

## South Holland District Council –Revenue Draft Outturn 2025-26

### Finance Summary

- The Revenue Draft Outturn shows an underspend position of £0.258m as at 31 March 2026.
- The HRA Draft Outturn shows an underspend position of £3.130m as at 31 March 2026.
- As of 31 March 2026 HRA capital spend was £11.976m against a revised full year budget of £20.356m.
- The Council held investments of £30.314m on 31 March 2026 (£25.257m on 31 March 2025).

### Section 2 – Finance

Section 2.1	Key Financial Issues of 2025/26
Section 2.2	Revenue Budget
Section 2.3	Reserves
Section 2.4	Housing Revenue Account Budget
Section 2.5	Housing Revenue Account Capital Position
Section 2.6	Treasury Management
Section 2.7	Debt Collection
Section 2.8	Council Tax and Business Rates Collection

#### Section 2.1 – Key Financial Issues of 2025/26

- The draft outturn shows an underspend of (£0.258m), driven by a net overspend of £0.250m across Service Directors, primarily due to increased Leisure Management costs and employee cost pressures. These pressures are partially offset by additional service income within Finance, Planning, Regulatory, and Wellbeing and Community Leadership. The Service Director overspend is further offset by favourable variances in other income and expenditure, including higher than expected investment income and a positive Business Rates position.
- The 2025/26 base budget included an efficiency target of £1.256m. Saving opportunities were monitored throughout the year and in light of the outturn underspend of £0.258m, it can be concluded that the savings target set, has been exceeded.
- The Government announced it would provide £5.000m of further funding to support Councils significantly impacted by Internal Drainage Board levies. South Holland was awarded £0.578m for 2025/26, which is included within the figures in Table 1.
- The Council's 2025/26 budget for investment income and other income for the 2025/26 financial year was £1.098m and the actual received was £1.964m (including the Welland Homes dividend) giving a favourable variance of £0.866m. Section 106 balances have been credited with £0.041m reducing the final surplus to £0.825m of which £0.508m relates to the General Fund and £0.317m is attribute to the HRA.

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

## Section 2.2 – Revenue Budget

**Table 1** details the Revenue Draft Outturn by Service Director for 2025/26, this estimates a net underspend of (£0.258m) subject to final accounting adjustments as part of the year end process. For comparison the Q1 forecast showed a deficit of £0.462m, decreasing to £0.281m at Q2 and further improving to an underspend of (£0.187m) at Q3.

Some reserve contributions for 2025/26 were not needed, since projected expenditures that would be funded from reserves were instead covered by existing budget allocations. This was achieved through diligent budget monitoring and identifying opportunities throughout the year.

Table 1 – Projected Net Spend by Assistant Director Area				
Service Director	Revised Budget 2025/26 £'000	Draft Outturn 2025/26 £'000	Variance (underspend)/ overspend £'000	Comments on main variances
Corporate	721	591	(130)	The overall position comprises a (£41k) reduction in computer cost savings from Q3, as expenditure previously expected to be funded from reserves was instead met from existing budgets. This is alongside (£72k) of employee cost savings, partially offset by additional costs relating to the apprenticeship levy, and a further (£21k) saving on insurance.
Finance	3,868	3,648	(220)	Additional income of (£146k) has been generated from Housing Benefit Overpayments and (£167k) from Housing Subsidy, reflecting lower than anticipated demand. Insurance cost savings of (£58k) have also been achieved. These savings have been offset by employee related cost pressures of £142k of which £138k relates to unmet salary efficiency targets alongside other service pressures totalling £8k.
Housing	(206)	(116)	90	The position is driven by £16k of Broadgate Managed Properties income not due and £74k of costs relating to NSAP and RSAP, alongside a number of smaller pressures across the service area.
General Fund Assets	(106)	(127)	(21)	£94k of employee cost pressures, including £33k relating to unmet salary efficiency targets. This is alongside £57k cost pressures relating to utility charges for Priory Road. This is partially offset by battery box income (£96k), footway lighting savings (£60k) and reduced building maintenance costs (£13k).
Governance	982	1,013	31	This position reflects £16k of employee cost pressures, including £14k attributable to unmet salary efficiency targets, alongside electoral registration costs of £30k. This is offset with legal fee savings (£25k) and minor other service savings.

