

## Boston Borough Council – Q3 Finance Revenue Report for 2025-26

### Finance Summary

- The revenue forecast shows a deficit position of £0.457m as of 31 December 2025.
- Specific and general reserves for the Council are forecast £18.412m as at 31 March 2026.
- Investments held by the Council on 31 December 2025 (excluding accrued interest) totalled £25.450m compared with £31.317m on 30 September 2025.
- Investment income is forecast to overachieve by £0.196m against a budget of £1.722m.

### Section 2 – Finance

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#### Section 2.1 – Key Financial Issues in Quarter 3 of 2025/26

- The 2025/26 base budget included an efficiency target of £1.429m. As of 31 December 2025, £0.778m (54%) 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 Q3 forecast and efficiencies table.
- The higher levels of investment income compared to the original budget have been partly offset with a reduction in the Property Fund income forecast with a total favourable variance of £0.196m.
- Income pressures are increasing across several services, the most notable underachievement's are;
  - Planning income by £250k
  - Cremation services by £178k
  - Markets income by £19k
- These pressures are partly offset by savings including;
  - Recovery of Housing Benefit Overpayments (£160k)
  - Reduced computer costs (£154k)
  - Senior Leadership Team vacancies (£66k)
  - Additional car parking and PCN income (£60k)

The CPI and RPI rates for Q3 are detailed below.

Inflation	October (%)	November (%)	December (%)
CPI	3.6	3.2	3.4
RPI	4.3	3.8	4.2

## Section 2.2 – Revenue Budget

**Table 1** details the forecast outturn by Assistant Director for the 2025/26 Financial Year Outturn as of 31 December 2025. The forecasted revenue position shows an overspend of £0.457m, primarily due to shortfalls in service income offset against identified savings and additional investment income.

Table 1 – Net Spend by Assistant Director Area				
Assistant Director Area	Revised Budget 2025/26 at Q3 £'000	Outturn 2025/26 at Q3 £'000	Variance (underspend) / overspend at Q3 £'000	Comments on main variances at Q3
Corporate	2,139	1,974	(165)	Employee cost savings of (£22k), offset a £13k unmet salary efficiency target offset by a (£13k) reduction in apprentice levy costs, together with a (£154k) saving in computer licensing and hardware maintenance.
Economic Growth	106	116	10	A £10k overspend on employee costs arising from a contract extension, offset by staffing savings within the Strategic Growth and Development directorate.
Finance	2,943	2,764	(179)	Senior Leadership Team vacancies have resulted in a (£66k) underspend, partially offset by a £27k salary efficiency target. Additional income includes (£25k) from Housing Benefit and Council Tax Admin Grant, (£8k) from court fees (Council Tax and Business Rates), and (£160k) from Housing Benefit Overpayments, with a £44k Housing Benefit Subsidy pressure.
General Fund Assets	(523)	(504)	19	Additional income of (£46k) from car parking and (£14k) from PCNs, alongside an (£11k) employee cost saving and a £20k salary efficiency target. These are partially offset by £32k reduction in PRSA income, £27k building maintenance overspend and £10k of footway lighting and maintenance costs.
Governance and Monitoring	1,008	1,033	25	(£40k) employee cost saving offset against £19k unmet salary efficiency target, alongside £16k Members' National Insurance costs and £31k additional legal fees.
Leisure and Local Services	1,145	1,305	160	There is a £178k shortfall in Bereavement income, offset by (£34k) underspend on employee costs and a £25k shortfall against the salary efficiency target. Market rent income shortfall of £19k is met with utility savings of (£25k).
Neighbourhoods	1,815	1,873	58	(£76k) underspend on employee costs offset by £112k unmet salary efficiency. Net £28k reduction in income relating to Bulky, Commercial and Garden Waste Collections.

