

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

CORPORATE LEADERSHIP TEAM'S REPORT TO

Audit & Standards Committee
16 June 2025

Report Title: Draft Statement of Accounts 2024/25

Submitted by: Service Director for Finance (Section 151 Officer)

Portfolios: Finance, Town Centres and Growth

Ward(s) affected: All

<u>Purpose of the Report</u>	<u>Key Decision</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
To report upon the financial outturn for 2024/25. The report highlights key issues, including a commentary on the General Fund outturn, the Balance Sheet, the Collection Fund, the Capital Programme and the Council's reserves.	
<u>Recommendations</u> That Committee: 1. Note the General Fund outturn and key issues in respect of the Council's financial position as at 31 March 2024. 2. Approve the draft Statement of Accounts for 2024/25 for publication and audit.	
<u>Reasons</u> Regular reporting of the Council's financial position is a key discipline supporting sound financial management and corporate governance.	

1. Background

- 1.1 The Accounts and Audit Regulations include a deadline for the Council to prepare the draft Statement of Accounts, publish and submit these to their external auditors for review. Currently, this deadline is 30 June. It is intended that they will be made available for public inspection between 17 June 2025 and 12 July 2025.
- 1.2 The regulations require the audited Statement of Accounts for 2024/25 to be published by 30 September 2025, with a backstop of 27 February 2026.

- 1.3 The external audit will commence during July, primarily for the selection of samples and should be completed prior to 30 September 2025.
- 1.4 The final Statement of Accounts should be presented to the Audit and Standards Committee for approval on 29 September 2025.
- 1.5 This report focuses on reporting the provisional outturn position and the key elements of the Council's provisional financial position as at 31 March 2025.

2. **Issues**

The General Fund Outturn

- 2.1 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.
- 2.2 At the close of the financial year a positive variance of £0.020m has been achieved. The draft outturn on the General Fund Revenue Account for the year is £17.026m.
- 2.3 The adverse variances that occurred during 2024/25 include:
 - a. Income shortfalls from sales, fees and charges which amount to £0.541m,
 - b. A pay award of £1,290 per employee was agreed that is in excess of the amount provided for in the budget (3.5%), this amounts to a pressure of £0.120m.
 - c. Expenditure on repairs and renewals has amounted to £0.100m greater than the amount budgeted for the financial year.
 - d. Planning appeal costs and advice amounted to £0.172m which was not budgeted for.
 - e. Contributions to reserves of £0.350m have been made as a result of the favourable variance shown below in respect of interest receivable of cash that the Council holds in terms of Town Deal and Future High Street funding. £0.200m of this has been set aside to fund the inspection stage of the Local Plan. The remaining £0.150m has been contributed to the Walley's Quarry Reserve.
- 2.4 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 £0.812m at the close of quarter four.

- b. Interest payable on borrowing has not been incurred due to the cash that the Council holds in terms of Town Deal and Future High Street funding, this has saved £0.526m.

Balance Sheet

2.5 The main features of the balance sheet in the draft Statement of Accounts are:

- a. There are long term assets of £77.205m (£74.298m at 31 March 2024) which primarily consist of Plant, Property and Equipment, Surplus Assets, Investment Properties and Heritage Assets, the increased net book value relates primarily to expenditure on the development of York Place.
- b. Short-term investments of £17.5m and cash of £0.593m held at 31 March 2024 have reduced to nil and £3.067m respectively, this reduction relates expected capital spend including that relating to Town Deals and Future High Streets funding.
- c. Revenue Grants received in advance have decreased to £0.655m at 31 March 2025 from £1.422m at 31 March 2024. This relates to spend of the Health Inequalities and Future High Streets revenue funding that had previously been received in advance of spend.
- d. Capital Grants received in advance have decreased to £15.980m at 31 March 2025 from £20.474m at 31 March 2024. This relates to spend of the Town Deals and Future High Streets capital funding that had previously been received in advance of spend.
- e. The amount the Council owes to its creditors is £11.587m at 31 March 2025, an increase from £9.949m at 31 March 2024. This is primarily due to trade creditors invoices received ahead of their due date for payment.
- f. The amount that the Council is due from its debtors is £16.158m at 31 March 2025, an increase from £14.080m at 31 March 2024. This is primarily due to an amount repayable to the Council by the Department of Works and Pensions regarding Housing Benefit paid in advance of subsidy being received.
- g. Short Term Provisions have decreased to £0.411m at 31 March 2025 from £1.923m as at 31 March 2024. This relates to the Business Rates appeals provision which due to the current revaluation cycle ending has been assessed as requiring a lesser balance.
- h. Unusable reserves have decreased to £37.006m at 31 March 2025 from £40.680m as at 31 March 2024. The reduction reflects revaluations downwards in relation to Castle Car Park, the corresponding entry is reflected in long term assets (which also includes the corresponding expenditure on Castle Car Park).
- i. The liability (and the corresponding reserve) relating to defined benefit pension schemes of £22,775 at 31 March 2024 has reduced to £20.976m as at 31 March 2025 due to positive assumption changes which lower the value placed on the obligations of the scheme. These amounts are required to be included in the

