



# Auditor's Annual Report for Newcastle-under-Lyme Borough Council

**Year-ended 31 March 2025**

—

19<sup>th</sup> November 2025

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## Key Contacts

**Richard Lee**

*Director*

[richard.lee@kpmg.co.uk](mailto:richard.lee@kpmg.co.uk)

**Robert Fenton**

*Senior Manager*

[robert.fenton@kpmg.co.uk](mailto:robert.fenton@kpmg.co.uk)

**Fred Dzikunu**

*Assistant Manager*

[fred.dzikunu@kpmg.co.uk](mailto:fred.dzikunu@kpmg.co.uk)

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Our audit report is made solely to the members of Newcastle-under-Lyme Borough Council ('the Council'), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Council, as a body, those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the members of the Council, as a body, for our audit work, for our auditor's report, for this Auditor's Annual Report, or for the opinions we have formed.

External auditors do not act as a substitute for the Council's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.



**01**

# **Executive Summary**



# Executive Summary



## Purpose of the Auditor's Annual Report

This Auditor's Annual Report provides a summary of the findings and key issues arising from our 2024-25 audit of Newcastle-under-Lyme Borough Council (the 'Council'). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office (the 'Code of Audit Practice') and is required to be published by the Council alongside the annual report and accounts.

### Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014 (the Act). Our responsibilities under the Act, the Code of Audit Practice and International Standards on Auditing (UK) ('ISAs (UK)') include the following:



**Financial Statements** - To provide an opinion as to whether the financial statements give a true and fair view of the financial position of the Council and of its income and expenditure during the year and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2024/25 ('the CIPFA Code').



**Other information (such as the narrative report)** - To consider, whether based on our audit work, the other information in the Statement of Accounts is materially misstated or inconsistent with the financial statements or our audit knowledge of the Council.



**Value for money** - To report if we have identified any significant weaknesses in the arrangements that have been made by the Council to secure economy, efficiency and effectiveness in its use of resources. We are also required to provide a summary of our findings in the commentary in this report.



**Other powers** - We may exercise other powers we have under the Act. These 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.

In addition to the above, we respond to any valid objections received from electors.

## Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities.

<b>Financial statements</b>	We issued an unmodified opinion on the Council's financial statements on 19 <sup>th</sup> November 2025. This means that we believe the financial statements give a true and fair view of the financial performance and position of the Council .  We have provided further details of the key risks we identified and our response on page 8.
<b>Other information</b>	We did not identify any material inconsistencies between the content of the other information, the financial statements and our knowledge of the Council .
<b>Value for money</b>	We identified no significant weaknesses in respect of the arrangements the Council has put in place to secure economy, efficiency, and effectiveness in the use of its resources. Further details are set out on page 11.
<b>Whole of Government Accounts</b>	We are required to perform procedures and report to the National Audit Office in respect of the Council 's consolidation return to HM Treasury in order to prepare the Whole of Government Accounts.  As the National Audit Office has not yet concluded its audit of the Whole of Government Accounts for the 31 March 2025 financial year, we are unable to confirm that we have concluded our work in this area.
<b>Other powers</b>	See overleaf.

# Executive Summary



There are several actions we can take as part of our wider powers under the Act:

## Public interest reports

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.**

## Judicial review/Declaration by the courts

We may apply to the courts for a judicial review in relation to an action the Council is taking. We may also 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.**

## Recommendations

We can make recommendations to the Council . These fall into two categories:

1. We can make a statutory recommendation under Schedule 7 of the 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.
2. We can also make other recommendations. If we do this, the Council does not need to take any action, however should the Council provide us with a response, we will include it within this report.

**We have not raised any other recommendations.**

## Advisory notice

We may issue an advisory notice if we believe that 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 at a general meeting, and then notify us of the action it intends to take and why.

**We have not issued an advisory notice this year.**

In addition to these powers, we can make performance improvement observations to make helpful suggestions to the Council . Where we raise observations we report these to management and the Audit and Standards Committee. The Council is not required to take any action to these, however it is good practice to do so and we have included any responses that the Council has given us.

02

# Audit of the financial statements

# Audit of the financial statements



## KPMG provides an independent opinion on whether the Council 's financial statements:

- Give a true and fair view of the financial position of the Council as at 31 March 2025 and of its income and expenditure for the year then ended; and
- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We conduct our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. We also fulfil our ethical responsibilities under, and ensure we are independent of the Council in accordance with, UK ethical requirements including the FRC Ethical Standard. We are required to ensure that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Our audit opinion on the financial statements

We have issued an unqualified opinion on the Council's financial statements on 19<sup>th</sup> November 2025.

