

Boston Borough Council –Revenue Draft Outturn 2025-26

Finance Summary

- The Revenue Draft Outturn shows an underspend of £0.064m as of 31 March 2026.
- Specific and General reserves for the Council are £19.388m as of 31 March 2026.
- Investments held by the Council on 31 March 2026 (excluding accrued interest) totalled £20.743m.
- Investment income has overachieved by £0.336m against a budget of £1.722m.

Section 2 – Finance

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Section 2.1 – Key Financial Issues of 2025/26

- The 2025/26 base budget included an efficiency target of £1.429m. Saving opportunities were monitored throughout the year and in light of the outturn underspend of £0.064m it can be concluded that the savings target set, has been met.
- 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 draft outturn figures.
- Income pressures have been seen in several services during 2025/26; the most notable underachievement's are;
 - Cremation services by £0.140m
 - Planning income by £0.060m
 - Building Control by £0.037m
 - Markets income by £0.022m
- These pressures are partly offset by savings including;
 - Recovery of Housing Benefit Overpayments (£0.198m)
 - Reduction in computer costs (£0.114m)
 - Additional Municipal Buildings income (£0.108m)
 - Reduction in Commercial Waste disposal costs (£0.107m)

The CPI and RPI rates for Q4 are detailed below.

Inflation	January (%)	February (%)	March (%)
CPI	3.0	3.0	3.3
RPI	3.8	3.6	4.1

Section 2.2 – Revenue Draft Outturn

Table 1 details the Revenue Draft Outturn by Service Director for 2025/26, this estimates an underspend of £0.064m subject to final accounting adjustments as part of the year end process. For comparison the Q1 forecast showed a deficit of £0.829m, decreasing to £0.571m at Q2 and further reducing to £0.457m at Q3.

A number of reserve contributions have not been required for 2025/26, due to expenditure anticipated to require funding from reserves has alternatively been met within existing budgets through robust budget monitoring and the identification of opportunities throughout the year.

Table 1 – Net Spend by Service Director Area				
Service Director Area	Budget 2025/26 £'000	Draft Outturn 2025/26 £'000	Variance (underspend) / overspend £'000	Comments on main variances
Corporate	2,139	2,037	(102)	(£114k) reduction in computer costs and £12k minor variances across services.
Economic Growth	98	83	(15)	Underspends across the Tourism area.
Finance	2,998	2,856	(142)	(£198k) additional Housing Benefit Overpayment income partially offset against £128k Housing Benefit Subsidy pressure. (£30k) employee cost savings, (£25k) additional Housing Benefit and Council Tax Admin Grant and (£17k) income for sale of assets.
General Fund Assets	(523)	(597)	(74)	(£108k) additional income relating to Municipal Building. £74k overspend on expenditure relating to building works including intruder alarms, fire assessments and repairs. £25k reduction in PRSA income due to renewable heating offset against (£30k) additional car parking income. Other minor variances contribute to an additional (£35k) favourable variance.
Governance and Monitoring	1,008	1,062	54	£35k additional legal fees, £16k Registration of electors spend and £16k Members' National Insurance costs offset against (£18k) generated from employee savings. £5k adverse variance across service areas.
Leisure and Local Services	1,157	1,157	-	No variance. However, there was a £140k underachieved of Bereavement income, £22k underachievement of Markets income which was offset against Leisure facility savings totalling (£162k).
Neighbourhoods	1,790	1,704	(86)	(£55k) underspend on employee costs offset by £112k salary efficiency. (£107k) reduction in Commercial Waste disposal costs. (£36k) service savings generated across the Neighbourhood services.
Planning and Strategic Infrastructure	234	234	-	No variance. However, Planning Income for the year has underachieved by £60k reflecting the number of applications received, alongside a (£152k) WIP

