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Borough of Telford and Wrekin

Audit Committee

Wednesday 15 July 2026

6.00 pm

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

Democratic Services:	**Jayne Clarke**	**01952 383205**
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Committee Members:	**Councillors H Morgan (Chair), C Chikandamina (Vice-Chair), N A M England, G Luter, L Parker, T J Nelson and W L Tomlinson**

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AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Wednesday 27 May 2026 at 6.00 pm in Council Chamber, Third Floor, Southwater One, Telford, TF3 4JG

Present: Councillors H Morgan (Chair), N A M England and T J Nelson

In Attendance: M Brockway (Director: Finance, People & IDT), J Clarke (Senior Democracy Officer (Democracy)), T Drummond (Principal Auditor), R Montgomery (Head of Governance, Audit & Procurement), E Rushton (Head of Corporate & Capital Finance) and R Phillips (Head of Registrars, Public Protection, Legal & Democracy)

Apologies: Councillors G Luter, L Parker and W L Tomlinson

AU1 Declarations of Interest

None.

AU2 Minutes of the Previous Meeting

RESOLVED – that the minutes of the meeting held on 28 January 2026 be confirmed and signed by the Chair.

AU3 Audit Committee Terms of Reference

The Head of Governance, Audit and Procurement presented the report which sought adoption of the Committee's Terms of Reference for the 2026/2027 municipal year.

There was a requirement in the Council's Constitution that all committees annually review their Terms of Reference at the first meeting following Annual Council.

The Audit Committee Terms of Reference reflected the requirements of the council under the Local Audit & Accountability Act 2014 in respect of the appointment of External Auditors. There were only minor amendments to the Terms of Reference in relation to the new requirements on Global Internal Standards and the compliance with these standards to ensure Internal Audit maintained independence and objectivity.

Upon being put to the vote it was:

RESOLVED – that:

a) the report be noted; and

b) **the Audit Committee Terms of Reference for the 2026/2027 municipal year be adopted.**

AU4 Annual Governance Statement (AGS) 2025-26

The Head of Registrars, Public Protection, Legal & Democracy presented the Annual Governance Statement (AGS) for 2025/2026 which would accompany the annual accounts.

This was a statutory requirement under the Accounts and Audit Regulations 2015 and set out how the council was governed, how risks were managed and controlled. It formed part of the evidence base used to reassure the council and the public that the arrangements were fit for purpose and demonstrated the council's openness and accountability which was especially important.

The AGS covered the governance arrangements that operated between the 1 of April 2025 and the 31 of March 2026 drawn from across the organisation and externally. This included senior management and leader sign off, the oversight of internal audit and external audit, partners and inspection bodies who undertake inspections across the council throughout the year.

Governance and internal controls were designed to manage risk to a reasonable level of assurance and this was standard best practise. It was the aim of every local authority to achieve a reasonable level of assurance across the organisation.

In conclusion, the AGS showed the Head of Governance, Audit & Procurement gave a reasonable level of assurance that the council's governance arrangements and internal controls were fit for purpose and the strong internal insurance programme, internal audit work was risk based and aligned to recognise public sector standards.

In relation to enforcement there was no action taken by the Information Commissioners Office (ICO) against the council during 2025-2026. The External Auditors reported no significant weaknesses identified in value for money arrangements during the work completed and no actions were taken under their wider powers during the year.

The AGS also highlighted the wider evidence of organisational strength and service outcomes. This included being named LGC Council of the Year in 2025 and the receipt of funding in recognition of the council's Valour Armed Forces Centre. My Options Supported Housing Team also received an Outcome 1 from Ofsted.

Looking forward, it was good practice to have an action plan that demonstrated continuous improvement rather than standing still. The plan was targeted and practical and focussed on financial resilience and organisational change, strengthening consistency in performance, essential learning, workforce capacity and succession planning. The council continued in its mature approach towards data learning and cyber awareness.

Members were asked to approve the AGS and that, if approved, it be signed by the Chair.

During the debate it was encouraged that people looked at the detail of the report which showed the strong position of the council, particularly in relation to the reasonable level of assurance. There had been no action taken by the ICO and no significant weaknesses identified by KPMG, the External Auditors. It also referred to the council being awarded LGC Council of the Year, as well as the positive outcomes from Ofsted and the CQC. Some Members asked if there was the required level of competency and depth of knowledge amongst Members for the size of the budget that was being handled. It was asked if Officers were confident that the AGS was proper, accurate and satisfactory. Other Members enquired about staff capacity and if this was sufficient going forward.

The Chair responded that, in relation to competency and depth of knowledge, the Committee worked with officers and KPMG to expand their knowledge and that learning was continuous. The Committee had the opportunity to attend training during the municipal year, but if Members felt there were gaps in their knowledge these could be addressed. Both Internal and External Auditors had the oversight and worked closely with officers

The Head of Registrars, Public Protection, Legal & Democracy explained that in relation to the question on competency that the Constitution set out the purpose of Audit Committee which was to take responsibility for the oversight of both internal and external audits and ensure the council arrangements for corporate governance were in place. The AGS was an annual report which set out the basis on which the conclusion was reached and the checks and balances on which the metrics had been balanced. It was then brought before Committee for final sign off. Work was undertaken throughout the year to reach a reasonable level of assurance.

The Head of Governance, Audit & Procurement explained that the assurance set out in the AGS was reasonable assurance that the council was working effectively – it would be unrealistic to have absolute assurance as that would suggest that all risks were completed mitigated. It would be difficult for committee members to have the breadth and depth of knowledge that specialist financially trained staff and auditors have but the Committee can gain assurance through the work of KPMG who had not raised any concerns. In relation to staff capacity, whilst there was a need to operate within budgetary provisions, any plans in terms of savings were closely monitored and there were programmes of development and resilience planning in place

The Director: Finance, People & IDT gave Members assurance in relation to the competency of finance officers who were fully trained accountants and the team had a breadth of experience. The accounts had to be prepared in line with the finance and audit regulations and the CIPFA Code of Practice.