The full audit report is included in the Council 's Annual Report and Accounts for 2024/25 which can be obtained from the Council 's website.

Further information on our audit of the financial statements is set out overleaf.

# Audit of the financial statements: Council



The table below summarises the key financial statement audit risks that we identified as part of our risk assessment and how we responded to these through our audit.

## Valuation of land and buildings

The carrying amount of revalued land and buildings differs materially from the fair value

### Our procedures

We critically assessed the independence, objectivity and expertise of the internal valuers;

We inspected the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.

We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information;

We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;

We challenged the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations and challenge of key assumptions;

We discussed with our own valuation specialists to review the valuation report prepared by the Council's valuers to confirm the appropriateness of the methodology utilised; and

Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation

### Our findings

We completed the procedures as described and we did not identify any material misstatements relating to this area.

## Valuation of post-retirement benefit obligations

An inappropriate amount is estimated and recorded for the defined benefit obligation

### Our procedures

We obtained an understanding of the pensions process for setting and approving the assumptions used in the DBO valuation;

We assessed Management's controls that ensure the appropriateness of actuarial assumptions for the preparation of the DBO accounting estimate;

We evaluated the competency, objectivity of the Fund actuaries and confirmed their qualifications and the basis for their calculations;

We performed inquiries of the Fund actuaries to assess the methodology and key assumptions used;

We challenged, with the support of KPMG pensions actuarial specialists, the key assumptions applied, the discount rate, inflation rate and mortality/life expectancy against externally derived data;

We vouched data provided by the audited entity to the Fund Administrator for use within the DBO accounting estimate calculation; and

We confirmed that the pensions disclosures adopted by the Council are in line with IAS19 and the SORP;

### Our findings

We completed the procedures as described and we identified a material misstatement relating to remeasurement of the defined benefit asset between the indicative report and updated report issued by the actuary. This was therefore adjusted by management.



# Audit of the financial statements: Council



(Continued)

## Management override of controls

Fraud risk related to unpredictable way management override of controls may occur

### Our procedures

We assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.

We evaluated the selection and application of accounting policies.

In line with our methodology, we evaluated the design and implementation of controls over journal entries and post closing adjustments.

We assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.

We analysed all journals through the year using data and analytics and focus our testing on those with a higher risk, such as unusual combinations with revenue and cash accounts.

### Our findings

We completed the procedures as described and we did not identify any material misstatements relating to this area.

**03**

# **Value for Money**

# Value for Money

## Introduction

We are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or 'value for money'. We consider whether there are sufficient arrangements in place for the Council for the following criteria, as defined by the Code of Audit Practice:



**Financial sustainability:** How the Council plans and manages its resources to ensure it can continue to deliver its services.



**Governance:** How the Council ensures that it makes informed decisions and properly manages its risks.



**Improving economy, efficiency and effectiveness:** How the Council uses information about its costs and performance to improve the way it manages and delivers its services

We do not act as a substitute for the Council 's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. We are also not required to consider whether all aspects of the Council 's arrangements are operating effectively, or whether the Council has achieved value for money during the year.

## Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor's Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council .

## Summary of findings

Our work in relation to value for money is complete.

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
<b>Commentary page reference</b>	13	15	18
<b>Identified risks of significant weakness?</b>	✗ No	✗ No	✗ No
<b>Actual significant weakness identified?</b>	✗ No	✗ No	✗ No
<b>2024-25 Findings</b>	No risk of significant weakness	No risk of significant weakness	No risk of significant weakness
<b>Direction of travel</b>	↔	↔	↔

# Value for Money

## National context

We use issues affecting Councils nationally to set the scene for our work. We assess if the issues below apply to this Council.

### Local Government Reorganisation

The Government has announced proposals to restructure local government throughout England. County and District councils (and, in some cases, existing Unitary authorities) will be abolished and replaced with new, larger Unitary authorities, which will (in many cases) work together with peers in a regional or sub-regional Combined Authority. Authorities which are unaffected by these proposals may still see changes in local police and fire authorities and in the Councils they already work in collaboration with.

Restructuring has, in some cases, resulted in differing views on how services should be provided in their regions – with little consensus on how previously separate organisations will be knitted together. Councils will need to ensure that investment decisions are in the long-term interest of their regions, and that appropriate governance is in place to support decision making.

