

Boston Borough Council – Q3 Finance Report for 2024/25

Finance Summary

- The revenue outturn forecasts a surplus position of £627k at year end (a movement from the forecast surplus of £202k in Q2, an improvement of £425k)
- Specific and general reserves for the Council are £12.495m as at 31 March 2025.
- At quarter 3, Capital spend was £9.075m against a full year budget of £20.052m.
- The budgets for 2024/25 included an efficiency target of £846k, and we have achieved £656k against that target in Q3 (78%).
- The Council held cash investments of £40.380m as at 31 December 2024.
- Investment income is overachieving to the 31 December 2024 by £503k.
- Investment income is overachieving by £703k against the budget of £1.587m for the full financial year.
- The Council forecasts the borrowing costs to be £111k as at 31 December 2024.

Section 2 – Finance

Section 2.1	Key Financial Issues in Quarter 3 of 2024/25
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Section 2.1 – Key Financial Issues in Quarter 3 of 2024/25

- The 2024/25 budget included an efficiency target of £846k. As of 31 December, £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 Q3 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 £52.724m and Cabinet approval is sought for the amendments set out in Table 5 which require approval decreasing it to £20.052m.
- Planning Fee income is forecast to reduce compared to budget for 24/25 by £93k.
- Cremation income is forecast to reduce compared to budget for 24/25 by £92k.
- The forecast for Car Parking Income has increased (£94k).

Inflation	October (%)	November (%)	December (%)
CPI	2.3	2.6	2.5
RPI	3.4	3.6	3.5

Section 2.2 – Revenue Budget

Table 1 details the service forecast outturn by Assistant Director of £76k overspend mainly driven by income underperformance and repairs to the Municipal Building, this is offset in the Corporate Section mainly by excess income of (£703k) driven by investment income, creating a net position of (£627k). This is based on the Quarter 3 forecast position as of 31 December 2024 and is based on officers' projections for the remainder of the financial year.

Assistant Director Area	Revised Budget 2024/25 at Q3 £'000	Outturn 2024/25 at Q3 £'000	Variance (underspend)/overspend at Q3 £'000	Comments on main variances at Q3
Corporate	2,006	1,927	(83)	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)	(2,126)	7	Minor Variances
Finance	3,467	3,630	163	Increased External Audit charges offset by Government Grant £45k 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). Cost of fundamental review Council Tax Support scheme £7k Share of recruitment and equipment costs for Shared management £10k

Assistant Director Area	Revised Budget 2024/25 at Q3 £'000	Outturn 2024/25 at Q3 £'000	Variance (underspend)/overspend at Q3 £'000	Comments on main variances at Q3
Governance and Monitoring	787	784	(2)	Minor variances
General Fund Assets	(801)	(744)	57	<p>Cremation income underperforming by £92k offset by staff savings (£12k) and utility savings (£17k).</p> <p>Repairs and maintenance programme at the municipal buildings forecasted to exceed budget by £100k. The budget for this area has not been increased in recent years to reflect the need to meet public access regulations nor rising costs of such works. This costs is partially offset by savings in running costs for cleaning and utilities (£24k).</p> <p>Car parking income is forecast to improve by (£94k) for the whole year, offset by additional running costs for material and card transactions £18k. Net increase in income (£76k).</p> <p>Redstone Site management returned to LCC saving (£16k).</p> <p>Other minor variances.</p>
Leisure and Culture	1,138	942	(196)	<p>Reduced income for markets due to less demand for lettings £20k.</p> <p>Net increase from share of leisure centre savings following award of what Business Rates Relief (£40k). Unbudgeted income from pools remaining open longer as a result of delayed works (£171k)</p> <p>Other minor variances.</p>
Neighbourhoods	2,257	2,302	45	<p>Additional cost for recycling bins £16k</p> <p>Net saving from cessation of Ground maintenance contract ceased with LCC, (15k)</p>

