



BOSTON BOROUGH COUNCIL

REPORT OF SANDEEP GHOSH, PORTFOLIO HOLDER FOR FINANCE AND ECONOMIC GROWTH

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BUDGET SETTING REPORT AND ASSOCIATED FINANCIAL STRATEGIES - 2026/27-2030/31

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FOREWORD TO THE BUDGET FROM COUNCILLOR SANDEEP GHOSH - FINANCE PORTFOLIO HOLDER

The 2026/27 budget has been developed against a backdrop of significant financial pressure and with a sustained period of funding uncertainty now being replaced with the most far-reaching set of changes the Local Government finance system has seen.

In addition, the combination of economic uncertainty, inflationary pressures and rising demand for Council services is increasing the pressures being felt on Council services. Despite these challenges the approach adopted seeks to preserve the Council's sound financial position and take a considered approach to mitigating these exceptional circumstances. With the steps taken the budgets present a balanced and sustainable financial position which continues to focus on delivering services.

The Final Local Government Finance Settlement for 2026/27 also includes allocations for 2027/28 and 2028/29.

Boston Borough Council remains sovereign in terms of its constitution and budget as do the Councils we partnership with and our BBC priorities are to ensure that the Council remains financially resilient, able to deliver services it has to by law and to provide support to the Borough's most vulnerable residents.

In addition, despite the challenges of the past few years, we continue to work to develop new opportunities, deliver services in different ways in order to create efficiencies, and new income streams to support the Council's revenue budget.

Another key component of the Council budget is its share of business rates income which has seen a significant change following the Local Government Finance Settlement.

The Council has maintained a capital resource base commensurate with our capital delivery ambitions.

The Budget for 2026/27 proposes:

- A Council Tax increase of £7.83 per year (for Band D properties this is equivalent to 15p per week).
- To continue with the generation of additional efficiencies, shared services and income from commercial activities guided by our Delivery Plans.
- Increased capital investment in Council assets to help generate new income streams, reduce running costs, and help deliver services more efficiently.

Councillor Sandeep Ghosh, Portfolio Holder for Finance



EXECUTIVE SUMMARY: BOSTON BOROUGH COUNCIL

Table 0 – Executive Summary

Overview	2025/26	2026/27
Boston Borough Council Precept	£4.538m	£4.762m
Council Tax Increase	3.50%*	3.50%*
Relevant Basic Amount (including Boston Special Expenses)	2.99%	2.99%
Council Tax Band D	£223.65	£231.48
Government Funding	£1.217m	£3.893m
Retained Business Rates used to support budget	£5.063m	£3.228m**
Boston Special Expenses Account	£0.769m	£0.779m
Earmarked Reserves (at 31 March 2026)	£16.207m	-
Earmarked Reserves (forecast at 31 March 2027)	-	£14.895m

*See note at 4.6 - Council Tax

** See note at 4.4 – Business Rates

1. INTRODUCTION

- 1.1 This Appendix sets out the 2026/27 budget estimates and Medium Term Financial Strategy (MTFS) for the period 2026/27 to 2030/31 for the Council's General Fund. The MTFS sets out the current and forecast future costs of the Council and is linked to the Sub-regional Strategy and Partnership Annual Delivery Plan, which sets out the aims and ambitions of the Council.
- 1.2 The MTFS establishes a set of financial policies and principles which aim to provide a sound basis for maintaining the financial integrity of the Council over the medium term.
- 1.3 This Appendix sets out:
- The Council's Medium Term Financial Strategy for the period 2026/27 to 2030/31.
 - The 2026/27 General Fund Revenue Budget & associated Financing.
 - The General Fund Reserves Position.
 - The General Fund Capital Programme and Financing.
 - Risks, key issues, sensitivity, and monitoring.
- 1.4 The unprecedented challenges faced through recent years have continued into 2026/27, with significant inflationary pressures and changing service demands. The Final Local Government Finance Settlement delivered in February for Boston Borough Council included Revenue Support Grant of £3.353m, Additional Support Grant £0.234m and the Recovery Grant £0.306m.
- 1.5 In 2026/27, a budget is proposed that allows expenditure to be financed through the creation of efficiencies and appropriate funding in order to smooth the impact of the Council's ongoing pressures. Savings are required going forward as a result of increased inflationary costs and other cost pressures but particularly in relation to substantial pressure from the IDB levy where the Council has and continues to lead on raising this issue with its partners in the South and East Lincolnshire Partnership (SELCP). This means that the Council can continue to provide services whilst also supporting its overall objectives. The Council will continue to strive to be as efficient as possible in all its work, building on the SELCP Partnership with its Council partners whilst ensuring it maximises the income it receives.

