



**2025/26**

**Quarter Four  
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 fourth and final 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
<b>Net Cost of Services</b>	<b>18,426,160</b>	<b>462.88</b>
Pensions Liabilities Account	400,000	10.05
Investment Properties	(101,270)	(2.54)
Interest and Investment Income	588,000	14.77
<b>Net Operating Expenditure</b>	<b>19,312,890</b>	<b>485.16</b>
Contribution to/(from) Revenue Reserves	2,683,000	67.40
Contribution to/(from) Capital Reserves	(2,266,000)	(56.92)
<b>Amount to be met from Government Grant and Local Taxpayers</b>	<b>19,729,890</b>	<b>495.64</b>

- 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 the financial year a provisional positive variance of £0.115m has been achieved, this indicative amount will be paid into the Budget Support Fund to further boost the Council's financial resilience.

2.5 The positive variances that have occurred at the close of 2025/26 include:

- a. Interest receivable on cash that the Council holds in terms of Town Deal funding totals £0.238m.
- b. 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 £0.555m.
- c. Income from planning applications exceeded the budgeted amount by £0.542m.

2.6 These positive variances have been offset by the following adverse variances:

- a. Income shortfalls relating to the closure of the main pool for maintenance and repairs at Jubilee 2 and the associated freeze in memberships amounts to (£0.349m), the main pool has now re-opened and income levels are starting to recover.
- b. Income shortfalls relating to car parking amount to (£0.178m), income losses have reduced when compared to 2024/25 and a further allowance has been made to reduce the income budget in 2026/27.
- c. Income shortfalls relating to Bereavement Services amount to (£0.284m), as with car parking a further allowance has been made to reduce the income budget in 2026/27 to reflect actual levels of income being received.
- d. The recovery of Housing Benefits overpayments shows a shortfall of (£0.157m) at the close of the financial year. A number of new recovery methods, including the option for debtors to make payments by direct debit have recently been introduced.

### **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:

<b>Category</b>	<b>Amount £'000</b>	<b>Comments</b>
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
<b>Total</b>	<b>1,890</b>	

3.5 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 provisional Capital Programme position as at the close of the financial year.

<b>Priority</b>	<b>Budget at Period 12 £'000</b>	<b>Actual at Period 12 £'000</b>	<b>Variance at Period 12 £'000</b>
One Council Delivering for Local People	922	320	602
A Successful and Sustainable Growing Borough	18,398	16,870	1,528
Healthy, Active and Safe Communities	5,372	4,132	1,240
Town Centres for All	11,549	6,027	5,522
<b>Total</b>	<b>36,241</b>	<b>27,349</b>	<b>8,892</b>

4.3 A mid-year review of the Capital Programme for 2025/26 was 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 A further £0.606m of spend funded via the Shared Prosperity Fund and Section 106 agreements was also allowed for giving a total capital programme of £36.241m for 2025/26.

4.5 Actual capital expenditure for 2025/26 has amounted to £27.348m, £8.893m less than planned. £8.281m of this is to be carried forward to 2026/27 to reflect the profile of spends, largely relating to Town Deals and Regeneration projects.

4.6 The total capital receipts received at the close of the financial year amounts to £0.815m. A summary of the expected income is shown in the table below.

<b>Funding</b>	<b>Amount</b>
Proceeds from Right to Buy sales	£0.719m
Asset sales	£0.096m
<b>Total</b>	<b>£0.815m</b>

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

4.7 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 had been spent at 31 March 2025.

4.8 £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 £15.4m has been spent as shown below:

<b>Project</b>	<b>Award (£000's)</b>	<b>Spend (£000's)</b>	<b>Remaining (£000's)</b>
Digital Infrastructure	2,285	1,487	798
Sustainable Public Transport	3,421	1,190	2,231
Electric Vehicle Charging	400	400	0
Pedestrian Cycle Permeability	950	950	0
Transform Key Gateway Sites	3,810	1,403	2,407
Astley Centre for Circus	1,810	651	1,159
Digital Society	3,510	3,203	307
Heart into Knutton Village	3,534	2,929	605
Cross Street, Chesterton	2,955	2,376	579
Project Management	925	783	142
<b>Total</b>	<b>23,600</b>	<b>15,372</b>	<b>8,228</b>

4.9 £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 £7.9m has been spent as shown below:

<b>Project</b>	<b>Award (£000's)</b>	<b>Spend (£000's)</b>	<b>Remaining (£000's)</b>
Kidsgrove Sports Centre	2,328	2,328	0
Chatterley Valley West	3,496	3,496	0
Kidsgrove Station	3,658	365	3,293
Shared Services Hub	6,183	567	5,616
Canal Enhancement	400	355	45
Project Management	835	806	29
<b>Total</b>	<b>16,900</b>	<b>7,917</b>	<b>8,983</b>

4.10 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.

