Telford & Wrekin Co-operative Council

Protect, care and invest to create a better borough

Borough of Telford and Wrekin

Audit Committee

Wednesday 18 November 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), 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 Co-operative Council

Protect, care and invest to create a better borough

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CONFIDENTIAL ADDRESSEE ONLY
Richard Walton
KPMG LLP
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Date: 13 November 2026 Our ref: TWC LoR 2025/26

Dear Richard,

Telford & Wrekin Council - Letter of Representation 2025/26

This representation letter is provided in connection with your audit of the Group and the Authority financial statements of Telford & Wrekin Council ("the Authority"), for the year ended 31 March 2026, for the purpose of expressing an opinion:

i. as to whether these give a true and fair view of the financial position of the Groups and the Authority as at 31 March 2026 and of the Group's and the Authority's income and expenditure for the year then ended;
ii. whether the Group and the Authority's financial statements have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 ("CIPFA/LASAAC Code").

These financial statements comprise the following: the Group and the Authority Comprehensive Income and Expenditure Statements, Group and the Authority Balance Sheets, Group and the Authority Movement in Reserves Statements, Group and the Authority Statements of Cash Flows, Collection Fund and the notes, comprising material accounting policies and other explanatory information and the Expenditure and Funding Analysis.

The Authority confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Authority confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

Financial statements

1. The Authority has fulfilled its responsibilities, as set out in the Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendment) Regulations 2024, for the preparation of financial statements that:

i. give a true and fair view of the financial position of the Group and the Authority as at 31 March 2026 and of the Group's and the Authority's income and expenditure for the year then ended;
ii. have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

The financial statements have been prepared on a going concern basis.

2. The methods, the data and the significant assumptions used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework

3. All events subsequent to the date of the financial statements and for which IAS 10 Events after the reporting period requires adjustment or disclosure have been adjusted or disclosed.

4. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter.

Information provided

5. The Authority has provided you with:

- access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
- additional information that you have requested from the Authority for the purpose of the audit; and
- unrestricted access to persons within the Group and the Authority from whom you determined it necessary to obtain audit evidence.

6. All transactions have been recorded in the accounting records and are reflected in the financial statements.

7. The Authority confirms the following:

The Authority has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

8. The Authority has disclosed to you all information in relation to:

a) Fraud or suspected fraud that it is aware of and that affects the Group and Authority and involves:
   - management;
   - members;
   - employees who have significant roles in internal control; or
   - others where the fraud could have a material effect on the financial statements; and
b) allegations of fraud, or suspected fraud, affecting the Group and Authority's financial statements communicated by employees, former employees, members, analysts, regulators or others.

In respect of the above, the Authority acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material

misstatement, whether due to fraud or error. In particular, the Authority acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and we believe we have appropriately fulfilled those responsibilities.

10. The Authority has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

11. The Authority has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

12. The Authority has disclosed to you the identity of the Group and Authority's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 Related Party Disclosures.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in IAS 24 and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

13. The Authority confirms that:

a) The financial statements disclose all of the matters that are relevant to the Authority's and the Group's ability to continue as a going concern, including the key risk factors, assumptions made and uncertainties surrounding the Authority's and the Group's ability to continue as a going concern as required to provide a true and fair view and to comply with IAS 1 Presentation of Financial Statements.
b) No material uncertainties related to events or conditions exist that may cast significant doubt upon the ability of the Authority and the Group to continue as a going concern.

14. On the basis of the process established by the Authority and having made appropriate enquiries, the Authority is satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with its knowledge of the business and are in accordance with the requirements of IAS 19 Employee Benefits.

The Authority further confirms that:

a) all significant retirement benefits, including any arrangements that are:
   - statutory, contractual or implicit in the employer's actions;
   - arise in the UK and the Republic of Ireland or overseas;
   - funded or unfunded; and
   - approved or unapproved,

   have been identified and properly accounted for; and
b) all plan amendments, curtailments and settlements have been identified and properly accounted for.

This letter was tabled and agreed at the meeting of the Audit Committee on 18 November 2026.

Yours faithfully,

Michelle Brockway
Section 151 Officer

Cllr Helena Morgan
Chair Audit Committee

Appendix to the Authority Representation Letter of Telford & Wrekin Council: Definitions

Financial Statements

A complete set of financial statements comprises:

- A Comprehensive Income and Expenditure Statement for the period;
- A Balance Sheet as at the end of the period;
- A Movement in Reserves Statement for the period;
- A Cash Flow Statement for the period; and
- Notes, comprising a summary of significant accounting policies and other explanatory information and the Expenditure and Funding Analysis.

A local authority is required to present group accounts in addition to its single entity accounts where required by chapter nine of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

A housing authority must present a Housing Revenue Account Statement.

A billing authority must present a Collection Fund Statement for the period showing amounts required by statute to be debited and credited to the Collection Fund.

A pension fund administering authority must prepare Pension Fund accounts in accordance with Chapter 6.5 of the Code of Practice.

An entity may use titles for the statements other than those used in IAS 1. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income.

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
c) dissimilar items, transactions or other events are inappropriately aggregated;
d) similar items, transactions or other events are inappropriately disaggregated; and
e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Assessing whether information could reasonably be expected to influence decisions made by the primary users of a specific reporting entity's general purpose financial statements requires an entity to consider the characteristics of those users while also considering the entity's own circumstances.

Many existing and potential investors, lenders and other creditors cannot require reporting entities to provide information directly to them and must rely on general purpose financial statements for much of the financial information they need. Consequently, they are the primary users to whom general purpose financial statements are directed. Financial statements are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena."

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

c) was available when financial statements for those periods were authorised for issue; and
d) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

Related Party and Related Party Transaction

Related party:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

- A person or a close member of that person's family is related to a reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity; or
  - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- An entity is related to a reporting entity if any of the following conditions apply:

- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity, and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- The entity is controlled or jointly controlled by a person identified in (a).
- A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

- a government that has control or joint control of, or significant influence over the reporting entity; and
- another entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting entity and the other entity.

Related party transaction:

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Uncorrected audit misstatements (£'s)				
No.	**Detail**	**CIES Dr/(cr)**	**Balance Sheet Dr/(cr)**	**Comments**
1	Dr PPE Valuation Cr Depreciation Cr General Fund - Reserves Cr CAA – Reserves	(£1.3m)	£1.3m £1.3m (£1.3m)	An uncorrected misstatement of £1.339m has been identified in relation to depreciation on 22 of the 62 OLB assets valued during the year. The misstatement arose due to the timing of transfers from Investment Property to Operational Land and Buildings (OLB) within the Fixed Asset Register, which resulted in depreciation being overcharged on the affected assets. Consequently, accumulated depreciation is overstated and the carrying value of the affected OLB assets is understated by £1.339m, resulting in a corresponding misstatement. This has no impact on overall level of usable reserves held by the Council.
Total		**(£1.3m)**	**£1.3m**	

Auditor's Annual Report for Telford & Wrekin Council

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Year-ended 31 March 2026

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November 2026

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Our audit reports will be made solely to the members of Telford & Wrekin 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 Council, as a body, for our audit work, for our auditor's reports, 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.

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01

Executive Summary

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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 2025-26 audit of Telford & Wrekin 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 2025/26 ('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.