KPMG audit the accounts and were the independent check and balance and the council had a good history of unqualified accounts over many years. All of the key headlines from the budget were set out and the appendices of the Medium-Term Financial Strategy which includes a summary level of the budget movements from the previous year. In relation to recruitment, there were no current issues across the organisation in terms of challenges in recruiting staff. The council was always looking to bring in new people through apprenticeships schemes and career graded posts.

Upon being put to the vote it was, by a majority:

RESOLVED – that the Annual Governance Statement for 2025/26 be approved.

AU5 Draft Statement of Accounts 2025/26

The Head of Corporate & Capital Finance presented the unaudited Statement of Accounts for 2025/2026 which included both single entity accounts for the council and also consolidated group accounts which include NuPlace Ltd.

The accounts had been produced under the Accounts and Audit Regulations and the CIPFA Code of Practice which set out a requirement that the accounts be produced prior to 30 June, which the council had achieved. It was also a requirement that the accounts be made available for public inspection for 30 working days commencing on or before the first day of July. An advertisement would be placed in due course, together with notification on the council's website, alongside the draft Statement of Accounts.

An external audit of the accounts, undertaken by KPMG, would commence on 6 July with the audited Statement of Accounts being brought back to committee in the autumn for final approval on completion of the audit. Members were asked to review the Statement of Accounts and raise any queries with the Team. As usual, prior to the autumn meeting, a training session for members of the Committee would be held which covered details of the accounts and the outcomes of the audit process.

A summary of the outturn position was set out in the narrative of the report and this would be considered by Cabinet and Full Council at the appropriate stage.

During the debate, some Members asked in relation to staff growth, which departments had seen this growth and welcomed the position at the year end. Other Members felt that there was a lot of information to take in on the narrative and questioned the qualitative wording which it contained.

The Head of Corporate & Capital Finance did not have the staff growth figures to hand, but these could be supplied following the meeting.

R Walton, KPMG clarified that during the audit, the audit opinion expressly refers to the content of the Statement of Accounts. The Narrative Report was read and assessed by the external auditor to ensure that it was consistent with the external auditors' understanding of the council and if there were any statements that were considered to be out of context then these would be raised with the council. The nature of these documents tended to be positive, but challenge was undertaken when required.

Members noted the report.

AU6 External Audit Fee Letter and Plan for 2025/26

R Walton, KPMG, presented the External Audit Plan for the 2025-2026 year end.

The Plan would be very similar to that undertaken during the previous two years in format and content. He would be looking at how risks were clarified and in particular he would look at materiality.

In relation to the materiality, on page three of the report and the headlines, materiality was £14m but he expected that this could increase due to calculations of the council's assets and those of NuPlace and it was considered that a higher materiality figure would be acceptable for that.

Further in the report the council's materiality was recorded as £11.4m which was broadly similar to that of the previous reporting period and this had been rounded down to £11m.

On page 5 of the report, KPMG had listed three significant risks which had remained consistent with the previous year in relation to significant risk, this had been limited to the valuation of investment property due to the potential risks if these were to be incorrectly valued. This was not considered to be a significant risk, but this was still a very big number. Whilst Investment properties were still considered a significant risk they had been moved lower down in the risk profile.

New guidance had been introduced to try to simplify the way the valuations were processed to reduce the input required from professional valuers and auditors and the audit commentary reflected this. It was felt that the audit risk commentary reflected the intention of the change.

In relation to the external audit plan two areas that would remain the same were the presumed risk of management over the controls and the valuation of post-retirement benefits. These areas involved complex calculations and so would remain as a significant risk area.

The classification of risk between capital expenditure and non-capital expenditure had been changed to a standard audit procedural, but this would be kept under review. In relation to the risk of adoption of the IRFS 16 (Leasing), which was adopted last year, there were no matters to report so this work would not be considered.

The last area to flag was set out at page 10 of the report in relation to auditing standards for public sector bodies and the presumption that there was fraud risk in regard to expenditure recognition, but this was not considered a risk to this council.

During the debate, some Members thanked KPMG for their explanation of the work being undertaken, particularly in respect of valuations and the risk associated with this. It was asked if there had been a rule change during the last couple of years in relation to capital spending and the migration between capital and revenue. Other Members commented on migration between capital and revenue and the pressure officers could be under to find new money. In relation to the council's spending, some Members asked where in the accounts they could find the SEND accumulated deficit and how it was accounted for and was it at any point set against the liability. Was there a risk to other expenditure or would it appear in the council's net revenue figures or the wider council cash flow.

R Walton, KPMG, confirmed that there had been a regulation change in respect of the statutory override of the use of capital receipts. Where the council was deemed to make long-term efficiencies, the council could capitalise one-off costs to contribute towards those efficiencies.

The Director: Finance, People & IDT reassured Members that expenditure had to be accounted for as either revenue or capital. If it was revenue this would be accounted for in the revenue budget or alternatively capital would be set out in the capital programme, there was no cross over between the two. In relation to SEND this was unique as the government had allowed councils to disregard that overspend until 2028 and that sat within the unusable reserves in the accounts. The balance at year end was £9.2m and the government had set out that they would fund 90% of that figure upon approval of the Council's SEND Recovery Plan which had to be submitted by mid-June. If this was not underwritten in the future, then the cost would fall to the Council and would have to be met from other reserves.

Members noted the report.

AU7 Internal Audit Activity Report

The Principal Auditor presented the internal Audit Activity Report which set out the work undertaken by Internal Audit during the period of 1 January 2026 to 31 March 2026, together with an update on the reports previously issued.

During the reporting period, two reports had been issued, one having a limited amber grading and the other having a good green rating. In relation to the reports previously issued, two follow ups were in progress, three were completed and one had improved to a good green rating. Two further reports that had a reasonable grading were discussed; no follow up was required on one due to the low-risk recommendations that were in place and a further audit had been scheduled in 2026-2027 for the other. There were no concerns on the implementation of the recommendations and management continued to make improvements.

In relation to progress against the Internal Audit Plan, from a total of 48 audits, 16 were in progress, 15 had been completed and 16 deferred to the 2026-2027 plan.

Work continued on commercial contracts with a total of nine academy trusts and two town councils and the team were continually looking for other income opportunities.