Assistant Director Area	Revised Budget 2024/25 at Q3 £'000	Outturn 2024/25 at Q3 £'000	Variance (underspend)/overspend at Q3 £'000	Comments on main variances at Q3
				Other minor variances related to Tree Management and Street Cleansing supplies.
Planning and Strategic Infrastructure	218	329	111	Planning Applications forecast to be less than budget £93k and other minor costs.
Regulatory	551	565	14	Building Control fees forecast to be less than budget £22k offset by other minor variances
Strategic Growth and Development	539	539	0	
Strategic Projects	0	0	0	
Wellbeing and Community Leadership	1,813	1,768	(45)	CCTV service running costs reduction (£45k). Other minor variances.
BTAC	773	776	3	
Sub Total – Assistant Director – net costs	10,623	10,692	76	
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	(1,587)	(2,289)	(703)	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	(3,506)	(3,506)	0	
Efficiencies Required	(190)	(190)	0	£656k efficiencies identified (see table 2) reduce the requirement from original

Assistant Director Area	Revised Budget 2024/25 at Q3 £'000	Outturn 2024/25 at Q3 £'000	Variance (underspend)/overspend at Q3 £'000	Comments on main variances at Q3
				budget of £846k. Forecast assumes efficiencies will be met in full.
Court costs for council tax	100	100	0	
REFCUS & Application of Capital Grants	2,387	2,387	0	
Non-Service Expenditure	2,147	1,444	(703)	
Total Expenditure	12,762	12,136	(627)	
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	(627)	(627)	

Recommendation:

- F1** That Cabinet notes the forecast revenue position of a £627k 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 Q3:

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

Table 2 – Efficiency Description	Amount £'000	Comments
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 (Updated for the 2025/26 MTF5) years are as follows:

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Annual Savings Requirement (£'000)	172	510	1,921	2,337	2,775	2,678
IDB Funding Requirement (£'000)	674	913	1,059	1,213	1,375	1,544

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	Forecast Income to 31 March 2025 £'000	Variance (above)/ below budget £'000	Comments
GF – Car Parking, Bereavement, and Property, Office Cleaning	(1,906)	(1,909)	(3)	Loss of cremation income of £92k. 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 (£106k).

Table 3 – Trading Income Budgets

Income Area	Revised Budget to 31 March 2025 £'000	Forecast Income to 31 March 2025 £'000	Variance (above)/ below budget £'000	Comments
Leisure Pool, and Markets	(198)	(174)	24	<p>Loss of income of £4k due to switch off of Biomass</p> <p>Loss of income of £6k once work commences on Solar Fits</p> <p>Markets rental income budget has not been achieved - currently forecasting £20k loss of income.</p> <p>Additional May fair Income of (£6k).</p>
Neighbourhoods – Office Cleaning, Recycling	(1,102)	(1,102)	0	n/a
Development Management	(638)	(543)	95	No change in the reduction of planning fees income by £37k since Q2 forecast.
Regulatory – Land Charges, Licences	(435)	(420)	15	<p>Building Control income has seen a reduction in Q3, the gains seen at Q2 have not continued.</p> <p>Hackney Carriage Licences income overperforming, income reduction in Licencing fees and charges</p>
Bed & Breakfast	(30)	(30)	0	
Property Asset Income	(966)	(871)	95	<p>Princess Royal Sports Arena new lease arrangements resulting in loss of income of £73k.</p> <p>New Haven Lease agreed at start of the year income of (£4k)</p> <p>Redstone & Riverside Ind sites holding 2 vacant units resulting in loss of £7k income</p> <p>Redstone Caravan Site management handed back to Lincolnshire County Council from 1st September saving £55k of costs but with a loss of income of £68k.</p>

Table 3 – Trading Income Budgets				
Income Area	Revised Budget to 31 March 2025 £'000	Forecast Income to 31 March 2025 £'000	Variance (above)/ below budget £'000	Comments
				Rental of Municipal Buildings income £2k tenant vacated.
Total	(5,275)	(5,049)	226	

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	£
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
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