Council's accounts as a result of the application of International Accounting Standard 19 (IAS19). They relate to transactions of the Staffordshire County Council Pension Fund of which the Council is a member and represent the Council's share of net scheme assets or liabilities.

The Collection Fund

- 2.6 Local tax income is collected by billing authorities and paid into local 'collection funds' (the Council is a billing authority). Where there is a difference in tax receipts (compared to expected levels), this leads to a surplus or 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 or in the instance of a surplus a repayment to the precepting authorities will be made.
- 2.7 In response to forecast shortfalls in tax receipts relating to Government policy business rates reliefs, Section 31 grant is paid to contribute towards the costs of these reliefs. This amount is estimated via the NNDR1 return and the actual relief is reported and reconciled at the close of the financial year.
- 2.8 The cumulative variances in tax receipts (i.e. including the impact of balances held in respect of previous years) and the impact of Section 31 grant received as at 31 March 2025 are:

Tax	(Surplus)/Deficit at 31.3.25	Council's Share
Council Tax	£0.033m	£0.004m (11%)
Business Rates	(£1.822m)	(£0.729m) (40%)
Total re. Tax Receipts	(£1.789m)	(£0.725m)
Business Rates Section 31 Grant	(£1.070m)	(£0.428m) (40%)
Total	(£2.859m)	(£1.153m)

- 2.9 The surplus shown is repayable to the Council in future years and will subsequently be transferred to the Business Rates reserve, which is used to provide for any future collection fund shortfalls. The surplus generated by the Business Rates collection fund is a result of the decreased level of appeals provision required (as referred to in the balance sheet analysis).

Reserves

- 2.10 The Council has usable revenue reserves totalling £5.518m. The main items, with their balances at 31 March 2025, and a comparison to the balances forecast for the close of 2024/25 as per the 2025/26 budget setting, are:

Reserve/Fund	Balance 31.03.25 (£'000's)	Balance Forecast Budget Setting (£'000's)	Variance (£'000's)	Comments
General Fund	2,007	2,010	(3)	Unforeseen adverse events
Walley's Quarry Reserve	591	700	(109)	To assist with the Council's actions regarding air quality issues at Walley's Quarry
Budget and Borrowing Support Fund	504	437	67	Committed expenditure to be utilised in 2025/26
Budget Support – Local Plan	186	100	86	To provide funding for the Borough Local Plan
Budget Support – Homelessness	324	100	224	Homelessness funding to be utilised in 2025/26
Civic Growth	19	-	19	To fund investment in corporate priorities
Conservation & Heritage	31	20	11	To provide repair grants to owners of historic buildings
Mayor's Charity	7	-	7	To hold funds on behalf of the Mayor's charity
Museum Purchases	34	30	4	Balance held to be utilised on Museum projects
Business Rates	1,362	1,302	60	Part held as business rates contingency. Remainder held as contingency re. fair funding review and to offset any collection fund deficit
Elections	129	123	6	To provide budget on a 4 year cycle for Borough Elections
Maintenance Fund	283	283	-	To provide revenue fund maintenance per Section 106 agreements
Small Repairs Fund	28	-	28	To provide small repairs throughout the Borough
Clayton Community Centre	13	17	(4)	Sinking fund held on behalf of Committee (contributions made by Committee)
Totals	5,518	5,122	396	

2.11 The General Fund Balance is £2.007m as at 31 March 2025. The amount required to be held in this reserve is assessed each year when the revenue budget is compiled, by identifying and quantifying the risks applicable to the revenue budget and using this information as the basis to calculate a prudent sum to keep in reserve to meet those risks should they arise.