The Chair welcomed the report and asked in relation to the audits and the recommendations how difficult it was to revisit the audits and were the teams proficient in looking at the recommendations.

The Principal Auditor confirmed that some recommendations were complex and may take a little longer to implement and there may be a necessity to complete more than one follow-up. Others were reasonable and good progress had been made and managers took the recommendations seriously.

During the debate, some Members welcomed managers acknowledging the seriousness of the audits and noted the good progress being made. It was asked if the issue in primary schools could be linked to a lack of knowledge around the accounting system. Other Members welcomed the ratings and asked what the PSP Register was for and had the work undertaken with academies grown over time.

The Principal Auditor confirmed that schools were improving and they got in touch with the team where there were issues. Preventative work took place which helped to stop issues occurring. It was confirmed that the PSP Register was the Health and Safety database for staff visiting high risk members of the public. In relation to academies, trusts buy in to the council services, some of them were quite large organisations and come from outside the borough. It was hoped that the council’s good reputation and recommendations would bring forward more business.

Members noted the report.

AU8 <u>Information Governance & Caldicott Guardian Annual Report</u>

The Head of Governance, Audit & Procurement presented the Information Governance & Caldicott Guardian Annual Report which set out the work of Information Governance for 2025-2026, together with the work of the Caldicott Guardian and also set out the work for the 2026-2027 municipal year.

The council’s information governance arrangements formed part of the overall good governance framework and these arrangements were covered by the Freedom of Information Act, Environmental Information Regulations, UK Data Protection Act and the UK GDPR.

During the reporting period, 76 more Freedom of Information Requests (FOIs) had been received compared to that in 2025-2026. Despite the increase and the complex nature of the requests, 85% of the FOIs were responded to within the 20-day period set by law. Environmental Information Requests, which were requests for information on areas such as noise and pollution, were down by 17 on the previous year and performance had increased to 89%. In terms of data protection, subject access requests were the biggest ongoing challenge in terms of being resource intensive. In relation to data breaches, there had been one data breach that met the threshold for reporting to the Information Commissioners' Office. This was currently being investigated and the outcome awaited.

In relation to the status of the Information Governance 2025/26 work programme, there had been good progress made throughout the year.

The role of the Caldicott Guardian was held by the Director for Adult Social Care and was crucial in overseeing the processing of social care data and having assurance that was undertaken legally and responsibly. Work was being undertaken to explore the use of technology and the implementation of Magic Notes had been well received.

During the debate, some Members asked how the ICO benchmarked the percentages and did the council have any data. Other Members asked, in relation to FOI requests, was there a pattern in where the requests came from and the reasons for them. It was also asked if the council could do something different to get information out there to prevent FOI requests coming in and was there a search tool or a database approach to look for information.

The Head of Governance, Audit & Procurement explained that he attended a West Midlands Regional Group of Information Governance professionals and that there was an ongoing benchmarking exercise. The council compared favourably with neighbouring authorities. In response to FOIs, it was difficult to give an accurate picture as some requests could be from a personal email, but this address could be linked to the press or a company. In response to the query regarding sharing information, officers confirmed that, in respect of contracting and transaction spend, the contractor register was available online showing payments over £100 and this assists in some requests for information. Some 90% of Subject Access Requests were from adults with children in care. In relation to searching there were certain tool that could be used but that was limited.

Upon being put to the vote it was, unanimously:

<u>RESOLVED</u> – that:

a) the Information Governance Annual Report for 2025/26 be noted;

b) the Caldicott Guardian Annual Report for 2025/26 be noted; and

c) **the Information Governance Work Programme for 2026/27 be agreed.**

AU9 Annual Corporate Anti-Fraud & Corruption Report

The Head of Governance, Audit & Procurement presented the Annual Corporate Anti-Fraud & Corruption report 2025-26 and the updated policy.

The anti-fraud and corruption work went towards the council's good governance and included specialist investigations into reported fraud, working alongside other teams such as housing benefit, trading standards and licensing. The investigation team had identified just under £283,000 in either fraud or customer errors and could involve council tax, supplier and employee fraud / error.

Within the team were two fully qualified and accredited investigators with one recently achieving qualifying to become an Accredited Financial Investigator and has demonstrated a lot of tenacity and skill. This would give the council more powers in obtaining specific financial information and potentially improve outcomes where fraud has been proven as well as being able to utilise powers under the Proceeds of Crime Act.

Internal Audit contributed to the prevention of anti-fraud and its detection through audits and if any item of note was raised from either the audit team or the investigation team it would be fed through to the Head of Governance, Audit & Procurement.

The report also set out information in relation to cyber fraud which was a national issue. Investigation work was undertaken in partnership with the Police who often gave the council high praise in terms of the work undertaken as it enabled them to investigate more quickly and efficiently.

There was a requirement to update the Anti-fraud and Corruption Policy every two years and be brought before Committee for approval. There had been some minor updates to the Policy to reflect some general good practice.

During the debate some Members welcomed the report and put on record their thanks to the Trading Standards Team who had put a lot of work into two really high-profile cases which was successful in ensuring the companies were no longer trading. It was asked in terms of challenges, and particularly in relation to the Economic Crime and Corporate Transparency Act, what preventative measures were likely to change how the work was undertaken on a day-to-day basis. Other Members asked if a table of information could be produced showing categories of money recovered and different types of fraud over the last five years that would show any trends and proportionality and was it felt that the council had captured most of the frauds or was it the tip of the iceberg. A further question was raised in relation to shops and the sale of vapes where irregularities were identified and how were the council tackling this.

The Head of Governance, Audit & Procurement said he was not envisaging a huge amount of change due to the council being fairly well-developed in the work undertaken. He considered that the devil would be in the details as it always was with new regulation or good practice. Once the Act had been embedded, they would be able to assess the impact it may have. If Members wished a report could be brought to a future meeting. In relation to the figures, proportionality and whether this was higher or lower than the previous year, these figures were reported annually and previous versions of annual reports could be viewed, but this figure could be included in the report as a reflection in future. The figures themselves were comparable. In relation to fraud, nationally they were only hitting the tip of the iceberg. Locally, it was proportional and there had been no material fraud picked up by the external auditors and where any fraud had taken place this had been thoroughly investigated and, where necessary, a lessons learned document produced to prevent similar fraud occurring in the future. A fraud Risk Register was maintained by senior Fraud Investigators and they were able to identify any direction of travel. Trends were found around social care fraud, direct payments and cyber fraud which was a national trend. The council were receiving more internal referrals bringing potential fraud to the team's attention which indicated that there was a good level of awareness across the organisation in terms of the potential for fraud although it should be noted that these referrals did not always result in confirmed fraud being identified.