### Financial performance

Over recent years, Councils have been expected to do more with less. Central government grants have been reduced, and the nature of central government support has become more uncertain in timing and amount. This has caused Councils to cut services and change the way that services are delivered in order to remain financially viable.

Whilst the Government has indicated an intention to restore multi-year funding settlements, giving Councils greater certainty and ability to make longer-term investment decisions, the Government has also proposed linking grant funding to deprivation. For some authorities this presents a significant funding opportunity, whereas for others this reinforces existing financial sustainability concerns and creates new financial planning uncertainties.

## Local context

Final plans of proposals for local government reorganisation must be submitted by 28 November 2025. The Council is currently in the process of considering its options alongside proposals which are being considered across the County.

### Financial performance

In February 2024, the Council approved a general fund revenue budget of £17.046 million for 2024/25, which included a funding gap of £2.692 million. Management was able to identify and realise the savings and funding strategies needed to address the in-year gap.

The Council has continued to benefit from substantial investment through the Future High Streets Fund and Town Deals, maintaining a stable financial position and achieving a small surplus for the year ending 31 March 2025. The ongoing One Council transformation programme has continued to deliver in-year savings.

Delivery of the 2024/25 capital plan was slower than anticipated but improved as a percentage of forecast delivery on the 2023/24 outturn. In year, construction of the Castle Car Park completed at a cost of £12m alongside development costs for the three main regeneration projects.

Service quality has remained high, with no regulatory concerns raised by external bodies.

Ongoing costs and resources related to Walley's Quarry have remained during the year but the Environment Agency have ceased the operators licence resulting in closure of the site. The Council continues to report regularly to Cabinet on this issue and has prudently set aside a dedicated reserve to cover related expenditures.

### Forward look

The most significant medium-term pressure reflected in the Medium-Term Financial Strategy (MTFS) for 2025-2030 is the anticipated business rate reset, expected to have a £1.5 million impact over the next three years.

Capital investments into the major regeneration projects continues to increase and following the various stages of sign off during the year, Cabinet, and subsequently Council on 16 April 2025, approved £85 million in funding to bring the schemes to practical completion.



# Financial Sustainability



## How the Council plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Council ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- 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 other plans such as workforce, capital, investment, and other operational planning 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, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

## 2024/25 Outturn

In February 2024, the Council approved a general fund revenue budget for the financial year 2024/25 of £17.046m. At the year end a positive variance of £20k was achieved. Pressures identified during the year amounting to £1.3m were offset by interest income of £0.8m and savings on borrowing that has not occurred (£0.5m).

The Council maintained general fund balances at a level consistent with 31 March 2024, with a net increase in general fund and earmarked reserves of £310k, primarily driven by transfer into the Walleys Quarry reserve and maintenance contributions. In achieving the £20k surplus, specific pressures materialised during the year included income shortfalls (£0.5m), additional pay award (0.1m) and expenditure on repairs and renewals (0.1m), the latter as a result of a delay to updating the existing waste and recycling fleet.

At the beginning of the year, a capital programme with a value of £59.9m was agreed. This included £42.2m of delayed expenditure that was carried forward from 2023/24 when only 21% of the capital budget was spent. This was because of significant inflationary pressures that required projects to be re-assessed and value engineered. A mid-year review of the Capital Programme for 2024/25 was undertaken as part of the Efficiency Board and budget setting process. The revised Capital Programme for 2024/25 totalling £51.295m was approved by Cabinet on 3 December 2024. At the year-end, actual expenditure totalled £26.3m, £25.1m below that planned.

Whilst the underspend was significantly less than the prior year (£44m underspend) there continues to be a performance improvement opportunity and management should carry out more robust challenge and monitoring of capital budget to ensure they are both realistic and achievable.

## Process of identifying cost pressures

Income and cost pressures are reviewed independently by the accounts team and jointly with budget managers on at least a monthly basis. A review of the budget for 2024/25 indicated that the Council was expecting additional expenditure mainly due to the local government pay award, increase in borrowing and other pressures including cost of software licences increases and contracts. The impact of budget pressures have been reflected within the Medium-Term Financial Strategy (MTFS) which covers a 5-year period and will be mitigated through ongoing cost savings.

Once the budget assumptions are agreed, these are presented to Cabinet in the form of a first draft. The draft is then presented to the Finance, Assets and Performance Scrutiny Committee for its comments. This process takes place before and after Central Government's Settlement Figures are announced then final approval is obtained at Full Council. We have seen evidence of this process taking place for 2025/26 financial planning during 2024/25.

