APPENDIX A

NEWCASTLE UNDER LYME BOROUGH COUNCIL

2026/27

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 2026/27.

1.2 The report summarises overall financial performance for 2026/27 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 projects 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	2026/27 General Fund	
	Estimate £	Band D Council Tax £
Central Services	2,791,910	69.35
Cultural Services	3,425,820	85.10
Environmental Services	8,735,200	216.98
Planning	1,733,680	43.06
Transport	(179,750)	(3.40)
Housing	2,406,170	59.77
Net Cost of Services	**18,956,030**	**469.80**
Pensions Liabilities Account	400,000	9.94
Investment Properties	(66,060)	(1.64)
Interest and Investment Income	711,000	17.66
Net Operating Expenditure	**20,000,970**	**496.82**
Contribution to/(from) Revenue Reserves	225,880	5.61
Contribution to/(from) Capital Reserves	(2,585,300)	(64.22)
Amount to be met from Government Grant and Local Taxpayers	**17,641,550**	**438.21**

2.2 The Council approved a General Fund Revenue Budget of £17.642m on 11 February 2026 for 2026/27. 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 £0.036m has been achieved. The projected outturn on the General Fund Revenue Account for the year is £17.585m. This represents a positive variance of £0.057m for the year.

2.5 The positive variances that have occurred at the close of the first quarter of 2026/27 include:

a. Income from commercial portfolio rents at the close of quarter one amounts to £0.029m more than budgeted, due to rent reviews being implemented, it is anticipated that the variance for the financial year will total £0.114m.

b. Interest receivable on cash that the Council holds in terms of Town Deal funding totals £0.078m at the close of quarter one. It is forecast that interest receivable will amount to £0.102m 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 £0.073m. It is anticipated that further borrowing will be required during the remainder of the financial year, as such is it estimated that this saving may amount to £0.100m for the financial year.

2.6 These positive variances have been offset in full 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 (£0.115m), the main pool has now re-opened and income levels have recovered, it is not anticipated that there will be any further income shortfall for the remainder of the financial year.

d. Income from planning applications at the close of quarter one amounts to £0.098m less than budgeted, it is anticipated that income for the remainder of the financial year will remain in line with that budgeted for and that the variance for the financial year will stay at £0.098m.

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 2026/27.

3.2 The 2026/27 budget was set in February 2026 with the assumption of £1.599m of savings in the year. These savings are detailed in the table below:

Category	Amount £'000	Comments
Income	87	Additional sources of income generation and an increased demand for services that the Council charges for
Staffing Related Efficiencies	781	Pension contributions and non-replacement of a vacant post
Good Housekeeping/More Efficient Processes	66	Various savings arising from more efficient use of budgets
Tax Base Increase	212	Increased in Council Tax and Business Rates tax base
Council Tax Increase	179	An assumed 1.99% per Band D equivalent increase in Council Tax
Government Reimbursement	274	Grant in respect of Extended Producer Responsibility
Total	**1,599**	

3.3 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 2026.

Priority	Budget at Period 3 £'000	Actual at Period 3 £'000	Variance at Period 3 £'000
One Council Delivering for Local People	166	166	-
A Successful and Sustainable Growing Borough	5,459	5,462	(3)
Healthy, Active and Safe Communities	551	554	(3)
Town Centres for All	1724	1722	2
Total	**7,900**	**7,904**	**(4)**

4.3 A Capital Programme totalling £70.492m was approved for 2026/27, excluding contingency. In addition £8.280m was brought forward from the 2025/26 Capital Programme, including projects planned under the Town Deals funds that will continue to be progressed during 2026/27, resulting in a total Capital Programme of £78.772m for 2026/27.

4.4 An in year revision to the Capital Programme has been made to reflect the profiling of Town Deals funded expenditure between 2026/27 and futures years (£3.602m) and the removal of expenditure regarding contributions to net zero projects profiled for 2026/27 (£3.886m). This has resulted in a revised total Capital Programme of £71.284m for 2026/27.

4.5 The expected total capital receipts due to be received this year following the sale of assets amount to £4.750m. A summary of the expected income is shown in the table below.

