

Stafford Borough Council

Auditor's Annual Report

Year ended 31 March 2026

November 2026

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Headlines from our audit

Purpose of this report

This Auditor's Annual Report provides a summary of the findings and key issues arising from our audit of the Council for 2025/26. This report has been prepared in line with the requirements set out in the Code of Audit Practice and supporting guidance published by the National Audit Office and is required to be published by the Council.

Our responsibilities

Financial statements

We have been appointed to provide an opinion as to whether the accounts give a true and fair view of the financial position of the Council and of its income and expenditure during the year, and to confirm whether the accounts have been prepared in line with the CIPFA/LASSAC Code of Practice in Local Authority Accounting ('the Code').

We have started to rebuild assurance in relation to prior year disclaimed years, but due to the challenges of undertaking an audit where the previous four years have been disclaimed because of the local authority backstop, it will not be possible for us to rebuild sufficient assurance to support an unmodified audit opinion ahead of the backstop date of 31 January 2027.

The limitations imposed from on ongoing lack of assurance on many of the opening balances and prior year income and expenditure transactions are pervasive and as a result we are unable to form an opinion on the 2025/26 financial statements. We therefore intend to disclaim our 2025/26 Audit Report.

Narrative report and Annual Governance Statement

We assess whether the Narrative report and Annual Governance Statement is consistent with our knowledge of the Council.

We are unable to conclude whether the other information included in the statement of accounts is consistent with our knowledge of the Council and the financial statements.

This is because it has not been possible to undertake sufficient audit work to reach a conclusion before the statutory backstop date of 31 January 2027.

Value for money

We are required under Section 20(1)c of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness (value for money) in its use of resources and provide a summary of our findings in the commentary in this report.

We are required to report if we have identified any significant weaknesses as a result of this work.

We have identified one significant weakness in the Councils governance arrangements to secure value for money.

Further detail is provided in this report.

Headlines from our audit

Statutory powers

We may exercise other powers we have under the Local Audit and Accountability Act 2014. These powers include issuing a public interest report, issuing statutory recommendations, issuing an advisory notice, applying for a judicial review, or applying to the courts to have an item of expenditure declared unlawful.

Public interest report	Statutory recommendations	Advisory notice	Judicial review	Application to the court
We may issue a Public Interest Report if we believe there are matters that should be brought to the attention of the public. If we issue a Public Interest Report, the Council is required to consider it and to bring it to the attention of the public. **We have not issued a public interest report this year.**	We may make written recommendations to the Council under Schedule 7 of the Local Audit and Accountability Act. If we do this, the Council must consider the matter at a general meeting and notify us of the action it intends to take (if any). We also send a copy of this recommendation to the relevant Secretary of State. **We have made one statutory recommendation this year. This is included in the governance section of our report on pages 22 and 27.**	We may issue an advisory notice if we believe that the Council, or an officer of the Council, has, or is about to, incur an unlawful item of expenditure or has, or is about to, take a course of action which may result in a significant loss or deficiency. If we issue an advisory notice, the Council is required to stop the course of action for 21 days, consider the notice and then notify us of the action it intends to take and why. **We have not issued an advisory notice this year.**	We may make an application for judicial review of a decision of the Council, or of a failure to act by the Council, which it is reasonable to believe would have an effect on the accounts of that body. **We did not make an application for judicial review this year.**	We may apply to the courts for a declaration that an item of expenditure the Council has incurred is unlawful. **We have not applied to the courts this year.**

Headlines from our audit

Findings and recommendations

Findings from our financial statements audit	Recommendations arising from our financial statements audit	Key recommendations arising from our value for money work	Other recommendations arising from our value for money work
Detailed findings from our audit of the financial statements, including our consideration of significant risks, will be communicated in the following reports: • Audit Report on the financial statements for the year ended 31 March 2026. • Audit Completion (ISA 260) Report to Those Charged with Governance. **Our Audit Completion Report will be reported to the Council's Audit and Accounts Committee before the 31 January 2027.**	Recommendations relating to internal controls and other matters arising from our financial statements work are contained in the Audit Completion (ISA 260) Report. **Whilst our audit on the Statement of Accounts remains in progress, none of the recommendations we have noted from this work reflected significant weaknesses in the Council's arrangements to secure economy, efficiency and effectiveness in the Council's use of resources.**	We provide a summary of our findings in respect of value for money in the commentary in this report. Where we identify significant weaknesses as part of our review of the Council's arrangements to secure value for money, we make key, or essential, recommendations setting out the actions that should be taken by the Council. **From our value for money assessment for 2025/26, we have raised one statutory recommendation as noted on pages 22 and 27. We have not made any key recommendations.**	We make other recommendations if we identify areas for improvement which do not relate to identified significant weaknesses. **From our value for money assessment, we have made one other recommendation this year and have rolled forward three prior year other recommendations.** **Further details are included within this report on pages 30, 33 and 34.**

Value for money

We are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources, as set out in the NAO Code of Practice 2024 and the requirements of Auditor Guidance Note 3 ('AGN 03').

Reporting criteria	Planning – risk of significant weakness identified?	Final – significant weakness identified?	Recommendations made		
			Statutory	Key	Other
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	No	No	Yes
Governance How the body ensures it makes informed decisions and properly manages risk	Yes	Yes	Yes	No	Yes
Improving economy, efficiency and effectiveness How the body uses information about its costs and performance to improve the way it manages and delivers its services	No	No	No	No	Yes

We have concluded there are significant weaknesses in the Council's arrangements and so are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The significant weakness we have identified is set out later in this report and will be included in our Independent Auditor's Report within the Statement of Accounts.

Value for money

Councils are responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. This includes managing key operational and financial risks and taking properly informed decisions so that they can deliver their objectives and safeguard public money.