Table 1 – Net Spend by Assistant Director Area				
Assistant Director Area	Revised Budget 2025/26 at Q3 £'000	Outturn 2025/26 at Q3 £'000	Variance (underspend) / overspend at Q3 £'000	Comments on main variances at Q3
Planning and Strategic Infrastructure	234	501	267	Planning Application fees forecast £250k underachievement due to a significantly lower number of major applications compared with previous years, together with uncertainty around the timing of submissions. There is an unmet salary efficiency target of £32k.
Strategic Growth and Development	256	199	(57)	(£76k) underspend on employee costs, due to the delivery of projects across the partnership partially offset by £15k salary efficiency target.
Regulatory	640	646	6	Employee cost savings of (£66k), offset by a £46k salary efficiency target and £28k of reduced Building Control income.
Communities and Housing Services	1,057	1,075	18	(£20k) LAHF rental income, (£17k) reduced B&B spend, (£9k) additional HMO licensing income, offset by a £7k reduction in museum room hire income. Employee cost savings of (£17k) are offset against a £70k salary efficiency target.
BTAC	756	756	-	
Efficiencies Required	(651)	-	651	See table 2.
<b>Cost of Services</b>	<b>10,925</b>	<b>11,738</b>	<b>813</b>	
Internal Drainage Boards and Parish Precepts	3,557	3,557	-	
Minimum Revenue Provision	207	158	(49)	Reduction in Minimum Revenue Provision to reflect the timing of the Capital Programme.
Interest Payments Received / Return on Property Funds	(1,722)	(1,918)	(196)	Overachievement in investment income offset with a reduction in property fund income showing an overall net improvement of £69k from Q2.
Borrowing Costs	111	65	(46)	Reduction in interest payable.
Borrowing Discount Allocated to Revenue	(642)	(624)	18	Premium charge for the redemption of LOBO loan offset against discount received from the PWLB redemptions.
DRF	648	567	(81)	Capital Programme delivery.
Reserves (Capital)	(648)	(567)	81	Capital Programme delivery.
Reserves (Revenue)	(400)	(400)	-	Budgeted contribution to support the efficiency target.
Corporate Impairment Allowance	165	82	(83)	Reduction in Council Tax Cost and Housing Benefit Overpayment bad debts.
<b>Other Income and Expenditure</b>	<b>1,276</b>	<b>920</b>	<b>(356)</b>	

Table 1 – Net Spend by Assistant Director Area				
Assistant Director Area	Revised Budget 2025/26 at Q3 £'000	Outturn 2025/26 at Q3 £'000	Variance (underspend) / overspend at Q3 £'000	Comments on main variances at Q3
<b>Total Expenditure</b>	<b>12,201</b>	<b>12,658</b>	<b>457</b>	
Council Tax	(5,801)	(5,801)	-	
Business Rates	(5,063)	(5,063)	-	
Non-Ring-Fenced Government Grant	(1,337)	(1,337)	-	
<b>Total Funding</b>	<b>(12,201)</b>	<b>(12,201)</b>	<b>-</b>	
<b>Total Budget – (Surplus)/Deficit</b>	<b>-</b>	<b>457</b>	<b>457</b>	

**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
<b>Original Budget</b>	<b>(1,429)</b>	
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.
<b>Revised Budget</b>	<b>(651)</b>	
Additional Employee Costs	-	£45k Pressure for the agreed pay structure for shared roles across SELCP has been incorporated into the cost of services within Table 1.
<b>Efficiencies to be Identified</b>	<b>(651)</b>	
<b>% Achieved</b>	<b>54%</b>	

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
<b>Total</b>	<b>1,429</b>	<b>2,980</b>	<b>3,550</b>	<b>4,150</b>	<b>4,222</b>

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

<b>Table 3 - General Fund Revenue Budget Movements</b>	
	£'000
Proforma Bs - Various	154
Additional income	-
<b>Total General Fund Revenue Budget movements</b>	<b>154</b>

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

As of 31 December 2025 the forecast reserve balance is £18.412m, after a net transfer from reserves of £0.932m to cover revenue and capital expenditure.