Description	AD	Approval	Funding	£
HR Transformation Resource	AD Corporate	Proforma B	Transformation reserve	5,845
Shared Officer Job Evaluation Scheme.	AD Corporate	Proforma B	Transformation reserve	5,247
Empty Properties review	AD Finance	Proforma B	Transformation reserve	10,528
Subtotal: Transformation Reserve				171,659
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.	338,809
BTAC Events	AD Leisure and Culture	Proforma B	BTAC Reserve	4,000
Subtotal: BTAC Reserve				4,000

Description	AD	Approval	Funding	£
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
Economic Growth Events	AD Economic Growth	New budget	In year savings	4,476
Subtotal: Additional Income/Efficiency increases				947,229
Total Budget Movement as at 31 December 2024				1,290,038

Reserves

At 31 December 2024 the forecast balance for specific reserves at year end are £12.495m, after a net transfer from reserves of £3.506m 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	(581)	443
Repairs and Renewals	612	18	(7)	623
ICT	33	0	0	33

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
Housing	1,450	0	(144)	1,306
Controlling Migration Fund	14	0	0	14
Insurance	207	0	(10)	197
Risk Mitigation Reserve	1,116	0	0	1,116
Funding Volatility	1,892	0	(135)	1,757
Contingency Reserve	382	0	(113)	269
Climate Change Reserve	102	53	0	155
Planning Reserve	338	0	(63)	275
Property Funds Reserve	146	0	(50)	96
Specific Reserves Total	13,665	113	(3,615)	10,163
General Fund	2,000	0	0	2,000
S106 & Commuted Sums	128	0	0	128
BTAC	208	0	(4)	204
TOTAL	16,001	113	(3,619)	12,495

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

Scheme	Approved Budget 2024/25	Changes to approved budget	Revised Budget 2024/25	Actual December 2024/25	Forecast Outturn 2024/25	Variance (under)/over
	£000	£000	£000	£000	£000	£000
Disabled Facilities Grant	1,234	336	1,570	650	1,570	-
Resurfacing & footpath improvements	45	-	45	50	50	5
Town Centre Heritage Scheme	973	(857)	116	116	116	-
Vehicle Replacements	311	(311)	-	-	-	-
Housing Strategy	57	-	57	-	-	(57)
Information Technology Infrastructure Refresh	307	(53)	254	20	225	(29)
Neighbourhood Vehicle Replacements	56	(56)	-	-	-	-
Markets Regeneration	44	13	57	57	57	-
ICT – Revenues & Benefits	92	(92)	-	-	-	-
ICT – Relocate Server Room to SHDC	120	(60)	60	-	80	20
Pool Cars	68	-	68	65	65	(3)
Fly-Tipping Intervention	9	-	9	-	9	-
Swimming Pool Support Fund	-	115	115	-	115	-
Uniform	-	49	49	-	49	-
Unit 4 Implementation	-	25	25	-	25	-
Total Projects (Excl Towns Funds, UKSPF, LUF & BPF)	3,316	(891)	2,425	958	2,361	(64)
Towns Fund - Leisure	11,028	(10,433)	595	331	595	-
Towns Fund - Mayflower	9,248	(2,517)	6,731	2,673	6,731	-
Towns Fund - St Botolph's Library	69	-	69	12	69	-
Towns Fund - Healing the High St (incl. Shodfriars)	1,712	(1,462)	250	76	250	-
Towns Fund - Boston Station	2,268	-	2,268	1,007	2,268	-
Total Towns Fund Projects	24,325	(14,412)	9,913	4,099	9,913	-
UKSPF (Capacity building projects for local groups)	323	-	323	253	323	-
UKSPF Rural (Community projects aimed at reducing the cost of living)	203	-	203	149	203	-
Total UKSPF Projects	526	-	526	402	526	-
LUF - Former B&M Site	887	(737)	150	13	150	-
LUF - Crown House	7,158	(5,158)	2,000	1,270	2,000	-
LUF - Public Realm	6,526	(5,976)	550	433	550	-
Total LUF Projects	14,571	(11,871)	2,700	1,716	2,700	-
BPF – Boston United Football Sports Complex	1,450	(1,025)	425	-	425	-
BPF – Affordable Homes (Quadrant Housing Development)	1,755	(755)	1,000	-	1,000	-

