

Boston Borough Council – Q1 Finance Revenue Report for 2025-26

Finance Summary

- The revenue forecast shows a deficit position of £0.829m as of 30 June 2025.
- Specific and general reserves for the Council are forecast £18.481m as at 31 March 2026.
- The budget for 2025/26 included an efficiency target of £1.429m, and we have achieved £0.760m against that target in Q1 (53%).
- The Council held Treasury investments of £32.500m as at 30 June 2025.
- Investment income is forecast to overachieve by £0.213m against a budget of £1.721m.
- On 30 June 2025 the Council had a £1.000m loan with State Street which has been repaid during quarter 2 and replaced with a PWLB loan at a lower rate. The financial impact will be included within the quarter 2 report.

Section 2 – Finance

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Section 2.1 – Key Financial Issues in Quarter 1 of 2025/26

- The 2025/26 base budget included an efficiency target of £1.429m. As of 30 June 2025, £0.760m (53%) savings were identified (see table 2 below).
- The Government announced it would provide further funding to support Councils significantly impacted by Internal Drainage Board levies. Boston has been awarded funding in 2025/26 of £0.654m which has been included within the Q1 forecast and efficiencies table.
- The higher levels of investment income compared to the original budget have been partly offset with a reduction in the forecasted Property Fund income with a total favourable variance of £0.213m.
- Due to vacancies within the Senior Leadership Team there is forecasted to be a favourable variance of £76k
- Income pressures from Cremation services continues during Q1 and is forecast to underachieve by £75k due to market demands and a reduction in the volume of direct cremations.

Inflation	April (%)	May (%)	June (%)
CPI	3.5	3.4	3.6
RPI	4.5	4.3	4.4

Section 2.2 – Revenue Budget

Table 1 details the forecast outturn by Assistant Director for the 2025/26 Financial Year Outturn as of 30 June 2025.

The forecasted revenue position shows an overspend of £0.829m, primarily due to shortfalls in achieving planned efficiency savings and underperformance of income. This is offset by identified savings, staffing vacancies and additional investment income.

Table 1 – Net Spend by Assistant Director Area				
Assistant Director Area	Revised Budget 2025/26 at Q1 £'000	Outturn 2025/26 at Q1 £'000	Variance (underspend) / overspend at Q1 £'000	Comments on main variances at Q1
Corporate	2,181	2,184	3	
Economic Growth	96	108	12	Employee cost overspend of £11k (including agency).
Finance	3,598	3,507	(91)	Senior Leadership Team vacancies have generated an underspend of (£76k). Housing Benefit and Council Tax Admin Grant (£25k) higher than budgeted.
General Fund Assets	(525)	(496)	29	£24k Underachieved salary efficiency target.
Governance and Monitoring	997	1,056	59	£31k Additional legal fees, £8k employee costs overspend and £19k underachieved salary efficiency target.
Leisure and Local Services	1,188	1,260	72	£75k Underachievement of Bereavement income
Neighbourhoods	1,782	1,897	115	£112k Underachieved salary efficiency target.
Planning and Strategic Infrastructure	234	261	27	£32k Underachieved salary efficiency target.
Strategic Growth and Development	199	239	40	£30k Skills Needs funding to be identified, the service is investigating how this can be achieved.
Regulatory	635	678	43	£45k Underachieved salary efficiency target offset with (£6k) additional Hackney License income.
Communities and Housing Services	1,212	1,276	64	£77k Underachieved salary efficiency target offset with minor variances.
BTAC	756	756	-	
Efficiencies Required	(1,429)	(760)	669	See table 2
Cost of Services	10,924	11,966	1,042	
Internal Drainage Boards and Parish Precepts	3,557	3,557	-	
MRP	207	207	-	