Table 1 – Projected Net Spend by Assistant Director Area

Service Director	Revised Budget 2025/26 £'000	Draft Outturn 2025/26 £'000	Variance (underspend)/overspend £'000	Comments on main variances
Leisure & Culture	375	537	162	£126k of increased Leisure Management costs and £41k of business rate costs are offset by a number of favourable variances across the service.
Neighbourhoods	4,197	4,470	273	Employee cost pressures of £206k arise from £413k of agency costs and £68k of unmet salary efficiency targets, partially offset by (£275k) of employee cost savings. A £130k reserve movement is included to support future Neighbourhood costs, with a further (£55k) of additional income generated across the services.
Planning & Strategic Infrastructure	452	203	(249)	(£426k) additional income generated across the Planning service, of which £105k has been transferred to reserves to support future Local Plan costs, partially offset by £51k employee costs pressure and other minor variances.
Regulatory	848	692	(156)	Favourable variances include (£76k) of additional licensing income, (£62k) of employee cost savings, and (£24k) from the net position of the Building Control service and further operational pressures moderating the overall benefit including legal and contractor fees.
Strategic Growth & Development	251	245	(6)	The position benefits from (£20k) of employee savings within Strategy & Enabling and (£12k) within Economic Development. These are offset by £27k of Spalding National Lottery Heritage Project contractor costs and £3k relating to UKSPF, with other minor variances accounting for the remaining movement.
Strategic Project	26	9	(17)	(£12k) saving on employee costs, together with no spend on professional or contractor fees relating to the Delivery Unit service.
Wellbeing & Community Leadership	2,027	1,872	(155)	Savings of (£63k) in employee costs, (£65k) of additional South Holland Centre income, (£92k) of Housing Standards fee income and (£16k) of utility savings are partly offset by £22k of District CCTV costs, £30k relating to Community Lottery and crowdfunding, £59k of homelessness costs and £22k of operational cost increases, with other budget savings across the service.
Spalding Special Expenses	223	223	-	
Efficiencies Requirement	(1,256)	(608)	648	Saving target has been exceeded overall.
<b>Sub Total – SD Net Costs</b>	<b>12,402</b>	<b>12,652</b>	<b>250</b>	
Internal Drainage Boards and Parish Precepts	4,978	4,978	-	

Table 1 – Projected Net Spend by Assistant Director Area

Service Director	Revised Budget 2025/26 £'000	Draft Outturn 2025/26 £'000	Variance (underspend)/overspend £'000	Comments on main variances
Investment Income	(771)	(1,279)	(508)	Overachievement of investment income against budget.
Minimum Revenue Provision (MRP)	450	448	(2)	Minor variances.
Impairment Allowance – Bad debt provision	3	236	233	The position includes £89k of Housing Benefit Overpayment bad debt, £9k of Council Tax bad debt and £135k of sundry bad debt.
Capital Expenditure Charged in Year	263	255	(8)	Capital programme delivery.
Transfers to/(from) Earmarked Reserves	(220)	(212)	8	Capital programme delivery.
<b>Other Income and Expenditure</b>	<b>4,703</b>	<b>4,426</b>	<b>(277)</b>	
<b>General Fund Budget net costs</b>	<b>17,105</b>	<b>17,078</b>	<b>(27)</b>	
Council Tax	(8,110)	(8,111)	(1)	
Business Rates	(7,152)	(7,368)	(216)	Higher than anticipated Section 31 grant and levy income has contributed to the overall position.
Government Grants	(1,843)	(1,857)	(14)	Additional grants above budget.
<b>Total Funding</b>	<b>(17,105)</b>	<b>(17,336)</b>	<b>(231)</b>	
<b>Total Budget - (Surplus)/Deficit</b>	<b>-</b>	<b>(258)</b>	<b>(258)</b>	

