



2023/24

**Quarter One
Financial
Performance**

1. Background and Introduction

1.1 In accordance with the Council's Financial Procedure Rules and recommended good practice, a quarterly financial report is presented to Members. This is the first report for 2023/24.

1.2 The report summarises overall financial performance for 2023/24 with particular emphasis on the key sources of financial risk to the Council. Specific considerations are as follows:

- **General Fund Revenue Account (Section 2)** – considers budgetary performance on the General Fund Account by looking at variations in income and expenditure and the funding received by the Council.
- **Efficiency and Savings Plan (Section 3)** – considers progress in achieving the efficiency and savings forecast for 2023/24.
- **Capital Programme (Section 4)** – provides an update to Members on progress against the Council's Capital Programme and major project funded through the Town Deal Funds and Future High Street Fund.
- **Treasury Management (Section 5)** – sets out the key statistics in terms of investments and borrowings;
- **Collection Fund (Section 6)** – considers progress to date in collecting the Council Tax, Business Rates and Sundry Debts.

2. General Fund Revenue Budget

2.1 This section of the report considers the financial performance of the General Fund Revenue Account against budget by setting out variations in income and expenditure and funding received by the Council.

Area	2023/24 General Fund	
	Estimate £	Band D Council Tax £
Central Services	2,157,470	56.63
Cultural Services	3,769,940	98.95
Environmental Services	8,868,690	232.78
Planning	1,838,180	48.25
Transport	(294,420)	(7.73)
Housing	1,493,410	39.20
Net Cost of Services	17,833,270	468.08
Pensions Liabilities Account	415,000	10.89
Investment Properties	74,940	1.97
Interest and Investment Income	227,000	5.96
Net Operating Expenditure	18,550,210	486.89
Contribution to/(from) Revenue Reserves	904,430	23.74
**Contribution to/(from) Capital Reserves	(2,597,910)	(68.19)
Amount to be met from Government Grant and Local Taxpayers	16,856,730	442.45

** **Contributions to/(from) Capital Reserves.** Comprises transfers to or from the Capital

Adjustment Account. This account is used to eliminate capital transactions, such as depreciation, which have to be debited or credited to the revenue account in order to comply with proper accounting practice but which statutorily cannot count against the council tax.

- 2.2 The Council approved a General Fund Revenue Budget of £16.857m on 15 February 2023 for the financial year 2023/24. The actual and forecast position compared to this budget is continuously monitored by Budget Holders, the Corporate Leadership Team and Portfolio Holders in order to detect any significant variances of expenditure or income from the approved amounts contained in the budget.
- 2.3 The table above shows how this budget has been allocated.
- 2.4 The quarter one projected outturn on the General Fund Revenue Account for the year is £16.857m. This represents a balanced outturn for the year.
- 2.5 The adverse variances that have occurred during the first quarter of 2023/24 include:
 - a. Income shortfalls from sales, fees and charges which amount to £0.153m (forecast to be £0.548m for the financial year),
 - b. A shortfall of £0.109m in Housing Benefits subsidy grant regarding accommodation and payments for which full subsidy is not claimable (forecast to increase to £0.434m for the financial year),
 - c. A pay award that is forecast to be in excess of the amount provided for in the budget (4%), including national insurance and pension the additional amount is forecast to total £0.100m at the close of quarter one (and £0.400m for the financial year),
- 2.6 These adverse variances have been offset in full by the following favourable variances:
 - a. Utilisation of the Cost of Living Reserve that was established during the budget setting for 2023/24 in order to respond to any above inflationary increases in costs. This will be fully used to offset the forecast pay award (£0.100m at the close of quarter one and £0.400m for the financial year).
 - b. Interest receivable on cash that the Council holds in terms of Town Deal and Future High Street funding, together with Section 31 grant and remaining Coronavirus grant funding (that are repayable to Central Government) totals £0.301m at quarter one following recent interest rate hikes (it is forecast that this will grow to £0.901m of income by the close of the financial year).

