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Telford & Wrekin
Co-operative Council

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Borough of Telford and Wrekin

Audit Committee

Wednesday 28 January 2026

6.00 pm

Council Chamber, Third Floor, Southwater One, Telford, TF3 4JG

Democratic Services: Jayne Clarke 01952 383205

Media Enquiries: Corporate Communications 01952 382406

Committee Members: Councillors H Morgan (Chair), C Chikandamina (Vice-Chair), N A M England, G Luter, L Parker, T J Nelson and W L Tomlinson

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To receive the Final Year End Report to those Charged with Governance.		

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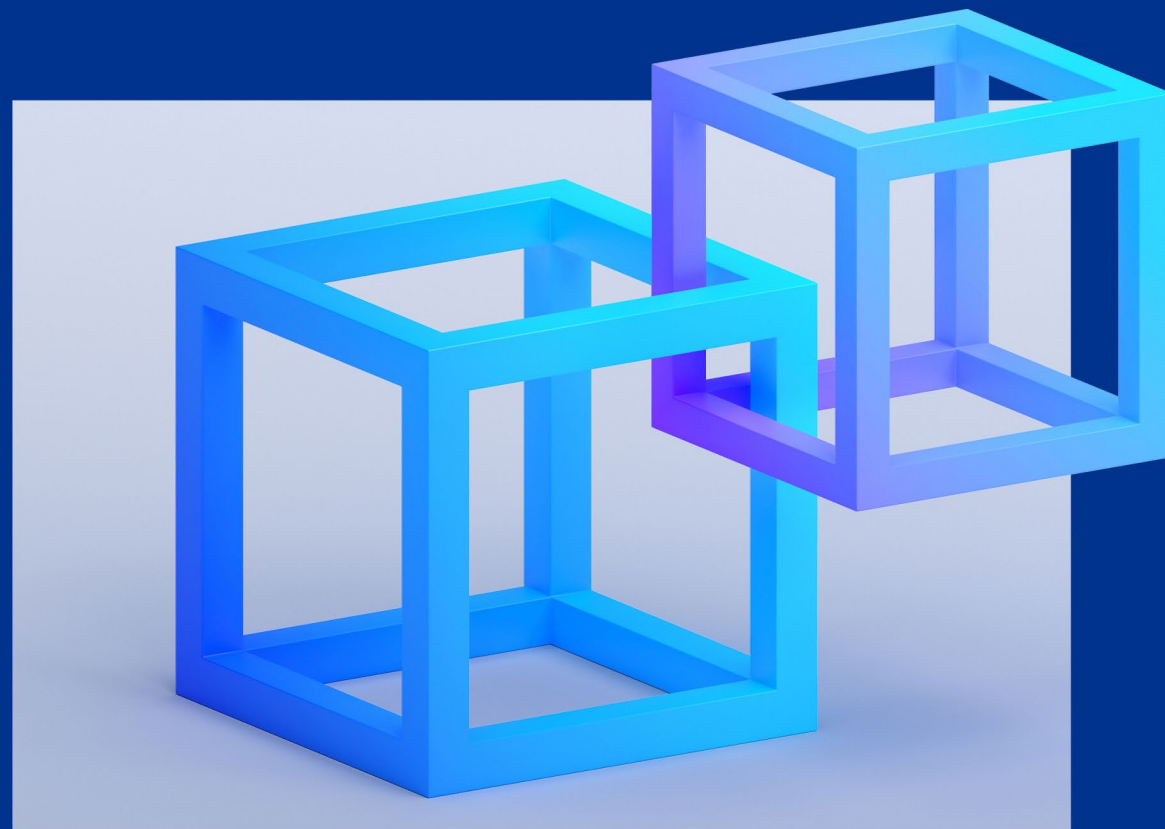


Telford & Wrekin Council

Year End Report to the Audit Committee

Year end report for the year ended 31 March 2025

—
22 January 2026



Introduction

To the Audit Committee of Telford & Wrekin Council

We are pleased to have the opportunity to meet with you on the 28th January 2026 to discuss the results of our audit of the consolidated financial statements of Telford & Wrekin Council (the 'Council'), as at and for the year ended 31 March 2025.

We are providing this report in advance of our meeting to enable you to consider our findings and hence enhance the quality of our discussions. This report should be read in conjunction with our audit plan and strategy report, presented on the 28th May 2025. We will be pleased to elaborate on the matters covered in this report when we meet.

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when:

- Audits are executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality management; and,
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

The engagement team

Subject to the approval of the statement of accounts, we expect to be in a position to sign our audit opinion on the approval of those statement of accounts and auditor's representation letter in early February, provided that the outstanding matters noted on page four of this report are satisfactorily resolved.

There have been no significant changes to our audit plan and strategy.

We expect to issue an unmodified Auditor's Report.

We draw your attention to the important notice on page three of this report, which explains:

- The purpose of this report
- Limitations on work performed
- Restrictions on distribution of this report

Yours sincerely,



Richard Walton

22 January 2026

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Richard Walton (Richard.Walton@KPMG.co.uk), the engagement lead to the Authority, who will try to resolve your complaint.

If you are dissatisfied with the response, please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Tim Cutler. (tim.cutler@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access KPMG's complaints process here: [Complaints](#).

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Important notice

This report is presented under the terms of our audit under Public Sector Audit Appointments (PSAA) contract..

The content of this report is based solely on the procedures necessary for our audit.

Purpose of this report

This Report has been prepared in connection with our audit of the consolidated financial statements of Telford & Wrekin Council (the 'Council'), prepared in accordance with International Financial Reporting Standards ('IFRSs') as adapted Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, as at and for the year ended 31 March 2025.

This Report has been prepared for the Council Committee, a sub-group of those charged with governance, in order to communicate matters that are significant to the responsibility of those charged with oversight of the financial reporting process as required by ISAs (UK), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone (beyond that which we may have as auditors) for this Report, or for the opinions we have formed in respect of this Report.