# Financial Sustainability

## Efficiency plan

Savings and funding strategies have been identified to cover the shortfall in both 2024/25 and 2025/26. Over recent years, the Council has achieved the savings targets it has set itself, primarily through increasing the tax base and additional government grants, rather than through cost reductions. The Council realised savings of £2.7m in 24/25.

A review of minutes of both the Finance, Assets & Performance Scrutiny and Council confirmed councillors present at the meeting queried the adverse variances observed relating to housing benefits subsidy and temporary accommodations, pay awards and benchmarking information against other authorities. Savings are reported alongside the quarterly reporting.

## 2024/25 planning

Looking forward, the Council expects to meet its budget targets without needing to draw unexpectedly on reserves or contingencies.

In February 2025, the Council approved the latest MTFS, Capital Strategy, Treasury Strategy and the Council's Financial Plan. A general fund revenue budget for the financial year 2025/26 of £19.730m was approved. The MTFS provides for a gap in 2025/26 of £1.890m and a revised gap over the 5-year period of the MTFS of £5.042m.

Although the Council's reserve levels are lower than those of comparable authorities, a comprehensive and fully costed risk assessment has been carried out to establish the minimum reserves required. This reflects the Council's strong approach to risk management and ensures alignment between the Balance and Reserve Strategy and the MTFS. It should be noted, however, that the relatively low reserves provide only limited flexibility to respond to unforeseen challenges that may arise during the year.

For 2025/26, the Council has set a minimum threshold of £2.010 million for unallocated reserves and contingencies, in line with the revenue risks identified in the 2025/26 budget.

## Future Capital Programme

The Capital Programme for 2025/26 to 2027/28 is based on new schemes which total £94.6m continuing the major investment into the Borough via external funding in terms of the Future High Streets Fund and the Town Deals Fund for both Newcastle and Kidsgrove. External borrowing is currently very low at the Council, however Public Works Loan Board (PWLb) borrowing will be required to fund the capital programme in 2025-26. The capital financing requirement is set to increase to £23.6m by 2027/28.

## Conclusion

We consider the arrangements in place over financial sustainability to be appropriate and we have not identified any significant weakness in arrangements.

Key financial and performance metrics:	2024-25 £000s	2023-24 £000s
Actual surplus/(deficit), excluding HRA	(6,410)	1,480
Usable reserves	9,566	9,567
Year-end borrowings	45	54
Year-end cash position	3,067	593

# Governance

## How the Council ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the Council monitors and assesses risk and how the body 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; and
- how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

## Risk management

The Council identifies and regularly reviews its principal risks by recording them in the Governance Risk and Control Environment (GRACE) system. Each risk is mapped to a Strategic Objective within the Council's 2022–2026 Strategic Plan and is assessed as low, medium, or high, based on the likelihood of occurrence and potential impact on the Council.

Throughout the year, risk scores and associated risks were discussed at Corporate Leadership Team (CLT) meetings, agreed upon, and then presented to the Audit and Standards Committee (ASC) for further review.

Our review of the Risk Management Strategy confirmed that all identified risks are assigned to specific risk owners, who are responsible for ongoing monitoring and reporting to the Corporate Leadership Team. The GRACE system is used for continuous oversight, and the Risk Management Policy outlines the strategies in place to mitigate the likelihood and/or impact of each risk.

The ASC conducts quarterly reviews to monitor the effectiveness of the Council's risk management systems and processes. Minutes from ASC meetings show that the updated Risk Management Strategy was presented and adopted, and that the Committee actively challenges and scrutinizes the scoring and grading of risks

## Budget setting

During the summer, the finance team distributed spreadsheets to budget holders and service directors to capture budget pressures and requests for savings. Once completed, the results were reviewed at Efficiency Board meetings, which serve as the initial stage of challenge. For example, an Efficiency Board meeting held in September 2024 focused on identifying potential savings and cost reduction opportunities across Council services for 2025-26.

After budget assumptions are agreed, they are first presented in draft to Cabinet, then submitted to the Finance, Assets and Performance Scrutiny Committee for further comment. This review process occurs both before and after the announcement of Central Government's Settlement Figures, with final approval subsequently granted by Full Council.

In February 2025, the Council approved the MTFS for 2025-2030. The MTFS provides for a gap in 2025/26 of £1.890m and a revised gap over the 5-year period of the MTFS of £5.275m.