## Section 2.3 – Reserves

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

Table 2 - Specific and General Reserve transfers	
	£'000
<b>Between £1,500 - £75,000</b>	
<b>Council Tax Reserve</b>	
Contribution to reserve to support future Election costs	45
Contribution from reserve to support Discretionary Housing Payments	(17)
<b>Planning Reserves</b>	
Transfer of PPA monies from reserve	(4)
<b>Climate Change Reserve</b>	
Transfer of unspent funding to reserve	3
<b>Investment &amp; Growth Reserve</b>	
Transfer of Redmond Review income to reserve	20
Transfer of refund received to reserve	31
Accessing funding held in reserves for the LUF Wellbeing Hub	(58)
<b>Transformation Reserve</b>	
Accessing HMRL funding to support project management costs	(10)
Transfer of charitable donation to reserve	21
Transfer of charitable donation to reserve	18
<b>Earmarked Grants Reserve</b>	
Transfer Renter's Rights grant to reserve	26
Transfer RSAP (Rough Sleeping Accommodation Program) balance to reserve	18
Transfer NSAP (Next Steps Accommodation Program) balance to reserve	63
Transfer of Winter Pressure funding from reserve	(1)
Transfer Rough Sleeping Initiative balance to reserve	10
Transfer Domestic Abuse grant to reserve	21
Transfer of unspent funding to reserve	3
Transfer of monies to fund Pride in Place costs	(37)
Transfer Supporting Housing grant to reserve	44
Transfer Waste New Burdens funding to Neighbourhoods reserve – Contra entry	(58)
<b>Waste Transformation Reserve</b>	
Transfer of EPR funding to reserve	66
Transfer of New Burdens funding to reserve	22
Transfer Waste New Burdens funding from Earmarked Grants reserve – Contra entry	58

Table 2a - Specific and General Reserve transfers	
	£'000
<b>Above £75,001 requiring Cabinet approval</b>	
<b>Planning Reserve</b>	
Transfer Planning income to reserve	105
Transfer of PPA monies to reserve	86
<b>Transformation Reserve</b>	
Transfer of charitable donation to reserve	80
<b>Earmarked Grants Reserve</b>	
Transfer of Homelessness funding to reserve	292
Transfer of Asylum Dispersal funding to reserve	130
Transfer Long Term Plan Towns funding to reserve	161
<b>Waste Transformation Reserve</b>	
Transfer of Neighbourhood's income to reserve to support 2026/27 service costs	130
<b>Investment and Growth Reserve</b>	
Transfer of General Fund Surplus to reserve	258
<b>Spalding Special Reserve</b>	
Transfer of Spalding Special Expenses to reserve	76
<b>HRA General Reserve</b>	
Transfer of HRA surplus to reserve	3,130
<b>HRA Service Charge Reserve</b>	
Transfer Sheltered Housing balance to reserve	145
<b>S106 Reserve*</b>	
Transfer of S106 monies to reserves relating to 14 applications	585
Transfer of S106 monies from reserves relating to 7 applications	(1,902)
<i>*Reserve contributions to fund S106 expenditure where there is no material impact on the Council's budget in line with Financial Regulations.</i>	

**Table 2b** 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 draft General Fund reserve balance is £11.599m, after a net transfer to reserves of £0.846m to cover revenue and capital expenditure. The draft HRA reserve balance is 12.730m after a net transfer from reserves of £2.468m.

<b>Table 2b – Specific and General Reserves Balance</b>				
<b>Reserve</b>	<b>Balances at 1 April 2025 £'000</b>	<b>Contributions into Reserves £'000</b>	<b>Use of Reserves £'000</b>	<b>Balances at 31 March 2026 £'000</b>
<b><u>General Fund</u></b>				
Parish Loans	100	-	-	100
Council Tax	1,640	48	(17)	1,671
Repayment Reserve	66	-	-	66
Investment and Growth	2,708	310	(561)	2,457
Transformation	297	118	(159)	256
Planning Reserve	837	191	(20)	1,008
Waste Transformation Reserve	-	1,508	-	1,508
Climate Change Reserve	113	3	-	116
<b>Specific Reserves Total</b>	<b>5,761</b>	<b>2,178</b>	<b>(757)</b>	<b>7,182</b>
Earmarked Grants Reserve	924	790	(97)	1,617
S106 Reserve	1,774	582	(1,902)	454
Spalding Special Expenses	216	76	(24)	268
General Fund	2,078	-	-	2,078
<b>Total</b>	<b>10,753</b>	<b>3,626</b>	<b>(2,780)</b>	<b>11,599</b>
<b><u>Housing Revenue Account</u></b>				
HRA General Reserve	12,496	3,130	(3,557)	12,069
Insurance	200	-	-	200
Major Repairs	2,502	3,937	(6,123)	316
Sheltered HRA	-	145	-	145
<b>Total</b>	<b>15,198</b>	<b>7,212</b>	<b>(9,680)</b>	<b>12,730</b>

