

APPENDIX A - South Holland District Council – Q4 Finance Report 2024/25

Finance Summary

- The revenue outturn shows an underspend position of £317,000 as at 31 March 2025 which is a favourable movement of £141,000 compared to Q3 reported underspend of £176k.
- The HRA outturn position is £194,000 compared to a budgeted position of £181,000, resulting in a surplus outturn of £13,000 as at 31 March 2025 (£227k surplus at Q3).
- General Fund specific and general reserves of the Council are £7.408m as at 31 March 2025.
- HRA reserves are £15.198m as at 31 March 2025.
- General Fund Capital spend at the end of Quarter 4 was £4.829m against a full year budget of £6.116m.
- HRA capital spend at the end of Quarter 4 was £14.816m against a full year budget post slippage of £16.111m.
- The Council held investments of £25.031m as at 31 March 2025 (£27.911m as at 31 December 2024).

Section 2 – Finance

Section 2.1	Key Financial Issues in Quarter 4 of 2024/25
Section 2.2	Revenue Budget
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Section 2.4	Reserves
Section 2.5	Capital Budget
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Section 2.7	Debt Collection
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Section 2.1 – Key Financial Issues in Quarter 4 of 2024/25

- The 2024/25 budget included an efficiency target of £831,000. As at 31 March, £515,000 (62%) of savings have been identified.
- The Government announced it would provide £3m of further funding to support Councils significantly impacted by Internal Drainage Board levies. South Holland was awarded £335,000 for 2024/25, which has been included within the actual outturn position and efficiencies.
- Neighbourhoods is overspent by £240,000 for the year due to staffing pressures within the Recycling and Refuse services, severance payments and vehicle repair costs.
- The Q4 actuals include audit fee accruals based on 2024/25 audits and 23/24 fee variations, resulting in an overspend of £60,000. This was due to a change in accounting treatment for consistency throughout the Partnership.
- The Council's 2024/25 budget for investment income is £1.544m. The outturn for investment income for 2024/25 is £1.990m, split £1.600m GF and £0.390m HRA.

	January (%)	February (%)	March (%)
Inflation			
CPI	3.0	2.8	2.6
RPI	3.6	3.4	3.2

Section 2.2 – Revenue Budget

Table 1 details the outturn position by Assistant Director. This details the 2024/25 Financial Year Outturn as of 31 March 2025 showing a overall net underspend of £317,000.

Table 1 – Projected Net Spend by Assistant Director Area				
Assistant Director	Revised Budget 2024/25 £'000	Actual 2024/25 £'000	Variance (underspend)/overspend £'000	Comments on main variances
Corporate	933	1,085	152	There was an overspend primarily driven by pressures in Business Development, Communications and Marketing, and Employee Expenses and Benefits. In Business Development, the overspend was linked to shared officer allocations and insurance recharges, which are planned to be realigned in the next financial year. Communications and Marketing experienced pressures due to staffing allocations, which are planned to be realigned in the next financial year and the non-achievement of efficiency targets. For Employee Expenses and Benefits, a year-end accrual was required to reflect untaken annual leave in line with IFRS accounting standards for the whole organisation, alongside a historical insurance cost, both contributing to a non-cash pressure on the cost centre
Finance	5,264	5,120	(144)	There was an overall underspend, largely driven by a more favourable outturn on rent rebate benefit subsidy compared to the budget. An accrual was made to cover external audit costs for both the current and forthcoming financial year, following a change in accounting policy to ensure all audit-related costs are accrued in the year to which they relate. This adjustment enhances year-end financial accuracy and compliance. Additionally, insurance premiums and associated fees increased due to economic pressures and rising market rates in the public sector insurance market, though this pressure was partially offset by additional income.
Housing	(137)	(163)	(26)	Favourable variance due to lower voids within year to what was budgeted.
General Fund Assets	444	536	92	Overspend largely due to agency costs in Facilities to cover staff absence, a return of deposit paid in relation to land at Cranmore Lane and overspend on responsive and programmed maintenance offset by underspends on utilities for Footway Lighting.

Table 1 – Projected Net Spend by Assistant Director Area

Assistant Director	Revised Budget 2024/25 £'000	Actual 2024/25 £'000	Variance (underspend)/overspend £'000	Comments on main variances
Governance	1,152	1,074	(78)	Canvasser salaries and postage costs came in lower than budget, resulting in an overall saving. Additionally, a vacant post contributed to staffing underspends, alongside a significant underspend on the designated councillors' budget and associated training and course fees, due to lower in-year demand.
Leisure & Culture	1,138	1,106	(32)	Savings on utilities and trading income at South Holland Centre offsetting higher contractor costs at Ayscoughfee Museum for additional security.
Neighbourhoods	4,775	5,015	240	There was an overspend driven by a range of cost pressures, many of which were beyond the direct control of management. These included costs associated with challenges in meeting salary efficiency targets, and increased expenditure for maintaining vehicles beyond their useful life. Insurance costs also rose, and additional financial pressure was caused by the continued growth in the housing stock and the ongoing operation of an uncontrolled waste collection policy—both identified risks in the strategic risk register. The service also experienced a loss of income following the departure of a shared Head of Service and the shift to a non-shared management model. However, this has been recognised in the approved service review in 2025/26.
Planning & Strategic Infrastructure	404	448	44	Overspend on Agency costs.

