58%	170,000 4.00%	161,141 3.79%	3,567,410	(682,596) (16.06%)	(25,495) (0.71%)	2.87%
Threadneedle Property Unit Trust	4,239,754	85,027 4.00%	75,890 3.57%	169,590 4.00%	160,453 3.78%	3,597,403	(642,351) (15.15%)	78,379 2.23%	5.80%
M&G Investments UK Property Fund (After Distribution Payments)	336,277	14,640 4.00%	6,744 4.00%	29,200 4.00%	13,451 4.00%	428,643	92,366 N/A	(53,832) N/K	N/K
AEW UK Core Property Fund	4,000,000	80,219 4.00%	66,156 3.30%	160,000 4.00%	145,937 3.65%	3,444,476	(555,524) (13.89%)	12,212 0.36%	3.66%
TOTAL	17,326,043	355,366	299,310	708,790	645,882	15,035,741	(2,290,302)	30,548	
Adjustment for 23/24 Accrual	-	-	(22,284)	-	(22,284)	-	-	-	-
GRAND TOTAL	17,326,043	355,366	278,026	708,790	623,598	15,035,741	(2,290,302)	30,548	

The overall change in the combined Net Asset Values for all funds during Quarter 2 has been a reduction of £38,404 compared to an increase of £68,956 in Quarter 1. 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 September 2024 can be found in **Table 8** below.

Table 8 – Property Fund Dividend Information

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	75,147	645	885,761
Schroder UK Real Estate Fund	809,186	76,373	(1,171)	884,388
Threadneedle Property Unit Trust	1,015,699	75,890	(3,229)	1,088,360
M&G Investments UK Property Fund	534,942	6,744	-	541,686
AEW UK Core Property Fund	905,204	66,156	(18,529)	952,831
Total Revenue	4,075,000	300,310	(22,284)	4,353,026

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 September 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 30 September 2024 can be found in Table 9 below.

Table 9 - Maturity Structure of Investments on 30 September 2024.

Period to Maturity	Amount (£)	% of Portfolio
Instant Access	7,755,356	16%
Less than one month	5,900,000	12%
One to three months	5,000,000	10%
Three to six months	5,000,000	10%
Six to nine months	5,000,000	10%
Nine months to a year	3,000,000	6%
>12 Months	17,326,043	36%
TOTAL	48,981,399	100%

Summary of Investment Income Received Against Budget and Forecast Outturn

Table 10 below provides a comparison of interest received against budget at Quarter 2 to 30 September and a forecast outturn position for the year.

Table 10 - Interest Received Against Budget and Forecast Outturn

Investment Type	2024/25 Budget Quarter 2 (£)	2024/25 Actual Quarter 2 (£)	2024/25 Variance Quarter 2 (£)	2024/25 Annual Budget (£)	2024/25 Forecast Outturn (£)	2024/25 Forecast Variance (£)
Treasury Investments						
Gross Interest	(445,076)	(839,619)	(394,543)	(887,720)	(1,331,813)	(444,093)
Brokers Fees	5,014	3,263	(1,751)	10,000	10,000	0
Net Position	(440,062) (5.075%)	(836,356) (5.432%)	(396,294) (0.357%)	(877,720)	(1,321,813)	(444,093)
<u>Property Funds</u>						
Gross Distributions	(440,599)	(344,709)	95,890	(878,790)	(773,164)	105,626
Less Management Fees	85,233	66,683	(18,550)	170,000	149,567	(20,433)
Net Distributions	(355,366) (4.000%)	(278,026) (3.457%)	77,340 0.543%	(708,790)	(623,597)	85,193
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	0	0	0	0	0
Total Net Income	(795,428) (4.531%)	(1,114,382) (4.720%)	(318,954) (0.189%)	(1,586,510)	(1,945,410)	(358,900)

At 30 September 2024 there was a favourable variance of £318,954 (Q1 £169,771) and the forecast outturn was a favourable variance of £358,900 (Q1 £323,641).