Interest Payments Received / Return on Property Funds	(1,721)	(1,934)	(213)	Overachievement in investment income offset with a reduction in property fund income.
Borrowing Costs	111	111	-	
Borrowing Discount Allocated to Revenue	(642)	(642)	-	
DRF	643	643	-	Capital Programme delivery.
Reserves (Capital)	(643)	(643)	-	Capital Programme delivery.
Reserves (Revenue)	(400)	(400)	-	Budgeted contribution to support the efficiency target.
Corporate Impairment Allowance	165	165	-	
Other Income and Expenditure	1,277	1,064	(213)	
Total Expenditure	12,201	13,030	829	
Council Tax	(5,801)	(5,801)	-	
Business Rates	(5,063)	(5,063)	-	
Non-Ring-Fenced Government Grant	(1,337)	(1,337)	-	
Total Funding	(12,201)	(12,201)	-	
Total Budget – (Surplus)/Deficit	-	829	829	

Table 2 details the efficiencies identified during the year allocated to the budgeted efficiency target of £1.429m. This is the net efficiency balance to be identified following £400k budgeted contributions from the Funding Volatility reserve.

Table 2 – Efficiencies		
Efficiency Description	Amount £'000	Comments
Internal Drainage Board funding	(654)	Central Government funding received to support the IDB levies pressure.
Additional Employee Costs	45	Pressure for the agreed pay structure for shared roles across SELCP.
Neighbourhoods service review	20	Pressure from the Neighbourhoods service review relating to group manager staffing arrangements.
Leisure and Local Services, service review	(70)	Savings within service area.
Regulatory service review	(4)	Savings within service area.
Communities and Housing service review	(97)	Savings within service area.
Total efficiencies identified	(760)	
% Achieved	53%	
Target	(1,429)	
Efficiencies to be identified	(669)	

A medium term efficiency plan is in place to identify opportunities for further efficiencies, and we are actively engaging with Service Managers to take this process forward.

Based upon 2025/26 budget assumptions the value of efficiency savings required to set a balanced budget for the next five years are as follows:

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Annual Savings Requirement (£'000)	516	1,921	2,337	2,775	2,678
IDB Funding Requirement (£'000)	913	1,059	1,213	1,375	1,544
Total	1,429	2,980	3,550	4,150	4,222

Table 3 outlines the general fund revenue budget amendments that have been made during this financial year via Proforma B including additional income.

Table 3 - General Fund Revenue Budget Movements	
	£'000
Proforma Bs - Various	11
Additional income	-
Total General Fund Revenue Budget movements	11

Table 4 details the forecasted balance to 31 March 2026 for Specific and General reserves.

As of 30 June 2025 the forecast reserve balance is £18.481m, after a net transfer from reserves of £0.863m to cover revenue and capital expenditure.

Table 4 - Specific and General Reserves Balance				
Reserve	Balances at 1 April 2025 £'000	Contributions into Reserves £'000	Use of Reserves £'000	Forecast Balances at 31 March 2026 £'000
Capital Funding	6,252	-	(646)	5,606
Transformation	1,730	42	(153)	1,619
Repairs and Renewals	590	18	(15)	593
ICT	35	-	-	35
Housing	1,764	-	(13)	1,751
Controlling Migration Fund	14	-	-	14
Insurance	198	-	-	198
Risk Mitigation Reserve	1,116	-	-	1,116
Funding Volatility	3,272	-	(403)	2,869
EPR Reserve	-	473	-	473
Contingency Reserve	211	-	(61)	150
Climate Change Reserve	124	-	-	124
Planning Reserve	434	-	(50)	384
Property Funds Reserve	79	-	(55)	24
Specific Reserves Total	15,819	533	(1,396)	14,956
General Fund	2,000	-	-	2,000
S106 & Commuted Sums	1,231	-	-	1,231
BTAC	294	-	-	294
TOTAL	19,344	533	(1,396)	18,481

Section 2.3 – Treasury Update

During the financial year the Council has invested in line with the agreed Treasury Management Strategy.

The peaks and troughs in cash flow are managed daily. 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 includes money held on behalf of these other organisations and does not represent the value of BBC's own resources alone.

Treasury Investments - Investments held by the Council on 30 June 2025 (excluding accrued interest) totalled £32.500m compared with an opening balance at the start of the financial year of £34.700m.