The Head of Registrars, Public Protection, Legal & Democracy explained that in relation to a premises licence, the licensing regime that the government was bringing in regarding tobacco and vapes was not yet in force and the regulations were awaited to see exactly how it would work. Where a premises licence application was made, it was at this point that it was determined whether the applicant was a fit and proper person. Once the legislation changes were in place, as well as the mandatory licensing regime there will also be a regime for fixed penalty notices. Any referrals would need to be evidence based in order for an investigation to commence. There was a role for the Police in terms of fraud within the multi-agency work alongside trading standards.

Upon being put to the vote it was, unanimously:

RESOLVED: that

a) the content of the Anti-Fraud & Corruption Annual Report be noted; and

b) the Anti-Fraud & Corruption Policy be approved.

AU10 Joint Report on the Internal Audit Annual Report 2025/26 & The Audit Committee Report & The 2026/27 Annual audit Plan

The Head of Governance, Audit & Procurement and the Principal Auditor presented the Internal Audit Annual Report and the Audit Committee Work Programme Review or 2025/26 and 2026/27 and the Annual Audit Plan.

The work of Internal Audit and the Chief Internal Auditor, as set out in the Terms of Reference, was to review and monitor the progress and the activity undertaken and produce the Internal Audit Plan. A self-assessment would be presented to a future committee meeting to comply with audit standards.

Part of the role as Chief Internal Auditor, was to issue an audit opinion and the council had been given a reasonable assurance on the adequacy and effectiveness of risk management and internal controls and this could not be taken for granted.

The Principal Auditor set out details of the reports that had been issued and their gradings and how this compared to previous years.

During the reporting period, the yellow gradings had decreased slightly on the previous year. In 2025/26, 28% of the recommendations related to financial requirements in the Constitution which was an increase from the 2024/25 figure of 16% and Internal Audit would continue to remind services on the need to comply with those requirements. The percentage of policy and procedure recommendations had decreased with the percentage of legal recommendations remaining comparable to the previous year.

Although the Internal Audit Team had experienced some resource challenges during the year, staff had achieved 90% of the Audit Plan and had complied with the Global Internal Audit Standards which came into effect in April 2025. An assessment against these standards was required every five years and the council would be assessed in 2027. The Internal Audit Team monitored its performance using set key performance indicators which had all been met except for the draft audit reports being issued within 15 days which was attributed to the training of a new member of staff and answering additional questions raised at the draft report review stage. Performance monitoring was also undertaken during customer feedback and from those completed feedback forms received it showed that 100% of customers felt the service that had been received was excellent, very good or good.

Internal Audit continued to perform well and make a positive contribution board the council's governance arrangements.

The Work Plan Review showed the work of the Audit Committee during 2025/26 which set out that the Committee had considered comprehensive agendas throughout the year in order to provide assurance on audit, governance, risk management, financial statements, and anti-fraud and corruption. The Committee recognised that the council would continue to experience significant challenges given the local government environment nationally and it must continue to provide assurance during 2026/27.

During the debate some Members asked about recruitment of staff and if there were many vacancies for internal auditors on the team and was it a niche market to try and recruit to, was there a time lag or were the council growing their own. Other Members felt in relation to the survey, what was being done or could be done to consider how the team make improvements if they were only ever getting 100% positive feedback.

The Principal Auditor explained that due to retirement and staff moving on the team had lost two experienced auditors and the new employees had limited experience and that they would be trained on the job along with more formal training specific to the role. One of the roles was a career-graded post through the apprentice scheme and they would qualify as an auditor hopefully next year. Although the staff had a lack of audit-specific experience, they were well versed in the realm of accounting and finance so even at the lower level they were very well qualified. In terms of audit questionnaires, these were issued at the end of every audit, to obtain feedback from the auditee as to how the internal audit service could be improved. There was not always a response received, but if any responses were negative, the would be followed up. The Team undertook self-assessments and aimed to learn from any mistakes for the future.

The Head of Governance, Audit & Procurement set out that the report before Members which contained additional information that had not been included in previous plans and the planned annual audit work now covered the governance arrangements for each year and that this contributed to the completion of the Annual Governance Statement. The Institute of Internal Auditors had topical requirements that they expected to be covered by the annual plan and these were aligned with resources and the auditable areas to establish the draft Annual Report. This was shared with the Senior Management Team for comment and this was then brought to Committee for approval. The 2026/27 Audit Plan had been revised into a new format.

Upon being put to the vote it was, by a majority:

RESOLVED – that:

a) **the Internal Audit Plan for 2025/26 be noted;**

b) **the Internal Audit Plan for 2026/27 be approved; an**

c) **the information provided regarding the work of the Audit Committee for 2025/26 be noted.**

AU11 Outline of Audit Committee Business for 2026-2027

The Chair asked Members to note the outline of business for the Audit Committee for the 2026/2027 municipal year.

The meeting ended at 7.57 pm

Chairman: --

Date: Wednesday 15 July 2026

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Telford & Wrekin Co-operative Council | Protect, care and invest to create a better borough

Borough of Telford and Wrekin

Audit Committee

15 July 2026

Treasury Management - 2025/26 Annual Report and 2026/27 Update Report

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Cabinet Member:	Cllr Zona Hannington - Cabinet Member: Finance & Governance
Lead Director:	Michelle Brockway - Director: Finance, People and IDT
Service Area:	Finance, People and IDT
Report Author:	Edward Rushton – Head of Corporate & Capital Finance
Officer Contact Details:	**Tel:** 01952 383750 **Email:** edward.rushton@telford.gov.uk
Wards Affected:	All Wards
Key Decision:	Not Key Decision
Forward Plan:	Not applicable
Report considered by:	Audit Committee – 15 July 2026 Full Council – 26 November 2026

1.0 Recommendations for decision/noting:

Audit Committee is recommended to -

1.1 Note the contents of the report;

1.2 Note the performance against Prudential Indicators; and

1.3 Recommend the report to Full Council.

2.0 Purpose of Report

2.1 This report updates members on the outcome of Treasury Management activities for 2025/26 and details the position for 2026/27 to 31 May 2026.