As auditors, we are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We performed risk assessment procedures at the audit planning stage to identify any potential areas of significant weakness which could result in value for money not being achieved. This included considering the findings from other regulators and internal auditors, reviewing records at the Council and performing procedures to gain an understanding of the high-level arrangements in place. The resulting risk areas we identified were set out in our Audit Plan. We have not identified any additional areas for consideration during our audit.

For each identified risk area, we performed further procedures during our audit to consider whether there were significant weaknesses in the processes in place at the Council to achieve value for money.

The NAO Code of Audit Practice requires us to structure our commentary on VFM arrangements under three reporting criteria:

- Financial sustainability;
- Governance; and
- Improving economy, efficiency and effectiveness.

We have set out on the following pages our commentary and findings on the arrangements at the Council in each area.

In addition to our financial statements work we performed a range of procedures to inform our value for money commentary, including:

- Meeting with management and regular meetings with senior officers
- Interviews as appropriate with other executive officers and management
- Review of Council and committee reports and attendance at audit and governance committee meetings
- Reviewing reports from third parties
- Review of the Council's Annual Governance Statement and Narrative Report and other publications
- Considering the work of internal audit and the counter fraud function
- Consideration of other sources of external evidence.

Value for money

National and local context

Stafford Borough Council (the 'Council') is a borough council in Staffordshire. It works with other district and borough councils, local parish and town councils and Staffordshire County Council in a two-tier local government system. The administrative area also includes the Staffordshire Police. The Council serves a population of circa 142,000 people and has entered into a number of large capital and investment schemes to promote regeneration and attract business to the area. Some of these investment schemes carry significant financial risk.

Like all councils, and the wider local government sector, the Council continues to face significant challenges. The Committee of Public Accounts report on Local Government Financial Sustainability, published in June 2025, states that "Local government finance is in a perilous state. Despite a real terms funding increase in central government grants, council tax and locally retained business rates of 4%, over the period 2015–16 to 2023–24, the amount per person fell over the same period. Funding has not kept pace with population growth, demand for services, complexity of need, or the rising costs of delivering services".

Significant increases in inflation in 2021 and 2022 increased cost pressures on all councils' revenue and capital expenditure and although these fell during 2023 and 2024, they remained 2.6% higher in March 2026 than they were in March 2021. As of 2025/26, local authority core spending power is about 9% in real terms below its 2010/11 levels in England as a whole, and much lower for some authorities.

The Government has introduced a three-year funding settlement covering 2026/27 to 2028/29, the first multi-year settlement for a decade. The provisional settlement was published on 17 December 2025 and the final settlement on 24 February 2026. In total, the settlement distributes £83.5 billion to local authorities in 2026/27, rising to £90.5 billion in 2028/29 (a 4.3% change in real terms). Most of this is in the form of un-ringfenced funding and council tax revenue. However, the distribution of funding has changed as a result of the Fair Funding Review 2.0 and as a result some authorities have gained more than others, and some have ended up with less funding than before. For Stafford Borough Council the provisional settlement shows a +0.2% change in Core spending Power from 2024-25 to 2027-28.

As at 31 March 2026, the Council has a reasonable level of general fund reserves compared to other district and borough councils nationally. However, these could be significantly depleted over the next few years if macro-economic conditions are unfavourable and the uncertainty inherent in the Council's cost and income assumptions do not crystallise in the Council's favour.

Value for money

Local Government Reorganisation

Following consultation, the UK Government issued proposals for a proposed restructure of local government in Staffordshire and Stoke-on-Trent in July 2026**.** The proposals were for the current two-tier structure (district/borough councils plus Staffordshire County Council) to be replaced by two new unitary authorities from 1 April 2028. However, on 7 September the Minister for Local Government, Devolution and Regional Growth wrote to Council leaders to advise them that the decisions made in July will be further considered under a review of the Local Government Reorganisation programme. Until this review has concluded, Councils were advised to cease work on implementing the decisions announced in July.

Local Government Reorganisation (LGR), and the subsequent pause of LGR, have created significant uncertainty for the Council. Prior to the pause of LGR and during 2025/26 councils would have needed to consider the risk of the loss of key individuals given uncertainty about the future of their roles. LGR may also have resulted in an incentive for more short-term decision making in respect of the use of reserves by the Council. It is important to make sure that proper governance arrangements remain in place, and these have been considered as part of our 2025/26 value for money work.

It is recognised that any transition and reorganisation will require significant management time to ensure the benefits are identified and plans are put in place to realise them post-transition. A significant amount of work already went into planning and progressing LGR before the programme was paused. This may have diverted attention from the realisation of savings plans or make the achievement of previously planned savings less likely. Such risks will therefore need to be incorporated into medium term financial plans which may require updating if changes in the scope or timing of Local Government reorganisation in Staffordshire and Stoke-on-Trent are made.

Members, and in particular the Audit and Accounts Committee need to be satisfied that:

- where earmarked reserves are being utilised, they are being utilised for their intended purpose;
- reserve balances remain at an appropriate and prudent level; and
- balanced budgets continue to be set in line with the Council's statutory duties.

Effective governance and stewardship will remain key, particularly in the operation of the Audit and Accounts Committee, delivery of internal audit and execution of the risk management processes.

AGN 03 (reissued on 23 March 2026) clarifies that arrangements bodies put in place to manage reorganisation fall within the general scope of VFM arrangements work, and the risk of significant weaknesses may increase where the body is involved in or planning such activities. AGN 03 includes some illustrative weaknesses that might apply, which we considered when carrying out our initial risk assessment. Where we identified potential weaknesses at the Council in relation due to the impact of Local Government Reorganisation and the programme's subsequent pause, we included them in our Audit Plan under the relevant criteria and have reported the results of our follow up work under the VFM criterion below.