Scheme	Approved Budget 2024/25	Changes to approved budget	Revised Budget 2024/25	Actual December 2024/25	Forecast Outturn 2024/25	Variance (under)/over
	£000	£000	£000	£000	£000	£000
BPF – Boston Community Research Project	370	(299)	71	-	71	-
BPF – Community Organisations Package	690	-	690	-	690	-
BPF – Boston Connected	571	(478)	93	-	93	-
BPF – St Botolph’s Church Visitor Offer	50	-	50	-	50	-
BPF – PE21 Rosegarth Square	2,300	(391)	1,909	1,900	1,909	-
BPF – Haven Wharf	2,800	(2,550)	250	-	250	-
Total BPF Projects (excl Boston Leisure)	9,986	(5,498)	4,488	1,900	4,488	-
Grand Total	52,724	(32,672)	20,052	9,075	19,988	(64)

The revised capital budget as at Q3 is £20.052m, derived from the combination of the 2024/25 approved budget of £52.724m, new in-year approved spend, slippage into future years and decommitted spend. The overall expenditure as at Q3 is £9.075m.

The Towns Fund projects represent the largest specific group at £9.913m, 49% of total revised capital budget followed by Boston Partnership Funding (BPF) £4.488m which represents 22%. Others make up the remaining £5.125m, 29% of total revised capital budget including Levelling Up Funding (LUF).

Changes to approved capital budget

Table 5a – Changes to approved capital budget		
Project Description	Amount £'000	Approval
Disabled Facilities Grants	336	Proforma approved by S151 for increased delivery of DFGs.
Town Centre Heritage Scheme	(857)	Scheme now finalised, decommit of remaining budget.
Vehicle Replacements	(311)	Slipped into future years as per the budget report approved by Council.
Information Technology Infrastructure	(53)	Slipped into future years as per the budget report approved by Council.
Neighbourhood Vehicle Replacements	(56)	Slipped into future years as per the budget report approved by Council.
Markets Regeneration	13	Proforma approved by S151 for enhanced spend on market regeneration.
ICT – Revenues & Benefits	(92)	Slipped into future years as per the budget report approved by Council.

Table 5a – Changes to approved capital budget		
Project Description	Amount £'000	Approval
ICT – Relocate Server Room to SHDC	(60)	Slipped into future years as per the budget report approved by Council.
Swimming Pool Support Fund	115	Proforma approved by S151 for acceptance of Swimming Pool Support Funding.
Uniform	49	Approved by Cabinet 13 September 2024.
Unit 4 Implementation	25	Proforma approved by S151 for implementation of Unit 4 enhancements.
Towns Fund – Leisure	(10,433)	Slipped into future years as per the budget report approved by Council.
Towns Fund – Mayflower	(2,517)	Slipped into future years as per the budget report approved by Council.
Towns Fund – Healing the High St (incl Shodfriars)	(1,462)	Slipped into future years as per the budget report approved by Council.
LUF – Former B&M Site	(737)	Slipped into future years as per the budget report approved by Council.
LUF – Crown House	(5,158)	Slipped into future years as per the budget report approved by Council.
LUF – Public Realm	(5,976)	Slipped into future years as per the budget report approved by Council.
BPF – Boston United Football Sports Complex	(1,025)	Slipped into future years as per the budget report approved by Council.
BPF – Affordable Homes (Quadrant Housing Development)	(755)	Slipped into future years as per the budget report approved by Council.
BPF – Boston Community Research Project	(299)	Slipped into future years as per the budget report approved by Council.
BPF – Boston Connected	(478)	Slipped into future years as per the budget report approved by Council.
BPF – PE21 Rosegarth Square	(391)	Slipped into future years as per the budget report approved by Council.
BPF – Haven Wharf	(2,550)	Slipped into future years as per the budget report approved by Council.
Total	(32,672)	

