



2025/26

**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 2025/26.
- 1.2 The report summarises overall financial performance for 2025/26 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	2025/26 General Fund	
	Estimate £	Band D Council Tax £
Central Services	2,449,120	61.52
Cultural Services	3,513,630	88.27
Environmental Services	8,701,440	218.59
Planning	1,673,670	42.04
Transport	(238,330)	(5.99)
Housing	2,326,630	58.45
Net Cost of Services	18,426,160	462.88
Pensions Liabilities Account	400,000	10.05
Investment Properties	(101,270)	(2.54)
Interest and Investment Income	588,000	14.77
Net Operating Expenditure	19,312,890	485.16
Contribution to/(from) Revenue Reserves	2,683,000	67.40
Contribution to/(from) Capital Reserves	(2,266,000)	(56.92)
Amount to be met from Government Grant and Local Taxpayers	19,729,890	495.64

- 2.2 The Council approved a General Fund Revenue Budget of £19.730m on 12 February 2025 for 2025/26. 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 £0.034m has been achieved. The projected outturn on the General Fund Revenue Account for the year is £19.730m. This represents a balanced outturn for the year.
- 2.5 The adverse variances that have occurred at the close of the first quarter of 2025/26 include:
- a. Income shortfalls at the close of quarter one from car parking (£0.050m), trade waste (£0.025m) and bereavement services (£0.048m). It is forecast that these will total £0.368m for the financial year.
 - b. Use of overtime, casual and agency staff within the Waste and Recycling Service along with increased contractor disposal payments has resulted in an overspend of £0.099m at the close of quarter one. It is forecast that this will amount to an overspend of £0.196m for the financial year.
- 2.6 These adverse variances have been offset in full by the following favourable variances:
- a. Income from planning applications at the close of quarter one amounts to £0.319m more than budgeted, it is anticipated that income for the remainder of the financial year will remain in line with that budgeted and that the variance for the financial year will stay at £0.319m.
 - b. Interest receivable on cash that the Council holds in terms of Town Deal funding totals £0.058m at the close of quarter one. It is forecast that interest receivable will amount to £0.078m for the financial year.
 - c. Interest payable on borrowing has not been incurred due to the cash that the Council holds in terms of Town Deal funding, this has saved £0.154m. It is anticipated that borrowing may commence during the second quarter, as such it is estimated that this saving may amount to £0.205m for 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 2025/26.
- 3.2 The Council's Medium Term Financial Strategy (approved in February 2025) identified pressures amounting to £5.275m for the period 2025/26 to 2029/30.
- 3.3 The Efficiency and Savings Plan to address these pressures aims to both reduce expenditure and increase income. The need to grow income continues to be a priority as the Council moves towards becoming 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 2025/26 budget was set in February 2025 with the assumption of £1.890m of savings in the year. These savings are detailed in the table below:

Category	Amount £'000	Comments
Income	235	Additional sources of income generation and an increased demand for services that the Council charges for
Staffing Related Efficiencies	156	No redundancies are anticipated to arise from these proposals
Good Housekeeping/More Efficient Processes	167	Various savings arising from more efficient use of budgets
Tax Base Increase	425	Increased in Council Tax and Business Rates tax base
Council Tax Increase	175	An assumed 1.99% per Band D equivalent increase in Council Tax
Government Reimbursement	732	Grant in respect of Extended Producer Responsibility
Total	1,890	

3.5 At the end of quarter one, all savings have been achieved or are on target to be achieved throughout the remainder of the financial year.

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 2025.

Priority	Budget at Period 3 £'000	Actual at Period 3 £'000	Variance at Period 3 £'000
One Council Delivering for Local People	231	232	1
A Successful and Sustainable Growing Borough	834	852	18
Healthy, Active and Safe Communities	3,249	3,250	1
Town Centres for All	2,167	2,171	4
Total	6,481	6,505	24

4.3 A Capital Programme totalling £23.731m was approved for 2025/26, excluding contingency. In addition £23.553m was brought forward from the 2024/25 Capital Programme, including projects planned under the Town Deals funds that will continue to be progressed during 2025/26 (£18.354m), resulting in a total Capital Programme of £48.233m for 2024/25 (including a top up of £0.949m to re-establish a £1.000m contingency).

4.4 The expected total capital receipts due to be received this year following the sale of assets amount to £6.225m. A summary of the expected income is shown in the table below.