This report summarises the key issues identified during our audit but does not repeat matters we have previously communicated to you by written communication on 19 November 2025.

Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the Group's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors.

We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this Report.

The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit.

Status of our audit

Our audit is not yet complete, and matters communicated in this Report may change pending signature of our audit report. Page four 'Our Audit Findings' outlines the outstanding matters in relation to the audit. Our conclusions will be discussed with you before our audit report is signed

Restrictions on distribution

The report is provided on the basis that it is only for the information of the Audit Committee of the Council; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.



Our audit findings

Significant audit risks		Page 5-13
Significant audit risks	Our findings	
Valuation of land and buildings	A corrected prior year misstatement and uncorrected current year overvaluation noted. Please refer details on slide 27 and 28 for details. No further significant issues noted.	
Management override of controls	No significant issues have been identified in our testing of management override of controls.	
Valuation of post retirement benefit obligations	The results of our testing were satisfactory. An audit misstatement was identified in relation to asset ceiling and secondary contribution. Please refer to page 28 for further details.	
Other audit risks		Page 14-15
Significant audit risks	Our findings	
Non-capital expenditure is inappropriately recognised as capital expenditure	REFCUS expenditure classification error was noted, this has been corrected. No further issues noted.	
Adoption of IFRS16	No issues noted at the time of writing, however our work is ongoing.	

Uncorrected Audit Misstatements		Page 27
Understatement/ (overstatement)	[£m]	%
Total assets	6.2	0.6
Total taxpayers' equity	6.2	1.6

Misstatements in respect of Disclosures	Page 28
Misstatement in respect of Disclosures	Our findings
Refer slide 28 for details.	

Number of Control deficiencies	Page 29
Significant control deficiencies	0
Other control deficiencies	1
Prior year control deficiencies remediated	2

Outstanding matters

Our audit is substantially complete except for the following outstanding matters

- Specialist final review of prior period restatement disclosure
- Declaration of Interest and Testing of PFI/ IFRS 16 workings and disclosure
- Formal enquiry responses from Internal Audit, Management and those charged with Governance
- Final review of audit file by Senior Manager and Director
- Standard Finalisation procedures including:
 - Management representation letter
 - Subsequent event confirmation

Significant risks and Other audit risks

We discussed the significant risks which had the greatest impact on our audit with you when we were planning our audit.

Our risk assessment draws upon our historic knowledge of the business, the industry and the wider economic environment in which **Telford and Wrekin Council** operates.

We also use our regular meetings with senior management to update our understanding and take input from local audit teams and internal audit reports.

See the following slides for the cross-referenced risks identified on this slide.

^a A significant risk that auditing standards require us to assess on all audit engagements.

Significant risks

- 1. Valuation of land and buildings
- 2. Management override of controls* (a)
- 3. Valuation of post retirement benefit obligations

Other audit risks

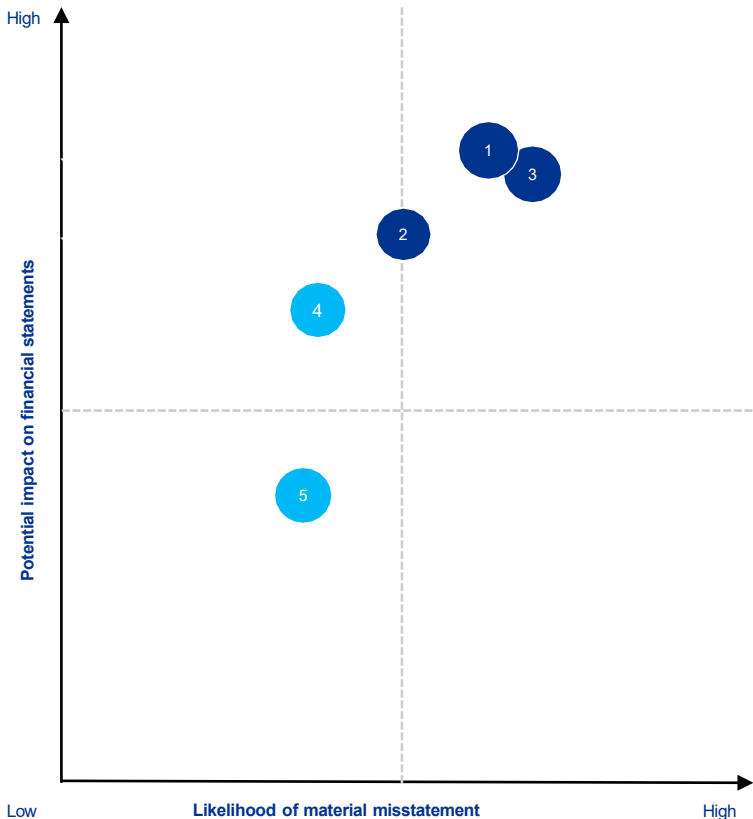
- 4. Non-capital expenditure is inappropriately recognised as capital expenditure
- 5. Adoption of IFRS 16**

Key: # Significant financial statement audit risks

Other audit risk

* Pervasive

** New risk identified in 2024/25

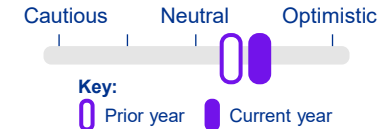


Audit risks and our audit approach

1

Valuation of land and buildings

The carrying amount of revalued Land & Buildings differs materially from the fair value



Significant audit risk

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date. The Council has adopted a rolling revaluation model which sees all land and buildings revalued over a three-year cycle. As a result of this, individual assets may not be revalued.

This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value.

A further risk is presented for those assets that are revalued in the year, which involves significant judgement, assumptions and estimation on behalf of the engaged valuer.

We consider that the significant risk lies with the assets within the other land and buildings category that were previously re-categorised from investment property. Specifically, we have linked the significant risk to the yield rate assumption in the calculation of the property investment portfolio valuations included within Other Land & Buildings.