Financial statements	We issued an unmodified opinion on the Telford & Wrekin Council's financial statements on 20/11/2026. 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.
Other information	We did not identify any material inconsistencies between the content of the other information, the financial statements and our knowledge of the Council to date.
Value for money	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 10-15.
Whole of Government Accounts	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 2026 financial year, we are unable to confirm that we have concluded our work in this area.
Other powers	See overleaf.

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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 this year.

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 made no recommendations under Schedule 7 of the Act this year.

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 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.

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Audit of the financial statements

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Audit of the financial statements

KPMG provides an independent opinion on whether the Telford & Wrekin Council's financial statements:

- Give a true and fair view of the financial position of the Telford & Wrekin Council as at 31 March 2026 and of it's 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 2025/26.

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 Telford & Wrekin 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 Telford & Wrekin Council financial statements on 20/11/2026.

The full audit report included in the Telford & Wrekin Council's Annual Report and Accounts for 2025/26 which can be obtained from the Telford & Wrekin Council 's website.

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

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Audit of the financial statements

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 Investment Property

Investment properties are required to be held at fair value. There is a risk that changes in market conditions or inappropriate valuation assumptions could result in the value of investment property being materially misstated.

Our procedures

We assessed the independence, objectivity and expertise of the Council's internal valuers and reviewed the instructions issued to them to confirm they were appropriate and consistent with the requirements of the CIPFA Code.

We compared the data provided to the valuers to underlying information and evaluated the design and implementation of the Council's controls for reviewing the valuation and the appropriateness of the assumptions used.

We challenged the appropriateness of the valuations, including material movements from the previous valuations and key assumptions involving judgement such as Market Capitalisation rate (yield), estimated rental income, estimated operating costs. We also agreed the calculation of movements, assessed whether these were accounted for in accordance with the CIPFA Code, and considered the adequacy of the disclosures relating to the key judgements and estimation uncertainty.

Our findings

We completed our procedures and concluded that the valuation of investment property was materially correct. Overall, we found the valuations to be appropriate and the assumptions applied to be balanced. No significant issues were identified.

Management Override of Controls

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 procedures

We assessed accounting estimates for potential management bias and evaluated the selection and application of accounting policies.

We evaluated controls over journal entries and post-closing adjustments and tested journal entries identified as potentially inappropriate or unauthorised using KPMG Clara Journal Entry Analysis (data analytics).

We also considered the business rationale and accounting treatment of significant or unusual transactions.

Our findings

We completed the procedures described and identified five journal entries and other adjustments meeting our high-risk criteria. For Journals approvals we have raised a control deficiency relating to approval evidence not consistently retained in Agresso. Our testing did not identify any unauthorised, unsupported or inappropriate entries. We also identified no indicators of management bias or any significant unusual transactions. No other significant observations were noted.

Valuation of Pension Liability

The valuation of post retirement benefit obligations requires judgement in selecting key actuarial assumptions, including the discount rate, inflation and mortality rates. Small changes in these assumptions could have a significant impact on the Council's pension liability, resulting in a high degree of estimation uncertainty.

Our procedures

We assessed the Council's process for determining the valuation assumptions and evaluated the competency and objectivity of the actuaries.

With support from our actuarial specialists, we challenged the key assumptions, including the discount rate, inflation rate and mortality/life expectancy, against externally derived data.

We also agreed the data used in the valuation, assessed the accounting treatment against IFRS and the CIPFA Code, and considered the adequacy of the related disclosures, including the level of surplus recognised and the impact of special events.

Our findings

We confirmed that the appointed actuaries were suitably qualified, agreed the data used in the IAS 19 calculation with no issues noted, and found the methodology and assumptions to be appropriate. Management's review control was not sufficiently precise or documented to be considered an effective control, although no recommendation was raised. We also reviewed the historic 35.58% liability allocation and identified no specific concerns. No other significant observations were noted.

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03

Value for Money

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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
Commentary page reference	12	14	15
Identified risks of significant weakness?	✕ No	✕ No	✕ No
Actual significant weakness identified?	✕ No	✕ No	✕ No
2025-26 Findings	No significant risk identified	No significant risk identified	No significant risk identified
Direction of travel	←→	←→	←→

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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 continued to progress local government reorganisation through the English Devolution and Community Empowerment Act. The reforms are intended to establish larger unitary authorities and expand devolution arrangements through County Combined Authorities (CCAs).

On 7 September 2026, the Government announced a review of the local government reorganisation programme following updated legal advice and to consider how the proposals align with wider plans for devolution and public sector reform. Decisions relating to some areas were withdrawn and proposals affecting other areas have been paused pending the outcome of the review. As a result, the timetable and scope of local government reorganisation remain subject to further Government decisions. As a Unitary Council much of this reform does not have an impact on Telford, however the devolution agenda is one that is likely to have an impact in the medium term.

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.

Education

Many schools are now the responsibility of academy trusts, however some schools are still controlled and overseen by the local Council. Dedicated funding is provided by central government to run schools, however due to cost pressures many Councils have overspent against their central government allocation, particularly in relation to “high needs” expenditure (i.e. to support students with special educational needs and disability (SEND)). The Council submitted a SEND reform plans which has since been approved. The Council has recognised a post-balance sheet event in relation to its Dedicated Schools Grant position, with the associated cash expected to be released in November 2026. This represents a significant development in addressing the historic funding pressures associated with SEND and the Dedicated Schools Grant deficit. However, underlying pressures from increasing demand and the cost of SEND provision continue to require ongoing management and monitoring.

An accounting override exists meaning Councils do not need to recognise schools deficits as part of their reserves which, for some, avoids Councils becoming insolvent. While the approved SEND reform plan and associated funding provide a route to address accumulated deficits, the longer-term financial sustainability of SEND provision remains dependent on the successful implementation of the reforms and management of ongoing demand and cost pressures.

Local context

- The Council has a strong track record of delivering savings, with £195.3m of savings delivered since 2009/10 by the end of 2025/26.
- For 2025/26, net expenditure was £167.694m against a final budget of £167.640m, with an overall £0.133m underspend after funding.
- Council Tax increased by 4.99%, including the 2% Adult Social Care precept.
- Capital expenditure was £113.252m against an approved budget of £124.320m, with expenditure rephased into 2026/27 following changes to construction programmes.
- The 2025/26 financial strategy included £13.1m of savings and £7.7m of net investment in Adult Social Care, with financial performance regularly monitored and reported to senior management and Cabinet.
- The Council maintains arrangements to prevent and detect fraud, supported by its Anti-Fraud and Corruption Policy and Whistleblowing (Speak Up) Policy.
- The Council continues to deliver its long-term Vision 2032, which sets out its ambition to build a more inclusive borough across four strategic objectives.

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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.

The Section 151 Officer leads on budget setting through the Medium Term Financial Strategy (MTFS), 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 and Children's Safeguarding, pay and contract inflation, government grant funding, Council Tax, Business Rates and capital financing costs.

A corporate budget model is maintained for budget projections. The 2025/26 MTFS set out the Council's approach to financial planning, including the revenue budget, savings proposals, reserves strategy and medium-term capital programme. 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 would be invested in social care services and included £7.7m of additional net investment in Adult Social Care.

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 Council's financial sustainability arrangements include processes for assessing and managing financial risks and monitoring performance against the financial plan.

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 overspends of £6.8m in Adult Social Care, £2.8m in Children's Safeguarding and Family Support and £1.6m in Education and Skills, which were offset by budgeted contingencies and other Council-wide resources.