2. BUDGET ASSUMPTIONS

Table 1 – Assumptions which influence the five year financial strategy

Assumption	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Budgeted inflation ¹	0%	3.70%	2.00%	2.00%	2.00%	2.00%
Pay costs increase ²	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Number of full time equivalent employees	220.40	205.94	201.34	200.34	200.34	200.34
Staffing levels ³	96%	96%	96%	96%	96%	96%
Pension contribution rate – current service cost ⁴	23.6%	18.20%	18.20%	18.20%	18.20%	18.20%
Pension contribution cash amount to fund deficit on scheme ⁴	£741,000	£493,000	£493,000	£493,000	£493,000	£493,000
Return on cash investments ⁵	4.10%	3.38%	3.25%	3.25%	3.25%	3.25%
Return on property funds ⁵	4.00%	3.50%	3.50%	3.50%	3.50%	3.50%
Tax base ⁶	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

Notes to Assumptions

These assumptions reflect, where known, future changes which may arise from the implementation of the Council's organisational development plans including the South and East Lincolnshire Councils Partnership with South Holland District Council and East Lindsey District Council (see section 10).

1. Inflation increases have been reviewed throughout the MTFS and are included at appropriate levels. Ongoing inflationary pressures and wider economic uncertainty continue to make the forecasting of future expenditure increasingly volatile.
2. A pay award for 2025/26 was agreed by the National Joint Council for Local Government Service offering an increase of 3.20% on all pay points with effect from 1 April 2025. For 2026/27 onwards a 3.00% award has been assumed.
3. An annual saving in staff costs (£379k for 2026/27) has been built into the budget (equivalent to 4% of the staff budget) due to anticipated staff vacancies during the year.
4. Based on the Pension Triennial Valuation the pension contribution will be 18.20% in 2026/27 with an additional lump sum amount payable towards the deficit on the pension scheme reducing from £741k to £493k. This rate is applied only to those staff in the Local Government pension scheme. Any vacant posts are assumed to be within the pension scheme.
5. These are the estimated returns on cash and the estimated yield on the Property Fund balances held by the Council.
6. The tax base projections for 2026/27 have provided growth of 281 Band D equivalent properties. Future growth has been projected at 1.50% (see section 4.6 and table 3).

3. RESOURCES

- 3.1 The following section of the Appendix outlines the resources that will be available to the Council under 6 headings, Business Rates, Council Tax, Revenue Support Grant and Other Non-Specific Government Grants, Fees and Charges and Other Income.
- 3.2 The Final Local Government Finance Settlement for 2026/27 was released in February 2026. The 2026/27 Settlement includes allocations for 2027/28 and 2028/29 and as such delivers the first multi-year settlement in a decade.
- 3.3 The settlement reflects changes made through the 2024 Autumn Budget & Spending Review, 2025 Budget and 20 November 2025 Policy Statement which collectively results in an unprecedented level of change to the Local Government Finance system and significant added complexity. Given the scale of changes being experienced, the main areas of change within the settlement are set out below.
- 3.4 For authorities which are in business rates pool for 2025/26, the Fair Funding Assessment allocations have been adjusted between the Provisional and Final Local Government Finance Settlement to reflect the restated 2025/26 baselines due to the new treatment of pooling gains. For Boston Borough Council, this results in a £0.234m reduction in Revenue Support Grant for 2026/27, which is fully offset by an Additional Support Grant of the same value. In 2027/28, the Revenue Support Grant reduction is £0.118m, and for 2028/29, no reduction applies.
- 3.5 The Recovery Grant continues at a national level, Boston Borough Council will see their Recovery Grant remain flat at £306k per annum, the same as 2025/26.
- 3.6 Changes from previous years include 4 new consolidated grants, bringing together 16 funding streams over the multi-year Settlement, alongside grants that have been rolled into the Revenue Support Grant. Of these 4 grants, 2 are applicable to Boston Borough Council – Homelessness, Rough Sleeping and Domestic Abuse Grant and the Crisis and Resilience Fund Grant.

4. SPENDING PLANS

Business Rates

- 4.1 Under the current arrangements for retained Business Rates, where a Council collects rates above an assessed baseline level set by the Government, a 50% levy is applied that is paid to the Government. In order to mitigate this 50% levy a business rates pool was adopted with the County Council and other districts within Lincolnshire.

- 4.2 The Business Rates Pool Lincolnshire will not continue into 2026/27; any levy payable on Business Rates growth will be due to Central Government.
- 4.3 A revaluation exercise for business rates took effect from 1 April 2026. A provision has been put aside for any potential appeals based on intelligence from the Council's advisors to cover any effects from this, but there still remains a large amount of uncertainty in this area.
- 4.4 Table 2 provides details of the anticipated business rates figures for 2025/26 and provisional figures for 2026/27 to 2030/31. As a result of the reset of the Business Rates Retention System from 1 April 2026, as part of the Government's Fair Funding Review, the net Retained Business Rates income has reduced significantly from prior years. This is compensated by an increase in Revenue Support Grant.
- 4.5 As well as the potential for the authority to attract additional income through retained business rates there is also the risk of uncertainty through a reduction in the amount of business rates that it collects, this has been further exacerbated by economic impacts. This coupled with uncertainties relating to appeals against rateable values for business premises, with the potential for successful appeals being backdated makes estimating income accurately extremely challenging and potentially volatile.