Value for money

The Council has previously put a number of its activities on hold to focus its resources towards LGR. These areas covered our previously raised 'other' recommendations as noted in our 2024/25 Auditors Annual Report:

- Procurement - to put in place a formal service level agreement with Staffordshire County Council in relation to shared procurement arrangements.
- Performance management - to develop a data quality policy or similar process for providing assurance on key performance indicators as part of performance management reporting.
- Financial management - to review the need to implement further savings ahead of Local Government Reorganisation given the potential funding gaps identified in 2026/27 and 2027/28, as a result of changes to the financial settlement after the MTFS and 2026/27 budgets were approved in January 2026.

On the announcement of the pause of Local Government Reorganisation, the Council acted in a timely manner to respond to this and has held discussions at a leadership level on how to redirect these resources. These discussions remain ongoing at the time of writing our report.

Value for money: financial sustainability

This relates to how the Council plans and manages its resources to ensure it can continue to deliver its services.

We considered the following areas:

- how the Council identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into the plans;
- how the Council plans to bridge its funding gaps and identifies achievable savings;
- how the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- how the Council ensures that its financial plan is consistent with workforce, capital, investment, and other operational plans, which may include working with other local public bodies as part of a wider system; and
- how the Council identifies and manages risks to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

2025/26 outturn position

General fund

The Council's 2025/26 revenue budget was approved in February 2025 by full Council. The 2025/26 budget was revised in February 2026 to update for inflationary cost increases and was subsequently approved by full Council in February 2026. This was completed alongside the 2026/27 budget setting process.

The 2025/26 unaudited outturn position resulted in an underspend of £1.6m against the revised budget.

The revised 2025/26 budget set out a planned contribution to reserves of £0.5m. The favourable outturn position for the Council resulted in an increased contribution to reserves taking place in 2025/26 of £1.6m.

This means the level of working General Fund balances was £5m at 31 March 2026, which is in line with the Council's policy to retain a working reserves balance of at least £1m. The level of earmarked General Fund reserves was £30m at 31 March 2026, bringing the overall level of useable General Fund reserves available to the Council to £35m. This represents a decrease compared to the 31 March 2025 position of £44.3m.

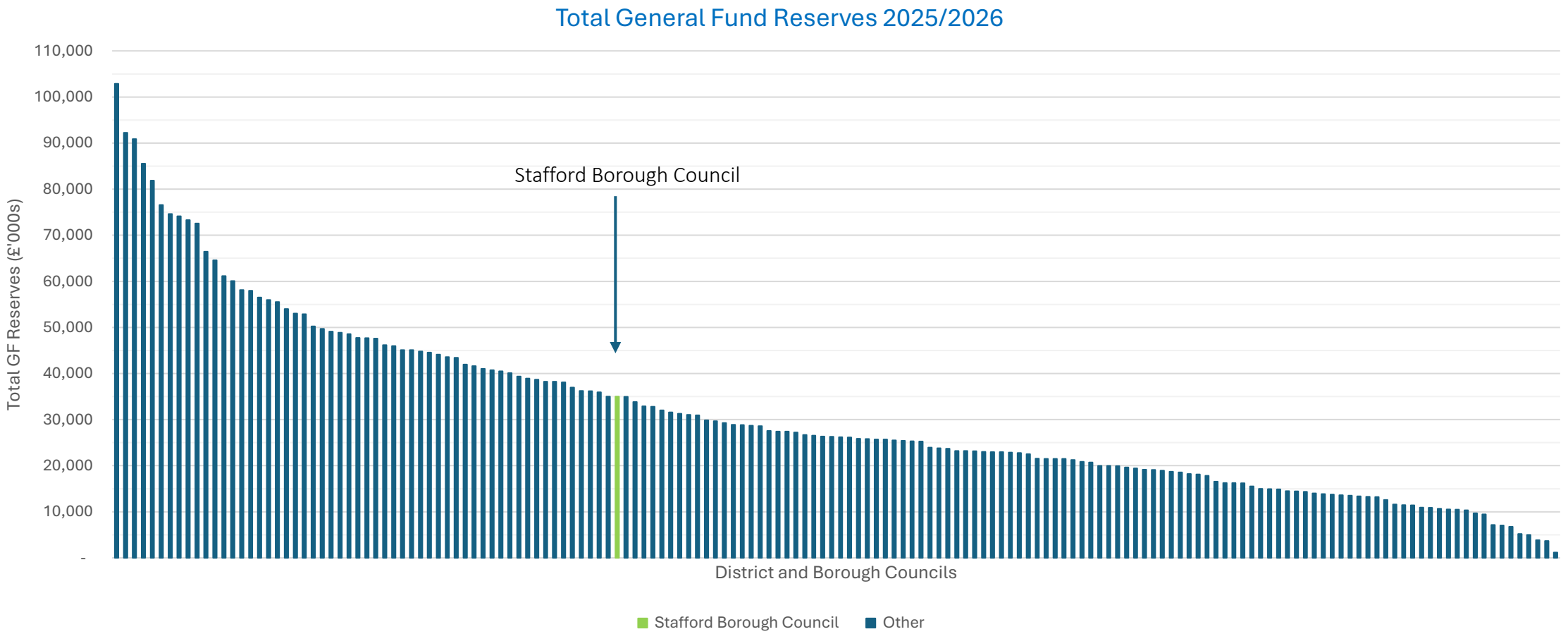
The Council's overall level of general fund reserves is broadly comparable with those of similar district and borough councils, as set out on page 12, and represents a reasonable level of financial resilience when considered against net expenditure on services of £20.7m in 2025/26.

The reserve position provides the Council with capacity to absorb unexpected financial pressures and supports its ability to manage elements of financial risk.