The Council did not require any unplanned use of the Budget Strategy Reserve during 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. Earmarked reserves reduced by £11.1m to £56.3m, with total usable reserves of £110.3m.

The VFM assessment also considered the Council's reserve position against comparable authorities. Reserves represented 43% of net revenue expenditure, while the reduction in reserves over the previous three years was broadly in line with neighbouring authorities. The CIPFA Resilience Index Financial Stress Trend indicator showed the Council had consistently remained at lower risk over the previous eight years.

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Financial Sustainability

DRAFT

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:

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- 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.

For 2025/26, Financial Monitoring Reports were received by Cabinet during the year to monitor performance against the financial plan. The Council's VFM assessment considered performance against the financial plan, the development and monitoring of the efficiency plan, consistency between financial, workforce and operational plans, and the processes for identifying and managing financial sustainability risks.

The Dedicated Schools Grant 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 due to increasing demand and the costs associated with SEND provision. The Council continues to work with schools, the Schools Forum and government programmes to manage these pressures. Since the initial risk assessment was prepared, the SEND reform plan has been approved, with 90% of the associated funding expected to be released during 2026/27. The Council has also recognised a PBSE in relation to this matter. These developments provide additional financial support and mitigation against the growing deficit. While the DSG position remains an area to keep under review, it was not assessed as representing a significant risk to the Council's arrangements, given the mitigating actions in place and its overall financial resilience.

For 2026/27 onwards to 2028/29, the updated MTFS outlines proposed budgeted savings of £19.1m, including £12.0m from service review/redesign and £5.6m from income generation from NuPlace and other trading operations. The 2026/27 MTFS also incorporated the three-year funding settlement agreed in December 2025, which increased spending power by 8.8% for 2026/27, including £6m of additional Revenue Support Grant.

Key financial and performance metrics:	2025-26	2024-25
Actual (surplus)/deficit	(£0.133m)	(£0.091m)
Useable Reserves	£110m	£107m
Year-end Borrowings	£493m	£435m
Year-end Cash Position	£24m	£22m

Conclusion

Based on the risk assessment procedures performed, **we have not identified a significant risk associated with financial sustainability**.

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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.

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

The Council maintains a Strategic Risk Register to identify risks that could impact the delivery of Council priorities and its financial position. The register is reviewed by Senior Management Team and Audit Committee and contains the ten highest risks, assessed based on likelihood and impact before controls. The highest scoring risks relate to staff retention and climate risk, with named senior officers responsible for managing each risk.

The Council's financial governance arrangements include a risk-based financial monitoring regime, proactive management by budget holders and regular financial reporting to Senior Management Team and Cabinet. Financial and legal comments are also required in reports considered by Senior Management Team and Cabinet.

The 2025/26 MTFS was subject to public consultation and scrutiny by the Business and Finance Scrutiny Committee. This included consideration of the Council Tax increase, social care investment, savings requirements, government funding uncertainty, borrowing costs, Business Rates, contractual inflation and income-generating schemes, providing scrutiny and challenge before approval.

The Council has measures in place to prevent and detect fraud, including its Anti-Fraud & Corruption Policy and Whistleblowing (Speak Up) Policy. Internal Audit and the Investigations Team undertake proactive fraud work, with further anti-fraud activities undertaken by Trading Standards. An annual report on anti-fraud and corruption activity is presented to Audit Committee.

The Council's Code of Conduct sets out expected staff behaviours and is supported by policies and guidance covering gifts and hospitality, disciplinary matters, whistleblowing and conflicts of interest.

Our risk assessment procedures confirmed that the Council has appropriate arrangements to support scrutiny, challenge and transparency in decision-making. Key decisions are scrutinised through executive management and relevant committees before formal approval by Cabinet and Council, with key decision records available on the Council's website.

Conclusion

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

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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.

The Council has established arrangements to support efficient and effective service delivery through its Council Plan, MTFS, Efficiency Strategy, Capital Programme and service strategies, which align budgets and activities with corporate priorities.

In October 2025, the Council underwent an LGA Corporate Peer Challenge, which concluded that the Council is a high-performing authority with a strong track record of delivery, innovation and continuous improvement, supported by a strong performance culture.

The 2025/26 MTFS included £13m of savings, including £11.8m of ongoing savings. Savings proposals are developed through engagement with communities, partners and service users, with cost improvement plans in place for Adult Social Care and Children's Safeguarding and monitored regularly by senior managers and members.

The Council has a strong culture of evidence-based decision-making. Non-financial performance is monitored monthly by the Senior Management Team through the Managing the Business Dashboard, alongside detailed operational reporting to support performance monitoring and improvement.

The Council Plan for 2024/25 to 2026/27 recognises that delivery of priorities depends on working with communities, partners, businesses and other stakeholders. The Council also monitors wider developments, including devolution and local government reorganisation, and their potential impact on service delivery.

The Council continues to use capital investment and commercial activity to support its wider priorities. At 31 March 2026, NuPlace had 675 homes, generated £6.3m of rental income and provided a £2.0m net financial benefit to the Council. The Council's investment in NuPlace was £97.7m, with company assets valued at £135.4m.

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. While opportunities were identified to strengthen governance and scrutiny of capital and commercial investment, the Council was considered to have strong foundations for continued economic growth and service improvement.

Conclusion

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

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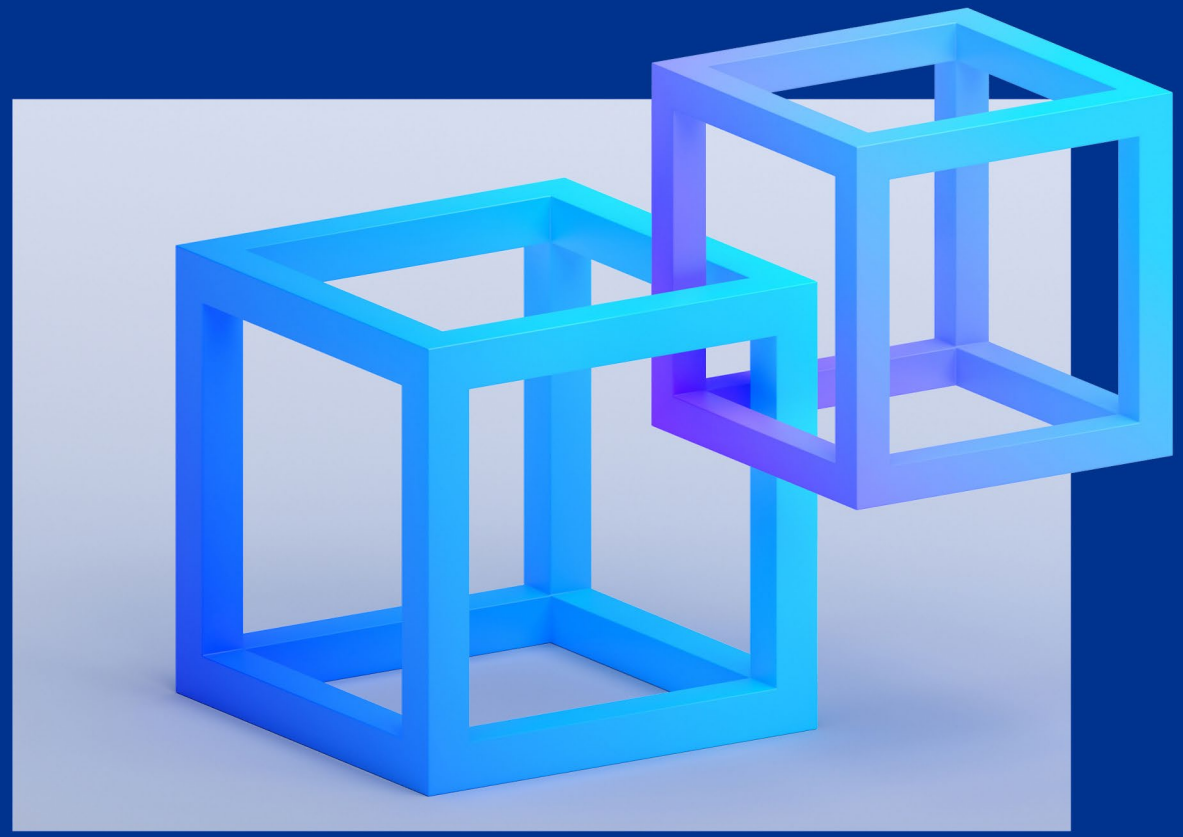
Telford & Wrekin Council



