

APPENDIX A



2025/26

**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 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 three a positive variance of £0.003m has been achieved. The projected outturn on the General Fund Revenue Account for the year is £19.726m. This represents a positive outturn of £0.004m for the year.
- 2.5 The positive variances that have occurred at the close of period 9 of 2025/26 include:
 - a. Income from planning applications at the close of quarter three amounts to £0.582m 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 £0.582m.
 - b. Interest receivable on cash that the Council holds in terms of Town Deal funding totals £0.186m at the close of quarter three. It is forecast that interest receivable will amount to £0.207m for the financial year.
 - c. Interest payable on borrowing has been vastly reduced due to the cash that the Council holds in terms of Town Deal and funding, this has saved £0.436m. It is anticipated that borrowing will commence during the final quarter, as such is it estimated that this saving may amount to £0.484m for the financial year.
- 2.6 These positive variances have been offset by the following adverse variances:
 - a. Income shortfalls at the close of quarter three from car parking (£0.137m), trade waste (£0.075m), land charges (£0.044m) and bereavement services (£0.176m). It is forecast that these will total £0.504m for the financial year.
 - b. Income shortfalls at the close of quarter three relating to the closure of the main pool for maintenance and repairs at Jubilee 2 and the associated freeze in memberships amounts (£0.079m). It is forecast that this will total £0.254m for the financial year.
 - c. Use of overtime, casual and agency staff within the Household Waste and Food Waste Services along with increased contractor disposal payments has resulted in an overspend of £0.206m at the close of quarter three. It is forecast that this will amount to an overspend of £0.275m for the financial year.
 - d. A contribution to the budget support fund of £0.140m has been assumed, dependent upon the outturn regarding interest payable and receivable.

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 three, 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 as at 31 December 2025.

Priority	Budget at Period 9 £'000	Actual at Period 9 £'000	Variance at Period 9 £'000
One Council Delivering for Local People	386	386	-
A Successful and Sustainable Growing Borough	5,514	5,522	8
Healthy, Active and Safe Communities	3,845	3,872	27
Town Centres for All	3,843	3,843	-
Total	13,588	13,623	35

4.3 A mid-year review of the Capital Programme for 2025/26 has been undertaken in order to identify any projects that may need to be re-profiled from 2025/26 into future years. The revised Capital Programme for 2025/26 totalling £35.635m was approved by Cabinet on 2 December 2025.

4.4 The expected total capital receipts due to be received this year following the sale of assets amount to £1.530m. A summary of the expected income is shown in the table below.

Funding	Amount
Proceeds from Right to Buy sales	£0.500m
Asset sales	£1.030m
Total	£1.530m

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. All £23.6m has been received, of which £13.5m has been spent as shown below:

Project	Award (£000's)	Spend (£000's)	Remaining (£000's)
Digital Infrastructure	2,285	1,572	713
Sustainable Public Transport	3,421	1,211	2,210
Electric Vehicle Charging	400	400	0
Pedestrian Cycle Permeability	950	359	591
Transform Key Gateway Sites	3,810	1,397	2,413
Astley Centre for Circus	1,810	640	1,170
Digital Society	3,510	3,203	307
Heart into Knutton Village	3,534	2,908	626
Cross Street, Chesterton	2,955	987	1,968
Project Management	925	782	143
Total	23,600	13,459	10,141

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 £15.7m has been received of which £7.8m 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	3,658	261	3,397
Shared Services Hub	6,183	546	5,637
Canal Enhancement	400	341	59
Project Management	835	806	29
Total	16,900	7,778	9,122

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 £0.8m has been spent as detailed below:

Project	Award (£000's)	Spend/ Ordered (£000')	Remaining (£000')
Outreach Mental Health Worker	51	38	13
Cultural Offer	85	9	76
Philip Astley Project (PAP)	30	18	12
Navigation House – Homeless Hub	292	301	(9)
Volunteering for all in Newcastle	30	11	19
Discharge Officer	51	38	13
Health Initiative	50	33	17
Homecoming	15	15	0
Natural Environment Project	50	41	9
Brampton Business Development	6	3	3
Honeybox	53	21	32
Promotional Work	37	3	34
Work Innovation Festival	30	4	26
Business Community Connects	24	24	0
Business Enterprise Coaching	33	22	11
Beauhurst Database	10	10	0
Flourishing Keele (KU)	141	80	61
Moving Ahead (KU)	81	22	59
Advanced Digital innovation (SU)	123	30	93
SSLEP Growth Hub	15	7	8
Carbon output calculator	31	21	10
Business Catalyst Academic Support	20	0	20
Newcastle Community Connector	32	16	16
Training Academy	87	16	71
Digital Initiative & AI	50	9	41
NSCG Technical Innovation	55	0	55
Project Management	54	47	7
Contingency	46	0	46
Total	1,582	839	743

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 31 December 2025 amounted to £6.117m. Interest earned amounted to £0.186m at the close of quarter three. The average level of funds available for investment between 1 April 2025 and 31 December 2025 was £6.524m.

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 It is anticipated that borrowing for capital purposes will be required during the final quarter of the financial year. At 31 December 2025 borrowing amounting to £4.0m was held for temporary cash flow purposes.

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 three collection rate was as follows:

- Council Tax – 76.4% of Council Tax was collected by 31 December 2025, compared to a target at the close of quarter three of 73.13%.
- Business Rates – 82.2% of Business Rates was collected by 31 December 2025, compared to a target at the close of quarter three of 73.13%.

6.4 The current forecast of Council Tax and Business Rates receipts and Section 31 grant is shown below:

Tax	(Surplus)/Deficit at 31.12.25	Council's Share
Council Tax	£0.625m	£0.068m (11%)
Business Rates (2025-26 only)	£0.692m	£0.277m (40%)
Business Rates (2024-25 balance)	£2.291m	£0.916m (40%)
Business Rates Section 31 Grant	(£0.253m)	(£0.101m) (40%)
Total	£3.355m	£1.160m

6.5 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.