3. Efficiency and Savings Plan

- 3.1 This section of the report considers the financial performance of the Council's Efficiency and Savings Plan in 2023/24.
- 3.2 The Council's Medium Term Financial Strategy (approved in February 2023) included the five year (2023/24 – 2027/28) Efficiency and Savings Plan targeting savings of £5.874m.
- 3.3 The Efficiency and Savings Plan is set on the need to both reduce expenditure and increase income. The need to grow income is now more of a priority as the Council moves

more towards being self-financing. The plan has been developed with the underlying principles of protecting frontline service delivery. It is also intended that the plan is a tool to enable the Council to ensure that its service spending is determined by the established priorities set out in the Corporate Plan.

- 3.4 The 2023/24 budget was set in February 2023 with the assumption of £2.103m of savings in the year. These savings are detailed in the table below:

Category	Amount £'000	Comments
Income	270	Additional sources of income generation and an increased demand for services that the Council charges for
One Council	376	Efficiencies to be generated from the introduction of a new Council operating model and the continued prioritisation of digital delivery
Staffing Related Efficiencies	18	No redundancies are anticipated to arise from these proposals
Good Housekeeping/More Efficient Processes	215	Various savings arising from more efficient use of budgets
Tax Base Increase	337	Increased in Council Tax and Business Rates tax base
Council Tax Increase	159	An assumed 1.99% per Band D equivalent increase in Council Tax
Government Reimbursement	728	Grant in respect of New Homes Bonus and Minimum Funding Guarantee
Total	2,103	

- 3.5 At the end of quarter one, all savings have been achieved.

4. Capital Programme and Major Projects

- 4.1 This section of the report provides an update to Members on the Council's Capital Programme and major projects funded by the Town Deal Funds and Future High Street Fund.
- 4.2 The table below shows a high level (service) summary of the General Fund Capital Programme position at 30 June 2023:

Priority	Budget at Period 3 £'000	Actual at Period 3 £'000	Variance at Period 3 £'000
One Council Delivering for Local People	115	117	2
A Successful and Sustainable Growing Borough	389	383	(6)
Healthy, Active and Safe Communities	1,171	1,173	2
Town Centres for All	3,470	3,471	1
Contingency	-	-	-
Total	5,145	5,144	(1)

- 4.3 A Capital Programme totalling £30.360m was approved for 2023/24. Of this total £17.863m relates to the total cost of new schemes for 2023/24 together with £12.497m for schemes funded by external sources (Town Deals Fund, Future High Streets Fund and Disabled Facilities Grants) and £1.000m contingency. In addition £24.013m was brought forward from the 2022/23 Capital Programme (including £22.771m from the Town Deals Fund and the Future High Streets Fund), resulting in a total Capital Programme of £54.373m for 2023/24.
- 4.4 A mid-year review of the capital programme will be undertaken in the autumn with any changes being reported to Members.
- 4.6 The expected total capital receipts due to be received this year following the sale of assets amount to £1.500m. A summary of the expected income is shown in the table below.

Funding	Amount
Proceeds from Right to Buy sales	£0.500m
Asset sales	£1.000m
Total	£1.500m

Major Projects Funding

- 4.7 The Council was awarded Future High Streets Fund funding in June 2021 of £11.0m to progress projects to help future economic growth. £10.7m has been received to date of which £5.6m has been spent at 30 June 2023, as shown below:

Project	Award (£000's)	Spend/Ordered (£000's)	Remaining (£000's)
Ryecroft / Site Preparation	3,756	2,776	980
Multi Story Car Park	3,500	637	2,863
York Place	3,015	1,934	1,081
Stones Public Realm	321	-	321
Market Stalls	76	-	76
Project Management	380	234	146
Total	11,048	5,581	5,467

- 4.8 £23.6m was awarded to the Council via the Town Deals Fund for Newcastle to enable a vision to improve communications, infrastructure, and connectivity in Newcastle-under-Lyme to become a reality. £14.3m has been received to date of which £1.0m has been spent as shown below:

Project	Award (£000's)	Spend/Ordered (£000's)	Remaining (£000's)
Digital Infrastructure	2,285	-	2,285
Sustainable Public Transport	3,421	-	3,421
Electric Vehicle Charging	400	-	400
Pedestrian Cycle Permeability	950	-	950
Transform Key Gateway Sites	3,810	-	3,810
Astley Centre for Circus	1,810	12	1,798
Digital Society	3,510	273	3,237
Heart into Knutton Village	3,534	157	3,377
Cross Street, Chesterton	2,955	-	2,955
Project Management	925	529	396
Total	23,600	971	22,629