Table 1 – Projected Net Spend by Assistant Director Area

Assistant Director	Revised Budget 2024/25 £'000	Actual 2024/25 £'000	Variance (underspend)/overspend £'000	Comments on main variances
Regulatory	835	755	(80)	Significant underspends were recorded in Emergency Planning due to vacancies and a returned payment, Land Charges following delays in the HMLR migration and lower shared management costs. A one-off income variance in Power Station Spalding arose due to an 18-month recharge being recognised in-year. Public Protection Management also delivered a underspend, mainly through staffing and shared income benefits. Conversely, Building Control Fee Earning services experienced an overspend, driven by underperformance against income targets, although the position is still stronger than the previous year.
Strategic Growth & Development	237	311	74	Due to BID and UKSPF overspend.
Strategic Project	16	2	(14)	Favourable variance resulting from salaries recharged to capital projects.
Wellbeing & Community Leadership	1,290	993	(297)	There has been significant work undertaken within the Wellbeing and Community Leadership division to reduce the impact and usage of emergency accommodation. This has created an efficiency of £140k against budget. Further Homelessness Prevention Grant received late in year is being allocated to prevent homelessness and rough sleeping in line with grant conditions. Vacancies and s113 agreements have been effectively managed to release further efficiencies within the division.
Spalding Special Expenses	236	236	0	Spalding Special Expenses are reported to the Spalding Town Forum. Actual variances do not impact the General Fund reserves.
Efficiencies Requirement	(316)	0	316	£515k efficiencies identified (see table 1c) reducing the requirement from original budget of £831k. This illustrates the efficiencies that have not been achieved across all service areas.
Sub Total – Assistant Directors – Net Costs	16,271	16,517	246	
Recharges to HRA	(3,344)	(3,376)	(32)	
Internal Drainage Boards and Parish Precepts	4,377	4,377	0	
Investment Income	(1,033)	(1,604)	(571)	Increased income linked to slower reduction in rates than expected, favourable interest rates and cashflow surplus.

Table 1 – Projected Net Spend by Assistant Director Area

Assistant Director	Revised Budget 2024/25 £'000	Actual 2024/25 £'000	Variance (underspend)/overspend £'000	Comments on main variances
Minimum Revenue Provision (MRP)	319	391	72	
Impairment Allowance – Bad debt provision	13	85	72	
Capital Expenditure Charged in Year	1277	411	(866)	
Transfers to/(from) Earmarked Reserves	(893)	(27)	866	
Other Income and Expenditure	716	257	(459)	
General Fund Budget net costs	16,987	16,774	(213)	
Council Tax	(7,696)	(7,696)	-	
Business Rates	(7,247)	(7,247)	-	
Government Grants	(2,044)	(2,148)	(104)	
Total Funding	(16,987)	(17,091)	(104)	
Total Budget - (Surplus)/Deficit	-	(317)	(317)	

Recommendation:

- F1** That Cabinet notes the revenue position of £317,000 underspend for 2024/25 as detailed in Table 1.
- F2** The Cabinet notes £100,000 of the 2024/25 GF surplus to be transferred into a Parish Councils Loan Reserve pending the drafting of the loan scheme by officers for Cabinet in due course.

General Fund Revenue Budget Movement

Full Council approved the general fund revenue budget of £16.987m in February 2024. Table 1b summarises the in-year budget movements; this is a total of £884,000 additional budgets in the year. As the Council is required to set a balanced budget, each movement has corresponding approval to utilise grant allocations, unbudgeted income, or reserve balances to ensure the net budget position is unchanged.

Table 1b - General Fund Revenue Budget Movement

Qtr	Description	AD	Approval	Funding	£'000
Q1	Good Homes Alliance Contribution	Wellbeing & Community	S151 Proforma B	Disability Fund Grant Reserve	43
	Subtotal: Earmarked Grants Reserve				43
Q2	Household Support Fund	Wellbeing & Community	S151 Proforma B	Earmarked grants Reserve	40
Q4	Household Support Fund	Wellbeing & Community	S151 Proforma B	Earmarked grants Reserve	4
	Subtotal: Earmarked Grants Reserve				44
Q1	Household Support Fund	Wellbeing & Community	Decision Notice	Household Support Fund	223
	Subtotal: Household Support Fund Grant				223

Q1	Technology Forge system	Corporate	S151 Proforma B	Invest and Growth Reserve	23
Q1	Tascomi Portal software	Corporate	S151 Proforma B	Invest and Growth Reserve	6
Q1	Bin lift safety alterations	Neighbourhoods	S151 Proforma B	Invest and Growth Reserve	3
Q2	Spalding BID software	Strategic Growth & Development	S151 Proforma B	Invest and Growth Reserve	39
Q2	Leisure Operator Procurement	Leisure & Culture	S151 Proforma B	Invest and Growth Reserve	19
Q2	Christmas lights for Spalding Town Centre and the Crescent	Strategic Growth & Development	S151 Proforma B	Invest and Growth Reserve	12
Q3	Computer Software Licence Costs	Corporate	S151 Proforma B	Invest and Growth Reserve	14
Q3	Purchase of Software	Finance	S151 Proforma B	Invest and Growth Reserve	29
Q3	Computer Software Licence Costs	Finance	S151 Proforma B	Invest and Growth Reserve	2
Q3	Grants and Contributions to Outside Bodies - No Service Received	Wellbeing & Community	S151 Proforma B	Invest and Growth Reserve	9
Q4	Professional and Contractors Fees	Strategic Growth and Development	S151 Proforma B	Invest and Growth Reserve	30
Q4	Legal Fees	Leisure and Culture	S151 Proforma B	Invest and Growth Reserve	5
	Subtotal: Invest and Growth Reserve				191
Q2	Overachievement of planning income to be transferred to reserve	Planning & Strategic Infrastructure	Q1 Cabinet recommendation	Planning Reserve	300
	Subtotal: Planning Reserve				300
Q1	Technology Forge implementation support	General Fund Assets	S151 Proforma B	Transformation reserve	15
Q1	Waste interim manager support	Neighbourhoods	S151 Proforma B	Transformation reserve	18
Q2	Planning Service Review	Planning & Strategic Infrastructure	S151 Proforma B	Transformation reserve	11
Q3	Professional and Contractors Fees	Corporate	S151 Proforma B	Transformation reserve	7
Q3	Professional and Contractors Fees	Corporate	S151 Proforma B	Transformation reserve	7
Q3	Staff Training Expenses (Non-Payroll)	Neighbourhoods	S151 Proforma B	Transformation reserve	3
Q3	Professional and Contractors Fees	Finance	S151 Proforma B	Transformation reserve	3
Q4	Professional and Contractors Fees	Corporate	S151 Proforma B	Transformation reserve	10
	Subtotal: Transformation Reserve				74

