



2024/25

**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 2024/25.
- 1.2 The report summarises overall financial performance for 2024/25 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 2024/25.
 - **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	2024/25 General Fund	
	Estimate £	Band D Council Tax £
Central Services	2,397,680	61.89
Cultural Services	3,555,470	91.78
Environmental Services	8,150,380	210.40
Planning	1,730,040	44.66
Transport	(270,890)	(6.99)
Housing	2,168,480	55.98
Net Cost of Services	17,731,160	457.72
Pensions Liabilities Account	400,000	10.33
Investment Properties	(84,510)	(2.18)
Interest and Investment Income	498,000	12.86
Net Operating Expenditure	18,554,650	478.73
Contribution to/(from) Revenue Reserves	273,000	7.05
Contribution to/(from) Capital Reserves	(1,771,500)	(45.73)
Amount to be met from Government Grant and Local Taxpayers	17,046,150	440.05

- 2.2 The Council approved a General Fund Revenue Budget of £17.046m on 14 February 2024 for 2024/25. 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 one a positive variance of £0.003m has been achieved. The projected outturn on the General Fund Revenue Account for the year is £17.007m. This represents a positive outturn of £0.039m for the year.

2.5 The adverse variances that have occurred at the close of the first quarter of 2024/25 include:

- a. Income shortfalls from sales, fees and charges which amount to £0.123m (forecast to be £0.225m for the financial year).
- b. Holding costs for York Place (e.g. utilities and business rates) are expected to amount to £0.155m for the financial year, £0.095m had been incurred during the first quarter.
- c. Supported accommodation for which full Housing Benefit subsidy cannot be reclaimed has amounted to £0.066m in excess of the budget for the first quarter (forecast to be £0.264m for the financial year).
- d. A pay award of £1,290 per employee has been offered that is in excess of the amount provided for in the budget (3.5%), this would amount to a pressure of £0.117m (£0.029m at quarter one).

2.6 These adverse variances have been offset in full by the following favourable variances:

- a. Interest receivable on cash that the Council holds in terms of Town Deal and Future High Street funding totals £0.273m at the close of quarter one (it is forecast that this will grow to £0.436m of income by the close of the financial year).
- b. Interest payable on borrowing has yet to be incurred due to the cash that the Council holds in terms of Town Deal and Future High Street funding. It is forecast that borrowing will be required in the second half of the financial year and that interest payable will be £0.351m lower than budgeted for (£0.132m at the close of quarter one).

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 2024/25.

3.2 The Council's Medium Term Financial Strategy (approved in February 2024) included the five year (2024/25 – 2028/29) Efficiency and Savings Plan targeting savings of £6.885m.

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 2024/25 budget was set in February 2024 with the assumption of £2.692m of savings in the year. These savings are detailed in the table below:

Category	Amount £'000	Comments
Income	680	Additional sources of income generation and an increased demand for services that the Council charges for
One Council	230	Efficiencies to be generated from the introduction of a new Council operating model and increased performance management
Staffing Related Efficiencies	199	No redundancies are anticipated to arise from these proposals
Good Housekeeping/More Efficient Processes	489	Various savings arising from more efficient use of budgets
Tax Base Increase	424	Increased in Council Tax and Business Rates tax base
Council Tax Increase	164	An assumed 1.99% per Band D equivalent increase in Council Tax
Government Reimbursement	506	Grant in respect of New Homes Bonus and Minimum Funding Guarantee
Total	2,692	

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 2024.

Priority	Budget at Period 3 £'000	Actual at Period 3 £'000	Variance at Period 3 £'000
One Council Delivering for Local People	159	159	-
A Successful and Sustainable Growing Borough	3,218	3,215	(3)
Healthy, Active and Safe Communities	1,507	1,512	5
Town Centres for All	1,419	1,421	2
Total	6,303	6,307	4

4.3 A Capital Programme totalling £16.680m was approved for 2024/25, excluding a £1.000m contingency. Of this total £10.135m relates to the total cost of new schemes for 2024/25 together with £6.545m for schemes funded by external sources (Town Deals Fund, Future High Streets Fund and Disabled Facilities Grants). In addition £42.174m was brought forward from the 2023/24 Capital Programme, including projects planned under the Town Deals and Future High Streets funds that will be progressed during 2024/25 (£25.641m), the Council's contribution towards the construction of a new multi storey car park (£8.100m) and fleet replacement (£4.751m), resulting in a total Capital Programme of £59.855m for 2024/25 (including a £1.000m contingency).