We do not consider there to be a significant risk over specialised buildings that are valued using the Depreciation Replacement Cost (DRC) or EUV (existing use value) methodology.



Our response

We have performed the following procedures designed to specifically address the significant risk associated with the valuation:

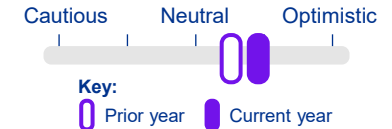
- We critically assessed the independence, objectivity and expertise the valuers used in developing the valuation of the Council's properties at 31 March 2025;
- We inspected the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation 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. We challenged key assumptions within the valuation as part of our judgement;
- We agreed the calculations performed of the movements in value of land and buildings and verified that these have been accurately accounted for in line with the requirements of the CIPFA Code;
- We utilised 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.

Audit risks and our audit approach

1

Valuation of land and buildings (Cont.)

The carrying amount of revalued Land & Buildings differs materially from the fair value



Significant audit risk

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date. The Council has adopted a rolling revaluation model which sees all land and buildings revalued over a three-year cycle. As a result of this, individual assets may not be revalued.

This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value.

A further risk is presented for those assets that are revalued in the year, which involves significant judgement, assumptions and estimation on behalf of the engaged valuer.

We consider that the significant risk lies with the assets within the other land and buildings category that were previously re-categorised from investment property. Specifically, we have linked the significant risk to the yield rate assumption in the calculation of the property investment portfolio valuations included within Other Land & Buildings.

We do not consider there to be a significant risk over specialised buildings that are valued using the Depreciation Replacement Cost (DRC) or EUV (existing use value) methodology.



Our findings

We found below observations:

- The Council has a number of processes that have been carried out as part of the review of the year end valuation. These types of control are defined as 'management review controls' by International Standards of Auditing. These controls are difficult for auditors to rely on, as auditing standards require a level of precision and formalisation that are generally not seen in practice. However, we are not raising a formal control observation for this as we consider the Council's approach to be proportionate. As we have identified valuation of land and buildings as a significant risk area, we are required to bring this matter to your attention.
- The significant risk is linked to yield rate assumption, we have tested samples above threshold for assets valued using market value method and compared the Yield rates used for each with tone of list with no issues identified.
- We have agreed the figures in the valuation reports provided by the valuers in land and building with the Fixed Asset Register. We noted an error on 8 assets and have recorded this as uncorrected error detailed on slide 27. We have reported this as it is above our reporting threshold, however, it is not considered material.
- We noted a reclassification of the 'Property Investment Portfolio' from Property Plant and Equipment to Investment Property, which was noted as a prior period misstatement. A PPA (Prior period adjustment) was suggested by KPMG. This was noted as a corrected material misstatement and is recorded on slide 28, including the disclosure for adding Investment Property into Accounting Policies. The adjustments that have been posted impact several accounts and are complex. Our work on the adjustments, and the related disclosures, is ongoing and we have involved our technical specialist to assist in this task.

Audit risks and our audit approach

2

Management override of controls^(a)

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

Change vs prior year



Significant audit risk

Professional standards require us to communicate the fraud risk from management override of controls as significant.

Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We have not identified any specific additional risks of management override relating to this audit.



Our response

Our audit methodology incorporates the risk of management override as a default significant risk.

- Assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluated the selection and application of accounting policies.
- In line with our methodology, evaluated the design and implementation of controls over journal entries and post closing adjustments.
- Assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the component's normal course of business or are otherwise unusual.
- 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.

Note: (a) Significant risk that professional standards require us to assess in all cases.

Audit risks and our audit approach

2

Management override of controls^(a) (Cont.)

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

Change vs prior year



Significant audit risk

Professional standards require us to communicate the fraud risk from management override of controls as significant.

Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We have not identified any specific additional risks of management override relating to this audit.



Our findings

We found below observations, **no other significant observations noted.**

- Communicated our views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. Accounting policy for Investment Property was added, refer slide 28 for details.
- We identified six journal entries and other adjustments meeting our high-risk criteria – our examination did not identify unauthorised, unsupported or inappropriate entries.
- We evaluated accounting estimates, including the consideration management bias. See slide 16 for further details. No management bias identified.
- Our review of the process for posting journals in Agresso noted 3 observations
 1. Journals with a value below £1,000 do not require approval.
 2. There are specific users that can 'direct post' journals which do not require approval within the system. No errors were noted on those journals.
 3. It was noted that certain transactions were posted under the names of two users who had left the Council as they were the users that initially raised the payment plan details. This led the poster name to incorrectly reflect the user instead of the system journal for automated journals. No errors were noted on those journals.

We are not raising a formal control observation for this as we consider the Council's approach to be proportionate. As management override of controls is a significant risk area, we are required to bring this matter to your attention.

- Our procedures did not identify any significant unusual transactions.

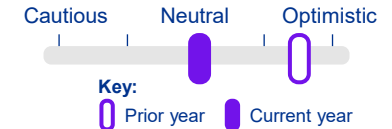
Note: (a) Significant risk that professional standards require us to assess in all cases.

Audit risks and our audit approach

3

Valuation of post retirement benefit obligations

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



Significant audit risk

The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.

The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year-on-year movements.

We have identified this in relation to the Local Government Pension Scheme participation.



Our response

We have performed the following procedures :

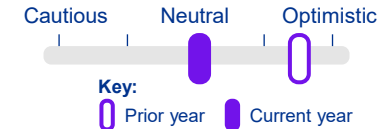
- Understood the processes the Council have in place to set the assumptions used in the valuation;
- Evaluated the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Performed inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agreed the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Evaluated the design and implementation of controls in place for the Council to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- Challenged, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirmed that the accounting treatment and entries applied by the Group are in line with IFRS and the CIPFA Code of Practice;
- Considered the adequacy of the Council's disclosures in respect of the sensitivity of the deficit to these assumptions;
- Assessed the impact of special events, where applicable including asset ceiling calculation.