## Section 2.4 – Housing Revenue Account Budget

Table 3 – Projected Net Spend by Service Area				
Service Area	Revised Budget 2025/26 £'000	Draft Outturn 2025/26 £'000	Variance (underspend)/ overspend £'000	Comments on main variances
Rent Income – Dwellings	(18,926)	(18,835)	91	Dwelling rental income variance due to increased right to buy sales resulting in less rental income received.
Charges for Services and Facilities	(1,383)	(1,493)	(110)	The variance reflects a realignment of communal aerial income. In addition, sewage charge income has overachieved by (£80k).
Contributions to Expenditure	(5)	(1)	4	Minor variance.
<b>Total Income</b>	<b>(20,314)</b>	<b>(20,329)</b>	<b>(15)</b>	
Repairs and Maintenance	5,456	5,258	(198)	The variance is primarily driven by staffing efficiencies, lower roofing and materials costs, and additional OFGEM income. This is partly offset by vehicle pressures.
Supervision and Management	8,418	7,989	(429)	The variance reflects underspends in Housing Delivery and employee costs totalling (£310k), reduced compensations, project costs, lower subscriptions, utilities, and increased right to buy income totalling (£148k). Other service underspends have been identified totalling (£154k). This is partly offset by professional fees, IT pressures, and tree maintenance spend. This includes a reserve transfer of £144k for Sheltered Housing.
Rents, rates, taxes, and other charges	91	97	6	Minor variance.
Depreciation	4,197	3,937	(260)	Budget based on 24/25 valuations.
Movement in Allowance for bad debts	75	55	(20)	Provision required is lower than anticipated.
<b>Total Expenditure</b>	<b>18,237</b>	<b>17,336</b>	<b>(901)</b>	
<b>Contribution from Operations</b>	<b>(2,077)</b>	<b>(2,993)</b>	<b>(916)</b>	
Investment Income	(327)	(644)	(317)	Overachievement of investment income against budget.
Interest Payable	2,591	2,344	(247)	Savings attributable to the reduced need to borrow.
Borrowing Discount Allocated to Revenue	-	(1,837)	(1,837)	HRA debt redemption.
<b>Net Operating (Surplus)/Deficit</b>	<b>187</b>	<b>(3,130)</b>	<b>(3,317)</b>	
HRA General Reserve (Use of Reserve) / Contribution	(187)	-	(187)	Reserve contribution not required.
<b>Total Budget - (Surplus)/Deficit</b>	<b>-</b>	<b>(3,130)</b>	<b>(3,130)</b>	

## Section 2.5 – Housing Revenue Account Capital Position

Table 4 details the HRA capital position for 2025/26 including the draft outturn to 31 March 2026 and the associated slippage into 2026/27.