Q4	Telephones	General Fund Assets	S151 Proforma B	Replacement and Refurbishment Reserve	9
	Subtotal: Replacement and Refurbishment Reserve				9
	Total movement as at 31 March 2025				884

The 2024/25 budget included an efficiency target of £831,000, efficiencies so far:

Table 1c – Efficiency Description	Amount £'000	Comments
IDB funding	(335)	Central government funding in support of drainage board levy increases
Additional S113 income	(80)	Planning resources to be shared with ELDC now revised.
Q1 ICT savings	(57)	Favourable within IT at Q1 due to the benefit of some inflationary assumptions on annual subscriptions and licences contract prior to renewal.
Additional income from boiler claim	(20)	Compensation.
Additional S113 income	(14)	Planning resources to be shared with BBC.
ICT additional income	(4)	Additional recharge income for Boston server room costs expected in Q4.
South Holland in Bloom	(3)	Welland Homes contribution.
Legal subscriptions	(2)	Partnership savings from shared subscriptions.
Total efficiencies found	(515)	
% Achieved	62%	
Target	831	
Efficiencies to be identified	316	
Q4 position (Favourable) / Adverse	(317)	

A new savings and efficiency plan has been developed for 2024/25 and is being monitored by the Leader and Finance Portfolio Holder and by Cabinet Portfolio Holders including scrutiny at Informal Cabinet Meetings.

As detailed in the 2024/25 Budget Setting report on 29 February 2024, based upon current budget assumptions the value of efficiency savings required to set a balanced budget for the next five years are as follows:

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Annual Savings Requirement (£'000)	185	255	1,320	1,807	1,668
IDB Funding Requirement (£'000)	646	947	1,125	1,313	1,509

Note: These are not cumulative, once an efficiency has been achieved it will reduce the future years' requirement.

General Fund Income

The Council has several demand-led budget areas that are reliant on income to provide services. These are shown in Table 1d below.

Table 1d – Trading Income Budgets				
Income Area	Revised Budget £'000	Actuals £'000	Variance (above)/ below budget £'000	Comments
Car Parking	(377)	(388)	(11)	Small overachievement.
Planning	(1,125)	(825)	300	Overachievement of Planning Performance Agreement income in respect of a large application. This was taken to reserves.
Licensing	(122)	(117)	5	Small underachievement.
Markets	(34)	(31)	3	Small underachievement.
Land Charges	(75)	(90)	(15)	Overachievement on inspection fees profiled on actual income YTD. Income is dependent on the housing market for which there is a high level of uncertainty.
Building Control	(373)	(295)	78	Pressures on income achievement following a slowdown in the housing market.
Commercial Rents	(359)	(346)	12	South Holland Centre tenant runs bar on event nights, not a permanent tenant as budgeted.
Green Waste	(806)	(820)	(14)	Minor variance
TOTAL	(3,270)	(2,910)	360	

Section 2.3 – Housing Revenue Account Budget

Table 2 – Projected Net Spend by Service Area				
Service Area	Revised Budget 2024/25 £'000	Outturn 2024/25 £'000	Variance (underspend)/ overspend £'000	Comments on main variances
Rent Income – Dwellings	(18,308)	(18,447)	(139)	Higher rental income collected than budgeted, driven by improved rent collection performance and lower void losses.
Charges for Services and Facilities	(1,275)	(1,269)	6	Reduction in TV aerial income due to lower take up of this service provision.
Contributions to Expenditure	(5)	-	5	Decline in court income.
Total Income	(19,588)	(19,716)	(128)	
Repairs and Maintenance	4,883	4,580	(303)	Damp proofing budget increased by 777k from previous financial year resulting in savings although anticipate this may be a pressure during 25/26 based on the demand on the service in response stock condition survey findings. Solid fuel servicing, and reactive asbestos works savings used to partially offset pressures on gas servicing, equipment and materials.
Supervision and Management	4,246	4,072	(174)	Savings driven by lower staffing costs, unused hardship reserve drawdown, and lower legal and consultancy spend; offset slightly by some utilities and B&B pressures in response to decanting tenants.
Rents, rates, taxes, and other charges	90	83	(7)	Minor variance
Depreciation	5,040	5,410	370	Depreciation posted higher than budgeted based on Savills year-end asset values and useful lives.
Movement in Allowance for bad debts	50	99	49	Bad debt for housing rent areas.
Statutory recharge to the HRA for support services	3,306	3,321	14	Minor variance
Total Expenditure	17,615	17,564	(51)	
Contribution from Operations	(1,972)	(2,151)	(179)	

Investment Income	(556)	(390)	166	At Q1 budget reset, planned borrowing was removed, the interest receivable budget was increased, when in fact it should have also been reduced, because the funds, had they been borrowed, would have been temporarily invested until used – so removing the borrowing also removed the opportunity to earn interest on those funds.
Interest Payable	2,348	2,348	-	
Net Operating (Surplus)/Deficit	(181)	(194)	(13)	

Recommendation:

F3 That Cabinet notes the outturn revenue position of the HRA for 2024/25 is £194,000 as detailed in Table 2.

Section 2.4 – Reserves

At 31 March 2025, the closing balance for the General Fund reserves are £7.408m, after a net transfer out of reserves of (£0.616m), to cover future revenue and capital expenditure. HRA reserve balances have £15.198m closing balance after net transfer out of (£4.8m). **Table 3** reflects the outturn position.

Table 3 – Specific and General Reserves Balance

Reserve	Balances at 1 April 2024 £'000	Contributions into Reserves £'000	Use of Reserves £'000	Balances at 31 March 2025 £'000
General Fund				
Council Tax	1,193	445	0	1,638
Replacement and Refurbishment	0	0	(32)	(32)
Repayment Reserve	66	0	0	66
Investment and Growth	2,854	121	(235)	2,740
Transformation	207	0	(126)	81
Planning Reserve	394	443	0	837
Specific Reserves Total	4,714	1009	(393)	5,330
General Fund	2,078	0	0	2,078
Total	6,792	1009	(393)	7,408
Housing Revenue Account				
HRA General Reserve	15,395	194	(3093)	12,496
Insurance	200	0	0	200
Major Repairs	4,378	5,410	(7,286)	2,501
Total	19,973	5,604	(10,379)	15,198

Recommendation:

F4 That Cabinet notes the reserves transactions and balances as set out in Table 3.