4.9 £16.9m has also been awarded via the Town Deals fund for Kidsgrove to enable real and lasting economic benefits to be realised in Kidsgrove and the surrounding area. To date £9.2m has been received of which £6.7m has been spent as shown below:

Project	Award (£000's)	Spend/Ordered (£000's)	Remaining (£000's)
Kidsgrove Sports Centre	2,328	2,328	-
Chatterley Valley West	3,661	3,661	-
Kidsgrove Station	3,638	147	3,511
Shared Services Hub	6,183	17	6,166
Canal Enhancement	420	-	400
Project Management	670	579	91
Total	16,900	6,732	10,168

4.10 The Council has been awarded £4.8m over a 3-year period of UK Shared Prosperity Funding as part of the governments mission to level up opportunity and prosperity and to overcome geographical inequalities. It also aims to level up people's pride in the places they love and seeing that reflected in empowered local leaders and communities, a stronger social fabric and better life chances. 25 projects have been identified for which spend has commenced. The 2022/23 and 2023/24 allocations totalling £1.781m have been received, total spend at 30 June 2023 amounted to £0.4m as shown below:

Project	Award (£000's)	Spend/Ordered (£000's)	Remaining (£000's)
CML Community Hubs	6	3	3
Newcastle 850 Anniversary	20	20	-
Nature and Wellbeing	22	16	6
Canal Connectivity	102	5	97
Clough Hall Park	234	-	234
Cold Night Shelter	160	-	160
Mental Health Worker	86	10	76
Nature Recovery	265	85	180
Epicentre for Circus	100	8	92
Homelessness Hub	955	14	941
Beat The Street	23	20	3
New Vic Theatre - 850 Event	10	-	10
Volunteering for all	71	19	52
Discharge Officer	86	10	76
BES Enterprise Coaching	89	2	87
Kidsgrove Town Hall	250	19	231
Security Marshalls	32	12	20
Flourishing Keele (KU)	466	6	460
Moving Ahead (KU)	454	5	449
Advanced Digital Technologies	627	2	625
BIC Innovation and service	279	-	279
Chamber Growth Hub	59	-	59
Brampton Wedding Venue	54	28	26
Technical Innovation upskilling	129	-	129
Project Management	193	8	112
Total	4,772	365	4,407

4.11 Several projects within the Town Deals and Future High Streets Fund (e.g., Multi Storey Car Park, Ryecroft Development, York Place and Chatterley Valley) will require further

funding from the Council in addition to the government grants, this will include the Council borrowing to fund these projects.

- 4.12 The Public Works Loan Board (PWLB) borrowing rate is subject to change daily and could have a significant impact on the financial viability if increases in interest rates are forthcoming or may result in considerably less costs in the instances of lower rates being obtained when borrowing is required. Additionally, the level of inflationary demands is also considered on a project-by-project basis.
- 4.13 Rigorous financial challenge and monitoring of each project's expenditure will be required in both the interim and during subsequent construction phases. Financial monitoring will continue to be reported as part of the scrutiny process and will also form part of the quarterly financial report to Cabinet.

5. Treasury Management

- 5.1 This section of the report sets out the key treasury management statistics in relation to the Council's investments and borrowings. This report comprises a high level treasury management summary. The Audit and Standards Committee receives detailed operational updates on treasury management.

Investments

- 5.2 Cash Investments held on the 30 June 2023 amounted to £23.250m. Interest earned on these investments during the first quarter amounted to £0.301m and the average level of funds available for investment was £21.625m.
- 5.3 The Council has not budgeted to receive investment income in 2023/24. A surplus of £0.902m is anticipated for the financial year which is due to rising interest rates, the most recent being an increase to the Bank of England base rate of 0.25%, to 5.25% in August 2023.