Table 2 – Business Rates

Business Rates (Income)/Expenditure	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Retained Business Rates	(8,301)	(10,814)	(11,031)	(11,251)	(11,476)	(11,706)
S31 Grants relating to Business Rates	(2,382)	-	-	-	-	-
Tariff to Government	5,471	8,017	8,178	8,341	8,507	8,678
Pre-levy income	(5,212)	(2,797)	(2,853)	(2,910)	(2,969)	(3,028)
Renewable Energy (100% retained by Boston BC)	(245)	(245)	(250)	(255)	(260)	(265)
Levy payment to Lincolnshire Pool	315	-	-	-	-	-
Levy payment to Central Government	-	2	2	2	2	2
Estimated (Surplus)/Deficit Collection Fund	79	(188)	-	-	-	-
Net Retained Business Rates Income	(5,063)	(3,228)	(3,101)	(3,163)	(3,227)	(3,291)

Council Tax

- 4.6 The MTFs assumes a Council Tax increase in line with the maximum allowed under the referendum principles. In the case of Boston Borough Council for 2026/27 this is a £7.83 (3.50%) per annum increase (for Band D properties). See table 3 below for the estimated changes in the tax base and Council Tax collected.

Table 3 – Council Tax

		2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
a	Council Tax Base (Band D equivalents)	20,291	20,572	20,880	21,190	21,510	21,830
b	Council Tax Band D (£.p)	£223.65	£231.48	£239.58	£247.97	£256.65	£265.63
	Annual Increase £	£7.56	£7.83	£8.10	£8.39	£8.68	£8.98
	Annual Increase % (see table 4)	3.50%	3.50%*	3.50%	3.50%	3.50%	3.50%
c	Annual Council Tax collected (a x b) £	£4,538,082	£4,762,006	£5,002,430	£5,254,484	£5,520,542	£5,798,703
	Annual Increase in Council Tax collected £	£151,023	£223,924	£240,601	£251,956	£266,032	£278,217
d	In year Surplus/(deficit) on the collection fund £	(£136,919)	(£34,260)	-	-	-	-
	Gross Council Tax (c + d) £	£4,401,163	£4,727,746	£5,002,430	£5,254,484	£5,520,542	£5,798,703

*Local authorities are permitted to increase Council Tax by up to 3% or £5, whichever is higher, relating to the relevant basic amount (RBA). The RBA takes into account the total of the Council Tax precepts plus Boston Special Expenses, the table below demonstrates that the annual increase is within the 3% threshold when considering the RBA.

Relevant Basic Amount Calculation	2025/26		2026/27		Movement	
	Precept (£)	Band D (£)	Precept (£)	Band D (£)	£	%
Boston Special Expenses	769,057	81.09	779,470	82.44	1.35	1.67
BBC	4,538,082	223.65	4,762,006	231.48	7.83	3.50
Total – RBA	5,307,139	261.55	5,541,476	269.37	7.82	2.99
Tax Base	No of Band D Properties		No of Band D Properties		Change in Properties	%
Boston Special Expenses	9,484		9,455		(29)	(0.31)
BBC	20,291		20,572		281	1.38

Boston Special Expenses

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Boston Special Expenses	769	779	787	795	803	811

Table 4 – Precepting Authority Band D Charges

Authority	Proposed Band D Amount. £p	Increase over 2025/26 £p	Increase over 2025/26 %
Lincolnshire County Council *	1,673.01	47.16	2.90
Police and Crime Commissioner *	333.09	14.94	4.70
Boston BC	231.48	7.83	3.50
Parishes (average)	71.15	2.18	3.16

*LCC and PCC Precepts are subject to formal approval.

Revenue Support Grant (RSG) and Other Non-Specific Government Grants

- 4.7 The table below assumes that Revenue Support Grant (RSG) will continue throughout the MTFS period and reflects the consolidated grants that have now been incorporated into the RSG. The increase in RSG has been applied to offset the reduction in Retained Business Rates income. The Recovery Grant is assumed to remain at a constant level across the MTFS period.

Table 5 - Revenue Support Grant and Other Non-Specific Government Grants

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Revenue Support Grant	(482)	(3,353)	(3,273)	(3,174)	(3,174)	(3,174)
Additional Support Grant	-	(234)	-	-	-	-
Recovery Grant	(306)	(306)	(306)	(306)	(306)	(306)
Funding Floor/Guarantee	(255)	-	-	-	-	-
New Homes Bonus	(174)	-	-	-	-	-
Total Received	(1,217)	(3,893)	(3,579)	(3,480)	(3,480)	(3,480)
Increase in resource		(2,676)				

Fees and Charges

- 4.8 The Council is dependent on direct payment for many of its services in the form of various fees, charges and rents. Fees and charges play an important role in the effective delivery of services; they not only raise income but can control access to services, help the Council respond to competition, fund investment and guide client behaviour.
- 4.9 In some cases, the levels of fees are set by the Government and the Council has no control over what is charged. Where the Council has had control, it has not always increased these charges in line with inflation or other market conditions. Given future uncertainty around levels of Government grant support and business rates income, it is assumed that the budget will apply an inflationary increase to all discretionary fees and charges on an annual basis where appropriate.