Value for money: financial sustainability

General fund reserves balance

The table below shows how the Council's general fund reserve balances compare with other district and borough councils.



Source: Draft 2025/26 Statement of Accounts for all Borough and District Councils

Value for money: financial sustainability

Capital programme

Management reported to full Council in February 2026 that the original £11.8m 2025/26 capital programme had been increased to £41.1m primarily due to the purchase of the Civic Centre (£20.8m increase to budget), the Future High Street Fund Co-op demolition work being brought forward (£7.7m increase to budget) and the purchase of food waste caddies to support the central government's decision that the Council will start to collect food waste (£1.5m increase to budget). This revision was approved by full Council in February 2026.

Capital expenditure for 2025/26 was £29.2m, showing a variance of £12m (29%) against the revised budget. This represents an increase in capital investment compared to 2024/25 of £8.1m.

However, the Council reported slippage of approximately £12m on its capital programme, which represents close to a third of the annual budget. While the Council actively manages the delivery of its capital programme, continued slippage puts pressure on overall achievement of the Council's capital investment plans. Project slippage relates to a variety of factors including delayed spend and later project start dates.

We have raised an 'other' recommendation in relation to the slippage of the Council's capital programme.

Medium-Term Financial Strategy and 2026/27 budget

The Council's annual budget is developed based on discussions with service leads and is then taken to full Council, Cabinet and Scrutiny Committees for approval in February each year. The Council maintains a Medium-Term Financial Strategy (MTFS) which is updated annually alongside the budget.

The revised MTFS and 2026/27 budget was approved by full Council in February 2026. The table below summarises the Council's position over the next three financial years per its MTFS.

	Budget 2026/27 £'000	Budget 2027/28 £'000	Budget 2028/29 £'000
Budget Requirement	21,049	20,759	21,039
Total Financing	(21,245)	(21,034)	(21,001)
Transfer from/(to) Balances	**(196)**	**(275)**	**38**

Value for money: financial sustainability

The MTFS sets out key assumptions built into this plan as well as risks. The key assumptions include; a 3% pay award and 3% general inflation for 2026/27, implementation of the business rates reset and changes to funding methodology as a result of the Fair Funding Review. There are no saving assumptions built into the MTFS for the Council.

The MTFS also included a number of risks to the plan. This includes:

- Uncertainty of funding settlements and cuts in public spending;
- Business Rates Retention Scheme;
- Demand associated with key income streams including parking, bereavement services and planning; and
- Local Government Reorganisation.

The key risks identified by the Council are largely sector wide developments which are outside the direct control of the Council. These risks are monitored through the Council's risk management arrangements which are detailed in the 'Governance' section.

The Council has committed to revisiting the assumptions within the MTFS to reflect the pause to Local Government Reorganisation. The review will commence once further details are provided by the Government regarding the future approach and associated timescales.

Value for money: financial sustainability

Use of reserves

The Council consider that generating further savings would result in a reduction in service provision. Given the ongoing uncertainty around Local Government Reorganisation, long term funding arrangements and the extent of the financial risk in MTFS compared to the level of available reserves, the Council has taken a decision not to implement further savings or service cuts and to instead use available reserves to fund the requirement as per the MTFS.

The detailed analysis of reserves within the MTFS identified a specific budget support reserve which was projected to total £1.8m in 2026/27, £2.8m in 2027/28 and £3.4m in 2028/29. This is a reserve intending to support the achievement of balanced budgets in the future.

Whilst the Council has noted the use of reserves to balance budgets within its MTFS assumption, the Council has a healthy reserves position with a working General Fund balance of £5m at 31 March 2026 and has achieved underspend positions against budget in recent years without the use of reserves.

Conclusion and recommendation

We consider that the arrangements in place at the Council during 2025/26 are appropriate and do not constitute a significant weakness in arrangements in relation to financial sustainability.

We have made one 'other' recommendation for the Council in relation to the slippage of its capital programme:

1. We recommend that the Council focus on timely delivery of their capital programme to ensure that they are minimising projects being delayed into future years where possible. The Council should therefore ensure that factors inside their control are considered as early as possible to minimise this perpetuating into future years.

Value for money: governance

This relates to the arrangements in place for overseeing the Council's performance, identifying risks to achievement of its objectives and taking key decisions.

We considered the following areas:

- how the Council monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Council approaches and carries out its annual budget setting process;
- how the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
- how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests) and for example where it procures or commissions services.

Overview

Stafford Borough Council was formed on 1 April 1974, under the Local Government Act 1972 and comprises of 23 ward areas. The Council is composed of 40 councillors who are elected every four years.

Meetings of the Council can be observed by the public.

The leader of the Council appointed a Cabinet which is responsible for both day-to-day and major decision making. The Council appointed three Scrutiny Committees which hold the Leader and Cabinet to account. The Scrutiny Committees which the Council has in place are:

- Community Wellbeing Scrutiny Committee
- Economic Development and Planning Scrutiny Committee; and
- Resources Scrutiny Committee.

Audit and Accounts Committee

The Council also has an Audit and Accounts Committee in place which met seven times during 2025/26 in its role to advise on the adequacy and effectiveness of the Council's internal control systems, risk management arrangements, counter-fraud measures and governance processes.

The Council has an adequate and effective Internal Audit function, headed up by a Chief Internal Auditor & Risk Manager who is a full-time appointment covering both Stafford Borough Council and Cannock Chase District Council. Internal Audit present an annual workplan and regular progress reports to the Audit and Accounts Committee.

Value for money: governance

We met with the Chief Executive, the S151 officer, the Chair of the Audit and Accounts Committee and the Head of Business Support & Assurance and reviewed Committee meeting minutes throughout the year. We also attended the majority of Audit and Accounts Committee meetings. From this work and attendance at meetings throughout the year, we are satisfied that the Audit and Accounts Committee demonstrates effective challenge and scrutiny in these areas.

