

Boston Borough Council – Q2 Finance Revenue Report for 2025-26

Finance Summary

- The revenue forecast shows a deficit position of £0.571m as of 30 September 2025.
- Specific and general reserves for the Council are forecast £18.371m as at 31 March 2026.
- Investments held by the Council on 30 September 2025 (excluding accrued interest) totalled £31.317m compared with £32.500m on 30 June 2025.
- Investment income is forecast to overachieve by £0.128m against a budget of £1.722m.
- The Council previously held a £1.000m long-term LOBO (lender option borrower option) with State Street, due for repayment in 2051. On 11 July 2025, this loan was settled with a one-off payment of £1.500m and replaced by a £1.000m five-year loan from PWLB. This has generated a saving of £28k for this financial year.

Section 2 – Finance

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Section 2.1 – Key Financial Issues in Quarter 2 of 2025/26

- The 2025/26 base budget included an efficiency target of £1.429m. As of 30 September 2025, £0.733m (51%) 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 Q2 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 £0.128m.
- Income pressures are increasing across several services: Planning income is expected to underachieve by £95k, Cremation services by £71k, Commercial Waste by £28k and Markets by £20k. This is partly offset by savings from Senior Leadership Team vacancies (£79k), reduced computer costs (£64k), and anticipated additional car parking income (£58k).

Inflation	July (%)	August (%)	September (%)
CPI	3.8	3.8	3.8
RPI	4.8	4.6	4.5

Section 2.2 – Revenue Budget

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

The forecasted revenue position shows an overspend of £0.571m, primarily due to shortfalls in service income offset by reduced identified savings and additional investment income.

Table 1 – Net Spend by Assistant Director Area				
Assistant Director Area	Revised Budget 2025/26 at Q2 £'000	Outturn 2025/26 at Q2 £'000	Variance (underspend) / overspend at Q2 £'000	Comments on main variances at Q2
Corporate	2,149	2,070	(79)	(£64k) reduction in computer costs. (£23k) employee cost savings offset by £13k salary efficiency target.
Economic Growth	106	116	10	£10k overspend of employee costs due to contract extension.
Finance	2,945	2,803	(142)	Senior Leadership Team vacancies have resulted in a (£79k) underspend, partially offset by a £27k salary efficiency target. Additional income includes (£25k) from Housing Benefit and Council Tax Admin Grant, (£10k) court fees (Council Tax and Business Rates), and (£45k) from Housing Benefit Overpayments.
General Fund Assets	(523)	(574)	(51)	(£58k) additional income from car parking, (£12k) additional PCN income offset against £20k unmet salary efficiency target.
Governance and Monitoring	999	990	(9)	(£59k) employee cost saving offset against £19k salary efficiency and £31k additional legal fees.
Leisure and Local Services	1,145	1,265	120	£71k shortfall in Bereavement income, alongside £20k shortfall in Market income and £25k unmet salary efficiency target.
Neighbourhoods	1,815	1,913	98	£103k unmet salary efficiency target and £28k reduction in Commercial Waste. This is partially offset against (£15k) reduction in fuel costs and (£13k) additional income for garden waste.
Planning and Strategic Infrastructure	234	366	132	Planning Application fees are forecast to underachieve by £95k, alongside a £32k unmet salary efficiency target and £17k overspend on employee costs.
Strategic Growth and Development	234	235	1	Minor variances, the projects are grant funded.
Regulatory	640	638	(2)	Minor variances
Communities and Housing Services	1,076	1,077	1	CCTV employee savings totalling (£38k), Additional rental income due (£11k) and (£17k) reduced bed and breakfast spend. This

				is offset against £7k reduced museum room hire income and £70k salary efficiency target.
BTAC	756	756	-	
Efficiencies Required	(651)	45	696	See table 2.
Cost of Services	10,925	11,700	775	
Internal Drainage Boards and Parish Precepts	3,557	3,557	-	
MRP	207	207	-	
Interest Payments Received / Return on Property Funds	(1,722)	(1,850)	(128)	Reduction in forecast income from Q1 but still continues to be an overachievement in investment income which offsets against the reduction in property fund income.
Borrowing Costs	111	65	(46)	Reduction in interest payable.
Borrowing Discount Allocated to Revenue	(642)	(624)	18	Premium charge for the redemption of the LOBO loan.
DRF	648	648	-	Capital Programme delivery.
Reserves (Capital)	(648)	(648)	-	Capital Programme delivery.
Reserves (Revenue)	(400)	(400)	-	Budgeted contribution to support the efficiency target.
Corporate Impairment Allowance	165	117	(48)	Reduction in Council Tax cost bad debt provision.
Other Income and Expenditure	1,276	1,072	(204)	
Total Expenditure	12,201	12,772	571	
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	-	571	571	