Section 2.5 – Capital Budget

This section covers:

- Progress against the 2024/25 approved capital programme and the anticipated outturn (General Fund Table 4 and HRA Table 5);
- Financing of the Capital Programme (General Fund Table 4b and HRA Table 5b);
- Revisions to the Capital Programme (HRA Table 5);

General Fund (GF) Capital Programme

The approved Q4 is £6.116m, with £4.829m, outturn £1.287m

Progress against

- **ICT** – unutilised, sufficient therefore required.

Table 4a – 2024/25 Capital Programme and Q4 Outturn			
Scheme	Revised 2024/25	Actual March 2025	Variance (under)/over
	£000	£000	£000
Non UKSPF & LUF Projects			
ICT	133	101	(32)
Footway Lighting	62	62	-
Neighbourhoods	366	54	(312)
Changing Places	-	55	55
Disabled Facilities Grants	1,455	638	(817)
Asset and Property – Moulton Park & New Sheep Market	96	77	(19)
Council Offices Priory Road – UPS	24	23	(1)
Capital Acquisitions re Growth and Commercialisation	100	-	(100)
Welland Homes	1,156	1,131	(25)
Local Authority Housing Fund	157	-	(157)
Spalding Gateway Public Realm Project	283	237	(46)
Lutyens Memorial	10	24	14
Unit 4 Migration	29	29	-
Uniform System	49	49	-
Christmas Lights	55	55	-
Total Non UKSPF & LUF Projects	3,975	2,535	(1,440)
UKSPF & LUF			
UKSPF	521	506	(15)
UKSPF – Rural	322	266	(56)
Total UKSPF	843	772	(71)
South Holland Health and Wellbeing Hub	1,298	1,522	224
Total LUF	1,298	1,522	224
Grand Total – All Projects	6,116	4,829	(1,287)

capital budget as at an outturn of variances is underspend.

approved budgets

Standing budget future year budgets for planned works no slippage

- **Neighbourhoods** – Garden Waste overspent. No vehicles purchased in year – Slippage required.
- **Changing Places** – Scheme finalised. £50,000 grant used alongside a small amount of reserve funding.
- **Disabled Facilities Grants** – Grant received greater than demand for DFGs due to HRA within South Holland.

- **Assets and Property – Moulten Park & New Sheep Market** – Scheme finalised. £19,000 to decommit.
- **Capital Acquisitions re Growth and Commercialisation** – No acquisitions within the year, future year purchases will be subject to new approval.
- **Welland Homes** – Currently a pause on approved schemes that have not yet commenced as option appraisals are carried out.
- **Lutyens Memorial** - £9,500 grant from UKSPF to reduce accelerated spend to £4,500k
- **South Holland Health and Wellbeing Hub** – RIBA Stage 4 underway with coordinated design now in place. Planning approved; targeting early external works to start in the Summer, followed by main works in Autumn. Contract discussions ongoing, stakeholder engagement and communications progressing.

2024/25 Funding

Table 4b Capital Programme Financing			
All Projects	Revised Budget 2024/25 £000	Actual March 2025 £000	Variance 2024/25 £000
Investment and Growth Reserve	(198)	(136)	62
Replacement and Refurbishment Reserve	(24)	(38)	(14)
S106 Reserve	(237)	(237)	-
Spalding Special Reserve	-	-	-
Grants	(3,642)	(2,992)	650
Minimum Revenue Provision (MRP)	(2,015)	(1,426)	589
Totals	(6,116)	(4,829)	1,287

Capital Slippage

As a result of the variances shown in **Table 4a** and **Table 4b**, changes are required to the 2025/26 Capital Programme. These are reflected in the Capital Programme carry forwards shown in **Table 4c**. The slippage of expenditure into future years will be funded in line with the approval already obtained for the relevant project.

Table 4c – Capital Programme Revised 2025/26	
Scheme	Budget c/f 2024/25 £'000
Neighbourhoods	312
Local Authority Housing Fund	157
Spalding Gateway Public Realm Project	46
Lutyens Memorial	(14)
Total Projects (Excl. Towns Funds & LUF)	501
LUF – South Holland Health and Wellbeing Hub	(224)
Total LUF	(224)
Total	277
Investment and Growth Reserve	(312)
Replacement & Refurbishment Reserve	14
S106 Reserve	(46)
Spalding Special Reserve	-

Grants	224
Internal Borrowing	(157)
Total Financing	(277)

Recommendation:

- F5** That Cabinet recommends to Full Council the approval of the 2024/25 capital outturn position presented in Table 4a
- F6** That Cabinet recommends to Full Council the capital rephasing from 2024/25 to 2025/26 presented in Table 4c.

Housing Revenue Account (HRA) Capital Programme

Table 5a - HRA Programme	Approved Budget 24/25 £'000	Changes to approved budget £'000	Slippage to future year £'000	Revised Budget 24/25 £'000	Outturn 2024/25 £'000	Variance (under)/over £'000
Central Heating	975			975	766	(209)
Kitchen/Bathroom ((£24k) approved by Council 27/11/2024)	1,360			1,360	1,492	132
Renewable Energy (£0.956m approved by Council 27/11/2024)	7,007		(2,309)	4,698	4,698	-
Smoke Alarms	190			190	292	102
Electrical Upgrades	130			130	99	(31)
Roofs and Gutters	930	(60)		870	632	(238)
Doors and Windows	1,510		(502)	1,008	1,008	-
Flat Entrance Doors Sheltered Schemes	449		(90)	359	360	1
Fire Remedial Works	125		(122)	3	3	-
Damp and Mold remedial works				-	101	101
Chimneys	200	(40)		160	35	(125)
Paths and Drives	37			37	9	(28)
Boundary Walls	42			42	8	(34)
TV Aerials - Sheltered Schemes	111		(106)	5	5	-
Fees	214		(214)	-	-	-
Sewerage Treatment Plant ((£300k) approved by council 01/04/2025)	317		(205)	112	113	1
The Square				-	15	15
Car Parks	94		(94)	-	-	-
Community Centre Refurbishment	132			132	134	2
Structural Works	100		(100)	-	-	-
ICT Strategy / Infrastructure	36			36	22	(14)
Replacement Laptops	28			28	19	(9)
Major Adaptions (£300k approved by council 01/04/2025)	1,427			1,427	1,740	313
Sheltered Alarm Upgrade	991	100	(329)	762	761	(1)
Housing Repairs Vehicles	450		(450)	-	-	-
Grounds Maintenance Equipment	71			71	-	(71)
Wignal's Gate S106	4			4	-	(4)
Northon's Lane Holbeach	1,583		(775)	808	808	-
Jubilee Way Gosberton	56		(56)	-	-	-