Risk Management

The Council updated its Risk Management Strategy and Policy during 2024/25, and this was approved by Cabinet on 5 December 2024.

This policy sets out the following:

- Roles and responsibilities for identification, management and the reporting of risk across the Council;
- The importance of embedding a risk management culture within the Council; and
- The Council's risk appetite statement.

Training on risk management was also provided to heads of services, officers and members during 2025/26.

Strategic Risk Register

During 2024/25, the Council developed and approved its revised Strategic Risk Register. The Strategic Risk Register is reported to Cabinet and the Audit and Accounts Committee on a quarterly basis.

We obtained the June 2026 Strategic Risk Register which was presented to Cabinet in September 2026. This set out a number of risks including their risk score, target risk score, actions in place and direction of travel each risk has seen in recent years. These arrangements were also in place throughout 2025/26, and we consider these to be appropriate.

Departmental risk registers

The Council undertook work to develop its departmental risk registers during 2024/25 and 2025/26. A number of the key directorates had departmental risk registers in place during 2025/26 including Housing and IT. Further work is required to ensure directorate risk registers are in place across the Council.

Heads of services within the Council are responsible for developing and collating the departmental risk registers and escalating risks to the strategic risk register, as required. There is currently not a process in place for the Risk Manager to oversee the departmental risk registers, to ensure they are kept up to date, appropriate mitigating actions are being taken and they link in appropriately with the strategic risk register. This is due to departmental risk registers not being in place yet across the Council.

In 2024/25, an 'other' recommendation was identified in relation to the development of the Council's departmental risk registers, and we propose that this recommendation remains open. This is due to the further work that is required to develop departmental risk registers across all Council departments.

Value for money: governance

Internal controls in relation to counter fraud

From 2021/22 to 2024/25 a significant weakness was identified by external audit in relation the Council's governance arrangements for counter fraud. In 2024/25 the significant weakness was specifically in relation to the Council's anti- Fraud and Bribery Framework and Confidential Reporting Framework being out of date. These frameworks were dated 2014 meaning they had not been updated for over 10 years.

Both frameworks were reviewed and updated during 2025/26 and were approved by the Council's Cabinet in April 2026, with minimal changes to arrangements made.

As the Council has appropriately updated its policies and procedures in relation to counter fraud and bribery and the confidential reporting framework, we consider that this significant weakness in the Council's governance arrangements has now been rectified and as such we acknowledge that the significant weakness is resolved.

Town Centre Regeneration Project

Project Background

The Council was awarded funding of approximately £14.3million from the Future High Streets Fund in December 2020 to use for its Town Centre Regeneration project. This represents the largest capital project ongoing at the Council.

The project is making good progress against set deadlines where in 2023, a £1 million refurbishment of the historic Market Square was completed, followed by enhancements to the approach and entrance to Stafford Railway Station in 2025.

During 2025/26, phase 1 of the project in relation to the demolition of the Guildhall and Co-op Department stores was completed and the Council has begun planning for the key delivery phase of the programme which includes securing development partners.

The Stafford Town Centre Development Framework was presented and approved by Cabinet in April 2026. The framework sets out the Council's vision for the regeneration project and is planned to be used as part of the process to appointing development partners.

Value for money: governance

Governance Arrangements

Detailed business cases have been developed and approved by Cabinet for all phases of the project to date. Delivery of the project is monitored at each meeting of the project delivery group in the form of performance dashboards. In addition, in line with the Council's performance management arrangements priority delivery plans are in place for the project which includes key performance indicators used to monitor performance across the year. Updates on performance against the priority delivery plans is presented to Cabinet quarterly.

Project risk registers are also in place which are monitored at each meeting of the project delivery group and Town Centre Regeneration Project has also been identified as 'High' risk in the Council's strategic risk register. These arrangements ensure that project performance and the risks associated with the delivery of such an ambitious project are monitored, reported and scrutinised regularly.

Since 2025/26, the Council has worked on developing a revised governance structure for entering the next phase of the project, which also includes consideration of any additional resourcing and capacity required to deliver the project. The proposed four-tier governance framework was approved at the October 2026 Cabinet meeting.

We are satisfied that the Council had appropriate arrangements in place for the Town Centre Regeneration Project during 2025/26 but this will remain as a key area of focus within our value for money work in 2026/27 as the Council enters its key delivery phase of the project.

During 2025/26, the Ministry of Housing, Communities & Local Government announced that the Future High Streets Fund funding would be consolidated into the Local Regeneration Fund with an expectation that all monies would be spent by 31 March 2028. This is an ambitious project for the Council to deliver, and it is important that the Council continues to closely monitor project delivery and risk to ensure project completion by 31 March 2028.

Value for money: governance

Financial monitoring and the capacity of the finance team

From 2021/22 to 2024/25 a significant weakness was identified in relation to the Council's governance arrangements for financial monitoring and the capacity of the finance team to meet their statutory requirements.

Internal financial reporting

The Council has been unable to deliver regular in year financial reporting throughout 2024/25 and 2025/26. In both years, due to capacity issues within the finance team, management only presented finance reports to Members twice annually, in the form of a mid-year report and a year-end outturn report.

Budget holders do however have access to real time financial information through monthly budget holder dashboards and training has been provided to support budget holders in this regard.

It is critical that the Council has effective systems and processes in place to communicate relevant, accurate and timely financial management information to enable appropriate scrutiny by the Council and its committees.

We do not consider that the frequency of financial reporting during 2025/26 was sufficient to meet this requirement.