Funding	**Amount**
Proceeds from Right to Buy sales	£0.700m
Asset sales	£2.103m
Total	**£2.803m**

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 £16.5m has been spent as shown below:

Project	**Award (£000s)**	**Spend (£000s)**	**Balance (£000s)**
Digital Infrastructure	2,285	1,608	677
Sustainable Public Transport	3,421	1,247	2,174
Electric Vehicle Charging	400	400	0
Pedestrian Cycle Permeability	950	950	0
Transform Key Gateway Sites	3,810	2,160	1,650
Astley Centre for Circus	1,810	651	1,159
Digital Society	3,510	3,288	222
Heart into Knutton Village	3,534	3,010	524
Cross Street, Chesterton	2,955	2,376	579
Project Management	925	794	131
Total	**23,600**	**16,484**	**7,116**

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 £8.4m has been spent as shown below:

Project	**Award (£000s)**	**Spend (£000s)**	**Balance (£000s)**
Kidsgrove Sports Centre	2,328	2,328	0
Chatterley Valley West	3,496	3,496	0
Kidsgrove Station	3,658	499	3,159
Shared Services Hub	6,183	894	5,289
Canal Enhancement	400	358	42
Project Management	835	806	29
Total	**16,900**	**8,381**	**8,519**

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 was received in full by the Council in the financial year 2025/26. To date £1.4m has been spent as detailed below:

Project	**Award (£000's)**	**Spend/ Ordered (£000)**	**Balance (£000)**
Outreach Mental Health Worker	50	50	-
Cultural Offer	115	61	54
Philip Astley Project (PAP)	30	30	-
Navigation House – Homeless Hub	292	292	-
Volunteering for all in Newcastle	30	29	1
Discharge Officer	51	51	-
Health Initiative	46	46	-
Homecoming	15	15	-
Natural Environment Project	50	50	-
Brampton Business Development	6	6	-
Honeybox	52	52	-
Promotional Work	16	16	-
Shaping the Future	69	32	37
Business Community Connects	24	24	-
Business Enterprise Coaching	33	33	-
Beauhurst Database	10	10	-
Flourishing Keele (KU)	117	117	-
Moving Ahead (KU)	96	96	-
Advanced Digital innovation (SU)	123	123	-
SSLEP Growth Hub	16	16	-
Carbon output calculator	33	33	-
Business Catalyst Academic Support	20	-	20
Newcastle Community Connector	32	32	-
Training Academy	87	69	18
Digital Initiative & AI	50	18	32
NSCG Technical Innovation	55	55	-
Project Management	54	54	-
Contingency	10	-	10
Total	**1,582**	**1,410**	**172**

4.10 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.

4.11 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 30 June 2026 amounted to £6.231m. Interest earned amounted to £0.078m at the close of quarter one. The average level of funds available for investment between 1 April 2026 and 30 June 2026 was £9.294m.

5.3 The Council has not budgeted to receive investment income in 2026/27. 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 At 30 June 2026 borrowing amounting to £10.0m was held. At 31 March 2026 the Council had a provisional Capital Financing Requirement of £21.807m, 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 mid-term funding if required in order to reduce interest rate risk.

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 – 26.80% of Council Tax was collected by 30 June 2026, compared to a target at the close of quarter one of 24.38%.
- Business Rates – 30.00% of Business Rates was collected by 30 June 2026,

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 30.6.26**	**Council's Share**
Council Tax	£2.003m	£0.213m (11%)
Business Rates (2026-27 only)	£0.280m	£0.112m (40%)
Business Rates (2025-26 balance)	£0.418m	£0.167m (40%)
Total	**£2.701m**	**£0.492m**

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 and a review of single persons discount that is currently being undertaken.

6.6 The Business Rates deficit in relation to 2025/26 reflects a change between the estimated surplus declared in January 2026 and the actual position calculated at 31 March 2026, 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. This section of the report details any changes in use of useable reserves held by the Council.

7.2 Contributions from the Civic Growth Fund of £0.119m and £0.031m from the Maintenance Reserve are to be merged to create a balance of £0.150m for revenue investment into refreshing and renewing street furniture, railings and structures throughout the Borough. This new revenue reserve will be known as the Operation TLC reserve.