Pheasant Street Holbeach	22		(22)	-		-
Primus Close Moulton Chapel	387		(13)	374	374	-
Biehler Avenue Weston	79		(79)	-		-
Cobgate Whaplode	47		(46)	1	2	1
Coalbeach Lane Surfleet	63		(61)	2	2	-
LAHF2 Frogmore Lane Holbeach	234	335	(111)	458	457	(1)
LAHF2 Tulip Fields Holbeach	335	(335)		-		-
River Close Surfleet	917		(56)	861	861	-
Scheme Subject to detailed approval	1,198			1,198		(1,198)
Total	21,851	-	(5,740)	16,111	14,816	(1,295)

Table 5b – HRA Capital Financing	Approved Budget 2024/25 £'000	Changes to approved budget 2024/25 £'000	Slippage to Future years £'000	Revised Budget 2024/25 £'000	Outturn 2024/25 £'000	Variance (under)/over £'000
Capital Receipts	(948)		1,108	160	(1,301)	(1,461)
Grants and Contributions	(3,010)		661	(2,349)	(2,569)	(220)
Major Repairs Reserve	(8,416)		3,081	(5,335)	(7,286)	(1,951)
Reserve Financing				-		-
S106 Reserves				-	(983)	(983)
External Borrowing			111	111		(111)
Direct Revenue Financing	(9,477)		779	(8,698)	(2,677)	6,021
Total	(21,851)	-	5,740	(16,111)	(14,816)	1,295

Progress against approved budgets

- Northon's Lane Holbeach - The project is continuing into 2025/26 when the final homes will complete.
- LAHF2 – The project continuing into 2025/26 when final homes will complete.
- Various Affordable housing project schemes are to continue into 2025/26 when the expenditure will be incurred at project completion.

Changes to approved capital budget

There has been a review of the HRA capital programme 2024/25 budget for Quarter 4 outturn. The overall HRA capital budget has remained the same at £21.851m but approval for budget changes to two schemes is requested. These changes are highlighted in table 5 and reasons listed below.

- Roofs and Gutters £930,000 and Chimney £200,000– Current budgets. The budgets are to be reduced by (£100,000) in total by means of a virement to Sheltered Alarm Upgrade to £1.091m which reflects expected capital expenditure.
- LAHF2 Tulip Fields £335,000 – A virement has been requested by £335,000 to LAHF 2 Frogmore Lane to realign LAHF2 budget with project expenditure.

2025/26 HRA Capital Programme

Table 5c shows the impact of the residual budget for projects now needing to be carried forward from 2024/25 and to amend the 2025/26 budget to reflect these figures.

On 27th February 2025, Full Council approved the HRA capital programme of £13.401m for 2025/26 and here we are amending it to take account of slippage from 2024/25 and further proposed changes to 2025/26 budget.

Table 5c - HRA Programme	Current Budget 2025/26 £'000	Budget c/f 2024/25	Revised Budget post Slippage 2025/26	Proposed Changes 2025/26	Revised Budget 2025/26
Central Heating	770	-	770	-	770
Kitchen/Bathroom	1,648	-	1,648	-	1,648
Renewable Energy	6,000	2,309	8,309	-	8,309
Smoke Alarms	279	-	279	-	279
Electrical Upgrades	5	-	5	-	5
Roofs and Gutters	970	-	970	-	970
Doors and Windows	914	502	1,416	187	1,603
Flat Entrance Doors Sheltered Schemes	-	90	90	-	90
Fire Remedial Works	79	122	201	-	201
Chimneys	8	-	8	-	8
Paths and Drives	38	-	38	-	38
Boundary Walls	3	-	3	-	3
TV Aerials - Sheltered Schemes	-	106	106	-	106
Fees	218	214	432	-	432
Sewerage Treatment Plant	235	205	440	-	440
Car Parks	30	94	124	-	124
Community Centre Refurbishment	100	-	100	-	100
Structural Works	-	100	100	-	100
ICT Strategy / Infrastructure	49	-	49	-	49
Replacement Laptops	28	-	28	-	28
Major Adaptions	955	-	955	-	955
Sheltered Alarm Upgrade	-	329	329	-	329
Housing Repairs Vehicles	-	450	450	-	450
Northon's Lane Holbeach	48	775	823	(109)	714
Jubilee Way Gosberton		56	56	(56)	-
Pheasant Street Holbeach		22	22	(7)	15
Primus Close Moulton Chapel		13	13	(5)	8
Biehler Avenue Weston	1	79	80	(57)	23
Cobgate Whaplode	4	46	50	(40)	10
Coalbeach Lane Surfleet	10	61	71	(53)	18
LAHF2 Frogmore Lane Holbeach	-	111	111	(101)	10
LAHF2 Tulip Fields Holbeach	9	-	9	(1)	8
River Close Surfleet		56	56	(43)	13
Purchase of Homes South Holland	700	-	700	-	700
Purchase Homes - Holbeach	300	-	300	-	300
LAHF 3				1,500	1,500
Total	13,401	5,740	19,141	1,215	20,356
Funded By					
Capital Receipts	(21)	(443)	(464)	143	(321)
Major Repairs Reserve	(5,032)	(3,081)	(8,113)		(8,113)
Grants and Contributions	(3,004)	(661)	(3,665)	192	(3,479)
Reserve Financing		-	-		-
External Borrowing	(4,272)	(776)	(5,048)	(1,560)	(6,602)
Direct Revenue Financing	(1,072)	(779)	(1,851)	10	(1,841)
Total	(13,401)	(5,740)	(19,141)	(1,215)	(20,356)

MTF's Impact post proposed changes.