Table 6 – Fees and Charges Income Budgets

Budget Area	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Building Control	(215)	(271)	(295)	(303)	(311)	(311)
Licensing	(165)	(174)	(176)	(179)	(182)	(185)
Land Charges	(54)	(45)	(44)	(44)	(43)	(43)
Bereavement	(995)	(940)	(960)	(981)	(1,002)	(1,052)
Garden Waste	(737)	(789)	(826)	(865)	(906)	(949)
Trade and Bulky Waste	(436)	(583)	(605)	(627)	(651)	(675)
Planning Fees	(661)	(629)	(643)	(658)	(672)	(674)
Parking	(942)	(1,015)	(1,065)	(1,118)	(1,174)	(1,232)
Markets	(95)	(95)	(95)	(95)	(95)	(95)
Other Small Areas	(118)	(110)	(128)	(131)	(135)	(110)
Total Fee Income	(4,418)	(4,651)	(4,837)	(5,001)	(5,171)	(5,326)

Other Income

4.10 The Council also receives other forms of income, as shown in the following table.

Table 7 – Other Income

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Interest on Investments	(2,544)	(1,605)	(1,495)	(1,565)	(1,667)	(1,713)
Housing Benefit Subsidy	(11,845)	(8,851)	(8,497)	(8,157)	(7,831)	(7,518)
Housing Benefit/Universal Credit Overpayments	(30)	(75)	(75)	(75)	(75)	(75)
Council Tax and Housing Benefit Administration Grant	(143)	(168)	(161)	(155)	(149)	(143)
Specific Government Grants	(1,599)	(2,984)	(2,606)	(2,863)	(2,891)	(2,294)
Court Income & Council Tax Penalties	(274)	(282)	(282)	(282)	(282)	(282)
Rental Income	(624)	(914)	(1,039)	(1,043)	(1,047)	(1,050)
NNDR Admin Grant	(91)	(89)	(89)	(89)	(89)	(89)
Capital Grants	(8,283)	(1,785)	(785)	(785)	(785)	(785)
Other Contributions (from external bodies for sharing of services and posts)	(1,203)	(1,855)	(1,950)	(2,038)	(2,121)	(2,202)
Other Income/Grants	(2,854)	(1,803)	(1,886)	(1,937)	(1,988)	(2,151)
Use of Reserves	(1,378)	(1,375)	(873)	(820)	(953)	(964)
Total Other Income	(30,868)	(21,786)	(19,738)	(19,809)	(19,878)	(19,266)

- Decrease in the Housing Benefit Subsidy income is due to the reduction in Housing Benefit Subsidy as caseloads continue to fall. There is a corresponding decrease in expenditure (see transfer payments in table 9).
- Specific Government Grants have fluctuated due to funding received for services such as Economic Growth, Regulatory and Communities and Housing.
- Capital grants have reduced in line with the corresponding decrease in capital expenditure within the capital programme.
- Other income/grants have decreased in line with project timelines including UK Shared Prosperity Fund (UKSPF) drawing to a close in 2025/26 totalling £427k.
- Use of reserves will change as and when new schemes are approved for inclusion within the budget.

Summary

Table 8 – All Sources of Income

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Business Rates	(5,063)	(3,228)	(3,101)	(3,163)	(3,227)	(3,291)
Revenue Support Grant	(482)	(3,353)	(3,273)	(3,174)	(3,174)	(3,174)
Additional Support Grant	-	(234)	-	-	-	-
New Homes Bonus	(174)	-	-	-	-	-
Funding Floor/Guarantee	(255)	-	-	-	-	-
Recovery Grant	(306)	(306)	(306)	(306)	(306)	(306)
Council Tax	(4,401)	(4,728)	(5,002)	(5,254)	(5,520)	(5,799)
Funding	(10,681)	(11,849)	(11,682)	(11,897)	(12,227)	(12,570)
Fees, Charges, Rents (table 6)	(4,418)	(4,651)	(4,837)	(5,001)	(5,171)	(5,326)
Other Income (table 7)	(30,868)	(21,786)	(19,738)	(19,809)	(19,878)	(19,266)
Fees, Charges & Other Income	(35,286)	(26,437)	(24,575)	(24,810)	(25,049)	(24,592)

2026/27 SPENDING PLANS

- 4.11 Table 9 below shows the estimated Council spending plans for the next 5 years. It shows expenditure analysed by the CIPFA Standard classification. The paragraphs below the table provide explanations for the main variances across the MTFS.

Table 9 – Spending Plans

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Employees	11,567	12,334	12,690	13,055	13,478	13,908
Premises	582	631	659	667	673	680
Transport	911	1,053	1,136	1,160	1,184	1,209
Supplies and Services	3,484	3,730	3,544	3,474	3,547	3,596
Third Party Payments	5,191	5,476	5,176	5,302	5,250	5,488
Drainage Board Levies	2,927	3,072	3,301	3,466	3,640	3,822
Parish Councils' Precepts	630	684	684	684	684	684
Transfer Payments	12,959	9,795	9,295	9,052	8,716	7,966
Boston Special Expenses	769	779	787	795	803	811
Direct Revenue Financing of Capital	636	-	-	-	-	-
Interest Payable on Borrowing	111	101	203	252	252	252
Minimum Revenue Provision	207	246	864	1,050	1,173	1,184
Capital Charges	8,283	1,785	785	785	785	785
Contributions to Reserves	533	63	94	153	150	140
Gross Expenditure	48,790	39,749	39,218	39,895	40,335	40,525

- 4.12 Employee costs have been prepared in accordance with the Council's Pay Policy. Pay generally has been increased by salary increments due to staff, and by an estimated 3.0% for 2026/27 continuing at 3.0% thereafter. Pension cost estimates have been prepared on the basis of current staff in the pension scheme at October 2025, and all vacant posts assumed to be within the pension scheme. There have been some staffing changes which are mainly grant funded as a result of successful bidding to Government departments. The employee costs also include the latest results of the Pension Triennial Review.

