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Borough of Telford and Wrekin

Audit Committee

Wednesday 15 July 2026

6.00 pm

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

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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**	

	Agenda	Page
5.0	**Update to Value for Money Risk Assessment** To receive and update on the Value for Money Risk Assessment from KPMG, External Auditors.	**3 - 14**

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Telford and Wrekin Council

Value for money risk assessment

Our approach

Year ended 31 March 2026

April 2026

Value for money

Our value for money reporting requirements have been designed to follow the guidance in the Audit Code of Practice.

Our responsibility is to conclude on significant weaknesses in value for money arrangements.

The main output is a narrative on each of the three domains, summarising the work performed, any significant weaknesses and any recommendations for improvement.

We have set out the key methodology and reporting requirements on this slide and provided an overview of the process and reporting on the following page.

Risk assessment processes

Our responsibility is to assess whether there are any significant weaknesses in the Council's arrangements to secure value for money. Our risk assessment will consider whether there are any significant risks that the Council does not have appropriate arrangements in place.

In undertaking our risk assessment, we will be required to obtain an understanding of the key processes the Council/Entity has in place to ensure this, including financial management, risk management and partnership working arrangements. We will complete this through review of the Council's/Entity's documentation in these areas and performing inquiries of management as well as reviewing reports, such as internal audit assessments.

Reporting

Our approach to value for money reporting aligns to the NAO guidance and includes:

- A summary of our commentary on the arrangements in place against each of the three value for money criteria, setting out our view of the arrangements in place compared to industry standards;
- A summary of any further work undertaken against identified significant risks and the findings from this work; and
- Recommendations raised as a result of any significant weaknesses identified and follow up of previous recommendations.

The Council will be required to publish the commentary on its website at the same time as publishing its annual report online.

Financial sustainability

How the body manages its resources to ensure it can continue to deliver its services.

Governance

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

Improving economy, efficiency and effectiveness

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

Value for money

Approach we take to completing our work to form and report our conclusion:

Process

Understanding the Council's arrangements

- Financial statements planning
- Internal reports, e.g. IA
- Mgmt. Inquiries
- External reports, e.g. regulators
- Assessment of key processes
- Annual report

Evaluation of Council's value for money arrangements

- Targeted follow up of identified value for money significant risks
- Continual update of risk assessment

Value for money conclusion and reporting

- Conclusion whether significant weaknesses exist

Outputs

Risk assessment to Audit Committee

Our risk assessment will provide a summary of the procedures undertaken and our findings against each of the three value for money domains. This will conclude on whether we have identified any significant risks that the Council does not have appropriate arrangements in place to achieve VFM.

Value for money assessment

We will report by exception as to whether we have identified any significant weaknesses in arrangements.

Public commentary

Our draft public commentary will be prepared for the Audit Committee alongside our annual report on the accounts.

Public commentary

The commentary is required to be published alongside the annual report.

Summary of risk assessment

Summary of risk assessment

As set out in our methodology we have evaluated the design of controls in place for a number of the Council's systems, reviewed reports from external organisations and internal audit and performed inquiries of management. These procedures are consistent with prior year.

Based on these procedures the table below summarises our assessment of whether there is a significant risk that appropriate arrangements are not in place to achieve value for money at the Council for each of the relevant domains:

Domain	Significant risk identified?
Financial sustainability	No significant risks identified
Governance	No significant risks identified
Improving economy, efficiency and effectiveness	No significant risks identified

We have not identified any significant risks that there are not appropriate arrangements in place as part of the procedures we have undertaken. We have provided a summary of the procedures performed and our key findings from these on

We have not raised any recommendations as a result of our work

We have not raised any performance improvement observations as a result of our work.

Value for money arrangements

Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2025/26 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2025/26 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2025/26 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Summary of risk assessment

The Council continues to operate in a challenging financial environment, with significant pressures arising from inflation, high demand for services and uncertainty over the future local government funding system. The Medium Term Financial Strategy 2025/26 to 2028/29 set out the Council's approach to financial planning, including the 2025/26 revenue budget, savings proposals, reserves strategy and medium-term capital programme (for the audit year in question).

The Section 151 Officer leads the budget-setting process, supported by the Council's Service and Financial Planning Group, Senior Management Team and budget holders. The MTFS includes a detailed assessment of key budget assumptions, including investment in Adult Social Care, Children's Safeguarding, pay and contract inflation, government grant funding, council tax, business rates and capital financing costs. The budget was subject to scrutiny through the Business and Finance Scrutiny Committee before approval by Full Council.