Table 1 – Net Spend by Service Director Area

Service Director Area	Budget 2025/26 £'000	Draft Outturn 2025/26 £'000	Variance (underspend) / overspend £'000	Comments on main variances
				adjustment from 2024/25. In addition, an £82k contribution to the Planning Reserve is included to fund future year local plan spend.
Strategic Growth and Development	256	200	(56)	(£63k) underspend on employee costs offset with other minor variances
Strategic Projects	8	-	(8)	
Regulatory	640	611	(29)	(£34k) additional licence income received and (£40k) underspend on employee costs partially offset against underachieved Building Control income totalling £37k. £6k minor variance across services.
Communities and Housing Services	1,057	961	(96)	(£33k) Bed and breakfast underspend, (£27k) additional LAHF rental income, (£14k) additional HMO licence income, (£47k) CCTV employee costs underspend partially offset with £25k Arts and Culture employee costs.
BTAC	769	769	-	
Efficiencies Required	(651)	-	651	Delivered as the overall draft outturn position reported is an underspend of £0.069m.
Cost of Services	10,980	11,077	97	
Internal Drainage Boards and Parish Precepts	3,557	3,557	-	
Minimum Revenue Provision	207	354	147	
Interest Payments Received / Return on Property Funds	(1,722)	(2,058)	(336)	Includes £219k M&G Property Fund sale distribution income which is partially offset against the fair value change in year of £193k included in the MRP figure stated above.
Borrowing Costs	111	65	(46)	Reduction in interest payable due to the repayment of State Street and new loan obtained in year.
Borrowing Discount Allocated to Revenue	(642)	(624)	18	Premium charge for the redemption of the LOBO loan.
DRF	648	817	169	Capital Programme delivery.
Reserves (Capital)	(648)	(718)	(70)	Capital Programme delivery.
Reserves (Revenue)	(455)	(252)	203	Budgeted contribution to support the efficiency target and additional Property Fund MRP costs, partially offset against contributions to reserve for the favourable Business Rates position.

Table 1 – Net Spend by Service Director Area				
Service Director Area	Budget 2025/26 £'000	Draft Outturn 2025/26 £'000	Variance (underspend) / overspend £'000	Comments on main variances
Corporate Impairment Allowance	165	81	(84)	Reduction in Council Tax cost bad debt provision and HBO bad debt provision partially offset against the increased sundry bad debt provision.
Other Income and Expenditure	1,221	1,222	1	
Total Expenditure	12,201	12,299	98	
Council Tax	(5,801)	(5,801)	-	
Business Rates	(5,063)	(5,225)	(162)	S31 grant & levy attributable to the Council above the budget.
Non-Ring-Fenced Government Grant	(1,337)	(1,337)	-	
Total Funding	(12,201)	(12,363)	(162)	
Total Budget – (Underspend)/ Overspend	-	(64)	(64)	

Table 2 and 2a details the General Fund revenue transfers to and from the Council's Specific and General reserves. The transfers included within table 3a require Cabinet approval.

Table 2 - Specific and General Reserve transfers		£'000
Between £1,500 - £50,000		
Risk Mitigation Reserve		
Property Fund MRP above approved budget from reserve		(3)
Transfer of funds from Property Funds Reserves to Risk Mitigation Reserve from 2024/25		(50)
Capital Funding Reserve		
Transfer of Gain on Sale of Non-Current Assets to reserves		17
Transformation Reserve		
Transfer of External Audit Fee savings to reserve		49
Transfer of Redmond Review income to reserve		19
Transfer from Climate Change reserve for staffing costs from 2024/25		29
Housing Reserve		
Accessing Homelessness Funding from reserve		(14)
Transfer of unspent funding to reserves		5
Transfer of First Homes funding to reserves		8
Transfer of Renters Rights funding to reserves		23
Transfer of Supported Housing Strategies funding to reserves		43
Property Funds Reserve		
Transfer of funds from Risk Mitigation reserve to Property Fund Reserve from 2024/25		50
Transfer of M&G sale distribution not required for MRP		26

Climate Change Reserve	
Transfer to Transformation reserve for staffing costs from 2024/25	(29)
Transfer of unspent funding to reserves	9
Planning Reserve	
Transfer of PPA monies from Planning reserve	(20)
Release of funds to cover in year legal costs	(5)
Release of funds for Local Plan and Conservation Area works	(4)
Neighbourhoods Reserve	
Transfer of New Burdens income balance to reserves	26

Table 2a - Specific and General Reserves transfers	
	£'000
Between £50,001 - £500,000 requiring Cabinet approval	
Transformation Reserve	
Accessing Boston Partnership funding held in reserves	(121)
Accessing Levelling up funding held in reserves	(115)
Accessing Town Deal funding held in reserve	(60)
Transfer of Pride in Place capacity funding to reserves	139
Transfer of Food Waste New Burdens funding from 2024/25 to the Neighbourhoods reserve	(171)
Housing Reserve	
Transfer of Homelessness funding to reserves	53
Funding Volatility Reserve	
Transfer of income to support future year costs	51
Transfer of additional S31 and Levy income above budget to reserves	162
Transfer of the General Fund 2025/26 surplus to reserve	64
Planning Reserve	
Transfer of Planning income to reserves	82
Neighbourhoods Reserve	
Transfer of Food Waste New Burdens funding from the Transformation reserve	171
Transfer of Food Waste New Burdens Depot funding to reserve	269
S106 & Commuted Sums Reserve	
Transfer of PPA monies to Planning reserve	52
BTAC Reserve	
Transfer of BTAC surplus to reserves	104

Table 3 details the draft balances as of 31 March 2026 for Specific and General Reserves. These balances incorporate the transfers outlined in Tables 2 and 2a, along with any transfers approved during budget setting and through Proforma B submissions during the year.