- 4.13 All utilities budgets are reflective of the actual volumes in 2025/26 and adjusted for the new contract prices.
- 4.14 Transport costs are set using current fuel prices and usage.
- 4.15 Supplies and Services budgets have increased due to agreed increases in Council contracts and additional costs.
- 4.16 Third Party Payments reflect payments to Public Sector Partnership Services LTD (PSPSL), Leisure Services and other outside bodies.
- 4.17 Transfer Payment movements are largely driven by the significant reduction in Housing Benefit Subsidy as caseloads continue to fall, and spend in line with the capital scheme delivery of the Levelling Up Fund.
- 4.18 Capital Charges show the capital programme between years which does not affect the General Fund bottom line.
- 4.19 Internal Drainage Board (IDB) increases are shown in the table below. The Council continues to work closely with the local Internal Drainage Boards to help mitigate future levy increases wherever possible. Alongside this, lobbying of Government remains ongoing, as the embedded levy results in a recurring loss of revenue for the Council that grows with each passing year.

Table 10 – Internal Drainage Boards

Internal Drainage Board	2021/22 (Actual) £	2025/26 (Actual) £	2026/27 Draft Budget £	Increase over 2025/26 £	Increase over 2025/26 %	Increase over 2021/22 £	Increase over 2021/22 %
Witham Fourth Internal Drainage Board	1,108,050	1,547,276	1,625,698	78,422	5.07	517,648	46.72
Welland and Deepings Internal Drainage Board	61,851	85,478	87,895	2,417	2.83	26,044	42.11
Black Sluice Internal Drainage Board	842,838	1,293,006	1,357,420	64,414	4.98	514,582	61.05
South Holland Drainage Board	973	1,290	1,348	58	4.50	375	38.54
Total	2,013,712	2,927,050	3,072,361	145,311	4.96	1,058,649	52.57

5. BUDGET REQUIREMENT

- 5.1 The budget requirement is formed by comparing resource prediction and spending plans as set out in table 11 below.
- 5.2 Appendices 1A and 1B bring together the budgeted expenditure and income and show the overall MTFS position analysed by income and expenditure type, service area and by portfolio budgets.

Table 11 – Budget Requirement

	2025/26 £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000	2029/30 Estimate £000	2030/31 Estimate £000
Fees, Charges & Other Income (table 8)	(35,286)	(26,437)	(24,575)	(24,810)	(25,049)	(24,592)
Gross Expenditure (table 9)	48,790	39,749	39,218	39,895	40,335	40,525
Efficiency Target IDB	(913)	-	-	-	-	-
Efficiency Target	(511)	-	(1,490)	(1,709)	(1,572)	(1,868)
Net Budget	12,080	13,312	13,153	13,376	13,714	14,065
<u>Funded By</u>						
Retained Business Rates	(5,063)	(3,228)	(3,101)	(3,163)	(3,227)	(3,291)
Revenue Support Grant	(482)	(3,353)	(3,273)	(3,174)	(3,174)	(3,174)
Additional Support Grant	-	(234)	-	-	-	-
Recovery Grant	(306)	(306)	(306)	(306)	(306)	(306)
Funding Floor/Funding Guarantee	(255)	-	-	-	-	-
New Homes Bonus	(174)	-	-	-	-	-
Boston Special Expenses	(769)	(779)	(787)	(795)	(803)	(811)
Parish Precepts	(630)	(684)	(684)	(684)	(684)	(684)
Council Tax	(4,401)	(4,728)	(5,002)	(5,254)	(5,520)	(5,799)
Total Funding	(12,080)	(13,312)	(13,153)	(13,376)	(13,714)	(14,065)

5.3 Boston Town Area Committee

Boston Special Expenses are a separate charge to the residents of Boston for services provided in their town and are charged as a supplement to the main Council Tax. The budget for 2026/27 is estimated at £779,470 (2025/26 - £769,058). The detailed estimate was reported on 22 January 2026 to the Boston Town Area Committee (BTAC).

5.4 Other Budget Matters

In order to meet the Council's equalities obligations, equality impact assessments will be carried out when the nature of proposed changes to services and the potential mitigation (if any) is clear, so that the implications of decisions are fully understood as they affect specific groups and communities. These have been, and will continue to be, regularly undertaken and considered as part of the decision making process.

6. RESERVES

In order to comply with the requirements of the Local Government Act 2003, the Authority must undertake a review of the level of reserves as part of annual budget preparation. A review of the reserves has been undertaken to make sure that they have a defined purpose, identified and approved values for additions to and usage of each reserve, and that they are set at an appropriate value which identifies the current and future requirements and risks the Council might face. This has included an assessment of risk registers, pressures upon services, inflation and interest rates and any underwriting arrangements.