The most significant medium-term pressure reflected in the MTFS is the anticipated business rate reset, expected to have a £1.5 million impact over the next three years. The Council is addressing the £1.9 million in-year pressure through a combination of income generation, efficiency initiatives, and, notably, the introduction of a nationally implemented levy scheme expected to generate £732,000 annually from producers of materials collected and disposed of by local authorities.



# Governance



## Reporting to budget holders of financial performance

On a monthly basis, budget holders are provided with financial statements which show an analysis between budgets and actual performance on a month-by-month basis and year-to-date basis. We reviewed sample reports for September (Month 6) 2024 across the services showing a breakdown for budget holders of all expenditure lines during the period with a variance to budget, coupled with example actions agreed at the meetings. The reports provided were at a sufficiently granular level to be appropriately interrogated by budget holders and the respective accountants.

Regular meetings are held with budget holders to discuss variances and expectations for dealing with future challenges. The service directors also meet on a weekly basis with business managers to discuss financial and operational performance. Quarterly finance reports are then presented to both the Finance, Assets & Performance Scrutiny and the Council. The reports cover the income and expenditure over the period and non-financial performance indicators showing how services are delivering on their key targets.

A review of minutes of both the Finance, Assets & Performance Scrutiny and Council confirmed councillors present at the meeting queried the adverse variances observed relating to housing benefits subsidy and temporary accommodations, pay awards and benchmarking information against other authorities. Savings are reported alongside the quarterly reporting.

## Informed Decision Making

The Council has maintained effective oversight of the major programmes driving regeneration across the Borough. Oversight is provided by four independent boards, each responsible for one of the key programmes: the Future High Street initiative, Newcastle-under-Lyme Town Deal, Kidsgrove Town Deal, and Shared Prosperity Fund projects.

The regeneration team plays a central role in managing key capital decisions, while delivery teams include a broad range of stakeholders, such as senior officers, managers, and external partners.

We have observed evidence of significant decisions being made at both Cabinet and Council levels. For example, in September 2023, Cabinet approved the appointment of Capital and Centric to develop plans and business cases for York Place, Midway Car Park, and Ryecroft. The report to Cabinet highlighted the challenges posed by rising borrowing and construction costs and set out the commercial and operational advantages of engaging a delivery development partner.

In February 2024, Council authorised expenditure of up to £2,649,000 to progress these three schemes to the end of RIBA Stage 3 (planning). This decision followed Cabinet's consideration on 6 February 2024 and an all-members briefing held on 5 February 2024.

	2024-25	2023-24
Control deficiencies reported in the Annual Governance Statement	None identified	None identified
Head of Internal Audit Opinion	Substantial	Satisfactory
Local Government Ombudsman findings	None identified	None identified
Other regulatory findings	None identified	None identified



# Governance



## Informed decision making (cont.)

On 23 April 2024, the Council and Capital & Centric entered into a Pagabo Pre-Development Services Agreement (PDSA) that clearly defined the scope of services and deliverables. This agreement was extended on 14 November 2024 to advance the RIBA Stage 4 design and secure a fixed price building contract. After reviewing the Stage 4 works, Cabinet—and subsequently Council on 16 April 2025—approved £85 million in funding to bring the schemes to practical completion.

By utilising business cases and formal approvals, the Council has demonstrated that its decision-making processes are aligned with its constitutional framework. Given the scale of the capital programme planned over the next three years, it will be important for management to ensure that governance arrangements remain robust, with particular attention to the partnership with Capital and Centric.

## Standards and behaviours

The Council has established a range of processes and controls to ensure compliance with regulatory requirements. These include both formal and informal audits, such as the 2023/24 Code of Corporate Governance Compliance audit, effective scrutiny committees, and a robust complaints management process. No relevant complaints were reported by the Local Government and Social Care Ombudsman or other regulatory bodies.

Our review of the Annual Governance Statement (AGS) and the Head of Internal Audit report found no significant issues or areas of non-compliance. The Council's adoption of the Code of Corporate Governance reflects its commitment to good governance, and the Audit and Standards Committee oversees the system of internal control through regular self-assessment against CIPFA's checklist for measuring audit committee effectiveness.

There is a Code of Conduct in place for Members and separately for officers (which is part of the Constitution) alongside a whistleblowing policy which is available on the Councils' website. This is supplemented by regular member and officer training, with oversight sitting with the Council's Monitoring officer.

## Conclusion

We are satisfied that management has had appropriate governance arrangements in place throughout the year and no significant weaknesses have been identified.

# Improving economy, efficiency and effectiveness



## How the Council uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Council evaluates the services it provides 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, in order 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.