Progress against approved budgets

- **Towns Fund – Leisure** – Award of MHCLG LUP funding was formally accepted in Nov 2024 'unlocking' ability to move forward with project delivery. Pre-Contract Services Agreement with preferred supplier was completed Dec 2024 providing updated tender cost for Phase 1, including value engineering.
- 'Letter of Intent' to be issued w/c 24 Feb 2025 to instruct package of 'enabling works' to enable main contract award and commencement by approx. end June 2025. Phase 2 design solution development works are underway.
- **Towns Fund – Mayflower** – Construction works moving forward at pace, completion expected before term start in September 2025.
- **LUF – Former B&M Site** – At the end of Q3 the demolition works had not commenced, pending a decision to demolish. The demolition works have since commenced and are now fundamentally complete.
- **LUF – Crown House** – Purchase of Crown House has been completed with demolition works progressing. Delivery contract expected to be signed in April 2025.
- **LUF – Public Realm** – Contract expected to be signed within 2024/25 financial year.
- **BPF – PE21 Rosegarth Square** – At the end of Q3 the Purchase of old B&M site has been made with demolition works planned start in February 2025, which have now been fundamentally completed.

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)	(396)	(363)	33
External Grants	(49,589)	(19,337)	(19,343)	(6)
Capital Reserve	(2,504)	(105)	(125)	(20)
Other Reserve – Housing Enabling	(57)	(157)	(100)	57
Other Reserve – Repairs and Renewals	(7)	-	0	0
Other Reserve – Contingency Reserve	(44)	(57)	(57)	0
Totals	(52,724)	(20,052)	(19,988)	64

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.

	2023/24 £'000	2024/25 £'000	2025/26 £'000
Capital Resources* available at start of each year	5,918	6,193	6,088
Capital Investment (estimate in future years)	(5,939)	(20,052)	(33,306)
Additional Sources of Finance			
New Capital Receipts (estimate in future years)	-	-	-
Funding from other reserves	167	214	1,074
External Grants	3,924	19,337	30,298
Internal borrowing	1,779	396	1,163
Budgeted contributions to capital reserve	344	-	-
Estimated Capital Resources* at end of each year	6,193	6,088	5,317

* Capital Reserve and Capital Receipts

Recommendation:

F2 That Cabinet recommends to Full Council to amend the Capital Programme at Appendix A – Table 4b to take into account the changes set out in this report.

Section 2.4 – Treasury Management

Investments at 31 December 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 31 December 2024 excluding accrued interest. 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 December 2024

Financial Institution	Country	Amount (£)	Start Date	Maturity Date	Fixed/ Variable	Yield %
HSBC Current Account	UK	179,704	N/A	Instant access	N/A	N/A
CCLA Money Market Fund	Various	7,500,000	N/A	Instant Access	Various	4.75%
UK Debt Management Office	UK	2,000,000	30/12/2024	03/01/2025	Fixed	4.70%
UK Debt Management Office	UK	1,200,000	31/12/2024	03/01/2025	Fixed	4.70%
Wrexham County BC	UK	3,000,000	25/01/2024	24/01/2025	Fixed	5.70%
Surrey County Council	UK	2,000,000	05/12/2024	24/01/2025	Fixed	5.35%
National Westminster Bank	UK	2,000,000	19/08/2024	19/02/2025	Fixed	4.87%
Harlow District Council	UK	2,000,000	19/12/2024	28/02/2025	Fixed	5.55%

APPENDIX A

Financial Institution	Country	Amount (£)	Start Date	Maturity Date	Fixed/ Variable	Yield %
London Borough of Barking & Dagenham	UK	2,500,000	27/11/2024	27/02/2025	Fixed	5.35%
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%
Police & Crime Commissioner for Herts	UK	2,000,000	13/12/2024	11/07/2025	Fixed	5.60%
Ashford District Council	UK	2,000,000	18/12/2024	19/09/2025	Fixed	5.60%
The Highland Council	UK	2,000,000	24/10/2024	24/10/2025	Fixed	5.00%
North Lanarkshire Council	UK	2,000,000	11/11/2024	10/11/2025	Fixed	5.05%
The Moray Council	UK	2,000,000	28/11/2024	27/11/2025	Fixed	5.35%
TOTAL		40,379,704				

At Quarter 2 the level of investments was £31.7m. The increase is due to additional grant money being received.