The Council approved a 4.99% council tax increase for 2025/26, including the Government's 2% Adult Social Care precept. The MTFS states that all funding generated from the council tax increase will be invested in social care services. The MTFS also includes additional net investment of £7.7m into Adult Social Care.

The Council delivered a balanced revenue outturn in 2025/26, reporting a £0.133m underspend against a net revenue budget of £167.6m. This was achieved despite significant service pressures, including a £6.8m overspend in Adult Social Care, a £2.8m overspend in Children's Safeguarding and Family Support and a £1.6m overspend in Education and Skills. This was offset by the release of budgeted contingencies and other Council wide unbudgeted reserves. For 2026/27 and onwards to 2028/29, the updated MTFS outlines proposed budgeted savings of £19.1m, including £12.0m attributed to service review / redesign and £5.6m from income generation from Nuplace and other trading operations.

The Council did not require any unplanned use of the Budget Strategy Reserve in 2025/26, which remained at £21.7m at year end. General and Special Fund balances increased from £4.444m at 1 April 2025 to £4.577m at 31 March 2026. Overall, earmarked reserves reduced by £11.1m, leaving £56.3m in this reserve fund. In total, the Council has £110.3m useable reserves.

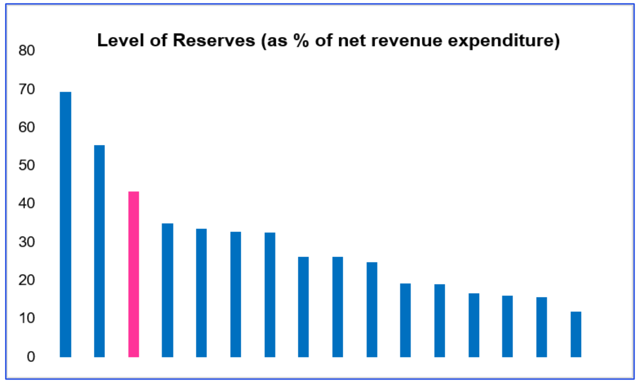
Value for money arrangements

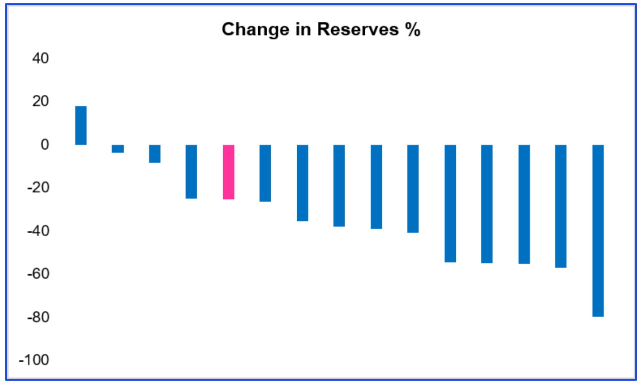
Financial sustainability

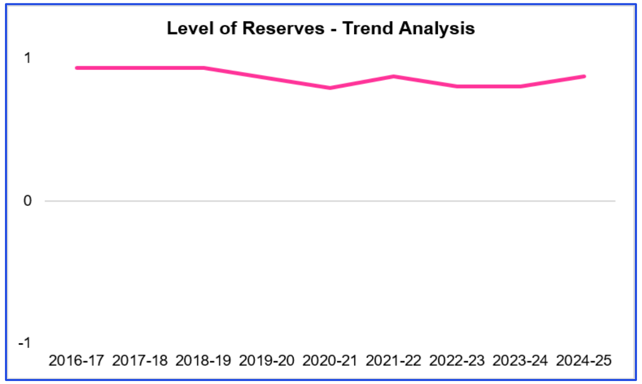
In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2025/26 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2025/26 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2025/26 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Summary of risk assessment







The graphs above show Telford's level of reserves as a percentage of net revenue expenditure (43%), and percentage change in reserves, when compared to nearest neighbours. Telford score very well in terms of level of reserves, and we can see change in reserves were -25% over the past three years. Whilst a reduction in reserves, this is in line with neighbouring authorities.

The graph to the left shows level of reserves trend analysis linked to the Financial Stress Trend indicator per CIPFA Resilience Index. A positive score equates to 'lower risk' and we can see that Telford have consistently scored at 'lower risk' for the past 8 years.