Table 4 – HRA Capital Position				
	Revised Budget 2025/26 £'000	Draft Outturn 2025/26 £'000	Variance (underspend) / overspend £'000	Slippage to 2026/27 £'000
Central Heating	770	1,311	541	-
Kitchen/Bathroom	1,648	1,475	(173)	-
Smoke Alarms	279	356	77	-
Electrical Upgrades	5	62	57	-
Roofs and Gutters	970	40	(930)	-
Doors and Windows	1,603	475	(1,128)	-
Fire Remedial and Flat Entrance Works	291	338	47	-
Chimneys	8	175	167	-
Paths and Drives	38	77	39	-
Boundary Walls	3	14	11	-
Damp and Remedial Works	-	-	-	-
TV Aerials - Sheltered Schemes	106	102	(4)	(4)
Fees	432	-	(432)	-
27 Battlefields Lane - Insurance	-	12	12	-
<b>Subtotal Decent Homes</b>	<b>6,153</b>	<b>4,437</b>	<b>(1,716)</b>	<b>(4)</b>
Renewable Energy	8,309	2,950	(5,359)	(5,359)
Sewerage Treatment Plant	440	199	(241)	-
Car Parks	124	-	(124)	(80)
Community Centre Refurbishment	100	108	8	-
Structural Works	100	94	(6)	(6)
ICT Strategy / Infrastructure	49	-	(49)	-
Replacement Laptops	28	-	(28)	-
Major Adaptions	955	1,789	834	-
Sheltered Alarm Upgrade	329	327	(2)	-
Housing Repairs Vehicles	450	431	(19)	-
Northon's Lane Holbeach	714	695	(19)	(19)
Jubilee Way Gosberton	-	-	-	-
Pheasant Street Holbeach	15	-	(15)	-
Primus Close Moulton Chapel	8	4	(4)	(2)
Biehler Avenue Weston	23	-	(23)	(13)
Wignals Gate S106 Acquisition	-	-	-	-
Cobgate Whaplode	10	-	(10)	(5)
Coalbeach Lane Surfleet	18	-	(18)	-
LAHF2 Frogmore Lane Holbeach	10	1	(9)	(2)
LAHF2 Tulip Fields Holbeach	8	-	(8)	(8)
River Close Surfleet	13	-	(13)	(7)
Purchase of Homes South Holland	700	-	(700)	-
Purchase Homes - Holbeach	300	-	(300)	-
LAHF 3	1,500	941	(559)	(10)
<b>Other Schemes</b>	<b>14,203</b>	<b>7,539</b>	<b>(6,664)</b>	<b>(5,511)</b>
<b>Total</b>	<b>20,356</b>	<b>11,976</b>	<b>(8,380)</b>	<b>(5,515)</b>

Table 4 – HRA Capital Position				
Funded By	Revised Budget 2025/26 £'000	Draft Outturn 2025/26 £'000	Variance (underspend) / overspend £'000	Slippage to 2026/27 £'000
Capital Receipts	(321)	(699)	(378)	48
Major Repairs Reserve	(8,113)	(6,123)	1,990	2,984
Grants and Contributions	(3,479)	(1,597)	1,882	2,375
Reserve Financing	-	-	-	-
External Borrowing	(6,602)	-	6,602	-
HRA General Reserve	(1,841)	(3,557)	(1,716)	108
<b>Total</b>	<b>(20,356)</b>	<b>(11,976)</b>	<b>8,380</b>	<b>5,515</b>

### Progress against approved budgets

- Central Heating – Programme has progressed ahead of schedule, with higher expenditure reflecting accelerated delivery.
- Kitchen/Bathroom – Programme remains on track overall, with delivery positively informed by updated stock condition data. The variance reflect works in progress at year end, with some properties removed from the programme where condition surveys extended asset lifecycles.
- Smoke Alarms - Increased expenditure reflects earlier programming issues, which have now been resolved, with delivery stabilised.
- Roofs and Gutters – Delivery remains behind profile with works currently limited to responsive repairs while a new procurement is progressed. A proactive programme is expected to resume in the next financial year.
- Doors and Windows – Programme integrated into Green Homes Wave 3, with retrofit assessments determining final scope of works. Delivery has been rephased to align with confirmed and deliverable schemes.
- Fees - The underspend within capital fees relates to the treatment of capitalised salaries. Costs are provided for centrally and allocated to individual schemes during the year, resulting in reduced spend reported against the fees category. This is a presentational variance, with expenditure reflected across the wider capital programme.
- Renewable Energy (Warm Homes) – Programme continues to be delivered in phases, with earlier waves completed and subsequent phases progressing in line with plan. Delivery reflects the phased nature of the programme, with external factors such as access and utility delays influencing completion timelines.
- Major Adaptations – High demand and complexity of cases have continued to place pressure on the programme, with delivery reflecting the volume of referrals and ongoing adjustments to future budgets.
- LAHF3 -The underspend reflects properties being acquired at lower than budgeted costs.
- Affordable Housing – Programmes continue to progress in line with development phasing, with expenditure aligned to scheme completion and delivery timelines

As a result of the variances shown in **Table 4**, changes are required to the 2026/27 HRA Capital Programme which are shown in Table 5. The rephasing of expenditure into future years will be funded in line with the approval already obtained for the relevant projects.