- 6.1 General Reserves - The General Fund balance is estimated at £2.0m for the next five years, which the Council's Section 151 Officer believes to be prudent for the Council at this time, when taken in the context of the other reserves that the Council has.
- 6.2 BTAC Reserves – The BTAC reserve holds retained funds from Boston Special Expenses.
- 6.3 Specific Reserves - Specific reserves are set up to provide funds for known future commitments or provide resources for unexpected events. Given the risks and uncertainties facing both the local and national economy the Council is committed to retaining robust levels of reserves, whilst ensuring resources are available to enable efficient service delivery.

Table 12 – Reserve Balances

Reserves	Balance 31/03/2026 £'000	Balance 31/03/2027 £'000	Balance 31/03/2028 £'000	Balance 31/03/2029 £'000	Balance 31/03/2030 £'000	Balance 31/03/2031 £'000
Capital Funding Reserve	(5,544)	(4,769)	(4,314)	(3,676)	(2,920)	(2,157)
Transformation Reserve	(1,660)	(1,661)	(1,528)	(1,571)	(1,614)	(1,657)
Repairs and Renewals Reserve	(586)	(582)	(578)	(574)	(570)	(566)
ICT Reserve	(33)	(33)	(33)	(33)	(33)	(33)
Housing Reserve	(1,751)	(1,597)	(1,455)	(1,365)	(1,265)	(1,165)
Controlling Migration Reserve	(14)	(14)	(14)	(14)	(14)	(14)
Insurance Reserve	(197)	(197)	(197)	(197)	(197)	(197)
Property Fund Returns Risk Mitigation Reserve	(1,061)	(1,000)	(935)	(866)	(793)	(716)
Funding Volatility Reserve	(2,768)	(2,419)	(2,387)	(2,387)	(2,387)	(2,387)
Contingency Reserve	(77)	(77)	(77)	(77)	(77)	(77)
Climate Change Reserve	(125)	(103)	(80)	(80)	(80)	(80)
Planning Reserve	(384)	(134)	(134)	(134)	(134)	(134)
S106 & Commuted Sums Reserve	(1,231)	(1,231)	(1,231)	(1,231)	(1,231)	(1,231)
Property Fund Reserve	(78)	(78)	(78)	(78)	(78)	(78)
Neighbourhoods Reserve	(698)	(500)	(574)	(664)	(751)	(829)
LGR Reserve	-	(500)	(500)	(500)	(500)	(500)
Total Specific Reserves	(16,207)	(14,895)	(14,115)	(13,447)	(12,644)	(11,821)
General Reserve	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
BTAC Reserve	(275)	(367)	(451)	(526)	(592)	(643)
Total Reserves	(18,482)	(17,262)	(16,566)	(15,973)	(15,236)	(14,464)

Capital Funding Reserve

This reserve consists of past and annual revenue contributions. It may be used to finance the revenue impact of capital expenditure depending on future plans.

Transformation Reserve

The purpose of this reserve is so the Council can invest in service transformation for the future.

Repairs & Renewals Reserve

These reserves come from annual contributions from service areas to deal with the maintenance and replacement of facilities, vehicles and equipment.

ICT Reserve

This reserve comes from contributions from service areas to deal with the planned maintenance and replacement of software and hardware.

Housing Reserve

Funded by grants and is used to support the capital acquisitions, strategic housing solutions and housing and homelessness services.

Controlling Migration Reserve

This reserve is for use to support community engagement activities.

Insurance Reserve

The reserve is held to deal with any loss, low value claims and excesses on other policies. It can also be used to finance risk management initiatives.

Property Funds Returns Mitigation Reserve

This mitigation reserve holds year-end balances on operational surpluses/deficits and is used to mitigate impacts of the funds as required.

Funding Volatility Reserve

This reserve holds the year end balances of any accounting adjustments necessary for the Council's Collection Fund or other volatile components in the Councils Revenue Account including in-year deficits should they occur.

Contingency Reserve

This reserve is maintained and previously related to Covid arrangements.

Climate Change Reserve

For implementation of smaller schemes, feasibility reports and to support Climate Change services.

Planning Reserve

Various sums are received for Planning related work, large planning windfalls may similarly be placed here. The Council's policy is to draw sums from here to support the work of the planning service as required e.g. the creation of the local plan.

S106 and Commuted Sums Reserve

Funds assigned under Section 106 legal agreements, to the Council from property developer planning agreements.

Property Fund Reserve

Used to mitigate the impact on the Council's revenue account as a result of surplus and deficit returns on property funds against budgeted amounts should they occur.

Neighbourhoods Reserve

This holds grants including EPR (Extended Producer Responsibility Funding) and New Burdens to contribute towards the costs of disposing of waste already in the system so available for general use as those costs are already being financed.

LGR Reserve

This reserve is to support the cost to the Council for the Local Government Reorganisation.