Table 5d – HRA MTF's Variance Underspend/ (Overspend)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	MTFS
HRA General Reserve	3,424	(769)	-	-	-	-	2,655
Major Repairs Reserve	(992)	(3,081)	-	-	-	-	(4,073)
Reserve Total	2,432	(3,850)	-	-	-	-	(1,418)
1-4-1 Receipts	1,268	(300)	-	-	-	-	968
S106 Reserves	10	-	-	-	-	-	10
Capital Receipts Total	1,278	(300)	-	-	-	-	978
Grants	135	(475)	1,000	1,265	-	-	1,925
External Borrowing	2,001	(2,330)	1,323	1,590	(675)	(675)	1,234
Total Capital Funding	5,846	(6,955)	2,323	2,855	(675)	(675)	2,719

Proposed changes to 2025/26 budget

- The Green Homes Grant (GHG) capital budget for 2025/26 has been realigned following confirmation of a reduced funding award. The original bid was based on a total programme of £18m, however the confirmed award totals £11.4m (£5.7m grant and £5.7m match funding). As a result, the programme has been scaled back, and the budget profile adjusted accordingly. This has released capacity within the HRA capital programme, which has allowed 300 additional window replacements to be reinstated, previously removed when assumed to be grant-funded. These have now been accommodated using savings generated from the GHG budget reduction and a corresponding reduction in borrowing.
- A new £1.5m project under the Local Authority Housing Fund Round 3 (LAHF3) was approved in November 2024 for inclusion in the affordable housing delivery pipeline. This scheme is supported by £818,000 of confirmed grant funding from which £5,500 already received. The remaining balance will be met through reallocation of resources from the existing Affordable Housing Programme, following a review of current scheme phasing and underspends further shortfall funded from Green Homes Efficiency programme savings post scaling back the project.
- The HRA capital programme has been reviewed to reflect changes in scheme readiness, cost estimates and delivery timelines. Savings identified have been reallocated to support the LAHF3 project. Any residual funding requirements have been offset by savings within the revised GHG allocation, ensuring the capital programme remains affordable and balanced across the five-year MTFS period.
- The 2025/26 capital programme revisions result in a £6.96m funding pressure due to GHG realignment and inclusion of the LAHF3 scheme, funded through reserves and borrowing; however, the overall five-year MTFS remains balanced and financially sustainable, with pressures in the short term offset by reductions in borrowing and prudent use of resources in later years.

Recommendation:

F7 That Cabinet recommends to Full Council to amend the Capital Programme at Appendix A – Table 5a to Table 5d considering the changes set out in this report.

Right To Buy Receipts

During Quarter 4 there were three further Right to Buy sales (compared to five in Q3 and two in Q2 2024/25) which makes a total of eleven RTB sales up to Quarter 4. Receipts from Right to Buy (RTB) sales can be used for funding new

house purchases within the HRA, but there is a time limit for these receipts to be used on new builds or acquisitions, or the money is payable to DLUHC. This limit was increased from 3 to 5 years in March 2021 and is calculated on an annual basis. Three further changes were introduced on 31 July 2024. The maximum permitted contribution from RTB receipts to be used on affordable homes new builds or acquisitions for 2024/25 and 2025/26 has increased from 50% to 100%. Right to buy receipts are permitted to be used with section 106 contributions. The cap on the percentage of replacement affordable homes delivered as acquisitions each year (currently 50%) to be taken off.

There was no payback risk for SHDC at 31 March 2025. The table below shows the RTB 1-4-1 receipts liability as at 31 March 2025 for the next five years, assuming no further capital financing applied, this shows the next payback risk is March 2030 when £1.143m spend is required to avoid repaying RTB receipts.

	31-Mar-26 £'000	31-Mar-27 £'000	31-Mar-28 £'000	31-Mar-29 £'000	31-Mar-30 £'000
Payback liability	-	-	-	-	1,143

The table below shows the RTB 1-4-1 receipts liability after taking into account the HRA capital programme and receipts falling due at the 5-year period, showing a payback risk at March 2030.

	31-Mar-26 £'000	31-Mar-27 £'000	31-Mar-28 £'000	31-Mar-29 £'000	31-Mar-30 £'000
Opening Balance – (Advance use) / Liability	(4,691)	(5,318)	(4,387)	(2,879)	(2,271)
1-4-1 Sales becoming due	175	931	1,508	608	2,612
Capital Programme Funding	(801)	-	-	-	-
Closing Balance – (Advance use) / Liability	(5,318)	(4,387)	(2,879)	(2,271)	342

Section 2.6 – Treasury Management

Investments at 31 March 2025

During the financial year, the Council has made investments in line with the agreed Treasury Management Strategy.

Detailed below are the investments held by the Council as at 31 March 2025 excluding accrued interest. Note this represents the position at this one point in time. The peaks and troughs in cash flow are managed on a daily basis. Because 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 in time does not represent the value of SHDC's own resources.