Funding	Amount
Proceeds from Right to Buy sales	£0.500m
Asset sales	£5.725m
Total	£6.225m

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 been received, all of which has been spent at 31 March 2025.
- 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. £19.8m has been received to date of which £12.6m has been spent as shown below:

Project	Award (£000's)	Spend (£000's)	Remaining (£000's)
Digital Infrastructure	2,285	1547	738
Sustainable Public Transport	3,421	841	2,580
Electric Vehicle Charging	400	400	0
Pedestrian Cycle Permeability	950	359	591
Transform Key Gateway Sites	3,810	1,177	2,633
Astley Centre for Circus	1,810	640	1,170
Digital Society	3,510	2,992	518
Heart into Knutton Village	3,534	2,958	576
Cross Street, Chesterton	2,955	987	1,968
Project Management	925	733	192
Total	23,600	12,634	10,966

- 4.7 £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 £14.5m has been received of which £7.3m has been spent as shown below:

Project	Award (£000's)	Spend (£000's)	Remaining (£000's)
Kidsgrove Sports Centre	2,328	2,328	0
Chatterley Valley West	3,496	3,496	0
Kidsgrove Station	3,638	246	3,392
Shared Services Hub	6,183	328	5,855
Canal Enhancement	420	64	356
Project Management	835	806	29
Total	16,900	7,268	9,632

- 4.8 The Council was awarded £4.8m (all of which has now been received and spent), over a 3 year period, of Phase 1 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.
- 4.9 A further £1.6m of Phase 2 UK Shared Prosperity Funding has been received in full by the Council for the financial year 2025/26. To date £0.4m has been spent as detailed below:

Project	Award (£000's)	Spend/ Ordered (£000')	Remaining (£000')
Outreach Mental Health Worker	45	12	33
Cultural Offer	85	0	85
Philip Astley Project (PAP)	30	0	30
Navigation House – Homeless Hub	292	301	(9)
Volunteering for all in Newcastle	30	3	27
Discharge Officer	45	12	33
Health Initiative	50	7	43

Homecoming	15	0	15
Natural Environment Project	50	0	50
Street Medic	16	0	16
Brampton Business Development	6	0	6
Honeybox	28	0	28
Promotional Work	15	0	15
Work Innovation Festival	20	0	20
Business Community Connects	17	0	17
Business Enterprise Coaching	33	0	33
Beauhurst Database	10	10	0
Flourishing Keele (KU)	141	0	141
Moving Ahead (KU)	82	0	82
Advanced Digital innovation (SU)	123	0	123
SSLEP Growth Hub	15	0	15
Carbon output calculator	15	0	15
Newcastle Community Connector	32	0	32
Training Academy	87	0	87
Digital Initiative & AI	50	0	50
NSCG Technical Innovation	36	0	36
Project Management	54	14	40
Contingency	140	0	140
Total	1,582	359	1,063

- 4.10 Several projects within the Town Deals and Future High Streets Fund (e.g. Ryecroft Development, York Place and Chatterley Valley) 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 Investments and cash held at the bank on the 30 June 2025 amounted to £4.082m. Interest earned amounted to £0.058m at the close of quarter one. The average level of funds available for investment between 1 April 2025 and 30 June 2025 was £6.181m.
- 5.3 The Council has not budgeted to receive investment income in 2025/26. However, due to projects being delayed for a number of reasons, funding has remained in the Council's bank account and in turn generated interest.

Borrowing

- 5.4 External borrowing has not yet been required during 2025/26 to fund the capital programme, it is anticipated that this will be required.
- 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 external borrowing. 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 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 – 26.71% of Council Tax was collected by 30 June 2025, compared to a target at the close of quarter one of 24.38%.
 - Business Rates – 31.00% of Business Rates was collected by 30 June 2025, compared to a target at the close of quarter one of 24.38%.
- 6.4 The current forecast of Council Tax and Business Rates receipts and Section 31 grant is shown below:

Tax	(Surplus)/Deficit at 30.6.25	Council's Share
Council Tax	£0.635m	£0.069m (11%)
Business Rates (2025-26 only)	£0.314m	£0.126m (40%)
Business Rates (2024-25 balance)	£2.291m	£0.916m (40%)
Business Rates Section 31 Grant	(£0.001m)	(£0.000m) (40%)
Total	£3.240m	£1.111m

- 6.5 The deficit position on the Council Tax collection fund will improve during the remainder of the financial year to reflect the inclusion in the tax base of properties being built throughout the Borough.
- 6.6 The Business Rates deficit in relation to 2024/25 reflects a change between the estimated surplus declared in January 2025 and the actual position calculated at 31 March 2025, largely relating to significant changes in rateable value agreed by the Valuation Office during the interim period. An amount to compensate for this is held in the Business Rates Reserve.

7. Reserves

- 7.1 Cabinet approved the transfer of £0.200m from the Business Rates Reserve to the Budget Support and Borrowing Fund in order to fund the work needed to submit the Council's final Local Government Reorganisation Plan.

7.2 Further transfers are recommended from the Business Rate Reserve of:

- £0.100m to the Planning Appeals Reserve to provide for any appeals that may be adverse to the Council's finances.
- £0.150m to the Local Plan Support Fund to provide for costs associated with the final proceeding of the Local Plan and to future plans.
- £0.150m to the Budget and Borrowing Support Fund to increase the Council's financial resilience.