Publication of unaudited 2025/26 accounts and audit requirements

The Council published draft unaudited 2025/26 accounts on 27 August 2026, significantly later than the statutory deadline of 30 June 2026 under the Accounts & Audit Regulations 2015.

The 2024/25 draft Statement of Accounts were also published almost 6 months after the statutory deadline of 30 June 2025 and were subsequently approved by the Council on 23 February 2026.

The Council has now had four financial years from 2021/22 to 2024/25 where auditors have been unable to obtain sufficient appropriate audit evidence, by the backstop date, and have therefore issued a disclaimer of opinion on the Statement of Accounts.

The Council has acknowledged that there was insufficient capacity within the finance team to meet the statutory publication deadline and the audit requirements between 1 April 2025 and 31 March 2026, resulting in minimal audit progress being made.

The Council operates a shared service finance function serving both Cannock Chase District Council and Stafford Borough Council, meaning the demands on the finance function are significant, compounded in 2025/26 by the additional pressures of Local Government Reorganisation and other Council initiatives. In addition, member prioritisation of external funding projects and correspondence received from the public has further increased the demands and pressures of the finance team.

Value for money: governance

Azets were required by the Ministry of Housing, Communities & Local Government (MHCLG) to perform a capacity and risk assessment in July 2026. This assessment concluded that the Council has adequate systems to provide the necessary evidence in principle, but resource constraints mean that an International Standards on Auditing (ISA) compliant build-back process for the disclaimed years is at risk of not being completed by the 2027/28 backstop date.

Since July 2026, management have worked proactively with external audit to agree an ambitious build back plan to facilitate the recovery of missing assurance from the four disclaimed years and this work remains in progress.

Discussions with the Council throughout 2025/26, and to date, have highlighted that more progress is required to address longstanding capacity issues within the finance team.

While some improvement has been evident following the pause in Local Government Reorganisation in September 2026, which has reduced pressure, capacity of the finance team remains a significant weakness in the Council's value for money arrangements and has been reported as such for four consecutive years.

The delivery of the audit work required on the Council's 2025/26 Statement of Accounts is critical to the successful delivery of the build back audit work required to obtain an unmodified audit opinion by 2027/28. Given the importance of this objective as highlighted by MHCLG, combined with the previously identified significant weaknesses in the Council's arrangements in this area, we are now making a statutory recommendation to the Council under Schedule 7 of the Local Audit and Accountability Act 2014 in 2025/26.

Value for money: governance

Conclusion and recommendations

A significant weakness exists in the Council's arrangements for ensuring effective processes and systems are in place to ensure budgetary control, for communicating relevant, accurate and timely management information, and for meeting statutory reporting requirements

This weakness has resulted in the following:

- The Council published draft unaudited Statement of Accounts significantly later than the statutory deadlines in both 2024/25 and 2025/26.
- There is a high risk the Council will fail to return to an unmodified audit opinion by 2027/28 because inadequate support has been provided for the audit work necessary to recover the missing assurances since 2021/22.
- The Council has failed to report in year financial information to Members with adequate frequency, during 2025/26, to allow for sufficient scrutiny and governance oversight of financial information.

Due to the significance of these, we have raised one 'statutory' recommendation.

We recommend that the Council:

1. Undertake a comprehensive review of the structure and capacity of the finance team during 2026/27 to ensure it has sufficient resources in place to report in-year financial reporting information quarterly, meet its statutory requirements to publish draft Statements of Accounts by the 30 June deadline, and facilitate the audit recovery work needed to meet MHCLG's expectations to return to an unmodified audit opinion by 2027/28.

Under Schedule 7 of the Local Audit and Accountability Act 2014, the Council is required to consider the recommendation at a meeting held within one month from when the statutory recommendation is sent. The Council is also required to provide notice of this meeting and following the meeting the Council must notify its external auditors of the decisions made.

In addition, due to the limited progress made during 2025/26 in addressing our prior year 'other' recommendation, in relation to departmental risk registers.

1. The Council should ensure that:

- departmental risk registers are in place for all service areas;
- departmental risk registers are subject to regular review to ensure that appropriate mitigating actions are being taken; and
- processes are in place to escalate risks identified on departmental risk registers to the operational and strategic risk registers where appropriate.



Value for money: improving economy, efficiency and effectiveness

This relates to how the Council seeks to improve its systems so that it can deliver more for the resources that are available to it.

We considered the following areas:

- how financial and performance information has been used to assess performance and identify areas for improvement;
- how the Council evaluates service quality to assess performance and identify areas for improvement;
- how the Council ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, to assess whether it is meeting its objectives; and
- where the Council commissions or procures services, how it assesses whether it is realising the expected benefits.

Performance management

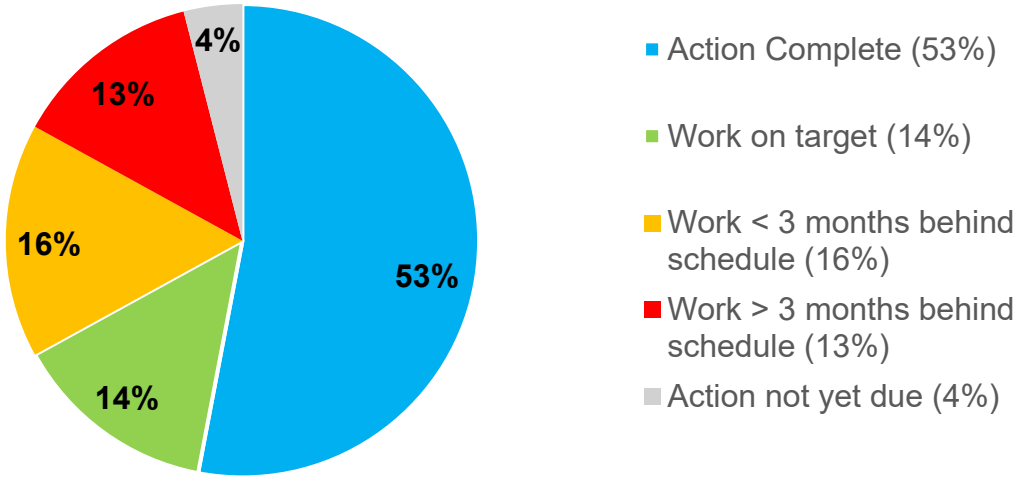
The Council does not have a formal Performance Management Framework but has arrangements in place to ensure effective performance management.