3.0 Background

3.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2025/26. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

3.2 During 2025/26, the reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year
- a mid-year, treasury update report
- an annual review following the end of the year describing the activity compared to the strategy, (this report)

3.3 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

3.4 This report confirms that the Council has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit Committee before they were reported to the full Council. Member training on treasury management was provided by the Councils external Treasury Management advisor MUFG Corporate Markets (MUFG) on 29 January 2025 and 27 January 2026 in order to support members' scrutiny role.

3.5 The Council has procured MUFG as its external Treasury Management advisor. Guidance is sought from MUFG prior to any investment or long-term borrowing decision.

4.0 Summary of main proposals

A glossary of the abbreviations used in this report is included at Appendix A.

4.1 2025/26 Annual Treasury Management Report

The 2025/26 Treasury Strategy was approved by Full Council on 27 February 2025 after being recommended for approval by this Committee on 29 January 2025.

4.2 Treasury & Prudential Indicators

During 2025/26, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Prudential and treasury indicators (£m)	2025/26 Original	2025/26 Outturn		2024/25 Outturn
Capital Expenditure				
• Total	151.563	113.253		87.173
Capital Financing Requirement:				
• Total	670.577	668.395		604.910
• Less Other Long-Term Liabilities	(38.457)	(39.184)		(41.170)
• **Loans CFR**	**632.120**	**629.211**		**563.740**
Borrowing Limits (Debt)				
• Authorised Limit	665.000	665.000		655.000
• Operational Boundary	645.000	645.000		635.000
Gross borrowing				
• External Debt	502.877	492.660		434.903
Treasury Investments				
• Under 1 year	15.000	23.866		22.062
Net borrowing				
• Total	487.877	468.794		412.841

During 2025/26, the Authority maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow was used as an interim measure. It should be noted that borrowing can only be undertaken to fund capital investment and not to support the revenue budget which supports the delivery of most Council services. The capital investment funded generates assets for the Council. The total value of assets held, excluding Infrastructure Assets, at 31 March 2026, including long-term investments and long-term debt held in Nuplace Ltd, was £688.6m some £195.9m greater than debt outstanding. In addition, the Council also holds £249.5m of Infrastructure Assets (highways, footpaths, bridges and structures).

Interest rate forecasts initially suggested gradual reductions in short, medium and longer-term fixed borrowing rates during 2025/26. The Bank of England base rate for interest was 4.5% in April 2025 and following several steady cuts throughout the year it had fallen to 3.75% by March 2026, in line with the forecast. However, the initial expectation of significant rate reductions across the whole curve did not transpire, primarily because inflation concerns were very elevated in March 2026.

The forecast trajectory for interest rates at the time the Council set the 2026/27 budget anticipated further downward movement, however the war in Iran and across large parts of the Middle East, which commenced on 28 February 2026, has led to a period of instability within the markets and interest rates have remained elevated with any cuts in the short-term deemed unlikely.

In April 2025 CPI inflation stood at 3.5% compared to 3.4% in March 2026 which is above the Bank of England's 2% target. During the year CPI peaked at 3.8% (July, August & September). Inflationary pressures impact on the cost of delivering services, which has been evident during 2025/26.

A detailed economic commentary has been provided by MUFG and is included at Appendix B.

Capital Expenditure and Financing

The Council undertakes capital expenditure on long-term assets. The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

Capital Expenditure (£m)	2025/26 Original	2025/26 Outturn		2024/25 Outturn
General Fund Service	72.389	54.199		39.769
Housing Investment Programme (NuPlace Ltd)	29.130	26.431		26.722
Property Investment Portfolio	15.468	13.385		18.251
Telford Land Deal	34.576	19.238		2.431
Capital Programme Expenditure	**151.563**	**113.253**		**87.173**
Financed in year*	68.998	55.284		42.918
Unfinanced capital expenditure (Borrowing)	**82.565**	**57.969**		**44.255**

* Source of financing in year included government grants, capital receipts, revenue contribution & contributions form external sources

Overall Borrowing Need (Capital Finance Requirement)

The Council's overall need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2025/26 unfinanced capital expenditure and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

The Council's CFR is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. This is achieved through the Council making an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the borrowing need.

The Council's CFR for the year is shown below and represents a key prudential indicator. It includes PFI and leasing schemes on the balance sheet, which technically increase the Council's borrowing need. No borrowing is required against these schemes as a borrowing facility is included in the contract.

CFR (£m)	2025/26 Original	2025/26 Outturn		2024/25 Outturn
General Funded Service	465.514	472.667		443.069
Housing Investment Programme (NuPlace Ltd)	121.380	115.988		93.110

CFR (£m)	2025/26 Original	2025/26 Outturn		2024/25 Outturn
Property Investment Portfolio	79.884	75.940		64.931
Solar Farm	3.800	3.800		3.800
Closing balance	**670.577**	**668.395**		**604.910**
Less Other Long-Term Liabilities	(38.457)	(39.184)		(41.170)
Loans CFR	**632.120**	**629.211**		**563.740**

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the CFR. The Council has complied with this prudential indicator.

	2025/26 Original £m	2025/26 Outturn £m		2024/25 Outturn £m
Gross borrowing position (external debt)	502.877	492.660		434.903
Loans CFR	632.120	629.211		563.740
(Under) / over funding of CFR	(129.243)	(136.551)		(128.837)

The authorised limit - the authorised limit is the “affordable borrowing limit” required by section 3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2025/26 the Council has maintained gross borrowing within its authorised limit.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

	2025/26
Maximum gross borrowing position during the year	£492.660m
Loans CFR at the end of the period	£629.211m
Authorised limit (Borrowing)	£665.000m
Operational boundary (Borrowing)	£645.000m
Financing costs as a proportion of net revenue stream (rebased to match ongoing net revenue stream following 2026/27 Local Government Finance Settlement)	Original – 6.7% Outturn – 6.9%

It should also be noted that neither the Authorised Limit nor the Operational Boundary, were exceeded during 2025/26.