Value for money arrangements

Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2025/26 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2025/26 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2025/26 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
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Summary of risk assessment

The Dedicated Schools Grant (DSG) High Needs Block remains a significant financial pressure, with the deficit increasing from £4.66m at 31 March 2025 to £9.21m at 31 March 2026 as a result of increasing demand and costs associated with SEND provision. This reflects a wider national issue affecting many local authorities. The Council continues to work with schools, the Schools Forum and government programmes to manage these pressures, including implementation of SEND reform arrangements. The statutory override remains in place until 31 March 2028 and, subject to approval of local reform plans, government funding is expected to support the majority of historic deficits (90%). Whilst the DSG position remains an area to keep under review, we have not identified evidence that it currently represents a significant risk in the Council's arrangements, given the mitigating actions in place and the Council's overall financial resilience demonstrated through the 2025/26 outturn and reserve position.

Financial monitoring reports are received intermittently throughout the year by Cabinet.

The MTFS for 2026/27 was agreed at Full Council in February 2026, and included the three-year settlement agreed in December 2025 which has increased spending power by 8.8% in 2026/27, including £6m additional revenue support grant.

Risk assessment conclusion

Based on the risk assessment procedures performed, no significant risk has been noted.

Value for money arrangements

Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council.
- Controls in place to prevent and detect fraud;
- The review and approval of the 2025/26 financial plan by the Council including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.

Summary of risk assessment

The Council has an established governance framework, supported by its Constitution, committee structure, statutory officer roles and financial procedure arrangements. The Constitution sets out decision-making responsibilities, delegations, committee terms of reference and financial approval thresholds. The Council's governance arrangements include Full Council, Cabinet, Audit Committee, scrutiny committees and regulatory committees.

The Council maintains a Strategic Risk Register, which is used to identify risks that could negatively affect delivery of Council priorities and have a financial impact. The MTFS states that the Strategic Risk Register is reviewed by Senior Management Team and Audit Committee and is used as part of everyday business and decision-making processes. The strategic risk register contains the ten highest risks, assessed based on the likelihood and impact and without controls. The risks are mapped on a heat map; the highest scoring risks are staff retention and climate risk. Risks are generally high impact but low likelihood with controls in place. There is also a named lead Executive Director and Director who are responsible for managing each risk

The Council's financial resilience arrangements provide strong evidence of governance over financial risks. The MTFS identifies a robust risk-based financial monitoring regime, proactive financial management by budget holders, regular financial reporting to Senior Management Team and Cabinet, cost improvement plans for high-demand and high-cost services, and requirements for financial and legal comments to be included in reports considered by Senior Management Team and Cabinet.

The MTFS was subject to public consultation and scrutiny. The Business and Finance Scrutiny Committee reviewed the MTFS proposals and made observations on the council tax increase, social care investment, savings required, government funding uncertainty, borrowing costs, business rates, contractual inflation and income-generating schemes. This provides evidence that the budget strategy was subject to member scrutiny and challenge before approval.

Value for money arrangements

Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council.
- Controls in place to prevent and detect fraud;
- The review and approval of the 2025/26 financial plan by the Council including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.

Summary of risk assessment

The Council undertakes several measures to prevent and detect fraud. The Council has an Anti-Fraud & Corruption Policy, supported by the Whistleblowing (Speak Up) Policy, encouraging internal referrals. Internal Audit, along with the Investigations Team, undertakes proactive fraud work based on a fraud risk register and/or other intelligence. Other specific anti-fraud and corruption activities are undertaken by Trading Standards. An annual report on anti-fraud and corruption activities and an update to the Anti-Fraud & Corruption Policy and Whistleblowing (Speak Up) Policy is presented to the Audit Committee every year.

The Council's Code of Conduct communicates values and expected behaviours of staff; this is covered through the Code of Conduct; Vision, Priorities Values and Behaviours poster; Gifts and Hospitality Guidance; Disciplinary Policy; Resolving Workplace Issues policy; Whistleblowing Policy; and Conflicts of Interest policy. This is communicated to staff as part of the recruitment process and is available on the staff intranet.

Our risk assessment procedures confirm the Council has appropriate arrangements in place to ensure scrutiny, challenge and transparency of decision making. Key decision making is subject to discussion and scrutiny at executive team level and relevant sub-committees such as Audit and relevant Scrutiny committees, followed by formal approval by the Cabinet and Council. All key decision records are available to view on the Council's website.

Risk assessment conclusion

Based on the risk assessment procedures performed to date we have not identified a significant risk associated with governance.