Year End Report to the Audit Committee

Year end report for the year ended 31 March 2026

November 2026

Introduction

To the Audit Committee of Telford & Wrekin Council

We are pleased to have the opportunity to meet with you on 18 November 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 31st March 2026.

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 30th April 2026 and 15th July 2026. We will be pleased to elaborate on the matters covered in this report when we meet on 18 November 2026.

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.

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 handlecheckd you can access KPMG's complaints process here: Complaints.

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 financial statements and auditor's representation letter on 20th November 2026, provided that the outstanding matters noted on page 4 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

13th November 2026

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Audit risks and our audit approach	6
Key accounting estimates and management judgements– Overview	15
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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 at and for the year ended 31 March 2026.

This Report has been prepared for the Audit 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.

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. We will provide an oral update on the status at the Audit Committee. Page 4 '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.

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Our audit findings

Significant audit risks	Page 5-12
Valuation of investment property	Valuation methodology and key assumptions were assessed as reasonable. No significant issues identified
Management override of controls	At the time of writing no significant issues identified from our testing of management override of controls. Work in this area is being finalised.
Valuation of post retirement benefit obligations	Key actuarial assumptions and related disclosures were assessed as reasonable. No significant issues identified.

Other Audit risks	Page 13-14
Valuation of Land and Buildings	Valuation methodology and key assumptions were assessed as reasonable. No significant issues identified.

Corrected Audit Misstatements	Page 26
Refer to slide 26 for details, related to disclosures only.	

Number of Control deficiencies	Page 27
Significant control deficiencies	0
Other control deficiencies	3
Prior year control deficiencies remediated	1

Uncorrected Misstatement	Page 25
Note 15: PPE and Investment Properties An uncorrected misstatement of £1.339m has been identified in relation to depreciation. Refer slide 25 for details.	

Outstanding matters

Our audit is substantially complete except for the following outstanding matters

- We are awaiting some final information from management in relation to a small number of samples related to testing of journal entries
- The work of our pensions experts is undergoing final review by the senior expert and will then pass to the audit team for final review
- Finalisation of quality checks of the final financial statements;
- Receipt and review of signed financial statements;
- Receipt of management representation letter and subsequent events confirmation; and
- Finalisation of audit report.
- Final Manager and Partner review – in particular in regard to journal entry work

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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 & 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.

Value for money

We were required to provide commentary on the arrangements in place for ensuring Value for Money was achieved at the Council and to report on this via our Auditor's Annual Report.

VFM risk assessment was provided to the council on 08 July 2026 for publishing on the council's website and AAR is be submitted along with this report.

We outlined the results of our risk assessment procedures on page 19.

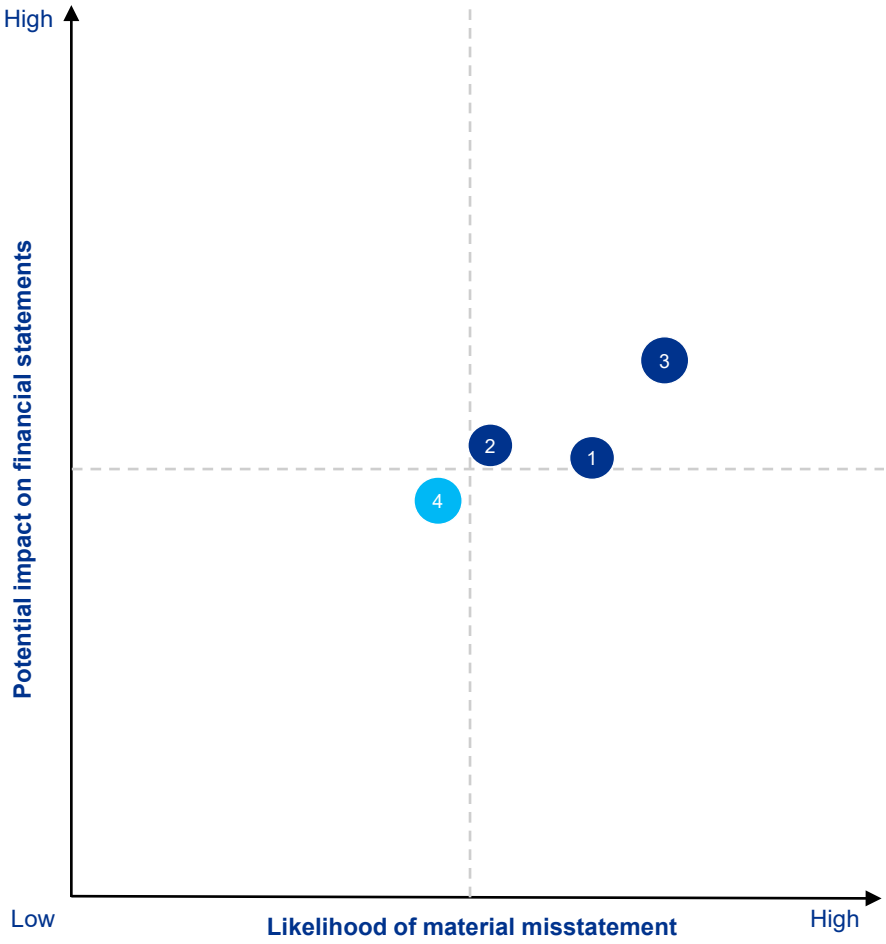
Significant risks	
1.	Valuation of investment property
2.	Valuation of post retirement benefit obligation
3.	Management override of controls [a]

Other audit risks	
4.	Valuation of land and buildings

Key:

- # Significant financial statement audit risks
- # Other audit risk

[a] A significant risk that auditing standards require us to assess on all audit engagements. Not always included in the graph except where we have also identified an -specific risk of management override of controls



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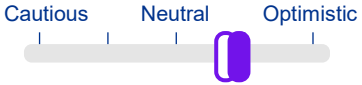
Audit risks and our audit approach

1 Valuation of investment property

The carrying amount of revalued investment property differs materially from the fair value



Significant audit risk

The Code defines an investment property as one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property.