4.3 **Borrowing Strategy**

The borrowing strategy for 2025/26 was to –

- borrow temporarily on a short-term basis as determined by cash flow,
- to take advantage of interest rates where possible to lock into medium and long-term borrowing, and
- to review opportunities for new longer term borrowing as appropriate.

During the year the Council complied with this strategy and

- maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow was used as an interim measure,
- 11 new PWLB loans were raised, across a mix of periods of 1 to 5 years, totalling £120.0m. Maturities of PWLB loans totalled £40.3m,
- £197.0m of temporary loans of less than 12 months, through the Local-to-Local Market, were raised, renewed or replaced, and
- 1 Lender Option Borrower Option (LOBO) Loan was 'Called' by the lender and the option was taken to repay the loan.

Appendix C includes the detailed Debt Portfolio, the Maturity Structure of Debt and a detailed list of PWLB Loans raised during 2025/26.

4.4 **Investment Strategy**

The investment strategy for 2025/26 was primarily to ensure security of capital and liquidity balanced with delivering a commensurate rate of return.

The Council complied with this strategy by -

- investing surplus cash balances with H.M. Treasury's Debt Management Office accessing their Debt Management Account Deposit Facility via the use of overnight deposits,
- holding a balance of £4.98m in accessible Money Market Funds, and
- holding a working balance of approximately £2.5m per day in our corporate bank account.

Appendix C includes the detailed Treasury Investment Portfolio along with the Maturity Structure of Treasury Investments.

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted credit score of its investment portfolio. This is calculated by applying a score to each investment and taking the arithmetic average, weighted by the size of each investment.

Credit Risk Indicator (at 31 March)	**2025/26 Target £m**	**2025/26 Outturn £m**		**2024/25 Outturn £m**
Up to 1 year	6 or lower	1.52		1.63

Target – 6 or lower is equivalent to a credit rating of 'A' or higher

4.5 **2025/26 Revenue Outturn**

Overall, a net pressure of £0.27m was realised against budget for the year. The pressure arose from elevated interest rates associated with borrowing compared to interest rates for investments, interest paid on balance held by the authority being greater than budgeted being offset by benefit from capitalising some interest charges and MRP contributions being lower than anticipated.

4.6 **Debt on Disaggregation**

The Council makes an annual contribution towards the costs of borrowing undertaken before disaggregation (i.e. pre unitary inception). The contribution in 2025/26 was £0.977m which included interest at an average of 4.0%. The rate of interest paid on the debt is managed by Shropshire Council.

4.7 **Leasing**

Each year the Council arranges leases for assets such as vehicles, computers and equipment. This helps spread the cost over a number of years in line with the anticipated life of the asset. During 2025/26 two leases were entered into totalling £645k

Appendix C details the leases arranged during 2025/26.

4.8 2026/27 Treasury Management Update

The 2026/27 Treasury Strategy was approved by Full Council on 26 February 2026 after being recommended for approval by this Committee on 28 January 2026.

4.9 **Treasury & Prudential Indicators**

During 2026/27, the Council will need to comply with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Prudential and treasury indicators (£m)	**2026/27 Original**	**2026/27 Projection at 31.5.26**		**2025/26 Outturn**
Capital expenditure				
• Total	116.316	164.860*		113.253
Capital Financing Requirement:				
• Total	746.733	745.644*		668.395
• Less Other Long-Term Liabilities	(38.639)	(38.639)		(39.184)
• **Loans CFR**	**708.095**	**707.005***		**629.211**

Prudential and treasury indicators (£m)	2026/27 Original	2026/27 Projection at 31.5.26		2025/26 Outturn
Borrowing Limits (Debt)				
• Authorised Limit	840.000	840.000		665.000
• Operational Boundary	820.000	820.000		645.000
Gross Borrowing				
• External Debt	565.727	576.065*		492.660
Treasury Investments				
• Under 1 year	15.000	15.000		23.866
• **Total**	**15.000**	**15.000**		**23.866**
Net borrowing				
• Total	550.727	561.065*		468.794

* subject to rephasing to be reported as part of the 2026/27 Financial Monitoring report to Cabinet in September 2026

Treasury Management Activity for 2026/27 remains consistent with that outlined in the 2026/27 Treasury Management Strategy.

It should be noted that projected external debt does not exceed the projected CFR, and the projected CFR does not exceed the borrowing limits.

The Treasury Management portfolio at 31 May 2026 was as follows:

Prudential and treasury indicators (£m)	Actual
External Debt	
• PWLB	328.320
• Municipal Loans	0.110
• Market Loans (inc. LOBOs)	30.00
• Temporary Loans	133.513
• **Total External Debt**	**491.943**
Treasury Investments	
• Bank	6.412
• DMADF	20.000
• Money Market Funds	4.980
• **Total Treasury Investments**	**31.392**
Net borrowing	
• **Total**	**460.551**

Interest rate forecasts at the time that the 2026/27 Treasury Management Strategy was approved suggested gradual reductions in short, medium and longer-term fixed borrowing rates during 2026/27. The Bank of England Interest Rate (Bank Rate) did reduce to 3.75% by March 2026 as anticipated, but the initial expectation of significant rate reductions across the whole curve did not transpire, primarily because inflation concerns were very elevated in March 2026, driven predominantly by unsettlement in the markets caused by the ongoing uncertainties in Iran and the Middle East.

At the start of April 2026, markets expected the Bank Rate to increase over the short-term horizon to 4.25%. However, latest forecasts anticipate the Bank Rate being held by the Bank of England at its current level of 3.75% until mid-2027 and then reduce to 3.25% by March 2028.

In May 2026, CPI inflation had fallen to 2.8%, which reflected an unchanged position from April 2026 and compared to 3.3% in March 2026. The rate of inflation remains above the Bank of England's target of 2%. It is currently anticipated that inflation will peak at 4% during 2026/27.