Audit risks and our audit approach

3

Valuation of post retirement benefit obligations (contd.)

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



Significant audit risk

The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.

The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year-on-year movements.

We have identified this in relation to the Local Government Pension Scheme participation.



Our findings

We found below observations, no other significant observations noted.

- We have confirmed that the Fund's appointed actuaries, both individual and firm, hold appropriate professional qualifications, being Fellows of the Institute of Actuaries (UK), and are therefore suitably qualified to perform actuarial valuations and prepare IAS19 disclosure reports.
- We agreed the data provided by the scheme administrator for use within the calculation of IAS 19 report with no issues noted.
- The actuarial methodology applied in the current year is consistent with the prior year and aligns with the council's reporting framework. We have reviewed the key actuarial assumptions adopted by council and compared them to KPMG central rates. Overall, the assumptions are considered optimistic. We found the CPI inflation and Discount rate assumption is optimistic but within a reasonable range. All the other individual assumption were found to be balanced and within a reasonable range.
- The Actuary's life-expectancy sensitivity falls outside our standard actuarial tolerance. However, given the range of acceptable modelling approaches and no indication that the figure is misstated, the result is considered reasonable. Our replication was constrained by limited information, resulting in a variance of approximately 0.5% of DBO. As this variance affects disclosures only and has no impact on the year-end balance sheet, no further challenge is proposed. See page 13 for more detail.

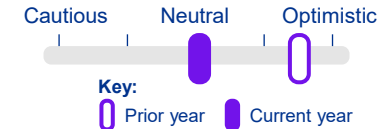
To continue next slide.

Audit risks and our audit approach

3

Valuation of post retirement benefit obligations (contd.)

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



Significant audit risk

The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.

The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year-on-year movements.

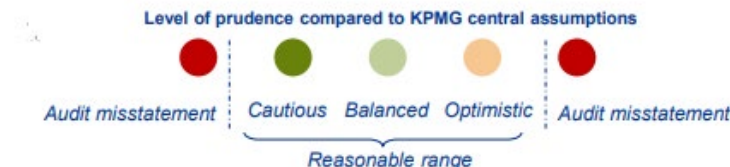
We have identified this in relation to the Local Government Pension Scheme participation.



Our findings

- During our review, we identified that Mercer (management's specialist) had valued secondary contributions in perpetuity for the purpose of calculating the Minimum Funding Liability. This treatment was inconsistent with the prior period, where no additional liability was recognised, and did not align with the requirements of IFRIC 14, which defines a minimum funding requirement as any obligation for the entity to make contributions to fund a post-employment or other long-term defined benefit plan.
- Based on the Employer Agreement from the Actuarial Valuation, the only Minimum Funding Requirement applicable is a Recovery Period of 16 years starting from 1 April 2023. Therefore, in accordance with IFRIC 14, secondary contributions should have been valued over 14 years from the balance sheet date of 31 March 2025, rather than in perpetuity. This resulted in an audit misstatement of £37 million in the asset ceiling calculation. This has led to the net pension liability decreasing by this amount. Further details are provided on Slide 28.
- We acknowledge Management reviews the actuarial assumptions following advice from an external actuarial specialist however the control does not meet the stringent requirements as defined by the FRC in its auditing standards; the review control lacks precision and is not documented and therefore the design is not considered to be an effective control. As the approach followed by management is common practice we have not made a recommendation, however we are required to bring this to your attention.

Audit risks and our audit approach



3

Valuation of post retirement benefit obligations (contd.)

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

Overall assessment of assumptions for audit consideration						Optimistic	
Underlying assessment of individual assumptions	Methodology	Consistent methodology to prior year?	Compliant methodology with accounting standard?	Employer	KPMG	Assessment	Key assumptions
Discount rate	AA yield curve	✓	✓	5.90%	5.77%	Optimistic	✓
CPI inflation	Deduction to inflation curve	✓	✓	2.60%	2.73%	Optimistic	✓
Pension increases	In line with CPI + 0.1%	✓	✓	2.70%	2.68%	Balanced	
Salary increases	Employer best estimate	✓	✓ See next page	CPI plus 1.25%	In line with long-term remuneration policy	Balanced	✓
Mortality	Base tables	In line with most recent Fund valuation, with adjusted scaling factors due to the adoption of updated model for mortality improvements and SAPS S4 tables See page 10	✓	SAPS Series 4 tables ("Middle" tables for females) with separate scaling factors for Active (A)/Deferred (D) and Pensioners (P) A/D: 101% (m)/93% (f) P: 96% (m)/92% (f)	In line with best-estimate Fund experience	Balanced	✓
	Future improvements	In line with most recent Fund valuation, updated to use latest CMI model See page 10	✓	CMI 2023, 1.5% long-term trend rate and default other parameters	CMI 2023, 1.25% long-term trend rate and default other parameters	Balanced	✓
Other demographics		In line with most recent Fund valuation	✓	Members commute pension for 75% of the maximum tax-free cash at retirement	In line with Fund experience	Balanced	

Audit risks and our audit approach

4

Non-capital expenditure is inaccurately recognised as capital expenditure

Revenue expenditure is incorrectly accounted for as capital additions due to fraud



Other audit risk

Although we have rebutted the presumed significant risk in relation to fraudulent expenditure recognition, capital accounting requirements are complex and may contain an element of judgement in determining which costs in a project can be capitalised and which need to be expensed.

Given the size of the Council's capital programme (£93.15m), we have identified an Other Audit Risk regarding revenue expenditure being inaccurately recognised as capital expenditure.



Our response

We have performed the following procedures in order to respond to the significant risk identified:

- We reviewed the capital programme for schemes which indicate they are of a revenue nature; and
- We sample tested capital expenditure incurred by the Council to ensure it is correctly capitalised.

Our findings

We found below observations, **no other significant observations noted.**

- We noted a misstatement above our reporting threshold but below performance materiality in Refcus expenditure. A line of expenditure was incorrectly included and has now been corrected, please refer slide 28 for details.