During 2025/26, the authority has completed a review of the property assets it holds and has determined that a number of individual sites meet CIPFA's definition of Investment Property. The fair value of investment properties recorded in 25/26 financial statements was £52.311m (£48.763m FY24/25)

There is a risk that investment properties are not being held at fair value, as is required by the Code. At each reporting period, the valuation of the investment property must reflect market conditions. Significant judgement is required to assess fair value and management experts are often engaged to undertake the valuations.

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 of Estate and Investment council's internal valuers used in developing the valuation of the Council's investment property at 31 March 2026;
- We inspected the instructions issued to the valuers 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; including any material movements from the previous revaluations. We challenge key assumptions within the valuation as part of our judgement;
- We agreed the calculations performed of the movements and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code;
- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Key:
Prior year | Current year

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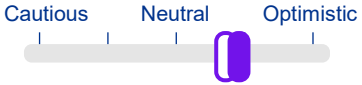
Audit risks and our audit approach

1 Valuation of investment property (Cont.)

The carrying amount of revalued investment property differs materially from the fair value



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There is a risk that investment properties are not being held at fair value, as is required by the Code. At each reporting period, the valuation of the investment property must reflect market conditions. Significant judgement is required to assess fair value and management experts are often engaged to undertake the valuations.

Our findings

Overall we found the valuations to be appropriate and the overall assumptions to be balanced.

- For Investment properties, determining fair value requires judgement over the valuation methodology applied and the determination of assumptions adopted, including estimated rental value and yield. Small changes in assumptions, especially yield, can have a material impact on the valuations.
- We selected 11 FV assets above the defined testing threshold and performed detailed testing over the valuations. This included testing key valuation inputs to underlying evidence, challenging key assumptions including yield rates, rental income, administration rates and void rates, independently recalculating the valuations, and assessing the appropriateness of the valuation methodology applied. Based on the procedures performed, we concluded that the valuation of Investment Property is materially correct.

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 Investment Properties as a significant risk area, we are required to bring this matter to your attention.

No other significant issues have been identified.

Key:
Prior year
Current year

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Audit risks and our audit approach

2 Management override of controls[(a)]

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

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.

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

Key:
Prior year | Current year

Our response

Our audit methodology incorporates the risk of management override as a default significant risk. In response to this risk we:

- 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 have run our samples through HRC screening and selected 5 samples for detailed testing. tested journals as per determined high risk which tested.
- Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.
- Identified journal entries and other adjustments with characteristics that indicate that they may be inappropriate or unauthorised and therefore may have been used to manipulate the financial statements (which we refer to as 'high-risk journals and other adjustments'). We did this by utilising KPMG Clara Journal Entry Analysis (data analytics) and performed procedures to test the appropriateness of these entries and adjustments.
- Our work on Post close journals is ongoing.

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Audit risks and our audit approach

2 Management override of controls[a]

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

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.**

- As part of our risk assessment, we screened the journal population against defined high-risk criteria, including weekend postings, specific words, selected users and seldom users, seldom-used accounts, and unusual pairings involving cash, borrowings, revenue, fixed assets and capital expenditure. We assessed the journals identified through this screening to determine whether they represented unusual or higher-risk combinations and selected five entries for detailed testing. Our examination of the supporting evidence and authorisation for these entries did not identify any unauthorised, unsupported or inappropriate journals.
- We evaluated accounting estimates, including the consideration of management judgements and did not identify any indicators of management bias. See slide 15 for further details..
- We identified a control deficiency in relation to journals, detailed on page 27 in relation to evidence of review and approval of transactions. As management override of controls is a significant risk area, we are required to bring this matter to your attention.

Work on this area is still subject to final engagement lead review and is subject to completion of our sample testing of individual transactions.

Our procedures did not identify any significant unusual transactions.

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

Key:
Prior year | Current year

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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

Cautious — Neutral — Optimistic

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 actuary will take account of the results of the new Triennial Valuation as at 31 March 2025 for accounting at 31 March 2026. This means re-basing their estimate models to allow for actual experience since 2022, which could result in corrections to the defined benefit obligation and asset valuations this year. It also updates the contributions payable, which could have an impact on the assessment of the asset ceiling applying to 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 only.

Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.

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 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;
- Considered the adequacy of the Council's disclosures in light of the updated information and change of contributions following the completion of the funding valuation and assess the sensitivity of the deficit or surplus to the assumptions made.
- Assessed the level of surplus that should be recognised by the ; and
- Assessed the impact of special events

Key:
Prior year Current year

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Audit risks and our audit approach

3 Valuation of post retirement benefit obligations (Cont.)

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 actuary will take account of the results of the new Triennial Valuation as at 31 March 2025 for accounting at 31 March 2026. This means re-basing their estimate models to allow for actual experience since 2022, which could result in corrections to the defined benefit obligation and asset valuations this year. It also updates the contributions payable, which could have an impact on the assessment of the asset ceiling applying to 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 only.

Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.

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. All individual assumption were found to be optimistic and within a reasonable range.
- 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.
- Also, we noted a historic arrangement allocates 35.58% of the relevant pre-1998 liabilities to Telford & Wrekin Council, although the associated members are excluded from its membership data. Limited historic documentation is available and the FY26 pension payment adjustment is based on a broad estimate using actuarial data. The actuarial information provided was considered sufficient to perform our procedures and no further queries were identified at that stage; accordingly, no specific concern was raised over the 35.58% allocation.
- Our audit procedures in respect of the impact of the asset ceiling remain in progress.

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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

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	✓	✓	6.20%	6.12%		✓
CPI inflation		Deduction to inflation curve	✓	✓	2.90%	3.04%		✓
Pension increases		In line with CPI + 0.1%	✓	✓	3.00%	2.93%		
Salary increases		Employer best estimate	✓	✓	CPI plus 1.25%	In line with long-term remuneration policy		
Mortality	Base tables	In line with most recent Fund valuation	✓ See page 17	✓	SAPS Series 4 tables ("Middle" tables for females) with separate scaling factors for Active (A)/Deferred (D) and Pensioners (P) A/D: 108% (m)/98% (f) P: 103% (m)/95% (f)	In line with Fund best-estimate		✓
	Future improvements	In line with most recent Fund valuation	✓ See page 17	✓	CMI 2024,1.5% long-term trend rate and default other parameters (with fitted pandemic overlay removed)	CMI 2025,1.25% long-term trend rate and default other parameters		✓
Other demographics		In line with most recent Fund valuation	✓ See page 18	✓	Members commute pension for 75% of the maximum tax-free cash at retirement	In line with Fund best estimate		

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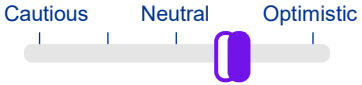
Audit risks and our audit approach

4 Valuation of land and buildings – rolling programme

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



Other audit risk

The Code of Practice on Local Authority Accounting in the UK 2025/26 ('the Code') has introduced changes to asset revaluation. The Code requires revaluations for each class of PPE are undertaken using one of the following:

- A quinquennial revaluation, supplemented by annual indexation in intervening years.
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the intervening four years.

The Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle and indexation in the intervening years.

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

A further risk is presented for those assets that are revalued in year as valuations are inherently judgmental and there is a risk of error that the assumptions are not appropriate or correctly applied.

We will review this business process at the end of the year to ensure the risk is still suitable based on year-end figures.