Table 6 – Cash Investments as at 31 March 2025						
Financial Institution	Country	Amount (£)	Fixed/ Variable	Start Date	Maturity Date	Yield
Lloyds Current Account	UK	1,521,448	Variable	Call	N/A	4.40%
Handelsbanken Plc	Sweden	9,910	Variable	Call	N/A	3.70%
CCLA Money Market Fund	Invested Globally	3,500,000	Variable	Call	N/A	4.50%
Surrey County Council	UK	2,000,000	Fixed	28/02/25	29/04/25	5.80%
Harlow District Council	UK	2,000,000	Fixed	28/02/25	30/04/25	5.70%
Cheshire East Council	UK	2,000,000	Fixed	25/03/25	23/05/25	5.90%
CIC Bank	France	2,000,000	Fixed	03/06/24	02/06/25	5.36%
Blackpool Borough Council	UK	2,000,000	Fixed	19/02/25	19/06/25	5.70%
UBS	Switzerland	3,000,000	Fixed	12/07/24	11/07/25	5.18%
Lancashire County Council	UK	2,000,000	Fixed	29/11/24	29/09/25	5.15%
The Moray Council	UK	1,000,000	Fixed	28/11/24	27/11/25	5.35%
North Lanarkshire Council	UK	2,000,000	Fixed	02/12/24	01/12/25	5.20%
Monmouthshire County Council	UK	2,000,000	Fixed	03/03/25	03/12/25	5.80%
TOTAL		25,031,358				

At Quarter 3 the level of investments was £27.9m.

Welland Homes

In addition to the above loans the Council has made loans to Welland Homes, a Housing Company wholly owned by the Council, as follows:

Table 7 – Welland Homes Loans as at 31 March 2025				
Loan	Amount (£)	Start Date	Maturity Date	Yield
Green Lane & Walters Close, Spalding	408,851.00	20/03/17	17/03/47	3.50%
	389,768.37	10/05/17		
	<u>543,023.43</u>	17/05/17		
	1,341,642.80			
Parkside Crescent, Spalding (<i>initially a development loan at 5.50% until completed, now 3.5%</i>)	187,675.67	29/03/18		
	18,944.78	23/05/18		
	36,844.08	19/06/18		
	28,930.75	17/07/18		
	98,247.92	24/08/18		
	114,596.66	19/09/18		
	100,010.41	23/10/18		
	98,160.13	22/11/18		
	103,037.06	21/12/18		
	50,833.29	11/01/19		
	154,096.72	20/02/19		
	80,245.80	22/03/19		
	50,178.89	12/04/19		
	62,346.40	22/05/19		
	142,858.40	07/06/19		
<u>21,723.09</u>	25/02/21			
1,348,730.05				

Table 7 – Welland Homes Loans as at 31 March 2025				
Loan	Amount (£)	Start Date	Maturity Date	Yield
Transferred to Equity	<u>(464,452.00)</u> 884,278.05	07/05/19	07/05/49	3.50%
London Road, Long Sutton	466,771.00	12/02/19	12/02/49	3.50%
Bentley Court, Spalding	523,107.55 <u>32,440.72</u> 555,548.27	20/08/19 20/01/20	20/08/49	3.50%
Northon's Lane, Holbeach	461,791.15 <u>28,286.40</u> 490,077.55	29/03/21 18/11/21	29/03/51	3.50%
Homefields, Crowland	1,045,130.10 <u>59,207.06</u> 1,104,337.16	30/03/23 11/08/23	29/03/53	5.25%
Walnut Close, Sutton St James	560,227.00 <u>49,385.14</u> 609,612.14	18/10/23 27/09/24	25/04/53	5.25%
Homefields, Crowland (Phase 2)	391,915.00	30/10/23	19/10/53	5.84%
Primus Close, Moulton Chapel (initially a development loan at 7.25% until completed, now 5.25%)	621,997.93 81,698.68 89,574.61 <u>13,497.25</u> 806,768.47	09/08/24 20/09/24 14/10/24 08/11/24		
Transferred to Equity	<u>(379,773)</u> 426,995.47 <u>274,917.86</u> 701,913.33	13/12/24	05/12/54	5.25%
TOTAL	6,546,095.30			

Interest earned on these loans in the current financial year to 31 March 2025 is £270,745.

Maturity Structure of Loans

The maturity structure of loans is as follows:

Table 8 - Maturity Structure as at 31 March 2025 (incl. Welland Homes)		
Duration	Amount (£)	Percentage of Total
Instant Access	5,031,358	16%
Less than one month	4,000,000	13%
One to three months	6,000,000	19%
Three to six months	5,000,000	16%
Six to nine months	5,000,000	16%
Nine to twelve months	0	0%
More than twelve months	6,546,095	20%
TOTAL	31,577,453	100%

Long Term Equity Investments

The following table provides details relating to the Council's equity investments which are valued at "fair value" in accordance with proper accounting practice.

Table 9 – Long Term Equity Investments as at 31 March 2025		
Entity	Equity at Cost (£)	Equity at Fair Value 31/03/25 (£)
Welland Homes at 31/03/25	3,718,694	4,828,602
South Holland Local Housing Community Interest Company	100	1,249,643
UK Municipal Bond Agency	50,000	0
TOTAL	3,768,794	6,078,245

Return on Investments

The table below provides a comparison of investment income received compared to the profiled budget.

Category	2024/25 Original Budget £	2024/25 Outturn £	2024/25 Variance £
Interest Received GF	(1,032,700)	(1,600,170)	(567,470)
Interest Received HRA	(511,400)	(389,713)	121,687
TOTAL	(1,544,100) <i>(4.771%)</i>	(1,989,883)	(445,783)

At outturn there was a favourable variance of £445,783 compared with the forecast outturn at Q3 of £422,749.

When calculating the split of investment income between the General Fund and Housing Revenue Account consideration has been given to the fact that the £10m HRA borrowing was not taken so cash balances were £10m lower than anticipated when the budgets were originally set.

Investments during Quarter 4 continued to be above budgeted rates as interest rate cuts haven't materialised as quickly as the market expected and actual capital expenditure is lower than anticipated compared with when the original budget was set.

The average level of funds available for investment purposes to the end of March 2025 was £38.0m (Quarter 3 was £39.1m) including the loans to Welland Homes which are classified as long-term debtors.

Treasury investments achieved an average rate of 5.414% (Q3 5.493%) and interest on Welland Homes loans achieved an average rate of 4.318% (Q3 4.328%). The combined rate achieved on all investments was estimated to be 5.233% (Q3 5.309%) compared with the Average 3 Month SONIA Rate of 4.818% (Q3 4.934%).