The Council had the following performance management arrangements in place during 2025/26:

- Corporate Business Plan 2025-28 which sets out four key priorities and objectives over the period 2025/26- 2027/28. These are Prosperous Economy, Communities and Wellbeing, Climate Change and Environment and Effective Council.
- Annual delivery plans including key milestones being put in place for each of the four priority areas identified in the Corporate Plan.
- Priority delivery plans to support the Annual Delivery Plans which included key performance indicators (KPIs) used to monitor performance across the year.
- Quarterly performance reports were prepared and presented to Cabinet which showed performance against the KPIs.
- A year end performance report was presented to Cabinet which sets out the overall year performance against KPIs.

We reviewed the 2025/26 end of year performance report taken to Cabinet in June 2026 which highlighted that 67% of key actions within priority delivery plans were delivered or on tracked to be delivered. This is detailed in the chart on page 24.

Value for money: improving economy, efficiency and effectiveness



In addition, the report showed that the Council had achieved 13 of 31 KPIs, with a further 4 within 5% of target, 2 outside of 5% of target and 12 no longer applicable.

In 2024/25 we raised an 'other' recommendation that the Council should implement a formal data quality policy or similar process for providing assurance on Key Performance Indicators which are used as part of its performance management reporting.

The Council has not made progress against this 'other' recommendation during 2025/26; therefore the recommendation remains outstanding.

Value for money: improving economy, efficiency and effectiveness

Procurement

Stafford Borough Council operates a shared service arrangement with Staffordshire County Council for the provision of procurement services. Staffordshire County Council has a Procurement Strategy in place, and the Council utilises these procurement arrangements. Under the shared service arrangement, the Council does not have a dedicated lead officer for procurement activities. Instead, procurement expertise, oversight and support are provided through the shared service with Staffordshire County Council, which fulfils this function on the Council's behalf.

In 2024/25, we raised an 'other' recommendations highlighting a number of improvements required to strengthen the Council's procurement arrangements. These were:

The Council should ensure that a formal Service Level Agreement is in place covering the shared service procurement arrangements with Staffordshire County Council.

This continues to represent a long-standing arrangement however, work has not progressed in this area during 2025/26. There is still not a formal Service Level Agreement or formal contract in place covering the arrangement.

The Council should ensure that regular reports are provided to members on single tender waivers, including information on values and the reasons for the single tender waiver being necessary.

The Council monitors single tender waivers used as part of its procurement activities internally. During 2025/26 work has not progressed in reporting information on single tender waivers to members. The Council is currently researching options as to how best to report on single tender waivers and how to collate the information needed.

The Council should ensure its contract register, covering those procurement contracts not managed by Staffordshire County Council, is complete and accurate.

Work has commenced to review the contract register during 2025/26; however, this has been minimal and is expected to be completed later in 2026/27.

Due to the limited activity that has been undertaken in the year by the Council to address the previously raised 'other' recommendation, this remain open.

Value for money: improving economy, efficiency and effectiveness

Conclusion and recommendations

We have not identified any significant weaknesses in the arrangements in place to secure value for money through improving economy, efficiency and effectiveness.

However, due to limited progress made during 2025/26 in addressing previous year 'other' recommendations in relation to both performance management and procurement arrangements, we continue to raise 'other' recommendations in these areas:

1. The Council should implement a formal data quality policy or similar process for providing assurance on Key Performance Indicators which are used as part of its performance management reporting.
2. The Council should ensure that:
    - A formal Service Level Agreement is in place covering the shared service procurement arrangements with Staffordshire County Council.
    - Regular reports are provided to members on single tender waivers, including information on values and the reasons for the single tender waiver being necessary.
    - Its contract register, covering those procurement contracts not managed by Staffordshire County Council, is complete and accurate.

Value for money: significant weaknesses and statutory recommendations

Significant weakness identified	Criteria	Sub criteria	Statutory recommendation	Management Response
Financial monitoring and the capacity of the finance team We have identified a significant weaknesses in the arrangements in place for ensuring effective processes and systems are in place to ensure budgetary control, for communicating relevant, accurate and timely management information, and for meeting statutory reporting requirements.	Governance	How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships.	We recommend that the Council: Undertake a comprehensive review of the structure and capacity of the finance team during 2026/27 to ensure it has sufficient resources in place to report in-year financial reporting information quarterly, meet its statutory requirements to publish draft Statements of Accounts by the 30 June deadline, and facilitate the audit recovery work needed to meet MHCLG's expectations to return to an unmodified audit opinion by 2027/28.	Response: Reviewing and revisiting the structure and capacity of the finance team is unlikely to resolve the resourcing pressures being faced if taken in isolation. The capacity issues faced by the team are not just due to vacancies; this has been exacerbated by the number of major projects that the Council is delivering. It is therefore essential that the Council reviews its priorities and the number of projects to be delivered to assist in alleviating the capacity issues for the Finance Team and other corporate support services. The team has also faced increasing pressures from the public with large numbers of queries reducing the teams ability to deliver on priorities, as highlighted in this report.