4.4 The expected total capital receipts due to be received this year following the sale of assets amount to

£3.786m. A summary of the expected income is shown in the table below.

Funding	Amount
Proceeds from Right to Buy sales	£0.500m
Asset sales	£3.286m
Total	£3.786m

Major Projects Funding

- 4.5 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 £9.578m has been spent at 30 June 2024, as shown below:

Project	Award (£000's)	Spend/Ordered (£000's)	Remaining (£000's)
Ryecroft / Site Preparation	3,756	3,112	644
Castle Multi Storey Car Park	3,500	3,500	-
York Place	3,015	2,499	516
Stones Public Realm	321	16	305
Market Stalls	76	72	4
Project Management	380	379	1
Total	11,048	9,578	1,470

- 4.6 £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. £14.2m has been received to date of which £2.3m has been spent as shown below:

Project	Award (£000's)	Spend/Ordered (£000's)	Remaining (£000's)
Digital Infrastructure	2,285	29	2,256
Sustainable Public Transport	3,421	-	3,421
Electric Vehicle Charging	400	-	400
Pedestrian Cycle Permeability	950	-	950
Transform Key Gateway Sites	3,810	69	3,741
Astley Centre for Circus	1,810	637	1,173
Digital Society	3,510	662	2,848
Heart into Knutton Village	3,534	298	3,236
Cross Street, Chesterton	2,955	-	2,955
Project Management	925	596	329
Total	23,600	2,291	21,309

- 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 £13.4m has been received of which £6.9m 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	3,496	3,496	-
Kidsgrove Station	3,638	202	3,436
Shared Services Hub	6,183	157	6,026
Canal Enhancement	420	-	420
Project Management	835	676	159
Total	16,900	6,859	10,041

4.9 The Council has been awarded £4.8m (all of which has now been received), 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. Total spend at 30 June 2024 amounted to £2.7m as shown below:

Project	Award (£000's)	Spend/Ordered (£000's)	Remaining (£000's)
CML Community Hubs	6	6	-
Newcastle 850 Anniversary	16	16	-
Nature and Wellbeing	21	9	2
Canal Connectivity	102	5	97
Clough Hall Park	234	-	234
Mental Health Worker	86	54	32
Nature Recovery	265	121	144
Epicentre for Circus	100	50	50
Homelessness Hub	1,115	573	542
Beat The Street	20	20	-
New Vic Theatre - 850 Event	10	-	10
Kidsgrove Workshop	156	108	48
Community Connector	67	34	33
Promotional Videos/Photos	15	14	1
Honeybox	55	55	-
Volunteering for all	71	49	22
Discharge Officer	86	54	32
BES Enterprise Coaching	89	82	7
Kidsgrove Town Hall	255	255	-
Security Marshalls	33	33	-
Flourishing Keele (KU)	466	233	233
Moving Ahead (KU)	277	277	-
Advanced Digital Technologies	409	204	205
Chamber Growth Hub	59	28	31
Brampton Wedding Venue	44	44	-
Markets For All	21	-	21
Community Connects	55	55	-
Feasted	44	44	-
Business Connects	6	3	3
Business Development	10	-	10
Technical Innovation Upskilling	159	86	73
Disadvantaged Upskill Project	28	8	20
Green Projects	164	1	163
Contingency	99	-	99
Project Management	193	140	53
Total	4,836	2,661	2,175

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 30 June 2024 amounted to £17.750m. Interest earned on these investments at the close of quarter one amounted to £0.273m. The average level of funds available for investment between 1 April 2024 and 30 June 2024 was £17.625m.
- 5.3 The Council has not budgeted to receive investment income in 2024/25. A surplus of £0.436m is anticipated for the financial year due to the cash that the Council holds in terms of Town Deal and Future High Street funding.

Borrowing

- 5.4 Borrowing is likely to be required during the second half of 2024/25 to fund the capital programme.
- 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 – 26.8% of Council Tax was collected by 30 June 2024, compared to a target for the first quarter of 24.4%.
 - Business Rates – 29.1% of Business Rates was collected by 30 June 2024, compared to a target for the first quarter of 24.4%.

6.4 The current forecast of tax receipts and Section 31 grant are shown below:

Tax	Forecast (Surplus)/Deficit at 30.6.24	Council's Share
Council Tax	(£0.001m)	(£0.000m) (11%)
Business Rates	(£0.021m)	(£0.009m) (40%)
Business Rates Section 31 Grant	£0.016m	£0.006m (40%)
Total	(£0.006m)	(£0.003m)