Treasury investments achieved an average rate of 5.432% (Q1 5.500%) and property fund investments achieved an average rate of 3.457% (Q1 3.548%). The combined rate achieved on all investments was 4.720% (Q1 4.796%).

The higher level of investment income achieved compared to the original budget is due to interest rates in the market being higher than the budgeted return for 2024/25 and balances available for investment being higher due to slippage in the 2023/24 capital programme.

External 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.

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

Borrowing Type	2024/25 Budget Quarter 2 (£)	2024/25 Actual Quarter 2 (£)	2024/25 Annual Budget (£)	2024/25 Forecast Outturn (£)
State Street LOBO	55,777	55,777	111,250	111,250
Total Borrowing Costs	55,777	55,777	111,250	111,250

Summary of the Net Treasury Position Against Budget and Forecast Outturn

The following table 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 Treasury Position Against Budget and Forecast Outturn

	2024/25 Budget Quarter 2 (£)	2024/25 Actual Quarter 2 (£)	2024/25 Variance Quarter 2 (£)	2024/25 Annual Budget (£)	2024/25 Forecast Outturn (£)	2024/25 Forecast Variance (£)
Net Investment Income (Table 10)	(795,428)	(1,114,382)	(318,954)	(1,586,510)	(1,945,410)	(358,900)
Premature Repayment of Borrowing Discount Allocated to Revenue	(321,751)	(321,751)	0	(641,743)	(641,743)	0
Total Borrowing Costs (Table 11)	55,777	55,777	0	111,250	111,250	0
Overall Net Position	(1,061,402)	(1,380,356)	(318,954)	(2,117,003)	(2,475,903)	(358,900)

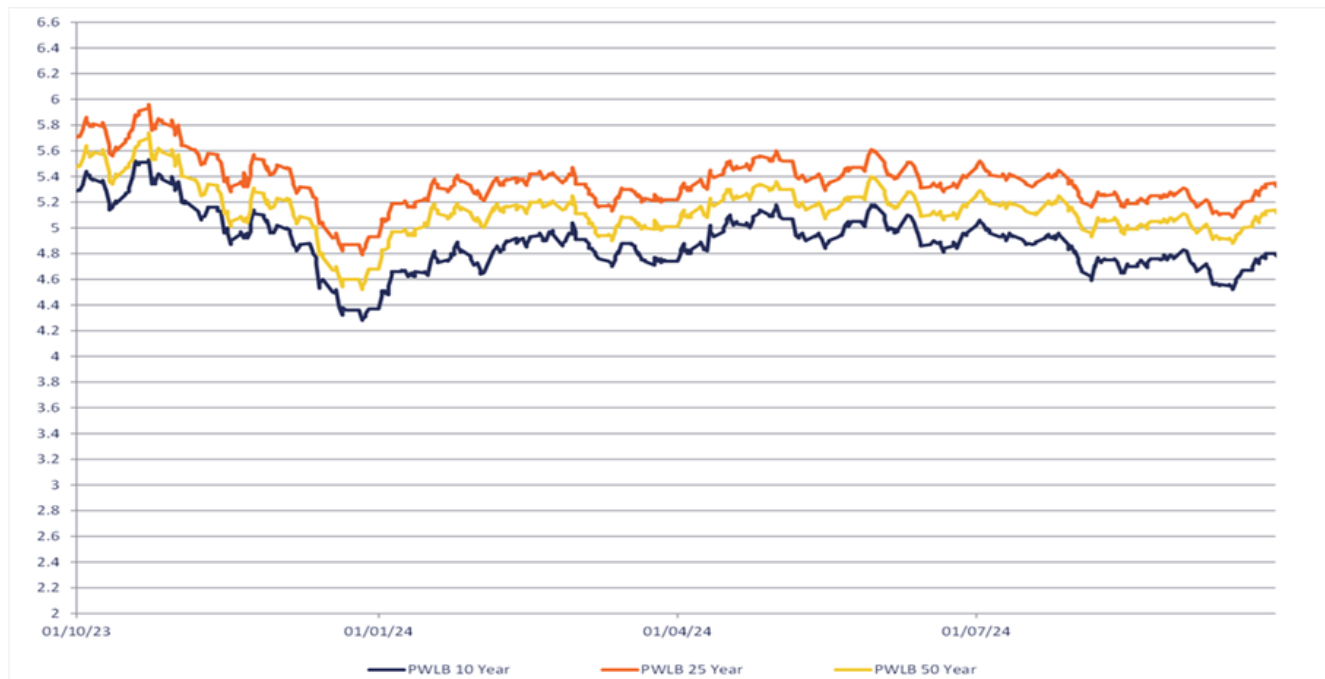
At 30 September 2024 there was a favourable variance of £318,954 (Q1 £169,771) and the forecast outturn was a favourable variance of £358,900 (Q1 £323,641).