## Financial and Performance management

The Council monitors its performance using key performance indicators (KPIs) and outcome measures. Quarterly updates are provided to both the Scrutiny Committee and Cabinet, with the corporate performance report presented alongside the financial performance report. Our review of committee minutes confirms that members actively challenge and question these reports, engaging officers for clarification

There is a clear alignment between performance indicators and the Council's corporate priorities, as set out in the Corporate Plan (2022–2026). The Council also publishes an Annual Report summarizing progress against these priorities. For example, the Annual Report for 2023/24 was presented to Cabinet in September 2024, enabling timely reflection on the previous year and reinforcing the Council's governance and assurance framework

We reviewed the Q3 Financial and Performance Review Report, which the Corporate Leadership Team submitted to the Finance, Assets and Performance Scrutiny Committee in March 2025. The indicators in this report are those agreed in the Council Plan and reflect the Borough's strategic priorities. Each quarterly report provides a summary of performance against the four strategic priorities, including a diagram showing how each indicator supports these goals. Of the 49 indicators monitored, 20 are contextual without set targets. By Q3 2024/25, 65% of indicators were on target, and 30% of those off target showed improvement compared to the previous year—demonstrating an overall positive trend in performance.

The Council tracks performance trends year-on-year, providing commentary and action plans where performance has improved or declined. Through discussions with management, we note that the Council benchmarks its costs against similar organizations ("nearest neighbours") and uses external data, such as CIPFA benchmarking tools. The LG Futures Financial Benchmarking – Key Financial Indicators report is also reviewed to assess the Council's financial resilience compared to other English district local authorities

Additionally, the Council shares learning at forums such as the Staffordshire Chief Finance Officers Group and Staffordshire Accountants Group. Management has provided a value for money (VFM) benchmarking report, offering useful comparisons with other district councils in England and the West Midlands. The next step will be to use this benchmarking analysis to inform cost-saving and income generation initiatives, which are increasingly important throughout the Medium-Term Financial Strategy (MTFS) period.

Through our service line inquiries, we were provided with an example of operational benchmark data from Association for Public Service Excellence (APSE) who provide performance data for refuse collection which the Council. Service directors can use this data to challenge their own service performance to refresh their target performance.

# Improving economy, efficiency and effectiveness



## Partnership working

The Council is involved in a broad spectrum of partnership arrangements, ranging from formal agreements governed by contracts to more informal collaborations. A notable example of a formal partnership is the administration of the Business Improvement District (BID) scheme for Newcastle town centre. Under this scheme, businesses within the BID area pay an additional business rate, which is collected by the Council and managed by the BID Board to support the economic development and vitality of the town centre. Since its inception in 2015, the BID—supported by local business owners, stakeholders, and key partners—has invested over £4.5 million in projects such as street cleaning, enhancing public spaces, and providing skills and training opportunities.

Effective partnership working is essential to advancing the devolution and levelling-up agenda. Major elements of the Council's Capital Programme, including significant investments through the Future High Streets Fund and Town Deals Fund for both Newcastle and Kidsgrove, depend on strong collaboration and stakeholder engagement.

To ensure robust oversight, the Council has established comprehensive and well-documented governance arrangements for project delivery in accordance with Department for Levelling Up, Housing and Communities (DLUHC) requirements. The Town Deal Boards' terms of reference remain appropriate and aligned with DLUHC guidance, and details of each meeting are made publicly available to promote transparency in decision-making. The Council acts as both the Lead Council and Accountable Body, with its existing governance structure providing the necessary oversight for effective decision-making and financial control.

Regular updates are also provided on county-wide initiatives, such as the Chatterley Valley Project, at the Kidsgrove Town Hall Board. All agendas and action points for these meetings are accessible on the Council's website, ensuring openness and accountability.

## Commissioning and Procurement

The Council has a Contract and Procurement Strategy which sets out the Borough Council's vision for procurement and priorities for the next three years to 2025, incorporating the latest government procurement legislation and initiatives, and the Council's priorities, aims and objectives and is a statement of the procurement commitments of the Borough Council.

The Council has a small procurement team however service directors are satisfied that it supports service needs. We have reviewed the Council's contract register for year ended 31 March 2025. All the contracts the Council has entered into are recorded within the contract register. The Contract register has details of contract start and expiry dates of the contracts. We are satisfied this register is up-to-date and action has been taken in respect of contracts that expired during the year.

## Conclusion

We are satisfied that management has had appropriate arrangements in place over improving economy, efficiency and effectiveness throughout the year and no significant weaknesses have been identified.



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