Audit risks and our audit approach

5

Adoption of IFRS 16

An inappropriate amount is estimated and recorded for lease liabilities and right of use assets

Change vs prior year



Other audit risk

The Council has adopted IFRS 16 as per CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom (2024/25) with an implementation date of 1 April 2024.

We anticipate the following challenges in the first year of implementation.

- Completeness of lease listing used in transition computations.
- Inadequate lease disclosures as per IFRS 16.
- Inaccurate computation of lease liabilities and right of use assets.
- Training needs for new/existing staff



Our response

We performed the following procedures in order to respond to the other audit risk identified:

- Obtained the full listings of leases and reconciled to the general ledger.
- Reviewed a sample of the lease agreements to determine the terms of the leases and confirmed correct classification.
- Reviewed the appropriateness of the discount rate used in the lease computations.
- Reviewed the transition adjustments passed by the Council.
- Reviewed the disclosures made on the financial statements against requirements of IFRS16.

Our findings

Our testing of the IFRS 16 workings and related disclosures is currently in progress. Based on the procedures performed to date, no significant observations have been noted.

Key accounting estimates and management judgements– Overview

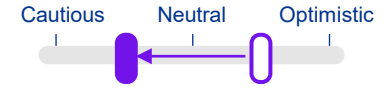
Our view of management judgement

Our views on management judgments with respect to accounting estimates are based solely on the work performed in the context of our audit of the financial statements as a whole. We express no assurance on individual financial statement captions.

Key:

○ Prior year

■ Current year



Asset/liability class	Our view of management judgement	Balance (£m)	YoY change (£m)	Our view of disclosure of judgements & estimates	Further comments
Property, Plant & Equipment Land and buildings		474.71	(9.28)		Valuation movements have been relatively flat in 2024/25, which is consistent with the upward movement in BCIS indices being offset by reductions in published location factors.
Investment Property		48.76	2.19		Investment properties have been valued this year because they were reclassified from Other Land & Building to Investment Property, placing them within the valuation cycle. They were valued using a methodology we would expect for Investment Property. There is no evidence of management bias based on the yield rates used by the Valuer's and therefore we consider the judgement to be neutral. We are still performing our work on the disclosures, including the PPA and restated notes.
Fair value of LGPS asset		748.08	32.55		The pension assets balance has been increased by 4% compared to the prior year, primarily due to increase in expected return on plan assets, employer contribution etc.
Present value of defined benefit obligation		651.04	(81.87)		The LGPS liability balance has been decreased by 12.57% in comparison to the prior year because of the re-measurement gain on liabilities of £ 109m arising change in discount rate and other assumptions.

Significant audit misstatements

Management has approved the correction of the audit misstatements detailed on page 28 and they are reflected in the draft financial statements. A summary of the uncorrected audit misstatements is detailed on page 27.

The misstatements identified, and their estimated financial impact on the deficit, are summarised in the table on the right.

Amendments to disclosures have also been made as a result of our audit.

In line with ISA (UK) 450 we request that you correct uncorrected misstatements.

- If the uncorrected factual audit misstatements were posted, they would have not changed the deficit.
- For our views on management estimates – see Page 16 (Key accounting estimates)
- A detailed summary of corrected and uncorrected audit misstatements and omissions and errors in disclosure is included in the appendix.

Audit misstatements	Type	£m	Comment
Corrected misstatements			
2024/25 Impact of Asset celling	Factual	£38	Technical adjustment to decrease the pension liability.
2024/25 Oakengates Nursery Recorded within REFCUS	Factual	£2	Incorrect presentation of a capital addition.
2022/23 Adjustment Investment Property (A)	Factual	£43	Move of certain assets from PPE to Investment Property
2022/23 Adjustment Revaluation Reserve (B)	Factual	£16	Adjustment with Capital Adjustment Account
2023/24 Adjustment Investment Property	Factual	£47	Prior period adjustment related to the line A above
2023/24 Adjustment Revaluation Reserve	Factual	£19	Prior period adjustment related to the line B above
2024/25 Reclassification from IP to PPE	Factual	£2	Wrongly included in Investment Property
Uncorrected misstatements			
Asset valuations incorrectly recorded on the FAR	Factual	£6	Differences between fixed asset register and financial statements. This is not material.
Disclosure Matters	Comment		
Accounting policy – Investment property	Narrative related to accounting policy for investment property has been added.		
Related Party Note	Errors noted in presentation and content – now corrected.		
Disclosure of details for Child Sexual Exploitation additional case	Additional narrative added to this disclosure.		

Types of misstatement

Factual: Misstatements about which there is no doubt

Projected: Our best estimate of misstatements in the audited populations

Judgemental: Differences arising from judgements of management that we consider unreasonable or inappropriate

Group audit

Entity	Reporting framework	Details
Nuplace Limited	We carried out an audit of the Group financial statements pursuant to International Auditing Standards and issue an opinion in accordance with the as adapted Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.	We identified specific balances in the Nuplace Limited financial statements that were significant to our audit of the Group financial statements and have completed work over those balances. We identified the investment property balance held by Nuplace and consolidated into the Group financial statements as the balance that was significant to our audit of the Group. We concluded that management’s estimate was neutral when compared with the Housing Price Index, as the house price data and the average change in estate values reported by management were consistent with each other. Therefore, we found no evidence of management bias. We reviewed a significant proportion of the NuPlace estate and the related comparable properties, and concluded that the valuer’s selected comparables were appropriate, providing assurance over the NuPlace valuation. We note that the Nuplace Limited financial statements for 24/25 have been audited by Dyke Yaxley Limited and a clean audit opinion issued, however we have not sought to place reliance on the work of the auditor for our group opinion.