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
Original Budget	(1,429)	
Internal Drainage Board funding	654	Central Government funding received to support the IDB levies pressure.
Neighbourhoods service review	(20)	Pressure from the Neighbourhoods service review relating to group manager staffing arrangements.
Leisure and Local Services, service review	43	Savings within service area.
Regulatory service review	4	Savings within service area.
Communities and Housing service review	97	Savings within service area.
Revised Budget	(651)	
Additional Employee Costs	(45)	Pressure for the agreed pay structure for shared roles across SELCP.
Efficiencies to be Identified	(696)	
% Achieved	51%	

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	100
Additional income	-
Total General Fund Revenue Budget movements	100

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

As of 30 September 2025 the forecast reserve balance is £18.371m, after a net transfer from reserves of £0.973m 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	-	(625)	5,627
Transformation	1,730	42	(153)	1,619
Repairs and Renewals	590	18	(22)	586
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	-	(485)	2,787
EPR Reserve	-	473	-	473
Contingency Reserve	211	-	(87)	124
Climate Change Reserve	124	-	-	124
Planning Reserve	434	-	(66)	368
Property Funds Reserve	79	-	(55)	24
Specific Reserves Total	15,819	533	(1,506)	14,846
General Fund	2,000	-	-	2,000
S106 & Commuted Sums	1,231	-	-	1,231
BTAC	294	-	-	294
TOTAL	19,344	533	(1,506)	18,371

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 September 2025 (excluding accrued interest) totalled £31.317m compared with £32.500m on 30 June 2025.

Property Fund Investments – Between 2016 and 2018 the Council purchased property fund units in five different funds. As of 30 September 2025, the fair value of these funds was £2.047m below the purchase cost. During the first half year of 2025/26 the valuations reduced by £41,984.

The M&G UK Property fund is liquidating its assets and therefore their fund valuation is reducing as repayments are made. Further distribution payments of £216,288 have been received in the first half of the year which has now increased total distributions to £3,880,011 as of 30 September 2025 leaving a book value of £119,989 outstanding.

Income Received Against Budget and Forecast Outturn – The budget for net investment income as at 30 September was £863,414 and the actual was £1,094,855 giving a surplus of £231,441. The annual budget for net investment income is £1,722,111 and the forecast outturn is £1,849,667 giving a forecast surplus of £127,556.

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

This loan was repaid on 11 July 2025 with a one-off payment of £1.500m (made up of £1.000m principal, £30,784 accrued interest and a premium of £469,216) and replaced with a £1.000m five-year loan from the PWLB at a rate of 4.81%. The previous premium quoted was £0.817m in March 2025.

The budget for interest payable on borrowing for 2025/26 is £111,250 and the outturn is now forecast to be £65,047.

The premium paid to redeem the loan early must be charged to revenue over the remaining life of the original loan from 2025/26 resulting in an annual charge of £18,047 to 2050/51.

The 50 year PWLB certainty rate was 5.97% on 30 September 2025 compared with 5.71% on 30 June 2025.

During Quarter 2 the Bank of England Base Rate has been reduced from 4.25% to 4.00%.

Mid-Term Treasury Report – Further details of the treasury position on 30 September 2025 can be found in the Mid-Term Treasury Report submitted to the Audit and Governance Committee on 17 November 2025.

Section 2.4 – Insurance

Table 5 details the number of formal insurance claims received to 30 September 2025 (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)	(-)	1(3)
Employers Liability	- (-)	- (-)	(1)	(-)	- (1)
Motor	1 (1)	- (2)	(4)	(2)	1(9)
Property	1 (1)	1(1)	(1)	(-)	2(3)
Officers Indemnity	1 (-)	1 (-)	(-)	(-)	2(-)
Total	4 (4)	2(3)	(7)	(2)	6(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 September 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
£	£	£	£	£	£	£	£
6,422	641	192,595	7,505	52,123	61,815	550,612	871,713

This does not include invoices not yet due totalling £45,541.

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 2 In-Year Collection

The collectable debit for the year at 30 September 2025 was £46.200m with a net collection rate of 52.67% achieved (52.92% at 30 September 2024).

Business Rates – 2025/26 Quarter 2 In-Year Collection

The collectable debit for the year at 30 September 2025 was £21.800m with a net collection rate of 54.18% achieved (55.33% at 30 September 2024).