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 31 December 2024

Financial Institution	Purchase Cost (£)	Q3 Budgeted Net Revenue 2024/25 (£ & %)	Q3 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	135,617 4.00%	108,744 3.21%	180,000 4.00%	153,128 3.40%	4,009,988	(490,018) (10.89%)	31,463 0.79%	4.19%
Schroder UK Real Estate Fund	4,250,006	128,082 4.00%	114,310 3.57%	170,000 4.00%	156,228 3.68%	3,576,515	(673,491) (15.85%)	(16,389) (0.46%)	3.22%
Threadneedle Property Unit Trust	4,239,754	127,773 4.00%	116,060 3.63%	169,590 4.00%	157,876 3.72%	3,638,604	(601,150) (14.18%)	119,580 3.40%	7.12%
M&G Investments UK Property Fund (After Distribution Payments)	336,277	22,000 4.00%	10,134 4.00%	29,200 4.00%	13,451 4.00%	436,416	100,139 N/A	(46,060) N/K	N/K
AEW UK Core Property Fund	4,000,000	120,548 4.00%	100,470 3.33%	160,000 4.00%	139,922 3.50%	3,483,953	(516,047) (12.90%)	51,690 1.51%	5.01%
TOTAL	17,326,043	534,020	449,718	708,790	620,605	15,145,476	(2,180,567)	140,284	
Adjustment for 23/24 Accrual	-	-	(22,284)	-	(22,284)	-	-	-	-
GRAND TOTAL	17,326,043	534,020	427,434	708,790	598,321	15,145,476	(2,180,567)	140,284	

The overall change in the combined Net Asset Values during 2024/25 for all funds at Quarter 3 has been an increase of £140,284 compared to an increase of £38,404 as at the end of Quarter 2. 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 December 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	108,744	645	919,358
Schroder UK Real Estate Fund	809,186	114,310	(1,171)	922,325
Threadneedle Property Unit Trust	1,015,699	116,060	(3,229)	1,128,530
M&G Investments UK Property Fund	534,942	10,134	-	545,076
AEW UK Core Property Fund	905,204	100,470	(18,529)	987,145
Total Revenue	4,075,000	449,718	(22,284)	4,502,434

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 December 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 December 2024 can be found in Table 9 below.

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

Period to Maturity	Amount (£)	% of Portfolio
Instant Access	7,679,704	13%
Less than one month	8,200,000	14%
One to three months	6,500,000	11%
Three to six months	10,000,000	17%
Six to nine months	2,000,000	4%
Nine months to a year	6,000,000	11%
>12 Months	17,326,043	30%
TOTAL	57,705,747	100%

Summary of Investment Income Received Against Budget and Forecast Outturn

Table 10 below provides a comparison of interest received against budget at Quarter 3 to 31 December and a forecast outturn position for the year.

Table 10 - Interest Received Against Budget and Forecast Outturn

At 31 December 2024 there was a favourable variance of £502,855 (Q2 £318,954) and the forecast outturn was a favourable variance of £702,882 (Q2 £358,900).

Investment Type	2024/25 Budget Quarter 3 (£)	2024/25 Actual Quarter 3 (£)	2024/25 Variance Quarter 3 (£)	2024/25 Annual Budget (£)	2024/25 Forecast Outturn (£)	2024/25 Forecast Variance (£)
Treasury Investments						
Gross Interest	(668,830)	(1,274,000)	(605,170)	(887,720)	(1,696,071)	(808,351)
Brokers Fees	<u>7,534</u>	<u>3,263</u>	<u>(4,271)</u>	<u>10,000</u>	<u>5,000</u>	<u>(5,000)</u>
Net Position	(661,296) (5.075%)	(1,270,737) (5.317%)	(609,441) (0.242%)	(877,720)	(1,691,071)	(813,351)
<u>Property Funds</u>						
Gross Distributions	(662,102)	(529,952)	132,150	(878,790)	(741,826)	136,964
Less Management Fees	<u>128,082</u>	<u>102,518</u>	<u>(25,564)</u>	<u>170,000</u>	<u>143,505</u>	<u>(26,495)</u>
Net Distributions	(534,020) (4.000%)	(427,434) (3.445%)	106,586 0.555%	(708,790)	(598,321)	110,469
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	(1,195,316) (4.531%)	(1,698,171) (4.656%)	(502,855) (0.125%)	(1,586,510)	(2,289,392)	(702,882)