4.11 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 £1.3m has been spent as detailed below:

<b>Project</b>	<b>Award (£000's)</b>	<b>Spend/ Ordered (£000')</b>	<b>Remaining (£000')</b>
Outreach Mental Health Worker	50	50	0
Cultural Offer	115	61	54
Philip Astley Project (PAP)	30	18	12
Navigation House – Homeless Hub	292	292	0
Volunteering for all in Newcastle	30	16	14
Discharge Officer	51	51	0
Health Initiative	46	46	0
Homecoming	15	15	0
Natural Environment Project	50	41	9
Brampton Business Development	6	6	0
Honeybox	52	52	0
Promotional Work	37	13	24
Work Innovation Festival	39	32	7
Business Community Connects	24	24	0
Business Enterprise Coaching	33	26	7
Beauhurst Database	10	10	0
Flourishing Keele (KU)	141	118	23
Moving Ahead (KU)	82	64	18
Advanced Digital innovation (SU)	123	77	46
SSLEP Growth Hub	15	15	0
Carbon output calculator	33	33	0
Business Catalyst Academic Support	20	0	20
Newcastle Community Connector	32	32	0
Training Academy	87	60	27
Digital Initiative & AI	50	8	42
NSCG Technical Innovation	55	55	0
Project Management	54	54	0
Contingency	10	0	10
<b>Total</b>	<b>1,582</b>	<b>1,269</b>	<b>313</b>

4.12 Several regeneration projects emanating from the Town Deals and Future High Streets Fund (e.g. Ryecroft, Midway and Astley Place developments) require further funding in addition to the government grants, this will include the Council borrowing to fund these projects ahead of capital receipts (at the higher of cost, including interest costs, or market value) being received from the developer upon an stabilisation level.

4.13 Rigorous financial challenge and monitoring of each project's expenditure has and continues to be undertaken. 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 March 2026 amount to £4.047m. Interest earned amounted to £0.238m at the close of the financial year. The average level of funds available for investment between 1 April 2025 and 31 March 2026 was £6.415m.
- 5.3 The Council has not budgeted to receive investment income in 2025/26. However, due to the receipt of grants in advance of spend, funding has remained in the Council's bank account and has in turn generated interest.

### ***Borrowing***

- 5.4 At 31 March 2026 borrowing amounting to £8.0m was held. At 31 March 2026 the Council had a provisional Capital Financing Requirement of £21.778m, the majority of which is being met from internal borrowing (i.e. utilisation of balances held in reserve and cash flow – such as grants received in advance of spend), this helps to reduce external borrowing requirements and the associated interest cost.
- 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 collection rate for the financial year was as follows:
- Council Tax – 96.8% of Council Tax was collected by the close of the financial year, compared to a target of 97.5%.
  - Business Rates – 98.6% of Business Rates was collected by the close of the financial year, compared to a target of 97.5%.
- 6.4 The provisional Collection Fund outturn at the close of the financial year in respect of Council Tax and Business Rates receipts and Section 31 grant is shown below:

<b>Tax</b>	<b>(Surplus)/Deficit at 31.3.26</b>	<b>Council's Share</b>
Council Tax	£1.389m	£0.149m (11%)
Business Rates (2025-26 only)	£1.109m	£0.444m (40%)
Business Rates (2024-25 balance)	£2.291m	£0.916m (40%)
Business Rates Section 31 Grant	(£0.714m)	(£0.286m) (40%)
<b>Total</b>	<b>£4.075m</b>	<b>£1.223m</b>

- 6.5 The Council Tax deficit relates to an increase in the number of households that have had a discount or exemption applied to their Council Tax liability and a delay in the receipt of new build data from the Valuation Office. A review of discounts and exemptions applied to Council Tax liabilities is currently being undertaken in liaison with an analytic data matching company.
- 6.6 The Business Rates deficit in relation to 2025/26 largely reflects ongoing reliefs provided by Central Government for which the Council received Section 31 grant as compensation.
- 6.7 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.
- 6.8 An amount to compensate for the deficit position is held in the Business Rates Reserve, which is maintained to allow for collection fund fluctuations.