



**2023/24**

**Quarter Three  
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 third 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
<b>Net Cost of Services</b>	<b>17,833,270</b>	<b>468.08</b>
Pensions Liabilities Account	415,000	10.89
Investment Properties	74,940	1.97
Interest and Investment Income	227,000	5.96
<b>Net Operating Expenditure</b>	<b>18,550,210</b>	<b>486.89</b>
Contribution to/(from) Revenue Reserves	904,430	23.74
Contribution to/(from) Capital Reserves	(2,597,910)	(68.19)
<b>Amount to be met from Government Grant and Local Taxpayers</b>	<b>16,856,730</b>	<b>442.45</b>

2.2 The Council approved a General Fund Revenue Budget of £16.857m on 15 February

2023 for 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 At the close of quarter three a positive variance of £0.022m has been achieved. The projected outturn on the General Fund Revenue Account for the year is £16.853m. This represents a positive outturn of £0.004m for the year.
- 2.5 The adverse variances that have occurred at the close of the third quarter of 2023/24 include:
- a. Income shortfalls from sales, fees and charges which amount to £0.511m (forecast to be £0.588m for the financial year).
  - b. A shortfall of £0.260m in Housing Benefits subsidy grant regarding accommodation and payments for which full subsidy is not claimable (forecast to increase to £0.347m for the financial year).
  - c. Increased gas and electricity prices resulting in an overspend of £0.070m at Jubilee 2 (forecast to increase to £0.093m for the financial year).
  - d. Holding costs for York Place (e.g. utilities and business rates) are expected to amount to £0.241m for the financial year. Proportionally, this amounts to £0.180m at the close of quarter three.
  - e. Additional audit fees of £0.100m for the audit of the 2023/24 Statement of Accounts will be incurred during the current financial year following the re-tender completed by the Public Sector Audit Appointments board. Proportionally, this amounts to £0.075m at the close of quarter 3.
  - f. A pay award of £1,925 per employee has been that is in excess of the amount provided for in the budget (4%). Including national insurance and pension the additional amount totals £0.300m at the close of quarter three (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 pay award (£0.300m at the close of quarter three 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 £1.163m at the close of quarter three (it is forecast that this will grow to £1.486m 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
<b>Total</b>	<b>2,103</b>	

- 3.5 At the end of quarter three, 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 31 December 2023.

<b>Priority</b>	<b>Budget at Period 9 £'000</b>	<b>Actual at Period 9 £'000</b>	<b>Variance at Period 9 £'000</b>
One Council Delivering for Local People	177	179	2
A Successful and Sustainable Growing Borough	1,037	1,052	15
Healthy, Active and Safe Communities	1,581	1,600	19
Town Centres for All	4,950	4,951	1
<b>Total</b>	<b>7,745</b>	<b>7,782</b>	<b>37</b>

- 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 for 2023/24 has been undertaken as part of the Efficiency Board and budget setting process. The revised capital programme (Annex A) for 2023/24 totalling £55.433m (including a £1m contingency and agreed carry forwards from 2022/23) was approved by Cabinet on 5 December 2023.
- 4.5 The expected total capital receipts due to be received this year following the sale of assets amount to £3.325m. A summary of the expected income is shown in the table below.

<b>Funding</b>	<b>Amount</b>
Proceeds from Right to Buy sales	£0.500m
Asset sales	£2.825m
<b>Total</b>	<b>£3.325m</b>

### ***Major Projects Funding***

- 4.6 The Council was awarded Future High Streets Fund funding in June 2021 of £11.0m to progress projects to help future economic growth. The full £11.0m has now been received of which £6.1m has been spent at 31 December 2023, as shown below:

<b>Project</b>	<b>Award (£000's)</b>	<b>Spend/Ordered (£000's)</b>	<b>Remaining (£000's)</b>
Ryecroft / Site Preparation	3,756	2,841	915
Multi Story Car Park	3,500	961	2,539
York Place	3,015	1977	1,038
Stones Public Realm	321	-	321
Market Stalls	76	28	48
Project Management	380	284	96
<b>Total</b>	<b>11,048</b>	<b>6,091</b>	<b>4,957</b>

- 4.7 £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. £15.0m has been received to date of which £1.6m has been spent as shown below:

<b>Project</b>	<b>Award (£000's)</b>	<b>Spend/Ordered (£000's)</b>	<b>Remaining (£000's)</b>
Digital Infrastructure	2,285	12	2,273
Sustainable Public Transport	3,421	-	3,421
Electric Vehicle Charging	400	-	400
Pedestrian Cycle Permeability	950	-	950
Transform Key Gateway Sites	3,810	3	3,807
Astley Centre for Circus	1,810	490	1,320
Digital Society	3,510	392	3,118
Heart into Knutton Village	3,534	194	3,340
Cross Street, Chesterton	2,955	-	2,955
Project Management	925	521	404
<b>Total</b>	<b>23,600</b>	<b>1,612</b>	<b>21,988</b>

4.8 £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 £9.6m has been received of which £6.7m has been spent as shown below:

<b>Project</b>	<b>Award (£000's)</b>	<b>Spend/Ordered (£000's)</b>	<b>Remaining (£000's)</b>
Kidsgrove Sports Centre	2,328	2,328	-
Chatterley Valley West	3,496	3,496	-
Kidsgrove Station	3,638	196	3,442
Shared Services Hub	6,183	84	6,099
Canal Enhancement	420	-	420
Project Management	835	629	206
<b>Total</b>	<b>16,900</b>	<b>6,733</b>	<b>10,167</b>

4.9 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. 33 projects have been identified for which spend has commenced. The 2022/23 and 2023/24 allocations totalling £1.8m have been received, total spend at 31 December 2023 amounted to £1.1m as shown below:

<b>Project</b>	<b>Award (£000's)</b>	<b>Spend/Ordered (£000's)</b>	<b>Remaining (£000's)</b>
CML Community Hubs	6	6	-
Newcastle 850 Anniversary	20	15	5
Nature and Wellbeing	22	17	5
Canal Connectivity	102	5	97
Clough Hall Park	234	-	234
Cold Night Shelter	160	-	160
Mental Health Worker	86	33	53
Nature Recovery	265	85	180
Epicentre for Circus	100	50	50
Homelessness Hub	955	19	936
Beat The Street	20	20	-
New Vic Theatre - 850 Event	10	-	10
Kidsgrove Workshop	156	-	156
Community Connector	67	34	33
Promotional Videos/Photos	15	9	6

Honeybox	55	-	55
Volunteering for all	71	36	35
Discharge Officer	86	33	53
BES Enterprise Coaching	89	49	40
Kidsgrove Town Hall	250	46	204
Security Marshalls	32	32	-
Flourishing Keele (KU)	466	233	233
Moving Ahead (KU)	276	5	271
Advanced Digital Technologies	408	204	204
Chamber Growth Hub	59	-	59
Brampton Wedding Venue	54	41	13
Markets For All	21	-	21
Community Connects	55	-	55
Feasted	45	-	45
Business Connects	6	2	4
Technical Innovation Upskilling	159	-	159
Disadvantaged Upskill Project	28	8	20
Green Projects	164	-	164
To Be Confirmed	101	-	101
Project Management	193	103	90
<b>Total</b>	<b>4,836</b>	<b>495</b>	<b>4,351</b>

- 4.10 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.
- 4.11 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.
- 4.12 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 31 December 2023 amounted to £26.250m. Interest earned on these investments at the close of quarter three amounted to £1.163m. The average level of funds available for investment between 1 April 2023 and 31 December 2023 was £21.625m.
- 5.3 The Council has not budgeted to receive investment income in 2023/24. A surplus of

£1.486m 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 Borrowing is unlikely to be required during the latter part of 2023/24 to fund the capital programme, primarily due the cash flow generated from 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 three collection rate was as follows:
- Council Tax – 76.7% of Council Tax was collected by 31 December 2023, compared to a target for the second quarter of 73.1%.
  - Business Rates – 83.8% of Business Rates was collected by 31 December 2023, compared to a target for the second quarter of 73.0%.
- 6.4 The current forecast of tax receipts and Section 31 grant are shown below:

<b>Tax</b>	<b>Forecast (Surplus)/Deficit at 30.6.23</b>	<b>Forecast (Surplus)/Deficit at 30.9.23</b>	<b>Forecast (Surplus)/Deficit at 31.12.23</b>	<b>Council's Share</b>
Council Tax	(£0.290m)	(£0.234m)	(£0.058m)	(£0.007m) (11%)
Business Rates	(£0.143m)	£0.455m	£0.747m	£0.299m (40%)
Business Rates Section 31 Grant	(£0.147m)	(£0.412m)	(£0.365m)	(£0.146m) (40%)
<b>Total</b>	<b>(£0.580m)</b>	<b>(£0.191m)</b>	<b>(£0.324m)</b>	<b>(£0.146m)</b>



**ANNEX A****Capital Programme 2023/24 Mid Year Estimate**

<b>CAPITAL PROGRAMME</b>	<b>2023/24 MID YEAR</b>
	<b>£</b>
<b>PRIORITY – One Council Delivering for Local People</b>	
Service Area - Council Modernisation	2,172,370
<b>Total</b>	<b>2,172,370</b>
<b>PRIORITY – A Successful and Sustainable Growing Borough</b>	
Service Area - Housing Improvements	1,670,000
Service Area - Managing Property & Assets	9,636,154
<b>Total</b>	<b>11,306,154</b>
<b>PRIORITY – Healthy, Active and Safe Communities</b>	
Service Area - Streetscene and Bereavement Services	1,001,569
Service Area - Recycling and Fleet	5,828,408
Service Area – Leisure and Cultural	605,862
Service Area - Engineering	117,300
<b>Total</b>	<b>7,553,139</b>
<b>PRIORITY – Town Centres for All</b>	
Future High Streets Fund	5,855,826
Town Deals – Newcastle	18,937,732
Town Deals - Kidsgrove	8,607,615
<b>Total</b>	<b>33,401,173</b>
<b>CONTINGENCY</b>	1,000,000
<b>TOTAL</b>	<b>55,432,836</b>
Capital Receipts	3,325,000
External Contributions	35,398,990
Borrowing	16,708,846
<b>TOTAL</b>	<b>55,432,836</b>