Table 5 – HRA Capital Programme 2026/27

	Approved Budget 2026/27 £'000	Budget C/F 2025/26 £'000	Required Adjustment for 2026/27 £'000	Revised Budget 2026/27 £'000
Central Heating	1,122	-	-	1,122
Kitchen/Bathroom	3,992	-	-	3,992
Smoke Alarms	273	-	-	273
Electrical Upgrades	6	-	-	6
Roofs and Gutters	949	-	-	949
Doors and Windows	1,871	-	-	1,871
Fire Remedial and Flat Entrance Works	83	-	-	83
Chimneys	124	-	-	124
Paths and Drives	111	-	-	111
Boundary Walls	3	-	-	3
Damp and Remedial Works	-	-	-	-
TV Aerials - Sheltered Schemes	-	4	-	4
Fees	614	-	-	614
27 Battlefields Lane - Insurance	-	-	-	-
<b>Subtotal Decent Homes</b>	<b>9,148</b>	<b>4</b>	<b>-</b>	<b>9,152</b>
Renewable Energy	6,345	5,359	2,000	13,694
Sewerage Treatment Plant	763	-	-	763
Car Parks	32	80	-	112
Community Centre Refurbishment	100	-	-	100
Structural Works	-	6	-	60
ICT Strategy / Infrastructure	116	-	-	116
Replacement Laptops	28	-	-	28
Major Adaptions	1,333	-	-	1,333
Sheltered Alarm Upgrade	-	-	-	-
Housing Repairs Vehicles	-	-	-	-
Northon's Lane Holbeach	6	19	-	25
Jubilee Way Gosberton	-	-	-	-
Pheasant Street Holbeach	-	-	-	-
Primus Close Moulton Chapel	2	2	-	4
Biehler Avenue Weston	-	13	-	13
Wignals Gate S106 Acquisition	-	-	-	-
Cobgate Whaplode	-	5	-	5
Coalbeach Lane Surfleet	-	-	-	-
LAHF2 Frogmore Lane Holbeach	2	2	-	4
LAHF2 Tulip Fields Holbeach	-	8	-	8
River Close Surfleet	-	7	-	7
Purchase of Homes South Holland	700	-	-	700
Purchase Homes - Holbeach	-	-	-	-
LAHF 3	-	10	-	10
New Schemes - subject to approval	1,100	-	-	1,100

Table 5 – HRA Capital Programme 2026/27

	Approved Budget 2026/27 £'000	Budget C/F 2025/26 £'000	Required Adjustment for 2026/27 £'000	Revised Budget 2026/27 £'000
<b>Other Schemes</b>	<b>10,527</b>	<b>5,511</b>	<b>2,000</b>	<b>18,082</b>
<b>Total</b>	<b>19,675</b>	<b>5,515</b>	<b>2,000</b>	<b>27,234</b>
<b>Funded By</b>				
Capital Receipts	(1,108)	(48)	-	(1,156)
Major Repairs Reserve	(4,776)	(2,984)	-	(7,760)
Grants and Contributions	(3,045)	(2,375)	(1,000)	(6,410)
Reserve Financing	-	-	-	-
External Borrowing	(6,676)	-	(1,000)	(7,676)
Direct Revenue Financing	(4,070)	(108)	-	(4,232)
<b>Total</b>	<b>(19,675)</b>	<b>(5,515)</b>	<b>(2,000)</b>	<b>(27,234)</b>

### Required Adjustment for 2026/27

- Renewable Energy (Warm Homes) - The 2026/27 capital budget has been increased to reflect an opportunity to secure additional funding through Warm Homes Wave 3, supporting the continuation and expansion of energy efficiency improvements to the housing stock.

### Right To Buy Receipts

During Quarter 4, there were 6 Right to Buy (RTB) sales (compared to 7 in Q3, 2 in Q2, and 6 in Q1 2025/26), bringing the total number of RTB sales to 38. RTB receipts can be used to fund new housing acquisitions within the HRA; however, they must be spent within a set timeframe on new build or acquisition projects, otherwise the funds are 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, including an increase in the maximum permitted use of RTB receipts to fund affordable housing new build and acquisition schemes for 2024/25 and 2025/26 from 50% to 100%. RTB receipts can also be used alongside Section 106 contributions. The previous cap on the proportion of replacement affordable homes delivered through acquisitions each year (50% in 2024/25) has been removed. Further changes were announced in a Parliamentary Statement on 2 July 2025, to take effect from 1 April 2026. These include making the RTB receipt flexibilities introduced in July 2024 permanent, allowing RTB receipts to be combined with grant funding from 2026/27 (subject to relevant grant conditions), and extending the spending deadline for retained receipts to 10 years for receipts generated from 2027/28 onwards (remaining at five years for earlier receipts).