4.11 **Borrowing**

New borrowing will be required during the year, in line with the approved capital programme. When entering new borrowing, consideration will be given to the maturity profile of current debt, interest rates and refinancing risks as well as the source of funding, which is expected to be a mix of temporary loans (under 1 year) and longer-term loans obtained from the Public Works Loans Board.

As at 31 May 2026 –

- No new PWLB loans have been raised during the period and £3.2m of loans have been repaid. In total £65.1m of PWLB Loans are due to mature during the year.
- £25.0m of temporary loans had been repaid on maturity during the period and £17.5m of new temporary loans had been raised.

4.12 **Treasury Investments**

Up to and including 31 May 2026, surplus cash flows have continued to be invested in H.M Treasury's Debt Management Account Deposit Fund and the balance of £4.98m with Money Market funds has been maintained. The use of these counterparties allows cash surpluses to be invested securely whilst still allowing access to funds, thus complying with the approved strategy.

Investment opportunities will be reviewed as they arise, and we will seek to gain maximum benefit within the agreed risk parameters i.e. considering security and liquidity ahead of investment returns.

The Council does not currently hold any long-term treasury investments. This strategy reduces counter-party risk and reduces net interest costs as longer-term borrowing costs tend to be greater than we are able to earn on new investments.

The Council can place up to £15.0m with any Counterparty, except for H.M. Treasury's DMO facility which is Government backed and therefore considered the most secure available to the Council. At 31 May 2026 the greatest exposure with a single counterparty was £20.0m (63.7% of the portfolio) with the DMO and the Council has complied with the £15m limit with other counterparties.

The Credit Risk Indicator score for the portfolio mix at the 31 May 2026 was 2.39 compared to a target of 6.

4.13 **Projected performance**

Senior Officers from the Finance Team are closely monitoring the Treasury position, particularly with the likelihood of the forecast interest rates cuts at the time the MTFS was set no longer likely to occur. Updates will be provided in future financial monitoring reports taken to Cabinet.

5.0 Alternative Options

5.1 The Council must ensure that it manages its finance in accordance with legislation and the CIPFA Code of Practice. The recommendations in this report support that aim and are based on consideration of a range of factors.

6.0 Key Risks

6.1 The key opportunities and risks associated with treasury management activities are set out in the body of the report and in the Treasury Management Strategy and Policy approved by Council and will be regularly monitored throughout the year.

7.0 Council Priorities

7.1 Effective management of the Council's Treasury portfolio helps support the Council's overall financial position through minimising borrowing costs and optimising investment income whilst following the principles of Security, Liquidity and Yield; and therefore, supports the delivery of all Council priorities.

8.0 Financial Implications

8.1 The financial implications are detailed in the body of the report and the appendices.

9.0 Legal and HR Implications

9.1 The Section 151 Officer has responsibility for the administration of the financial affairs of the Council. In providing this report, the Section 151 Officer is meeting one of the responsibilities of the post contained within the Council's Constitution namely, "The Chief Financial Officer will contribute to the promotion and maintenance of high standards of governance, audit, probity and propriety, risk management and the approval of the statement of accounts through provision of support to the Audit Committee." This is also in compliance with the requirements of the Local Government Act 2003 and associated regulations.

10.0 Ward Implications

10.1 There are no impacts on specific wards in this report.

11.0 Health, Social and Economic Implications

11.1 The Economic Climate has direct relevance to Treasury Management and is covered in detail in the report and accompanying appendices.

12.0 Equality and Diversity Implications

12.1 The Council will not knowingly directly invest in organisations whose activities include practices which directly pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the values of the Council. At the same time the Council will take full responsibility for proper management of risk and safeguarding its investments by ensuring that they are diversified and made with organisations that are suitably credit assessed.

13.0 Climate Change and Environmental Implications

13.1 Part of the Councils Treasury portfolio includes a Municipal Investment Loan on the Abundance Platform: the Telford & Wrekin Climate Action Investment which supports the Councils climate change agenda.

14.0 Background Papers

1 Treasury Management Update Report 2024/25 and Treasury Management Strategy 2025/26
2 2025/26 Prudential Indicators Report
3 2025/26 Treasury Management Update Report & 2026/27 Treasury Management Strategy
4 2026/27 Prudential Indicators Report

15.0 Appendices

A Glossary of abbreviations
B 2025/26 Treasury Management Annual Report Economy & Interest Rates
C 2025/26 Treasury Management Annual Report additional information

16.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Finance	12/06/2026	22/06/2026	ER
Legal	12/06/2026	07/07/2026	ON
Director	12/06/2026	22/06/2026	MLB

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Treasury Management – 2025/26 Annual Report and 2026/27 Update Report – Appendix A

Glossary of abbreviations used in this report

CE: Capital Economics – is the economics consultancy that provides MUFG Corporate Markets Treasury Limited with independent economic forecasts, briefings and research.

CFR: capital financing requirement - the council's annual underlying borrowing need to finance capital expenditure and a measure of the council's total outstanding indebtedness.

CIPFA: Chartered Institute of Public Finance and Accountancy – the professional accounting body that oversees and sets standards in local authority finance and treasury management.

CPI: consumer price index – the official measure of inflation adopted as a common standard by countries in the EU. It is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

ECB: European Central Bank - the central bank for the Eurozone

EIP: Equal Instalments of Principal – a type of loan where each payment includes an equal amount in respect of loan principal. Therefore, the interest due with each payment reduces as the principal is eroded

EU: European Union

EZ: Eurozone -those countries in the EU which use the euro as their currency

Fed: the Federal Reserve System, often referred to simply as "the Fed," is the central bank of the United States. It was created by the Congress to provide the nation with a stable monetary and financial system.

FOMC: the Federal Open Market Committee – this is the branch of the Federal Reserve Board which determines monetary policy in the USA by setting interest rates and determining quantitative easing policy. It is composed of 12 members--the seven members of the Board of Governors and five of the 12 Reserve Bank presidents.

GDP: gross domestic product – a measure of the growth and total size of the economy.