Value for money arrangements

Improving economy, efficiency and effectiveness

In assessing whether there was a significant risk relating to improving economy, efficiency and effectiveness we reviewed:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Council has engaged with partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

Summary of risk assessment

In October 2025, the Council underwent an LGA Corporate Peer Challenge. The peer team concluded that the Council is a high-performing authority with a strong track record of delivery, innovation and continuous improvement. The review highlighted strong performance across key service areas, including Outstanding Children's Services, Good Adult Social Care services, high-performing planning services and efficient customer-facing services. The peer team also identified a strong performance culture, with improvement activity embedded across the organisation and supported by effective use of performance information and management oversight.

The Council has established arrangements to support efficient and effective service delivery through its Council Plan, MTFS, Efficiency Strategy, Capital Programme and service strategies. The MTFS states that the Council’s financial strategy is intended to support its priorities to protect, care and invest to create a better borough. Service strategies are prepared for each directorate and demonstrate how budgets support directorate activity and corporate priorities.

The Council has developed savings proposals as part of the MTFS process. The 2025/26 MTFS includes £13m of savings, including £11.8m of ongoing savings. Savings proposals are developed through engagement with communities, partners, service users and other stakeholders, and more challenging proposals require consultation to minimise impacts. The MTFS specifically identifies cost improvement plans for both Adult Social Care and Children’s Safeguarding. These are important areas of focus because they are high-demand and high-cost services. These plans are monitored regularly by senior managers and members.

The Financial Outturn Report provides evidence that the Council monitors financial and operational pressures closely. It identifies specific pressures in Adult Social Care, Children’s Safeguarding, Education and Skills, Neighbourhood and Enforcement, income collection, treasury and capital delivery. The report also sets out mitigating actions and confirms that the Council delivered an overall underspend of £0.133m for 2025/26.

The Council continues to use capital investment and commercial activity to support delivery of its wider priorities. The MTFS identifies NuPlace, the Growth Fund and the Property Investment Portfolio as arrangements that support housing delivery, regeneration, local jobs, business growth and financial returns to support front-line services. The Financial Outturn Report provides evidence of benefits being monitored for NuPlace. At 31 March 2026, NuPlace had a housing portfolio of 675 homes, received rental income of £6.3m, reported profit after tax of £0.587m, paid a dividend of £0.328m, and generated £2.0m of net financial benefit to the Council. The Council’s investment in NuPlace was £97.7m and the company’s assets were valued at £135.4m.

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Value for money arrangements

Improving economy, efficiency and effectiveness

In assessing whether there was a significant risk relating to improving economy, efficiency and effectiveness we reviewed:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Council has engaged with partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

Summary of risk assessment

The LGA Peer Challenge also recognised the Council's success in attracting investment, delivering regeneration and using commercial activity to support wider place-shaping objectives. The Council was described as a regional economic leader with a strong track record of securing funding and delivering projects. Whilst the review identified opportunities to further strengthen governance and scrutiny arrangements around capital and commercial investment, it concluded that the Council has strong foundations in place to support continued economic growth and service improvement.

The Council has a strong culture of evidence-based decision making, and performance and data are fundamental to understanding, challenging and improving the organisation. Non-financial performance is monitored by the Senior Management Team monthly through the Managing the Business Dashboard. Performance is aligned to the Council's Priority Plan, with one priority having a focussed discussion each month.

Detailed operational reports are provided to directorates and teams to provide senior managers of assurance and detailed information supporting performance information. This includes the routine monitoring of many data quality reports and, in a growing number of services, the ability to drill down in performance reports to individual case records to provide assurances over accuracy of data being reported.

The Council has published a Council Plan which runs from 2024/25 to 2026/27 and sets out how the Council will operate and what it will focus on delivering. The Plan makes clear that delivery of its priorities will only be achieved by working in partnership with communities, partners, businesses and other stakeholders. Similarly, the Telford Vision 2032, as published on the Council's website, acknowledges that it has been developed and will be delivered by a partnership of organisations from across the borough.

The Council continues to monitor national developments relating to devolution and local government reorganisation. As an existing unitary authority, the Council is not expected to be directly affected by the current programme of local government reorganisation, although future devolution arrangements and regional governance reforms may influence the wider operating environment.

Risk assessment conclusion

Based on the risk assessment procedures performed to date we have not identified a significant risk associated with Improving economy, efficiency and effectiveness.

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