Our response

We have performed the following procedures designed to specifically address the elevated risk:

- We critically assessed the independence, objectivity and expertise of the council's internal valuers used in developing the valuation of the Council's properties at 31 March 2026;
- 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;
- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

We performed audit procedures in response to the risk of material error arising from the application of indexation, however we considered the risk of error to be lower than the risk for buildings being subject to valuation.

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Audit risks and our audit approach

4 Valuation of land and buildings – rolling programme (Cont.)

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

Cautious — Neutral — Optimistic

Other audit risk

The Code of Practice on Local Authority Accounting in the UK 2025/26 ('the Code') has introduced changes to asset revaluation. The Code requires revaluations for each class of PPE are undertaken using one of the following:

- A quinquennial revaluation, supplemented by annual indexation in intervening years.
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the intervening four years.

The Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle and indexation in the intervening years.

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

A further risk is presented for those assets that are revalued in year as valuations are inherently judgmental and there is a risk of error that the assumptions are not appropriate or correctly applied.

We will review this business process at the end of the year to ensure the risk is still suitable based on year-end figures.

Our findings

- The risk relates to key valuation assumptions, including yield rate and rental income. We tested MV assets above the defined threshold and independently recalculated the valuations, with no issues identified.

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 other risk area, we are required to bring this matter to your attention.
- We agreed the land and building valuations per the valuer's reports to the Fixed Asset Register, with no issues identified.
- We noted over-depreciation of £1.339m across 22 of the 62 OLB assets valued during the year. The misstatement arose due to a timing issue in recording the transfer of assets from Investment Property to OLB within the Fixed Asset Register, resulting in depreciation being incorrectly charged and the carrying value of the affected assets being understated. While the uncorrected misstatement is above our reporting threshold and has therefore been reported, it remains below materiality. Further details are included on slide 25.
- We reviewed the change in accounting policy relating to the introduction of the rolling revaluation programme and confirmed that the revised policy is consistent with the requirements of the Code and our expectations. No issues were identified.

Key: Prior year | Current year

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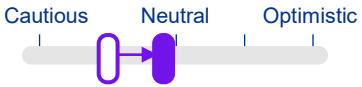
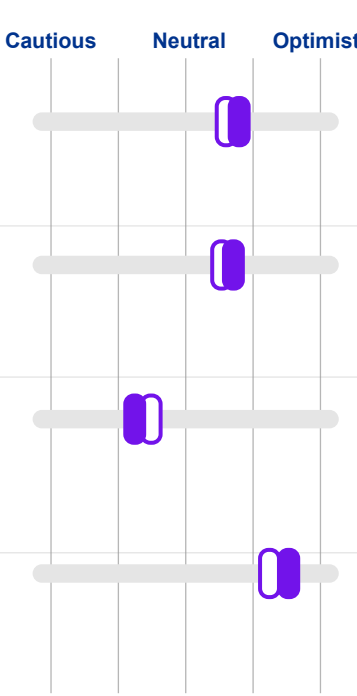
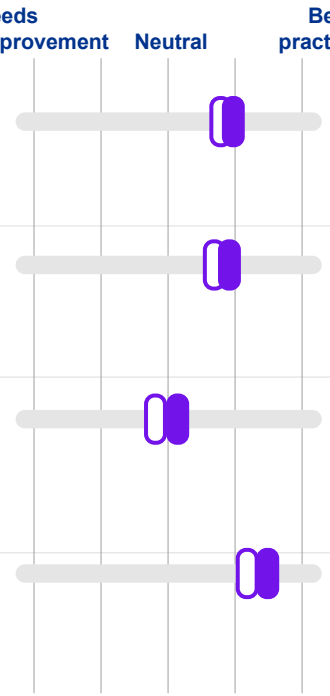
Key accounting estimates and management judgements– Overview

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.



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		450.18	(24.52)		The movement in OLB during 2025/26 was mainly driven by revaluations, additions, depreciation and asset transfers. The Council also moved to a five-year rolling valuation programme, with indexation applied to assets not revalued during the year.
Investment Property		52.31	3.55		The movement in Investment Property during 2025/26 was mainly driven by changes in the fair value of the properties and transfers during the year.
Fair value of LGPS asset		794.16	46.08		The fair value of LGPS assets increased by £46.08m to £794.16m during 2025/26, primarily reflecting strong investment performance during the year, with the Fund achieving a return of 7.35%.
Present value of defined benefit obligation		670.29	19.24		The defined benefit obligation increased by £19.24m to £670.29m during 2025/26, reflecting benefits accrued and interest during the year together with movements in key actuarial assumptions, partly offset by member contributions.

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Subsidiary audits

	Reporting framework	Details
Nuplace	We carried out an audit of the Group financial statement 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 2025/26.	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 25/26 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.
Schools	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 2025/26.	We completed assessment of ISA600r- all school are similar reporting process and in aggregation does not have specific balances in schools that were significant in aggregation for our audit of the Group financial statements, except Employee Benefit Expenses. We completed risk assessment and substantive testing over Employee Benefit Expenses for schools and our results were satisfactory.

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Other matters

Narrative report

We have read the contents of the 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 2025/26 ('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.

Annual Governance Statement

We have reviewed the Council's 2025/26 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 are yet to receive instructions from NAO regarding WGA.

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 2025/26 audit, as set by PSAA is £343,328 plus VAT (£ 337,869) in 2025/26.

See page 22 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 25/26 and have included in appendix confirmation of safeguards that have been put in place to preserve our independence.

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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.

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 18 November 2026. 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. As reported in our initial risk assessment on 15 July 2026 we have no identified any risks of a significant weakness in arrangements to secure value for money. We have updated our risk assessment and this conclusion remains appropriate.

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.

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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 2026.
Adjusted audit differences	There were nil adjusted audit differences
Unadjusted audit differences	The aggregated surplus impact of unadjusted audit differences would be £ 1.3 mil . 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 25.
Related parties	There were no significant matters that arose during the audit in connection with the '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.
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.
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 of 2025/26 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.

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Fees

Audit fee

Our fees for the year ending 31 March 2026 are set out in the PSAA Scale Fees communication and are shown below. We have also identified our fee variations below.

Details	2025/26 (£)	*2024/25 (£)*
Scale fees as set by PSAA	343,328	337,868
Group (ISA600r - Schools consolidation)* (a)	1,017	4,012
Group (ISA600r – Group accounts)* (a)	1,017	
FV IFRS16	-	2,430
FV Prior Period Adjustment	-	5,104
FV overruns	-	1,872
Pensions valuation (LGPS Triennal valuation)* (b)	7,178	-
Fee variation – Transaction Listing* (c)	2,998	-
TOTAL	**355,538**	**351,286**

*Fee variation for 2025/26 shared with management on 12/11/2026 and will be submitted for PSAA approval on agreement of S151 Officer.

a. 2025/26 required only an update to the ISA 600 (Revised) risk assessment regarding aggregation of schools and the group audit assessment, resulting in less incremental audit effort than in 2024/25.

b. 2025/26 Accounts include the impact of the LGPS Triennial valuation – additional work was required

c. Delays in receiving appropriate journals transaction listing due to upgrade to Cloud based Unit 4

Billing arrangements

- Fees have been billed in accordance with the milestone completion phasing that has been communicated by the PSAA.

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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 Committee members

Assessment of our objectivity and independence as auditor of Telford and 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

Facts and matters related to the provision of non-audit services and the safeguards put in place are set out on the table overleaf.