Borrowing

- 5.4 It is expected that borrowing may be required during the latter part of 2023/24 to fund the capital programme however no borrowing arrangements have been required to date, primarily due to advanced monies being received in terms of Town Deals and Future High Streets funding.
- 5.5 Although not utilised in recent years, the Council has previously considered the option of long-term borrowing from the PWLB. After the utilisation of capital receipts and internal borrowing, the Council will look to borrow short term from other local authorities in the first instance and will then review any other sources of funding if required.
- 5.6 Advice from the Council's Treasury Management Advisors, Arlingclose, is to continue to utilise internal funding whilst it is available as opposed to borrowing whilst the interest rates are high. This approach also reduces the need to place funding in long term deposits, whilst minimising any potential investment risks.

6. Collection Fund

- 6.1. This section of the report details progress to date in collecting the Council Tax, Business Rates and Sundry Debt.
- 6.2 Local tax income is collected by billing authorities and paid into local 'collection funds' (the Council is a billing authority). Where there is a shortfall in tax receipts (compared to expected levels), this leads to a deficit on the collection fund. Billing and major precepting authorities are usually required to meet their share of any deficit during the following financial year.
- 6.3 The quarter one collection rate was as follows:
- Council Tax – 27.3% of Council Tax was collected by 30 June 2023, compared to a target for the first quarter of 24.4%.
 - Business Rates – 27.7% of Business Rates was collected by 30 June 2023, compared to a target for the first quarter of 24.3%.
- 6.4 The current forecast of tax receipts and Section 31 grant are shown below:

Tax	Forecast (Surplus)/Deficit at 30.6.23	Council's Share
Council Tax	(£0.290m)	(£0.033m) (11%)
Business Rates	(£0.143m)	(£0.057m) (40%)
Business Rates Section 31 Grant	(£0.147m)	(£0.059m) (40%)
Total	(£0.580m)	(£0.149m)

- 6.5 At the end of quarter one the value of sundry debt that was over 60 days old was 2.69% compared to a target of 5%.

ANNEX A

Capital Programme 2023/24 approved at Council on 15 February 2023

CAPITAL PROGRAMME	<i>2022/23 MID YEAR</i>	2023/24	2024/25	2025/26	TOTAL (2023/24 to 2025/26)
	£	£	£	£	£
PRIORITY – One Council Delivering for Local People					
Service Area - Council Modernisation	309,303	1,991,500	269,000	481,500	2,742,000
Total	309,303	1,991,500	269,000	481,500	2,742,000
PRIORITY – A Successful and Sustainable Growing Borough					
Service Area - Housing Improvements	1,720,000	1,670,000	1,670,000	1,720,000	5,060,000
Service Area - Managing Property & Assets	930,725	883,342	1,442,918	1,266,411	3,591,671
Total	2,650,725	2,552,342	3,112,918	2,986,411	8,651,671
PRIORITY – Healthy, Active and Safe Communities					
Service Area - Environmental Health	60,000	60,000	-	12,000	72,000
Service Area - Streetscene and Bereavement Services	940,000	790,000	240,000	280,000	1,310,000
Service Area - Recycling and Fleet	900,927	5,601,000	303,000	1,230,000	7,134,000
Service Area – Leisure and Cultural	800,341	368,000	16,000	150,000	534,000
Service Area - Engineering	155,000	110,000	1,415,000	120,000	1,645,000
Total	2,856,268	6,929,000	1,974,000	1,792,000	10,695,000
PRIORITY – Town Centres for All					
Service Area - Managing Property & Assets	-	7,300,000	-	-	7,300,000
Future High Streets Fund	5,388,399	1,691,166	-	-	1,691,166
Town Deals – Newcastle	14,356,811	4,706,000	2,251,000	807,000	7,764,000
Town Deals - Kidsgrove	6,415,000	4,190,000	2,794,000	1,236,000	8,220,000
Total	26,160,210	17,887,166	5,045,000	2,043,000	24,975,166
CONTINGENCY	1,000,000	1,000,000	-	-	1,000,000
TOTAL	32,976,506	30,360,008	10,400,918	7,302,911	48,063,837
FUNDING					
Capital Receipts	3,684,500	2,400,000	4,000,000	4,000,000	10,400,000
External Contributions	27,877,210	12,497,166	6,545,000	3,543,000	22,585,166
Borrowing	1,414,796	15,462,842	(144,082)	(240,089)	15,078,671
TOTAL	32,976,506	30,360,008	10,400,918	7,302,911	48,063,837