Treasury investments achieved an average rate of 5.317% (Q2 5.432%) and property fund investments achieved an average rate of 3.445% (Q2 3.457%). The combined rate achieved on all investments was 4.656% (Q2 4.720%).

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 and additional grant receipts.

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 3 (£)	2024/25 Actual Quarter 3 (£)	2024/25 Annual Budget (£)	2024/25 Forecast Outturn (£)
State Street LOBO	83,818	83,818	111,250	111,250
Total Borrowing Costs	83,818	83,818	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 3 (£)	2024/25 Actual Quarter 3 (£)	2024/25 Variance Quarter 3 (£)	2024/25 Annual Budget (£)	2024/25 Forecast Outturn (£)	2024/25 Forecast Variance (£)
Net Investment Income (Table 10)	(1,195,316)	(1,698,171)	(502,855)	(1,586,510)	(2,289,392)	(702,882)
Premature Repayment of Borrowing Discount Allocated to Revenue	(483,505)	(483,505)	0	(641,743)	(641,743)	0
Total Borrowing Costs (Table 11)	83,818	83,818	0	111,250	111,250	0
Overall Net Position	(1,595,003)	(2,097,858)	(502,855)	(2,117,003)	(2,819,885)	(702,882)

At 31 December 2024 there was a favourable variance of £502,855 (Q2 £318,954) and the forecast outturn was a favourable variance of £702,882 (Q2 £358,900).

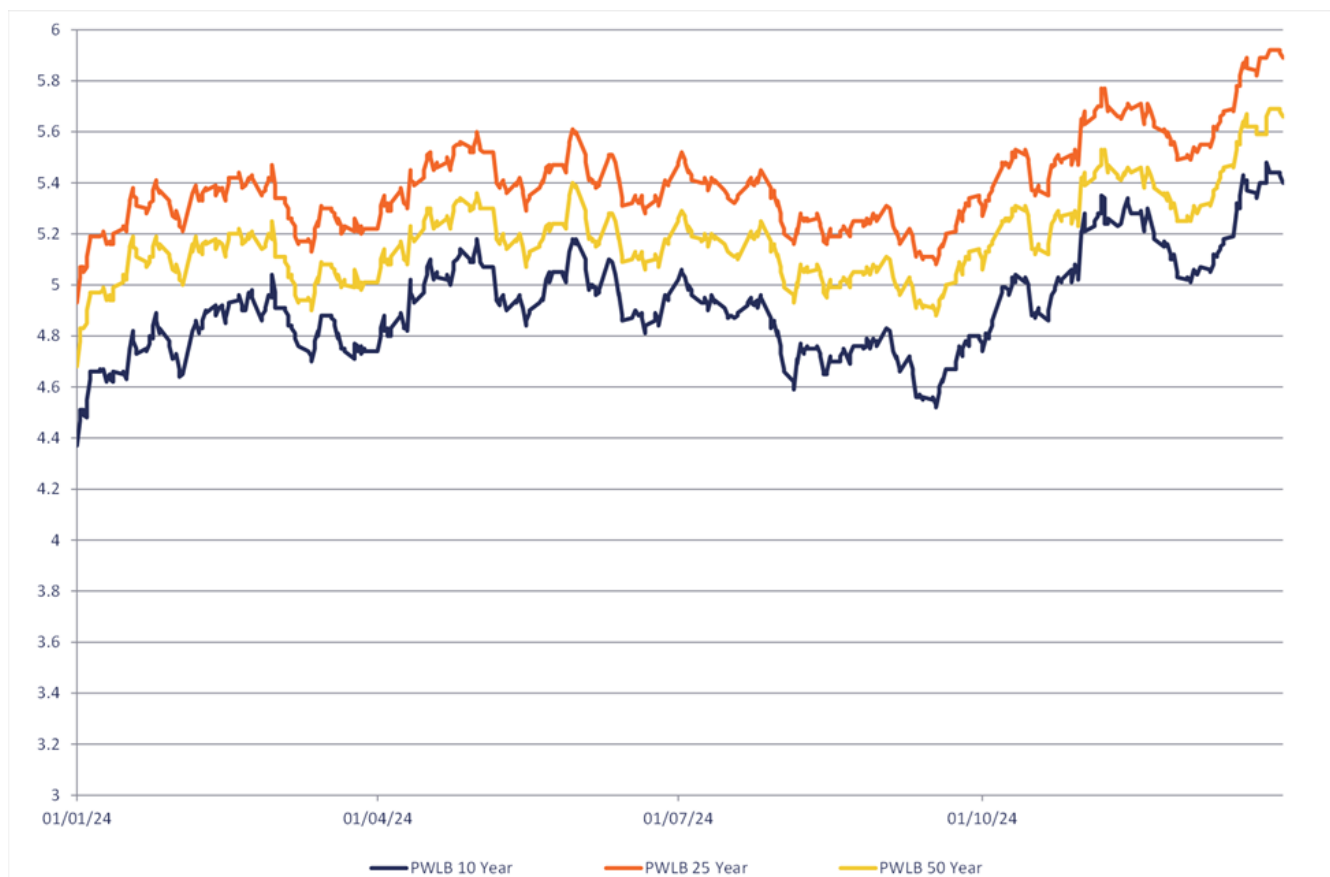
Public Works Loan Board (PWLB) Borrowing Rates