Property Fund Investments – Between 2016 and 2018 the Council purchased property fund units in five different funds. As of 30 June 2025 the fair value of these funds was £2.100m below the purchase cost. During quarter 1 of 2025/26 the valuations reduced by £10,022.

The M&G UK Property fund is liquidating its assets and therefore their fund valuation is reducing as repayments are made. A further distribution payment of £117,308 was received in April 2025 which has now increased total distributions to £3,781,031 as of 30 June 2025 leaving a book value of £218,969 outstanding.

Income Received Against Budget and Forecast Outturn – The budget for net investment income for Quarter 1 was £429,348 and the actual was £593,641 giving a surplus of £164,293. The annual budget for net investment income is £1,722,111 and the forecast outturn is £1,934,601 giving a forecast surplus of £212,490.

External Borrowing and Interest Rates – The Council has £1.000m of long-term external borrowing which is a LOBO (lender option borrower option) with State Street at 11.125% and has a repayment date in 2051.

Interest payable on this borrowing for quarter 1 was £27,736 which was in line with the budget.

On 30 June 2025 negotiations were ongoing with a view to prematurely repaying this loan on preferential terms to the Council and securing further borrowing from the PWLB at a lower rate. The loan has subsequently been repaid during quarter 2 and full financial details will be provided in the quarter 2 report.

The 50 year PWLB certainty rate was 5.71% on 30 June 2025 compared with 5.67% at the end of 2024/25.

During Quarter 1 the Bank of England Base Rate has been reduced from 4.50% to 4.25%.

Quarter 1 Treasury Report – Further details of the treasury position at 30 June 2025 can be found in the Quarter 1 Treasury Report which will be submitted to the Audit and Governance Committee on 13 October 2025.

Section 2.4 – Insurance

Table 5 details the number of formal insurance claims received to 30 June 2025 for Quarter 1 of 2025/26 (figures in brackets are comparable figures for 2024/25).

Table 5 – Insurance Claims					
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Public Liability	1 (2)	(-)	(1)	(-)	(3)
Employers Liability	- (-)	(-)	(1)	(-)	(1)
Motor	1 (1)	(2)	(4)	(2)	(9)
Property	1 (1)	(1)	(1)	(-)	(3)
Officers Indemnity	1 (-)	(-)	(-)	(-)	(-)
Total	4 (5)	(3)	(7)	(2)	(16)

Insurance Reserves - The Council maintains an insurance reserve for small value insurance claims where the losses are below the principal deductible of £25k.

At 31 March 2025 the balance of the reserve was £0.198m with no in year transfers forecasted at this time. The balance is monitored on a regular basis to ensure the value of the reserve is sufficient to meet future liabilities.

Section 2.5 – 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 Section 151 Officer with all debts for this amount or over requiring Cabinet approval. 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.

Table 6 details the sundry debts the Council held as of 30 June 2025.

Table 6 – 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
£	£	£	£	£	£	£	£
741,468	29,203	47,017	4,943	51,271	18,158	557,702	1,449,762

This does not include invoices not yet due totalling £108,233.

Section 2.6 – Council Tax and Business Rates

Collection and recovery is likely to remain challenging in 2025/26 as a result of the ongoing cost of living crisis. In recognition, we continue to remain prudent in setting the bad debt provision in this area. A programme of statutory recovery is in place for the year ahead.

Council Tax Support Scheme (CTS)

Following the fundamental review in 2024/25, the 2025/26 scheme for working age claimants includes an increase in the maximum level of support for households with children up to 100%, and 85% for other households.

Council Tax – 2025/26 Quarter 1 In-Year Collection

The collectable debt for the year as of 30 June 2025 was £45.200m with a net collection rate of 27.56% achieved (26.93% as of 30 June 2024).

Business Rates – 2025/26 Quarter 1 In-Year Collection

The collectable debt for the year as of 30 June 2025 was £22.100m with a net collection rate of 28.34% achieved (30.86% as of 30 June 2024).