Movement in Specific Reserves

Table 13 – Contribution to/from Reserves 2026/27

Contribution To Reserves	2026/27 £'000	Contribution From Reserves	2026/27 £'000
		Capital Funding Reserve	
		Guildhall MEND Match Funding	20
		Boston Leisure Project	70
		MRP Contribution	185
		Creation of LGR Reserve	500
Transformation Reserve		Transformation Reserve	
Council Election Annual Contributions	(43)	Server Room Relocation	10
		Staffing Costs	32
Repairs and Renewals Reserve		Repairs and Renewals Reserve	
Riverside Industrial Estate Income	(20)	CCTV Repairs and Renewals	15
		General Repairs and Maintenance	9
		Housing Reserve	
		Release of Asylum Funding	154
		Property Fund Returns Risk Mitigation Reserve	
		Property Fund MRP Contribution	61
		Funding Volatility Reserve	
		IT Software	14
		Community Governance Review	25
		Boston Leisure Project	256
		Leisure Tender Costs	7
		General Fund Contributions to 2026/27 budget	47

Contribution To Reserves	2026/27 £'000	Contribution From Reserves	2026/27 £'000
		Climate Change Reserve	
		Staffing Costs	22
		Planning Reserve	
		Local Plan	250
		Neighbourhoods Reserve	
		Staffing Costs	6
		Service Costs	192
		LGR Reserve	
		Creation of Reserve	(500)
Total	(63)	Total	1,375

7. CAPITAL PROGRAMME AND TREASURY MANAGEMENT

- 7.1 The Capital Strategy and Asset Management Strategy will generate potential future capital investment requirements. Specific schemes and values will only be included in the recommended programme when the need and likely costs have been further established in detailed business cases, and the Council has ensured that it has sufficient capital and revenue resources to implement such schemes.
- 7.2 The Council has limited capital resources and must look to new ways of financing its capital expenditure. It must also seek to reduce the running costs of its assets and maximise capital receipts.
- 7.3 The Council's proposed 5 year Capital Programme and its 5 year capital resource projections are shown in the table below:

Table 14 – Capital Programme, Funding and Resource Implications

Scheme	2025/26 Revised Budget £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	Total
Projects (Excl Towns Funds, LUF & LUP)	3,875	4,494	2,078	1,764	885	885	13,981
Towns Fund	14,849	5,592	-	-	-	-	20,441
UKSPF	404	-	-	-	-	-	404
LUF	10,970	1,500	-	-	-	-	12,470
BPF	8,080	-	-	-	-	-	8,080
Pride in Place	-	1,862	1,748	1,610	1,610	-	6,830
Total Approved	38,178	13,448	3,826	3,374	2,495	885	62,206
New Projects	25	25	-	-	-	-	50
Total Draft Capital Programme	38,203	13,473	3,826	3,374	2,495	885	62,256
Funded By:							
Internal Borrowing	(700)	(7,726)	(1,293)	(979)	(100)	(100)	(10,898)
External Grants	(35,386)	(5,747)	(2,533)	(2,395)	(2,395)	(785)	(49,241)
Capital Receipts	(275)	-	-	-	-	-	(275)
Earmarked Reserve - Capital Reserve	(738)	-	-	-	-	-	(738)
Earmarked Reserve – Housing Reserve	(7)	-	-	-	-	-	(7)
Earmarked Reserve – Contingency Reserve	(23)	-	-	-	-	-	(23)
S106	(1,074)	-	-	-	-	-	(1,074)
Total	(38,203)	(13,473)	(3,826)	(3,374)	(2,495)	(885)	(62,256)

Note: The Council holds sufficient S106 funds in accordance with CIPFA guidance on the balance sheet as a liability.

Treasury Management

- 7.4 The Council is required to calculate a prudent provision of Minimum Revenue Provision (MRP) on its unfinanced capital expenditure which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. Regulations have been further amended with full effect from April 2025 to expressly provide that in determining a prudent provision local authorities cannot exclude any amount of Capital Financing Requirement (CFR) from its calculation.
- 7.5 The Treasury Management Strategy Statement pulls together the decisions of capital investment, cash flow and revenue budgets.

Table 15 – Treasury Assumptions

Treasury Assumptions	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Average Investment Balances	£23.0m	£19.9m	£22.1m	£25.2m	£26.7m
Investment Assumptions – Cash Investments Return	3.40%	3.38%	3.25%	3.25%	3.25%
Investment Assumptions – Property Fund Return (revenue return only)	3.50%	3.50%	3.50%	3.50%	3.50%
External Borrowing	£4m	£7m	£7m	£7m	£7m
Average Borrowing Rate	11.125%	4.02%	3.68%	3.60%	3.60%

- 7.6 These assumptions include: The Council's available cash balances and investment returns will be influenced by the future development of the Council's Asset Management Plan and all decisions made regarding the use of the Council's reserves for capital and revenue purposes.

8. CONSULTATION

- 8.1 The budget proposals have been subject to review by the Overview and Scrutiny Committee on 15 January 2026 with the minutes attached at Appendix 7. A light touch online public consultation process was also undertaken for the 2026/27 budget. The reason for this was due to the lateness of the Local Government Finance Settlement and therefore gave very limited timescales for responses. Results from the consultation were limited but generally were supportive of the budget proposals stating they were sensible, realistic and avoided risky assumptions.