Public Works Loan Board (PWLB) Borrowing Rates

During the first six months of the financial year PWLB rates have generally been on a slow downward trajectory reflecting the expectation that interest rates will fall during the remainder of the financial year.

The 50 year PWLB certainty rate was 5.13% on 30 September 2024 compared with 5.18% at Quarter 1. The following graph shows the PWLB rates over the last 12 months.

Graph 1 – PWLB Borrowing Rates



Summary

The Bank of England Base Rate was cut by 0.25% to 5.00% at the July Monetary Policy Committee meeting and there have been no further changes.

Local authorities are now offering higher rates compared with Financial Institutions by around 0.25% in the one year period. The number of Local Authorities looking to borrow is slowly starting to pick up as we head into the second half of the financial year.

Risks prevail in the financial markets and are subject to a continued high level of scrutiny with any significant issues arising being reported to the Council’s Audit and Governance Committee. Changes to credit ratings of financial institutions are monitored daily and where required reported to the Section 151 Officer for an agreed course of action to be taken.

Section 2.5 – Insurance

2024/25 Claims Statistics

Table 13 details the number of formal insurance claims for Quarter 1 & 2 of 2024/25 (figures in brackets are comparable figures for 2023/24).

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

Officers Indemnity	0(0)	0(0)	(0)	(0)	0(0)
Total	4(5)	3(2)	(4)	(8)	4(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 30 September

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 financial procedure limits debts below £5,000 require sign off by the Chief Finance Officer with all debts for this amount or over requiring Cabinet approval. New arrangements are in place for regular reporting and review of sundry debts and proactive management is taking place which is also resulting in debt levels and age of debt reducing. (Can we duplicate this across all 3 entities please) assuming debt levels and age are reducing.

An analysis of the sundry debts the Council held as at 30 September 2024 is show in **Table 13**.

0-30 days	31-60 days	61-90 days	91-120 days	121-183 days	184-365 days	Over 365 days	Total
£	£	£	£	£	£	£	£
189,261	12,283	108,662	45,516	74,936	46,760	610,428	1,055,859

Note: This does not include details of invoice amounts (£180,464.30) that are not yet due

Section 2.7 – Council Tax and Business Rates

There remains uncertainty over the longer term effect on collection and recovery as a result of the ongoing impact of the pandemic, and the cost of living challenges. In recognition, we continue to remain prudent in setting the bad debt provision in this area.

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

Council Tax Support Scheme (CTS)

Following the annual review during 2023/24, the 2024/25 scheme has remained unchanged from the previous year, allowing for national up-ratings.

Council Tax – 2024/25 Quarter 2 In-Year Collection

The collectable debit for the year at 30 September 2024 was £44.7m with a net collection rate of 52.91% achieved (52.27% at 30 September 2023).

Business Rates – 2024/25 Quarter 2 In-Year Collection

The collectable debit for the year at 30 September 2024 was £20.5m with a net collection rate of 55.33% achieved (54.88% at 30 September 2023).