Description of scope of services	Principal threats to Independence	Safeguards Applied	Basis of fee
Certification of the Teachers Pension return for 25/26	Self review	Work completed by a separate team	Fixed

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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 0:1. 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.

	2025/26
	£'000
Scale fee	343
Fee variation	12
Other Assurance Services	-
Non – audit services	7
Total Fees	**362**

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 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 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

KPMG LLP

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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 550k are shown below:

Uncorrected audit misstatements (£s)

No.	Detail	CIES Dr/(cr)	Balance Sheet Dr/(cr)	Comments
1	Dr PPE Valuation		£1.3m	An uncorrected misstatement of £1.339m has been identified in relation to depreciation on 22 of the 62 OLB assets valued during the year. The misstatement arose due to the timing of transfers from Investment Property to Operational Land and Buildings (OLB) within the Fixed Asset Register, which resulted in depreciation being overcharged on the affected assets. Consequently, accumulated depreciation is overstated and the carrying value of the affected OLB assets is understated by £1.339m, resulting in a corresponding misstatement. This has no impact on overall level of usable reserves held by the Council.
	Cr Depreciation	(£1.3m)		
	Dr General Fund – Reserves		£1.3m	
	Cr CAA – Reserves		(£1.3m)	
Total		**(£1.3m)**	**£1.3m**	

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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. None noted apart from below.

Misstatements related to disclosures –

1) Cashflow statement and related notes -

Incorrect PFI and lease liability balances were used in the cash flow calculations, resulting in misstatements within the Cash Flow Statement and related disclosures. Following audit identification, management corrected the cash flow workings using the appropriate PFI and lease liability balances. As a result, Note 36 (Operating Activities) decreased by £1.053m from £(9.916)m to £(10.969)m, Note 38 (Investing Activities) decreased by £0.140m from £(41.131)m to £(41.271)m, and Note 39 (Financing Activities) increased by £1.193m from £52.849m to £54.042m. The correction related to the presentation and disclosure of cash flow movements and had no impact on the closing cash and cash equivalents balance. Management has corrected the affected disclosures in the financial statements and, accordingly, no uncorrected misstatement remains in respect of this matter.

2) Note 14 – Adjustments between Accounting Basis and Funding Basis under Regulations

A presentation and classification misstatement was identified within Note 14 – Adjustments between Accounting Basis and Funding Basis under Regulations. The depreciation and impairment-related amount was incorrectly presented as £40.463m instead of £49.025m, following reconciliation to the related financial statement disclosures. In addition, the £4.281m movement in the market value of Investment Properties was presented as a negative amount rather than a positive amount. Management subsequently corrected Note 14 to appropriately reflect the revised depreciation and impairment amount and the correct presentation of the Investment Property movement. The overall net amount reported within Note 14 remained unchanged at £44.744m, as the corrections related to the classification and presentation of the individual components within the disclosure rather than the underlying financial statement balances. The misstatement has therefore been fully corrected in the financial statements.

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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	2	**Missing declaration of interest for Related parties** KPMG identified that 4 councillors had not submitted their annual declarations of interest. The Council's process requires all councillors to complete and return related party declarations to enable the identification of potential related party relationships and transactions for disclosure in the financial statements. There is a risk that related party relationships and transactions may not be identified, recorded, and disclosed completely in the financial statements. As a result, the related party disclosures may be incomplete or inaccurate. **Recommendation** Management should strengthen the process for obtaining annual related party declarations from all councillors by implementing a formal monitoring and escalation procedure for outstanding returns. The Council should ensure that declarations are completed and reviewed within a defined timeframe, with appropriate follow-up undertaken for non-responses. Periodic review should be performed to confirm that all required declarations have been received and assessed prior to the preparation of the year-end related party disclosures.	The Finance Team will review the existing arrangements that are in place for the collection of Related Party Transaction data. If necessary, a formal process setting out timelines, monitoring of returns and escalation procedure will be drafted and shared with key members of staff in readiness for 2026/27 collection of related party transactions. Ed Rushton - Head of Service Corporate & Capital Finance
2	2	**Formal documentation of Journals Approval** KPMG identified that the approval requirements, thresholds and permitted exceptions communicated by management are not set out in a formally documented and approved policy. Furthermore, evidence of review and approval is not consistently recorded or retained within Agresso, as certain transactions are approved through feeder systems, upload templates, supporting documents or other processes outside the general ledger. There are exceptions like monetary thresholds of below £1k, posted for schools & VAT, automatic journals and usage of template journals for 30+ lines. Consequently, there is an increased risk that unauthorised or fraudulent journals may be posted without appropriate review and approval. **Recommendation** The Council establish a formally documented and approved journal authorisation policy, clearly defining approval requirements, thresholds, responsibilities and permitted exceptions across all transaction types.	The Council has been using Unit4 Agresso/ERP since 2011 and has implemented the same controls around journals. No evidence of unauthorised or fraudulent journals being posted has been raised through audit testing in that time. However, a formal policy for approving journal authorisation will be drafted and shared with the Finance Team prior to 2026/27 Outturn and the Closure of Accounts. Alex Price - Systems Accountant / Ed Rushton - Head of Service Corporate & Capital Finance

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#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
3	2	**Incomplete Single Person Discount review coverage** KPMG Identified NEC's review of Single Person Discount (SPD) claims did not cover the complete SPD population, creating a risk that ineligible discounts may continue to be applied, resulting in understated Council Tax income and receivables. **Recommendation** The Council strengthen its SPD review process to ensure all properties receiving Single Person Discount are periodically reviewed and validated for continued eligibility.	The annual review of Single Person Discount uses risk-based data matching (including Experian data and council records) to screen household information. The Council will consider wider options for future reviews.

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Control Deficiencies

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

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (November 2026)
1	3	**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.	Management has completed the review and update of the relevant policies, which are now ready for implementation. The updated policies are provided to KPMG as part of the 2025/26 final audit. Kirsty King – IDT Service Delivery Manager	Implemented

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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 partner 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 Committee, and accountability is reinforced through the complete chain of command in all our teams.

Commitment to continuous improvement

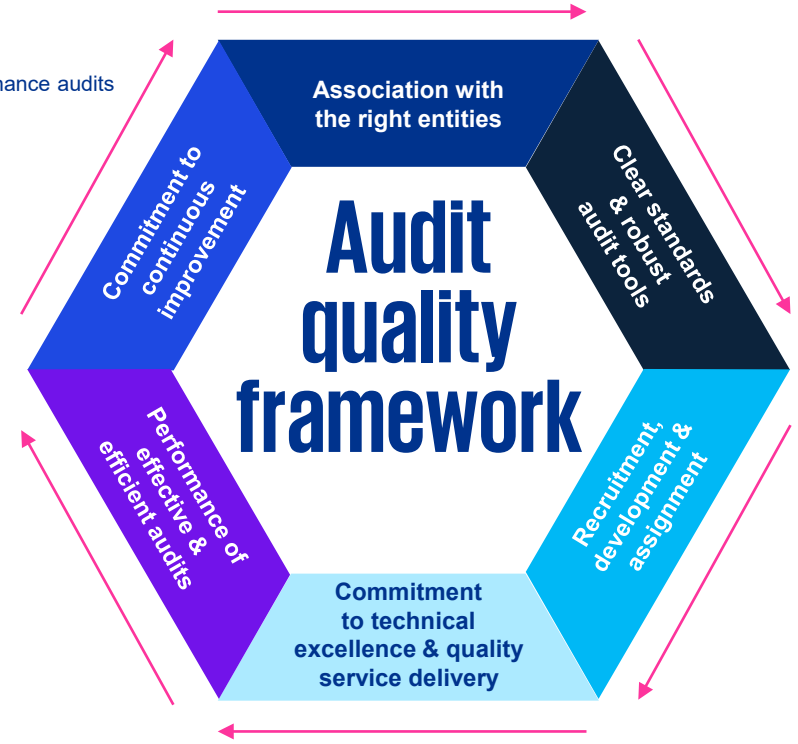
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