<b>Table 4 - Specific and General Reserves Balance</b>				
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	30	(683)	5,599
Transformation	1,730	42	(369)	1,403
Repairs and Renewals	590	16	(22)	584
ICT	35	-	-	35
Housing	1,764	53	(14)	1,803
Controlling Migration Fund	14	-	-	14
Insurance	198	-	-	198
Risk Mitigation Reserve	1,116	-	(58)	1,058
Funding Volatility	3,272	-	(501)	2,771
EPR Reserve	-	656	-	656
Contingency Reserve	211	-	(121)	90
Climate Change Reserve	124	-	-	124
Planning Reserve	434	59	(20)	473
Property Funds Reserve	79	-	-	79
<b>Specific Reserves Total</b>	<b>15,819</b>	<b>856</b>	<b>(1,788)</b>	<b>14,887</b>
General Fund	2,000	-	-	2,000
S106 & Commuted Sums	1,231	-	-	1,231
BTAC	294	-	-	294
<b>TOTAL</b>	<b>19,344</b>	<b>856</b>	<b>(1,788)</b>	<b>18,412</b>

### 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 31 December 2025 (excluding accrued interest) totalled £25.450m compared with £31.317m on 30 September 2025.

**Property Fund Investments** – Between 2016 and 2018 the Council purchased property fund units in five different funds. As of 31 December 2025, the fair value of these funds was £2.416m below the purchase cost. During the first three quarters of 2025/26 the valuations reduced by £359,763.

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 £219,037 have been received in the first three quarters of the year which has now increased total distributions to £3,882,760 as of 31 December 2025 leaving a book value of £117,240 outstanding.

**Income Received Against Budget and Forecast Outturn** – The budget for net investment income as at 31 December was £1,297,481 and the actual was £1,529,548 giving a surplus of £232,067. The annual budget for net investment income is £1,722,110 and the forecast outturn is £1,918,365 giving a forecast surplus of £196,255. These figures exclude the M&G property fund asset sale distributions of £219,037 which will be used to finance the required MRP charge resulting from the original purchase of this investment.

**External Borrowing and Interest Rates** – The Council had a £1m 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 £1.5m (made up of £1m principal, £30,784 accrued interest and a premium of £469,216) and replaced with a £1m 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 5.71% on 30 September 2025 compared with 5.97% on 30 September 2025.

During the financial year the Bank of England Base Rate has been reduced from 4.50% to 3.75%.

**Q3 Treasury Report** – Further details of the treasury position on 31 December 2025 can be found in the Q3 Treasury Report to be submitted to the Audit and Governance Committee on 21 April 2026.

### Section 2.4 – Insurance

**Table 5** details the number of formal insurance claims received to 31 December 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)	8(4)	(2)	9(9)
Property	1 (1)	1(1)	-(1)	(-)	2(3)
Officers Indemnity	1 (-)	1 (-)	-(-)	(-)	2(-)
<b>Total</b>	<b>4 (4)</b>	<b>2(3)</b>	<b>8(7)</b>	<b>(2)</b>	<b>14(16)</b>

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

At 1 April 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 31 December 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
£	£	£	£	£	£	£	£
35,774	19,658	114,895	382	79,010	83,446	540,370	873,535

This does not include invoices not yet due totalling £296,124

### Section 2.6 – Council Tax and Business Rates

Collection and recovery 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. The debt recovery programme continues through the remainder of the year.

#### Council Tax – 2025/26 Quarter 3 In-Year Collection

The collectable debit for the year at 31 December 2025 was £46.4m with a net collection rate of 77.99% achieved (79.12% at 31 December 2024).

#### Business Rates – 2025/26 Quarter 3 In-Year Collection

The collectable debit for the year at 31 December 2025 was £21.9m with a net collection rate of 77.93% achieved (79.80% at 31 December 2024).