2.12 The levels of reserves will be considered as part of the budget preparation process for 2025/26. Some may require contributing to, either from the revenue budget or a transfer from another reserve.

Capital Expenditure

2.13 A mid-year review of the Capital Programme for 2024/25 was undertaken as part of the Efficiency Board and budget setting process in order to identify any projects that may need to be re-profiled from 2024/25 into future years. The revised Capital Programme for 2024/25 totalling £51.295m was approved by Cabinet on 3 December 2024

2.14 Actual expenditure has totalled £26.236m, £25.059m below that planned. This relates to expenditure that has been rolled forward into 2025/26 (£23.553m) including projects planned under the Town Deals funds that will be progressed during 2025/26 (£18.354m) and the Council's contribution towards the development York Place (£1.146m). There are also a number of projects whereby costs have been value engineered or whereby a decision has been made not to progress with the project until a future period (£1.507m).

2.15 The expenditure of £26.236m was financed as shown below:

Financed by:	£ (000)
Capital Receipts	1.410
Government Grants and Other Contributions	15.104
Minimum Revenue Provision	0.091
Internal Borrowing	9.631
Total	26.236

3. Proposal

3.1 The General Fund outturn and key issues in respect of the Council's financial position as at 31 March 2025 be noted.

3.2 The draft Statement of Accounts for 2024/25 be approved for publication and audit.

4. Reasons for Proposed Solution

4.1 Regular reporting of the Council's financial position is a key discipline supporting sound financial management and corporate governance.

5. Options Considered

5.1 No further options, the Council would breach the Accounts and Audit Regulations if it did not report the draft Statement of Accounts to the Audit and Standards Committee.

6. **Legal and Statutory Implications**

- 6.1 The draft and audited Statement of Accounts are required to be considered by the Audit and Standards Committee in accordance with the Accounts and Audit Regulations 2015.

7. **Equality Impact Assessment**

- 7.1 There are no differential equality issues arising.

8. **Financial and Resource Implications**

- 8.1 The General Fund outturn for the financial year 2024/25 shows a favourable variance against the budget of £0.020m. This amount has been paid into the Budget Support Fund.
- 8.2 £23.553m of the 2024/25 capital programme will be carried forward to the financial year 2025/26.
- 8.3 The General Fund Reserve of £2.007m is in accordance with the risk assessed minimum value as approved as part of the budget setting process.
- 8.4 The Council's share of the Collection Fund surplus amounts to £0.725m which is repayable to the Council in future years, this will initially be transferred to the Business Rates Reserve.

9. **Major Risks and Mitigation**

- 9.1 The ongoing cost of living crisis and changing market conditions represents the greatest risk to the revenue budget, particularly with regard to the impact it may have upon both utility prices and income receivable in relation to services where customers may choose whether or not to use Council facilities or in the case of the waste/recycling service where the volume of recycled materials is liable to fluctuate. The impact of cost of living crisis is apparent in the reporting of this provisional outturn, impacting primarily on utility costs and the situation will continue to be monitored through the normal budget monitoring procedures during the financial year 2025/26.
- 9.2 The capital programme requires regular monitoring to identify any projects which are falling behind their planned completion dates. This will be carried out by the Capital, Assets and Commercial Investments Review Group, which meets on a bi-monthly basis together with quarterly and annual reports to Cabinet.
- 9.3 The above represents a high level view of risk. There are detailed risk registers available if members wish to see them.

10. UN Sustainable Development Goals (UNSDG)



11. One Council

Please confirm that consideration has been given to the following programmes of work:

One Commercial Council ☒

We will make investment to diversify our income and think entrepreneurially.

One Digital Council ☒

We will develop and implement a digital approach which makes it easy for all residents and businesses to engage with the Council, with our customers at the heart of every interaction.

One Green Council ☒

We will deliver on our commitments to a net zero future and make all decisions with sustainability as a driving principle.

12. Key Decision Information

12.1 This is not a key decision.

13. Earlier Cabinet/Committee Resolutions

13.1 Quarterly Finance and Performance Review Reports to Cabinet.

14. List of Appendices

14.1 Draft Statement of Accounts 2024/25.

15. Background Papers

15.1 Quarterly Finance and Performance Review Reports to Cabinet.