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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KPMG LLP
EastWest
Tollhouse Hill
Nottingham
NG1 5FS

13/11/2026

Dear Richard,

This representation letter is provided in connection with your audit of the Group and the Authority financial statements of Telford & Wrekin Council ("the Authority"), for the year ended 31 March 2026, for the purpose of expressing an opinion:

i. as to whether these give a true and fair view of the financial position of the Groups and the Authority as at 31 March 2026 and of the Group's and the Authority's income and expenditure for the year then ended;
ii. whether the Group and the Authority's financial statements have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 ("CIPFA/LASAAC Code").

These financial statements comprise the following: the Group and the Authority Comprehensive Income and Expenditure Statements, Group and the Authority Balance Sheets, Group and the Authority Movement in Reserves Statements, Group and the Authority Statements of Cash Flows, Collection Fund and the notes, comprising material accounting policies and other explanatory information and the Expenditure and Funding Analysis.

The Authority confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Authority confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

Financial statements

1. The Authority has fulfilled its responsibilities, as set out in the Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendment) Regulations 2024, for the preparation of financial statements that:

    i. give a true and fair view of the financial position of the Group and the Authority as at 31 March 2026 and of the Group's and the Authority's income and expenditure for the year then ended;
    ii. have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

    The financial statements have been prepared on a going concern basis.

2. The methods, the data and the significant assumptions used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework

3. All events subsequent to the date of the financial statements and for which IAS 10 Events after the reporting period requires adjustment or disclosure have been adjusted or disclosed.

4. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter.

Information provided

5. The Authority has provided you with:

- access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
- additional information that you have requested from the Authority for the purpose of the audit; and
- unrestricted access to persons within the Group and the Authority from whom you determined it necessary to obtain audit evidence.

6. All transactions have been recorded in the accounting records and are reflected in the financial statements.

7. The Authority confirms the following:

The Authority has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

8. The Authority has disclosed to you all information in relation to:

a) Fraud or suspected fraud that it is aware of and that affects the Group and Authority and involves:
   - management;
   - members;
   - employees who have significant roles in internal control; or
   - others where the fraud could have a material effect on the financial statements; and
b) allegations of fraud, or suspected fraud, affecting the Group and Authority's financial statements communicated by employees, former employees, members, analysts, regulators or others.

In respect of the above, the Authority acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Authority acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and we believe we have appropriately fulfilled those responsibilities.

9. The Authority has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

10. The Authority has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

11. The Authority has disclosed to you the identity of the Group and Authority's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 Related Party Disclosures.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in IAS 24 and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

12. The Authority confirms that:

a) The financial statements disclose all of the matters that are relevant to the Authority's and the Group's ability to continue as a going concern, including the key risk factors, assumptions made and uncertainties surrounding the Authority's and the Group's ability to continue as a going concern as required to provide a true and fair view and to comply with IAS 1 Presentation of Financial Statements.
b) No material uncertainties related to events or conditions exist that may cast significant doubt upon the ability of the Authority and the Group to continue as a going concern.

13. On the basis of the process established by the Authority and having made appropriate enquiries, the Authority is satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with its knowledge of the business and are in accordance with the requirements of IAS 19 Employee Benefits.

The Authority further confirms that:

a) all significant retirement benefits, including any arrangements that are:
   - statutory, contractual or implicit in the employer's actions;
   - arise in the UK and the Republic of Ireland or overseas;
   - funded or unfunded; and
   - approved or unapproved,

   have been identified and properly accounted for; and
b) all plan amendments, curtailments and settlements have been identified and properly accounted for.

This letter was tabled and agreed at the meeting of the Audit Committee on *[date]*.

Yours faithfully,

[Section 151 Officer]

Appendix to the Authority Representation Letter of Telford & Wrekin Council: Definitions

Financial Statements

A complete set of financial statements comprises:

- A Comprehensive Income and Expenditure Statement for the period;
- A Balance Sheet as at the end of the period;
- A Movement in Reserves Statement for the period;
- A Cash Flow Statement for the period; and
- Notes, comprising a summary of significant accounting policies and other explanatory information and the Expenditure and Funding Analysis.

A local authority is required to present group accounts in addition to its single entity accounts where required by chapter nine of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

A housing authority must present a Housing Revenue Account Statement.

A billing authority must present a Collection Fund Statement for the period showing amounts required by statute to be debited and credited to the Collection Fund.

A pension fund administering authority must prepare Pension Fund accounts in accordance with Chapter 6.5 of the Code of Practice.

An entity may use titles for the statements other than those used in IAS 1. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income.

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
c) dissimilar items, transactions or other events are inappropriately aggregated;
d) similar items, transactions or other events are inappropriately disaggregated; and

e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Assessing whether information could reasonably be expected to influence decisions made by the primary users of a specific reporting entity's general purpose financial statements requires an entity to consider the characteristics of those users while also considering the entity's own circumstances.

Many existing and potential investors, lenders and other creditors cannot require reporting entities to provide information directly to them and must rely on general purpose financial statements for much of the financial information they need. Consequently, they are the primary users to whom general purpose financial statements are directed. Financial statements are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena."

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

a) was available when financial statements for those periods were authorised for issue; and
b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

Related Party and Related Party Transaction

Related party:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

- A person or a close member of that person's family is related to a reporting entity if that person:
  - has control or joint control over the reporting entity;

- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

- An entity is related to a reporting entity if any of the following conditions applies:
  - The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - Both entities are joint ventures of the same third party.
  - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - The entity is controlled, or jointly controlled by a person identified in (a).
  - A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

- a government that has control or joint control of, or significant influence over the reporting entity; and
- another entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting entity and the other entity.

Related party transaction:

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Unadjusted Audit Differences

Uncorrected audit misstatements (£'s)				
No.	**Detail**	**CIES Dr/(cr)**	**Balance Sheet Dr/(cr)**	**Comments**
1	Dr PPE Valuation Cr Depreciation Cr General Fund - Reserves Cr CAA – Reserves	 (£1.3m) 	£1.3m £1.3m (£1.3m)	An uncorrected misstatement of £1.339m has been identified in relation to depreciation on 22 of the 62 OLB assets valued during the year. The misstatement arose due to the timing of transfers from Investment Property to Operational Land and Buildings (OLB) within the Fixed Asset Register, which resulted in depreciation being overcharged on the affected assets. Consequently, accumulated depreciation is overstated and the carrying value of the affected OLB assets is understated by £1.339m, resulting in a corresponding misstatement. This has no impact on overall level of usable reserves held by the Council.
Total		**(£1.3m)**	**£1.3m**	

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