There was no payback risk for South Holland District Council as at 31 March 2026.

The table below sets out the RTB 1-4-1 receipts liability over the next five years and, assuming no further capital financing is applied, confirms that there is no payback risk during that period.

	31-Mar-27 £'000	31-Mar-28 £'000	31-Mar-29 £'000	31-Mar-30 £'000	31-Mar-31 £'000
Payback liability	-	-	-	-	-

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 no payback risk by March 2031.

	31-Mar-27	31-Mar-28	31-Mar-29	31-Mar-30	31-Mar-31
	£'000	£'000	£'000	£'000	£'000
Opening Balance – (Advance use) / Liability	(5,407)	(5,175)	(3,667)	(3,058)	(2,531)
1-4-1 Sales becoming due	931	1,508	608	528	1,561
Capital Programme Funding	(699)	-	-	-	-
<b>Closing Balance – (Advance use) / Liability</b>	<b>(5,175)</b>	<b>(3,667)</b>	<b>(3,059)</b>	<b>(2,530)</b>	<b>(970)</b>

## Section 2.6 – Treasury Management

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

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 the Council's own resources alone.

Treasury Investments - Investments and cash and cash equivalents held by the Council on 31 March 2026 (excluding accrued interest) totalled £30.314m compared with £25.257m on 31 March 2025.

Welland Homes Loans - In addition to the treasury investments, the Council has issued 9 loans to Welland Homes totalling £6.546m. Interest of £280,562 has been received on these loans during the 2025/26 financial year. In addition to the interest, the Council also received its first dividend from Welland Homes of £65,953 in August 2025.

Income Received Against Budget – The budget for investment income and other income for the 2025/26 financial year was £1.098m and the actual received was £1.964m (including the Welland Homes dividend) giving a favourable variance of £0.866m. Section 106 balances have been credited with £0.041m reducing the final surplus to £0.825m of which £0.508m relates to the General Fund and £0.317m is attribute to the HRA.

External Borrowing and Interest Rates – At the start of the financial year the Council had £67.456m of HRA long term external borrowing. The Council budgeted to borrow £10.000m for the HRA on 1 October 2025 but this borrowing has not been taken in 2025/26 due to current levels of cash balances.

In March 2026 the Council repaid its £67.456m of PWLB HRA borrowing at 3.48% and received a discount of £18.372m. These loans were replaced with £50.000m of PWLB HRA borrowing at an average rate of 4.528%. These loans will mature between 2028 and 2030 when we anticipate interest rates to be lower. There will be an annual saving, with the annual interest payments reducing by approximately £0.084m in 2026/27 and 2027/28. In addition to the savings on interest payable, the Council will credit the HRA revenue account with one tenth of the discount (£1.837m) each year for the next ten years commencing in 2025/26.

The budget for interest payments was £2.591m and the actual was £2.344m giving a favourable variance of £0.247m.

The 50 year PWLB certainty rate was 6.08% on 31 March 2026 compared with 5.67% on 31 March 2025.

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

Treasury Annual Report – Further details of the treasury position as at 31 March 2026 can be found in the Treasury Annual Report which will be submitted to the Governance and Audit Committee on 2 July 2026.

## 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. 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 2026 is shown in Table 6.

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 £
13,300	6,963	(7,972)	(188)	10,683	95,844	316,344	434,974

Note: This does not include details of invoice amounts £112,751.54 (that are not yet due).

### Section 2.8 – Council Tax and Business Rates 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 £69.300m with a net collection rate of 96.10% achieved (96.32% at 31 March 2025).

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

The collectable debit for the year at 31 March 2026 was £27.900m with a net collection rate of 96.67% achieved (97.30% at 31 March 2025).