Value for money: significant weaknesses and statutory recommendations

Significant weakness identified	Criteria	Sub criteria	Statutory recommendation	Management Response
Financial monitoring and the capacity of the finance team - continued	Governance			Following the Statutory recommendation in January 2024, the Councils allocated £300k to support a restructure and fund additional posts for the Finance Team. However, there has been limited success in recruiting to the new posts created in the team. The biggest impact has been the inability to appoint to the two senior finance business partner posts, which is having a significant impact on service delivery. Temporary staff have been used to cover some specific roles or pieces of work. Recruitment difficulties are ongoing and are part of wider sector issue; it is difficult for the District Council to compete with the salaries offered by larger councils and the private sector, especially when there is a shortage of experienced qualified staff.

Value for money: significant weaknesses and statutory recommendations

Significant weakness identified	Criteria	Sub criteria	Statutory recommendation	Management Response
Financial monitoring and the capacity of the finance team - continued	Governance			That said, a report is being prepared to seek permission for a market supplement for the two senior posts, and another attempt will be made to recruit. Depending on the success of this, a further review of the team structure will be undertaken. **Responsible Officer:** Deputy Chief Executive – Resources and s151 Officer **Implementation Due Date:** Recruitment to 2 Senior Finance Business Partners to commence February 2027 Review of priorities for 2027/28 to take place in February/March 27

Value for money: other recommendations

Observation	Criteria	Other recommendation	Management Response
Capital Programme Slippage The Council reported significant slippage on its capital programme. While the Council actively manages the delivery of its Capital Programme, continued slippage puts pressure on overall achievement of the Council's asset plans.	**Financial Sustainability**	We recommend that the Council focus on timely delivery of their capital programme to ensure that they are minimising projects being delayed into future years where possible. The Council should therefore ensure that factors inside their control are considered as early as possible to minimise this perpetuating into future years.	**Response**: Delivery of the capital programme will be discussed with Leadership Team to ensure this is planned and monitored effectively **Responsible Officer**: Deputy Chief Executive – Resources and s151 Officer **Implementation Due Date**: March 2027 ready for new financial year

Value for money: follow up of prior recommendations

The recommendations we made in previous years are set out below, together with actions taken by the Authority in 2025/26 to address them.

Recommendation previously made	Criteria	Auditor update 2025/26
Key recommendation The Council should: • ensure it has adequate capacity in its finance team and ensure that budget holders receive formal financial monitoring reports during the year. • produce draft financial statements in line with statutory requirements and working with external auditors to deliver audits effectively.	Governance	Insufficient progress has been made by the Council for this recommendation, and this has been rolled forward into the 'statutory' recommendation made in the current year.
Key recommendation The Council should update the anti-Fraud and Bribery Framework and the Confidential Reporting Framework.	Governance	We are satisfied that the Council has appropriately updated the anti-Fraud and Bribery Framework and the confidential Reporting Framework. This recommendation has been addressed and is therefore closed.

Value for money: follow up of prior recommendations (continued)

Observation	Recommendation previously made	Criteria	Auditor update 2025/26
MHCLG published guidance to bodies in July 2025 entitled Financial Decisions before local government reorganisation" which stated that decisions regarding ongoing service delivery and the medium-term financial strategy of existing councils must not compromise the future sustainability of new councils. In the light of this all councils need to continue to consider financial sustainability across the period of the MTFS irrespective of any potential plans for reorganisation.	Other recommendation The Council should review the need to implement further savings ahead of potential local government reorganisation given the potential funding gaps now identified in 2026/27 and 2027/28 as a result of changes to the financial settlement in February 2026, after the Cabinet had reviewed and approved the updated MTFS and 2026/27 budgets in January 2026.	Financial sustainability	The indicative budget positions for 2026/27 to 2028/29 do not indicate a need for delivery of significant savings for the Council. The Council has considered the impact of Local Government Reorganisation within its MTFS. This recommendation has been addressed and is therefore closed.

Value for money: follow up of prior recommendations (continued)

Observation	Recommendation previously made	Criteria	Auditor update 2025/26
Whilst the Council has made progress in 2024/25 in the development of risk management arrangements, further work is required to develop departmental risk registers.	Other recommendation The Council should ensure that: • departmental risk registers are in place for all service areas, • departmental risk registers are subject to regular review to ensure that appropriate mitigating actions are being taken, and • processes are in place to escalate risks identified on departmental risk registers to the operational and strategic risk registers where appropriate.	Governance	Further work is required to develop departmental risk registers across all Council departments. This recommendation remains open.
Whilst there is evidence that individual service areas do take action to review the validity of data used for KPIs, the Council does not have a formal data quality policy or an overall a process for providing assurance on KPIs.	Other recommendation The Council should implement a formal data quality policy or similar process for providing assurance on Key Performance Indicators which are used as part of its performance management reporting	Improving economy, efficiency and effectiveness	Individual service areas do take action to review the validity of data used for KPIs but there is no formal data quality or overall process for providing assurance on KPIs in place. This recommendation remains open.

Value for money: follow up of prior recommendations (continued)

Observation	Recommendation previously made	Criteria	Auditor update 2025/26
We identified a number of areas for improvement in the Council's procurement arrangements, which are managed under a shared service arrangement with Staffordshire County Council.	Other recommendation The Council should ensure that: • A formal Service Level Agreement is in place covering the shared service procurement arrangements with Staffordshire County Council. • Regular reports are provided to members on single tender waivers, including information on values and the reasons for the single tender waiver being necessary. • Its contract register, covering those procurement contracts not managed by Staffordshire County Council, is complete and accurate.	Improving economy, efficiency and effectiveness	Limited activity has been undertaken in the year by the Council to address our previous recommendation as they relate to improvements to the Council's procurement arrangements. This recommendation remains open.



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