External Borrowing

The Council has borrowings of £67.456m at a fixed rate of 3.48% in respect of the Housing Revenue Account self-financing settlement. Additional HRA borrowing of £10m was included in the 2024/25 budget for the full year at 5% but as at the 31 March 2025 this external borrowing has not been drawn.

The following table provides an analysis of the outturn for borrowing costs:

Category	2024/25 Original Budget £	2024/25 Outturn £	2024/25 Variance £
Interest Payable HRA	2,847,469	2,347,469	(500,000)

Net Treasury Position

The following table provides an analysis of the outturn for the net treasury position:

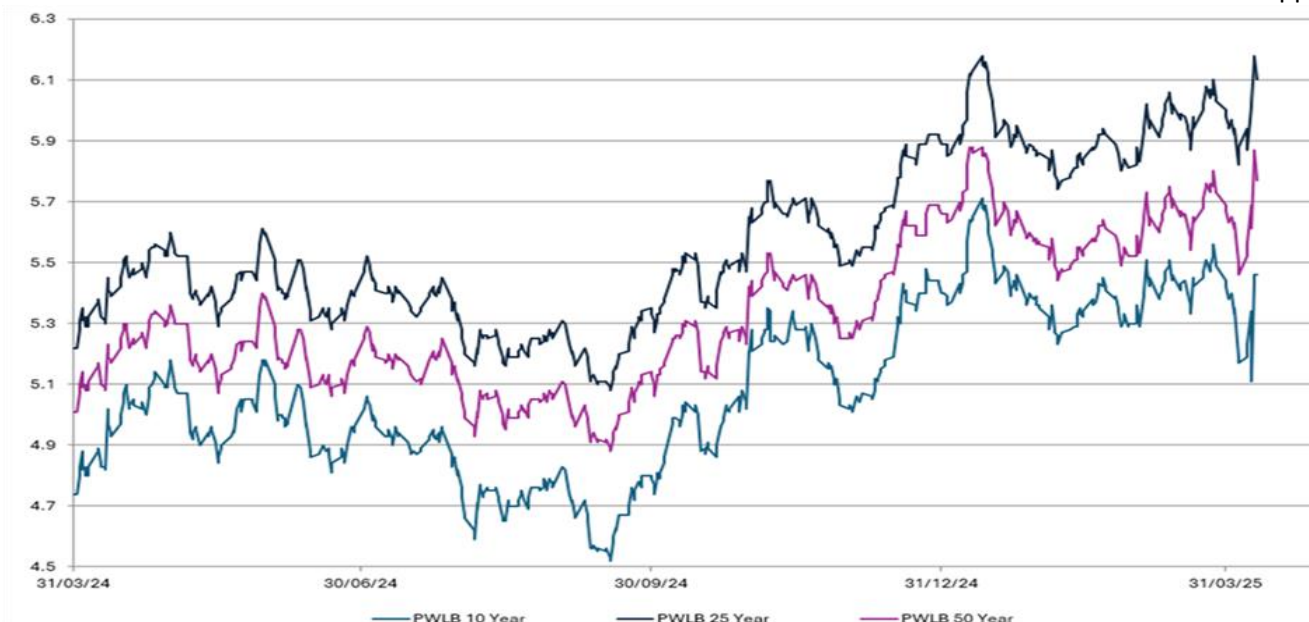
Category	2024/25 Original Budget £	2024/25 Outturn £	2024/25 Variance £
GF Interest Received	(1,032,700)	(1,600,170)	(567,470)
HRA Interest Received	(511,400)	(389,713)	121,687
HRA Interest Paid	<u>2,847,469</u>	<u>2,347,469</u>	<u>(500,000)</u>
HRA Net Position	2,336,069	1,957,756	(378,313)
Total Net Position	1,303,369	357,586	(945,783)

At 31 March 2025 there was a combined favourable variance of £945,783 compared with the Q3 forecast outturn of a favourable variance of £922,749.

Public Works Loan Board (PWLB) Borrowing Rates

During the first six months of the financial year PWLB rates had generally been on a slow downward trajectory reflecting the expectation that interest rates would fall during the remainder of the financial year. During the second half of the financial year PWLB rates increased following the budget and the global threat of US tariffs.

The 50 year PWLB certainty rate was 5.67% on 31 March 2025 compared with 5.66% at the end of Quarter 3.



Treasury Management Summary

During the financial year the Bank of England Base Rate has reduced from by 5.25% to 4.50%.

Risks prevail in the financial markets and are subject to a continued high level of scrutiny with any significant issues arising being reported to the Council's Audit and Governance Committee. Changes to credit ratings of financial institutions are monitored daily and where required reported to the Section 151 Officer for an agreed course of action to be taken.

Section 2.7 – 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 £1,050 require sign off by the Chief Finance Officer with all debts for this amount or over requiring Cabinet approval. New 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.

An analysis of the sundry debts the Council held as at 31 March 2025 is show in **Table 15**.

Table 10 – 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 £
408,772	91,940	74,773	25,874	8,973	27,766	183,751	821,849

Note: This does not include details of invoice amounts £123,372 that are not yet due.

Section 2.8 – Council Tax and Business Rates

2024/25 remained challenging with the long-term effect on collection and recovery as a result of the ongoing impact of the pandemic, and the cost-of-living challenges. In recognition, we continue to remain prudent in setting the bad debt provision in this area.

A programme of statutory recovery activity took place throughout the year.

Council Tax Support Scheme (CTS)

Following the annual review during 2023/24, the 2024/25 scheme remained unchanged from the previous year, allowing for national up-ratings.

A fundamental review of the scheme was carried out in 2024/25, with changes being introduced from April 2025.

Council Tax – Quarter 3 In-Year Collection

The collectable debit for the year at 31 March 2025 was £65.9m with a net collection rate of 96.32% achieved (96.20% at 31 March 2024).

Business Rates – Quarter 3 In-Year Collection

The collectable debit for the year at 31 March 2025 was £26m with a net collection rate of 97.30% achieved (95.15% at 31 March 2024).