During the first six months of the financial year PWLB rates had generally been on a slow downward trajectory reflecting the expectation that interest rates would fall during the remainder of the financial year. However, during the third quarter to 31 December 2024 PWLB rates have been rising following the budget and the reluctance of the

MPC to reduce the Bank of England Base Rate as quickly as anticipated based on current and future forecasts for inflation.

The 50 year PWLB certainty rate was 5.66% on 31 December 2024 compared with 5.13% at the end of Quarter 2.

Graph 1 – PWLB Borrowing Rates



Summary

The Bank of England Base Rate was cut by 0.25% to 4.75% at the November Monetary Policy Committee meeting.

Local authorities are now offering higher rates compared with Financial Institutions by around 0.75% in the one year period. The number of Local Authorities looking to borrow has increased significantly causing the rates to increase. The Council has taken the opportunity to lock into these higher rates and will look to make further investments when surplus cash becomes available.

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

Table 13 details the number of formal insurance claims for Quarter 1 to 3 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(1)	(2)	3(4)
Employers Liability	0(0)	0(0)	1(1)	(1)	1(2)
Motor	1(4)	2(2)	4(2)	(5)	7(13)
Property	1(0)	1(0)	1(0)	(0)	3(0)
Officers Indemnity	0(0)	0(0)	0(0)	(0)	0(0)
Total	4(5)	3(2)	7(4)	(8)	14(19)

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 December 2024 the balance on the reserve was £197k, 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.

An analysis of the sundry debts the Council held as at 31 December 2024 is show in **Table 13**.

Table 14 – 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
£	£	£	£	£	£	£	£
953	62,664	16,658	(17,427)	71,634	76,614	518,077	729,173

Note: This does not include details of invoice amounts £209,145 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.

A fundamental review of the scheme has been carried out in 2024/25, with changes being introduced from April 2025.

Council Tax – 2024/25 Quarter 3 In-Year Collection

The collectable debit for the year at 31 December 2024 was £44.7m with a net collection rate of 79.12% achieved (77.75% at 31 December 2023).

Business Rates – 2024/25 Quarter 3 In-Year Collection

The collectable debit for the year at 31 December 2024 was £20.5m with a net collection rate of 79.80% achieved (79.56% at 31 December 2023).