9. EFFICIENCY TARGETS

9.1 The projected budgets recognise an increasingly challenging and uncertain position through the five year period of our financial strategy. The current financial environment requires a significant transformation in the way public services are both paid for and provided, with an emphasis on business and housing growth to both improve economic development and maximise funding to the Council to help offset ongoing reductions in overall resources. The Councils partnership and the outsourced services within its TECKAL company PSPS Ltd provide significant opportunity to drive savings, efficiencies, transformation, and improvement across the 3 Councils.

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

Table 16 – Efficiency Targets

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Budget Efficiency Requirement (£'000) – annual	(511)	-	(1,490)	(1,709)	(1,572)	(1,868)
IDB Funding Requirement (£'000)	(913)	-	-	-	-	-
Total	(1,424)	-	(1,490)	(1,709)	(1,572)	(1,868)

9.3 The ongoing delivery of a significant level of efficiencies and savings is recognised as a key challenge to the Council that will require both political and cultural direction to ensure it is met.

9.4 Available reserve balances can be utilised to fund the efficiency targets, offering a short-term mechanism to support delivery while longer-term savings are embedded. For 2026/27, £47k is being used to support the General Fund.

9.5 Public Sector Partnership Services Ltd (PSPS) has developed a Transformation and Service Modernisation Plan for 2025–2028. The plan aims to enhance digital services, modernise operations, and improve outcomes for residents across South Holland, East Lindsey, and Boston Borough Councils. The strategic aims include:

- Customer Focus: Improve access and consistency via digital solutions and integrated service journeys.
- Efficiency: Modernise and automate processes, introduce cloud financial systems, and standardise operations partnership-wide.
- People: Build a skilled, adaptable workforce and foster a culture of continuous improvement and customer satisfaction.

10. SOUTH AND EAST LINCOLNSHIRE COUNCILS' PARTNERSHIP PLANS

- 10.1 The Alignment and Delivery Plan, at Appendix 6 sets out the key pieces of work for the Partnership and this Council in 2026/27 and subsequent years. This builds on the Partnership's work to date and seeks to continue to drive forward key priority areas for this Council.

11. RISK AND SENSITIVITY

- 11.1 The following table shows the key risks and how we intend to treat them through our risk management practices.

Table 17 – Key Risks

Risk	Likelihood	Impact	Mitigating Action
IDB Levy	High	High	Special Interest Group lobby established, MPs being engaged and ongoing liaison with ADA, MHCLG and Ministers.
Interest rates changing	High	High	Ongoing proactive management of opportunities in the market and staircasing of loans to maximise longer term lock and premium rates in the LA market.
Growth plans may require borrowing at some point in the future	Medium	Medium	Substantial external funding has been leveraged to the benefit of the Town and this is now fully incorporated into the Councils budgets.
Increased demand for Homelessness support services – relating to Homelessness Reduction Act	High	High	Monitor service demand and impact on costs. Optimise use of grant funding and closely monitor changes in service requirements. Work with commissioners and suppliers to minimise benefit subsidy implications.

Risk	Likelihood	Impact	Mitigating Action
Volatility and fluctuation in Business Rates	High	High	Regular monitoring of business rates, debt levels, recovery action and impact of changes in government support.
Additional bad debts as a result of economic circumstances	High	High	The Council has pro-active debt management and pre-pay fee policies. Supporting business through economic development team support.
Inflation rises by more than budgeted projections	Medium	Medium	Budget assumptions kept up to date with most recent projections. Inflationary pressures have now mainly come under control.
Court Income	High	Medium	Court income projections are in line with budget. The budget has not been increased due to concerns over collectability of this income.
PSPS may be unable to deliver an effective service within the agreed contract price.	Low	Medium	Reviewing Service Level Agreements, activity levels and service priorities, and development of Transformation Programme has been undertaken.
Fee income volatility	High	High	Early monitoring of deviations and reporting through to Cabinet. Controlling costs where service demand is reducing.
Contract cost volatility	High	High	To seek to pre-purchase where necessary, contract management to ensure that projects are maintained within revenue and capital budget affordability levels.
Lack of funding to partners causing displacement of service demand	High	High	Engagement and realism
Inadequate capital resources to finance future desired plans	High	Medium	The Council has been very successful in achieving significant capital funding.
Central Government policy changes	High	High	Engagement in consultation and policy creation
VAT – partial exemption	High	High	Close forecasting VAT partial exemption position
Failure to deliver the required savings/ service review/ transformation programme	High	High	Effective programme and project management
Reduction in investment values	Medium	High	Regular monitoring is reported of investment valuations to Audit and Governance Committee and the Finance PFH. A specific reserve is allocated.
Increased demand for services in general	High	High	To have in place a robust management framework to understand and respond appropriately to increased demand

12. OPTIONS

- 12.1 There are no alternative budget options presented, however if Council does not accept the proposed budget, then any changes to income or expenditure which will produce a revised balanced budget, must be presented and approved at the Council meeting.

13. RECOMMENDATIONS

- 13.1 Reason for recommendation - To comply with the budgetary and policy framework.

- 13.2 Recommendations – That Council approves:

- The General Fund budget 2026/27 including the setting of Council Tax.
- The Councils Capital Programme.
- Other associated strategies, policies and plans as set out in the covering report and associated Appendices.