Other matters

Narrative report

We have read the contents of the draft Narrative Report and checked compliance with the requirements of the Annual Report and financial statements with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ('the Code'). Based on the work performed:

- We have not identified any inconsistencies between the contents of the Narrative Report and the financial statements.
- We have not identified any material inconsistencies between the knowledge acquired during our audit and the statements of the Council. As Audit Committee members you confirm that you consider that the Narrative Report and financial statements taken as a whole are fair, balanced and understandable and provides the information necessary for regulators and other stakeholders to assess the Council's performance, model and strategy.
- We have yet to complete our final checks on the final version of the Narrative Report, but we do not anticipate any issues.

Annual Governance Statement

We have reviewed the Council's 2024/25 Annual Governance Statement and confirmed that:

- It complies with Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE; and
- It is not misleading and is consistent with other information we are aware of from our audit of the financial statements.

Whole of Government Accounts

As required by the National Audit Office (NAO) we carry out specified procedures on the Whole of Government Accounts (WGA) consolidation pack.

We will ensure compliance with the guidance and issue the report to the NAO accordingly.

Independence and Objectivity

ISA 260 also requires us to make an annual declaration that we are in a position of sufficient independence and objectivity to act as your auditors, which we completed at planning and no further work or matters have arisen since then.

Audit Fees

Our scale fee for the 2024/25 audit, as set by PSAA is £337,869 plus VAT, (£311,069) in 2023/24.

See page 24 for details and status of fee variations.

We have also completed non audit work at the Council during the year on Certification of the Teachers Pension return for 24/25 and have included in appendix confirmation of safeguards that have been put in place to preserve our independence.

01

Value for money

Value for Money

We are required under the Audit Code of Practice to confirm whether we have identified any significant weaknesses in the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources.

In discharging these responsibilities, we include a statement within the opinion on your accounts to confirm whether we have identified any significant weaknesses. We also prepare a commentary on your arrangements that is included within our Auditor’s Annual Report, which is required to be published on your website alongside your annual report and accounts. We confirm that nothing has changed since the issuance of the Auditor’s Annual Report that would alter the conclusions or commentary reported at that time.

Commentary on arrangements

We have prepared our Auditor’s Annual Report, and a copy of the report is included within the papers for the Committee dated 19 November 2025. The report is required to be published on your website alongside the publication of the annual report and accounts.

Response to risks of significant weaknesses in arrangements to secure value for money

As noted on the right, we have identified no risk of a significant weakness in the Council’s arrangements to secure value for money.

Summary of findings

We have set out in the table below the outcomes from our procedures against each of the domains of value for money:

Domain	Risk assessment	Summary of arrangements
Financial sustainability	No significant risks identified	No significant weaknesses identified
Governance	No significant risks identified	No significant weaknesses identified
Improving economy, efficiency and effectiveness	No significant risks identified	No significant weaknesses identified

Further detail is set out in our Auditor’s Annual Report.

Performance improvement observations

As part of our work, we have identified no Performance Improvement Observation.

Appendix

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Required communications

Type	Response
Our draft management representation letter	 We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2025.
Adjusted audit differences	 There were adjusted audit differences with a surplus impact of £39.98 million. See page 28.
Unadjusted audit differences	 The aggregated impact of unadjusted audit differences would be £6.18m. In line with ISA 450 we request that you adjust for these items. However, they will have no effect on the opinion in the auditor's report, individually or in aggregate. See page 27.
Related parties	 There were no significant matters that arose during the audit in connection with the entity's related parties.
Other matters warranting attention by the Audit Committee	 There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.
Control deficiencies	 We communicated to management in writing all deficiencies in internal control over financial reporting of a lesser magnitude than significant deficiencies identified during the audit that had not previously been communicated in writing on 21 st January 2026.
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts	 No actual or suspected fraud involving group or Council management, employees with significant roles in group-wide internal control, or where fraud results in a material misstatement in the financial statements identified during the audit.
Issue a report in the public interest	 We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters.

Type	Response
Significant difficulties	 No significant difficulties were encountered during the audit.
Modifications to auditor's report	 None
Disagreements with management or scope limitations	 The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.
Other information	 No material inconsistencies were identified related to other information in the statement of accounts so far, we have not yet reviewed the final version and so this is in progress.
Breaches of independence	 No matters to report. The engagement team have complied with relevant ethical requirements regarding independence.
Accounting practices	 Over the course of our audit, we have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.
Significant matters discussed or subject to correspondence with management	 No significant matters arising from the audit.
Certify the audit as complete	 We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above. Consistent with the prior year and the guidance issued to all auditors by the NAO we will not be able to certify our audit as complete because the WGA work is ongoing at a national level.

Fees

Audit fee

Our fees for the year ending 31 March 2025 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2024/25 (£)	2023/24 (£)
Scale fee as set by PSAA	337,869	311,069
Fee variation for approved by PSAA	-	29,301
ISA600r**	4,012	-
IFRS 16**	2,430	-
PPA**	5,104	-
Overrun**	1,872	-
Total Audit	351,287	340,370
Other Assurance Services	6,000	7,000
TOTAL	357,287	347,069

Billing arrangements

- Fees have been billed in accordance with the milestone completion phasing that has been communicated by the PSAA.
- ** Fee variation agreed with management but subject to PSAA approval

Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Director and audit staff is not impaired.

To the Audit and Risk Committee members

Assessment of our objectivity and independence as auditor of Telford & Wrekin Council

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity except for those detailed below where additional safeguards are in place.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

Description of scope of services	Threats to Independence	Safeguards Applied	Basis of fee
Certification of the Teachers Pension return for 24/25	Self review	Work completed by a separate team.	Fixed

Confirmation of Independence (cont.)

Summary of fees

We have considered the fees charged by us to the Group and its affiliates for professional services provided by us during the reporting period.

Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be 0.02 : 1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

	2024/25
	£'000
Scale fee	338
Fee variation	13
Other Assurance Services	6
Total Fees	357

Application of the FRC Ethical Standard 2019

Your previous auditors will have communicated to you the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Risk Committee.