As of 31 March 2026, the forecast reserve balance is £19.388m, after a net transfer from reserves of £0.044m to cover revenue and capital expenditure.

Table 3 - Specific and General Reserves Balance				
Reserve	Balances on 1 April 2025 £'000	Contributions into Reserves £'000	Use of Reserves £'000	Draft Balances on 31 March 2026 £'000
Capital Funding Reserve	6,252	52	(686)	5,618
Transformation Reserve	1,730	278	(521)	1,487
Repairs and Renewals Reserve	590	17	(8)	599
ICT Reserve	35	-	-	35
Housing Reserve	1,764	132	(26)	1,870
Controlling Migration Fund Reserve	14	-	-	14
Insurance Reserve	198	-	-	198
Risk Mitigation Reserve	1,116	-	(108)	1,008
Funding Volatility Reserve	3,272	278	(479)	3,071
Neighbourhoods Reserve	-	939	-	939
Contingency Reserve	211	-	(110)	101
Climate Change Reserve	124	10	(29)	105
Planning Reserve	434	134	(29)	539
Property Funds Reserve	79	76	-	155
Specific Reserves Total	15,819	1,980	(1,965)	15,775
General Fund	2,000	-	-	2,000
S106 & Commuted Sums Reserve	1,231	64	(79)	1,216
BTAC Reserve	294	104	(1)	397
TOTAL	19,344	2,025	(1,981)	19,388

Section 2.3 – Treasury Management 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 including cash and cash equivalents held by the Council on 31 March 2026 (excluding accrued interest) totalled £20.743m compared with £34.714m on 31 March 2025.

Property Fund Investments – Between 2016 and 2018 the Council purchased property fund units in five different funds.

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 £0.219m have been received during 2025/26 which has now increased total distributions to £3.883m as of 31 March 2026 leaving a book value of £0.117m outstanding. The fair value of the fund was £0.271m on 31 March 2026.

As of 31 March 2026, the fair value of the remaining four funds was £14.157m which was £2.832m below the purchase cost.

During the 2025/26 financial year the valuations of all property funds reduced by £0.589m net of M&G distribution payments.

Income Received Against Budget – The budget for the year for treasury investment income net of property fund management fees was £1.722m and the actual was £2.109m, giving a surplus of £387k. Section 106 balances have been credited with £51k reducing the final surplus to £0.336m. These figures include the M&G property fund asset sale distributions of £0.219m which is used to finance the required Minimum Revenue Provision resulting from the original purchase of this investment.

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 was £0.111m and the outturn was £0.065m. 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 £0.018m through to 2050/51.

During the financial year the Bank of England Base Rate has been reduced from 4.50% to 3.75%. However, for long term borrowing the 50 year PWLB certainty rate was 6.08% on 31 March 2026 compared with 5.67% on 31 March 2025.

Treasury Annual Report – Further details of the treasury position for the 2025/26 financial year can be found in the Treasury Annual Report to be submitted to the Audit and Governance Committee on 29 June 2026.

Section 2.4 – Insurance

Table 4 details the number of formal insurance claims received to 31 March 2026 (figures in brackets are comparable figures for 2024/25).

Table 4 – 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(-)	4(3)
Officers Indemnity	1 (-)	1 (-)	-(-)	-(-)	2(-)
Total	4 (4)	2(3)	8(7)	2(2)	16(16)

Insurance Reserves - The Council maintains an insurance reserve for small value insurance claims where the losses are below the principal deductible of £0.025m.

At 31 March 2026 the balance of the reserve was £0.198m with no in year transfers during 2025/26. 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 5 details the sundry debts the Council held as of 31 March 2026.

Table 5 – 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
£	£	£	£	£	£	£	£
23,312	1,670	105,495	6,188	15,678	26,714	423,306	602,363

Note: This does not include details of invoice amounts totalling £24,032 that are not yet due.

Section 2.6 – Business Rates and Council Tax Collection

Collection and recovery remained challenging in 2025/26 with the ongoing cost of living crisis being a factor. In recognition, we continue to remain prudent in setting the bad debt provision in this area. The debt recovery programme continued through Quarter 4 and will carry on in the new financial year.

Council Tax – 2025/26 Quarter 4 In-Year Collection

The collectable debit for the year at 31 March 2026 was £46.400m with a net collection rate of 93.69% achieved (93.75% at 31 March 2025).

Business Rates – 2025/26 Quarter 4 In-Year Collection

The collectable debit for the year at 31 March 2026 was £21.800m with a net collection rate of 93.92% achieved (93.83% at 31 March 2025).