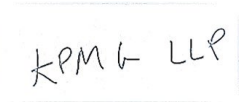
Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit and Risk Committee of the Group and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully



KPMG LLP

Uncorrected audit misstatements

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit Committee with a summary of uncorrected audit differences (including disclosure misstatements) identified during the course of our audit, other than those which are 'clearly trivial', which are not reflected in the financial statements. In line with ISA (UK) 450 we request that you correct uncorrected misstatements. However, they will have no effect on the opinion in our auditor's report, individually or in aggregate. As communicated previously with the Audit Committee, details of all adjustments greater than £510K are shown below:

Uncorrected audit misstatements (£'000s)				
No.	Detail	CIES Dr/(cr)	Balance Sheet Dr/(cr)	Comments
1	Dr Land and buildings		£6,176	Asset valuations incorrectly recorded on the Fixed Asset Register Through the reconciliation performed between the Oher Land and Building asset valuations in FY24/25 to the amounts held on the Fixed Asset Register, KPMG have identified eight assets revalued in year which vary to the amount held on the Fixed Asset Register. We have compared the full list of assets valued to the asset register in order to confirm that this error was not repeated in other assets.
	Cr Revaluation Reserve	£(6,175)		
Total		£(6,175)	£6,175	

Corrected audit misstatements

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit Committee with a summary of corrected audit differences (including disclosures) identified during the course of our audit. The adjustments below have been included in the financial statements and amendments were also made to various disclosure notes.

Corrected audit misstatements (£'000s)				
No.	Detail	SOCI Dr/(cr)	SOFP Dr/(cr)	Comments
1	Dr Pension Liability Cr Re-measurements of the net defined benefit pension liability	 (37,906)	37,906	Impact of Asset celling The misstatement came from an incorrect application of IFRIC 14, where Mercer valued secondary contributions in perpetuity rather than over the remaining recovery period specified in the Employer Agreement. This resulted in a significant overstatement of the Minimum Funding Liability.
2	Dr Property, Plant & Equipment (OLB) Cr Education & Skills (REFCUS)	 (2,070)	2,070	Oakengates Nursery Recorded within REFCUS KPMG identified that the school Oakengates Nursery is owned and maintained by T&W Council in FY24/25 and therefore should not be included within REFCUS listing.
3	Dr Investment property Cr Property, Plant & Equipment Dr Revaluation Reserve Cr Capital Adjustment Account	 16,384 (16,384)	42,807 (42,807)	Prior Period Adjustment Adjustment for 2022/23> Movement from Other Land and Building (OLB) to Investment Property (IP)- impact on opening balance for 2023/2024
4	Dr Investment property Cr Property, Plant & Equipment Dr Revaluation Reserve Cr Capital Adjustment Account	 19,080 (19,080)	46,575 (46,575)	PY PPE and IP Adjustment Adjustment for 2023/24> A reclassification from Other Land & Buildings (OLB) to Investment Property (IP) impacted the 2024/25 opening balance. A prior-year adjustment moved £46m from OLB to IP in 23/24, resulting in a 24/25 closing IP balance of £48m.
5	Dr Property, Plant & Equipment Cr Investment property		1,928 (1,928)	Reclassification from IP to PPE KPMG identified an asset wrongly included within IP listing i.e. asset C0166 19&21 Limes Walk. T&W management agreed that this asset should not be part of IP. This entry reflects adjustment for 2024/25 opening balance and correction of C0166.
Total		39,976	39,976	

Control Deficiencies

The recommendations raised as a result of our work in the current year are as follows:

Priority rating for recommendations			
	1	Priority one: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	
	2	Priority two: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.	
	3	Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.	

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
1	1	IT Policies Deficiency IT management have drafted the proposed group-wide policy documents, however, during KPMG review of the IT Policy documents for FY24-25, it was noted that three policies were not reviewed by the management during the audit period, those are New User Request Policy 2.0, August 2020, Change Control Policy 1, 2019 and ICT - Backup Policy 1, 6th January 2017. KPMG recommends to review these polices on timely basis.	 Policies are currently being reviewed and will be ready for implementation in Spring 2026 and the new versions of the policies will be ready to share with KPMG for the commencement of the 2025/26 final audit. Kirsty King – IDT Service Delivery Manager

Control Deficiencies

We have also follow up the recommendations from the previous years audit, in summary:

Total number of recommendations	Number of recommendations implemented	Number outstanding (repeated below):
2	2	0

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (January 2026)
1	2	Accounting for schools' transactions Through our audit work over non-pay expenditure at the Council we identified that transactions relating to Local Authority maintained schools were not accounted for in line with the CIPFA Code. School payroll costs had not been classified as 'employee benefit expenditure' and further investigation identified that income and expenditure outside of the Dedicated Schools Budget was not being recognised, as noted in the audit misstatements section. We recommend that the Council reviews the process for identifying and consolidating transactions relating to its LA maintained schools to ensure that it is correctly accounting for and recognising income and expenditure in line with the CIPFA Code.	The Council has reviewed the code requirements relevant to accounting for delegated schools and has adapted its processes as part of the production of 2024/25 Statement of Accounts to ensure that correct accounting treatment regarding income and expenditure is applied both within the CIES and associated disclosure notes, namely Expenditure & Income Analysed by Nature. The revised process builds on that agreed as part of the 2023/24 audit.	Implemented
2	2	Valuation methodology Our audit testing identified a number of audit differences relating to asset valuation, including errors in the calculations, differences in floor areas and inappropriate use of market value methodology for assets categorised as other land and buildings. We recommend that the Council implements a formal review process to ensure that errors in calculations are identified. Also, instructions to the valuers should be appropriately tailored so that the valuations produced meet the requirements of the Code	The Finance team have worked closely with the valuers during the 2024/25 Financial Year in order to review our asset listing on a line-by-line basis and ensure that each asset is classified correctly between PPE – Other land & building and Investment Property. This has led to a number of assets being re-identified as Investment Property and a prior period adjustment being required. Valuers have adopted the new listing when applying valuation methodologies to ensure the correct technique/methodology is applied appropriately. Instructions issued to the valuer have been updated accordingly.	Implemented

2025 AQR results

The FRC published reports on the findings of AQR and QAD 2023/24 inspection of KPMG and the other tier 1 firms (which largely covered years ending between August 2023 and March 2024) on 15 July 2025

Key findings	Our response	Good practice identified
Estimates “Improve the quality and consistency of the audit of estimates in the valuation of investments and provisions.”	A targeted programme to support engagements which have estimates with certain characteristics has been initiated. Alongside this, we continue to invest in our training and culture programmes to reinforce the behaviours expected, including consistent application of a critical thinking mindset and the extent of evidence expected.	At an engagement level areas of good practices were identified including: • Risk assessment and planning including bribery & corruption, climate and provisions; • Audit of provisions; • Audit of impairment
Consolidation and other journals “Improve the quality of the audit of consolidation and other journals.”	Enhanced guidance and continuation of a centrally led process designed to challenge the journals approach at an engagement level, together with additional targeted training are helping us to reduce the recurrence of findings in this area.	• Use of specialists; • Group audit oversight; and • Stand-back assessment. Good practices were identified in various areas at the firm level including identification of SOQM deficiencies, component auditors compliance with the ethical standards, the continued roll out of the Ethics Programme and the development and use of new technology.

The Audit Quality Review (AQR) team of the Financial Reporting Council (FRC) undertakes independent inspections of the overall quality of the audit work of those UK audit firms that audit listed and other major public interest entities. The AQR inspections involve a number of file reviews at each firm visited. The result of these file reviews are summarised into three main categories as follows:

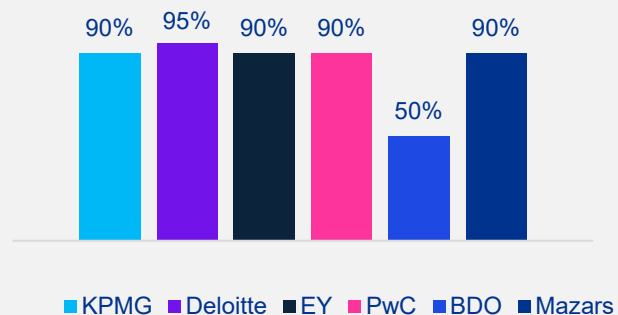
- Good or limited improvements required;
- Improvements required;
- Significant improvements required



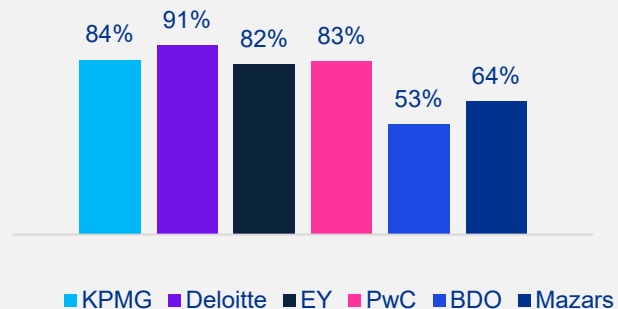
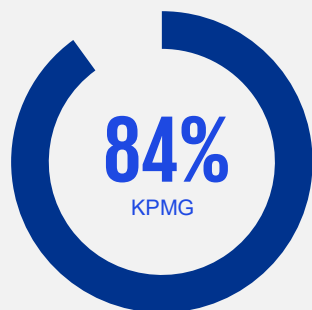
2025 AQR results (cont.)

Percentage of all audits reviewed graded Good/Limited improvements required.

2024/25



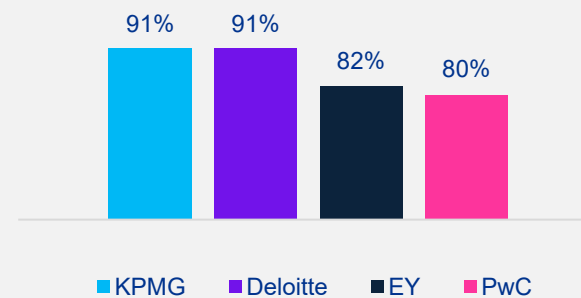
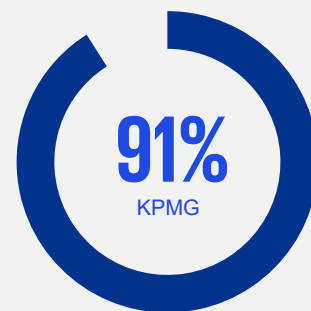
3-year average



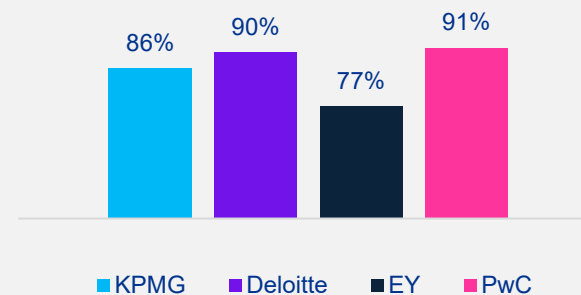
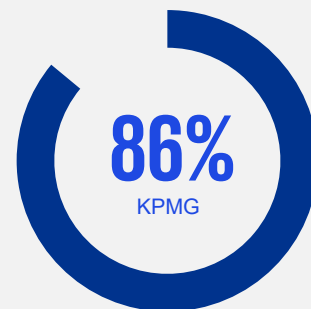
Percentage of all FTSE 350 audits reviewed graded Good/Limited improvements required.

Not disclosed for BDO and Mazars

2024/25



3-year average



KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

To ensure that every director and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight (and Risk) Committee, and accountability is reinforced through the complete chain of command in all our teams.

■ Commitment to continuous improvement

- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

■ Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

■ Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



■ Association with the right entities

- Select clients within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

■ Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members employed KPMG specialists and specific team members



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