G7: the group of seven countries that form an informal bloc of industrialised democracies--the United States, Canada, France, Germany, Italy, Japan, and the United Kingdom--that meets annually to discuss issues such as global economic governance, international security, and energy policy.

Gilts: gilts are bonds issued by the UK Government to borrow money on the financial markets. Interest paid by the Government on gilts is called a coupon and is at a rate that is fixed for the duration until maturity of the gilt, (unless a gilt is index linked to inflation); while the coupon rate is fixed, the yields will change inversely to the price of gilts i.e. a rise in the price of a gilt will mean that its yield will fall.

HRA: housing revenue account.

IMF: International Monetary Fund - the lender of last resort for national governments which get into financial difficulties.

LOBO: Lender's Option Borrower's Option – a long-term loan where the lender has the option to propose an increase in the interest rate on pre-determined dates. The borrower then has the option to either accept the new rate or repay the loan without penalty. LOBOs increase the borrowers interest rate risk, and the loan should therefore attract a lower rate of interest initially.

MHCLG: the Ministry of Housing, Communities and Local Government – the Government department that directs local authorities in England

MPC: the Monetary Policy Committee is a committee of the Bank of England, which meets for one and a half days, eight times a year, to determine monetary policy by setting the official interest rate in the United Kingdom, (the Bank of England Base Rate, commonly called Bank Rate), and by making decisions on quantitative easing.

MRP: minimum revenue provision - a statutory annual minimum revenue charge to reduce the total outstanding CFR, (the total indebtedness of a local authority).

PFI: Private Finance Initiative – capital expenditure financed by the private sector i.e. not by direct borrowing by a local authority.

PWLB: Public Works Loan Board – this is the part of H.M. Treasury which provides loans to local authorities to finance capital expenditure.

QE/QT: quantitative easing – is an unconventional form of monetary policy where a central bank creates new money electronically to buy financial assets, such as government bonds, (but may also include corporate bonds). This process aims to stimulate economic growth through increased private sector spending in the economy and also aims to return inflation to target. These purchases increase the supply of liquidity to the economy; this policy is employed when lowering interest rates has failed to stimulate economic growth to an acceptable level and to lift inflation to target. Once QE has achieved its objectives of stimulating growth and inflation, QE will be reversed by selling the bonds the central bank had previously purchased, or by not replacing debt that it held which matures. The aim of this reversal is to ensure that inflation does not exceed its target once the economy recovers from a sustained period of depressed growth and inflation. Economic growth, and increases in inflation, may threaten to gather too much momentum if action is not taken to 'cool' the economy.

RPI: the Retail Price Index is a measure of inflation that measures the change in the cost of a representative sample of retail goods and services. It was the UK standard for measurement of inflation until the UK changed to using the EU standard measure of inflation – Consumer Price Index. The main differences between RPI and CPI is in the way that housing costs are treated and that the former is an arithmetical mean whereas the latter is a geometric mean. RPI is often higher than CPI for these reasons.

SONIA: the Sterling Overnight Index Average. Generally, a replacement set of indices (for LIBID) for those benchmarking their investments. The benchmarking options include using a forward-looking (term) set of reference rates and/or a backward-looking set of reference rates that reflect the investment yield curve at the time an investment decision was taken.

TMSS: the annual treasury management strategy statement reports that all local authorities are required to submit for approval by the full council before the start of each financial year.

VRP: a voluntary revenue provision to repay debt, in the annual budget, which is additional to the annual MRP charge, (see above definition).

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Economy and Interest Rates

UK Economy

As with 2024/25, UK inflation has proved somewhat stubborn throughout 2025/26. Having started the financial year at 3.5% y/y (April), the CPI measure of inflation peaked at 3.8% from July to September, before dipping to 3% in January and February. Core inflation picked up to 3.2% in February, from 3.1%, and the recent upward pressure on energy costs could see CPI inflation breach 4.5% later this year.

Against this backdrop, the continued conflict in Ukraine and Russia, and the potentially negative implications for global growth as a consequence of the implementation of US tariff policies, Bank Rate reductions look limited for the remainder of 2026 (as they do in the euro-zone). Bank Rate currently stands at 3.75%.

Moreover, borrowing became more expensive in 2025/26. Gilt yields rose materially in March 2026, more than reversing the falls earlier in the financial year. Additionally, the public finances have remained under pressure. The higher-than-expected public net sector borrowing of £14.3bn in February was £2.2bn above last February's outturn. But that borrowing overshoot was mainly due to timing effects relating to the £13.0bn government debt interest payment. That came in as the highest payment since June 2025, causing a 12.3% y/y jump in spending. On the flip side, sitting at £8.1bn, tax revenues were also higher than last February, largely on the back of solid growth in self-employment incomes in 2024/25, boosting self-assessment income tax receipts and stronger capital gains tax receipts.

However, the combination of some energy price support and pressures from higher inflation amid the ongoing energy price shock, higher interest rates and a weaker economy will ultimately put borrowing on an upward trend. With the rise in energy prices possibly pushing the Retail Prices Index inflation up to a peak of 5.7%, debt interest repayments will increase by about £10bn. A weaker growth profile, higher inflation, higher interest rates and gilt yields could erode about £11bn of the Chancellor's £23.6bn headroom.

The loosening in the labour market continues to bear down on wage growth. The 3myy growth rate of average earnings including bonuses slowed from 4.2% in December to 3.9% in January. Meanwhile, excluding bonuses, private earnings growth continued to fall from 3.4% to 3.3%.

The table below provides a snapshot of the conundrum facing central banks: inflation pressures remain, labour markets are still relatively tight by historical comparisons, and central banks are also having to react to a fundamental re-ordering of economic and defence policies driven largely by the US administration.

	UK	Eurozone	US
Bank Rate	3.75%	2.0%	3.5%-3.75%
GDP	0.1%q/q Q4 (1.0%y/y)	+0.2%q/q Q4 (1.2%y/y)	0.7% Q4 Annualised
Inflation	3.0%y/y (Feb)	1.9%y/y (Feb)	2.4%y/y (Feb)
Unemployment Rate	5.2% (Jan)	6.2% (Jan)	4.4% (Feb)

The Bank of England sprung no surprises in their March meeting, leaving Bank Rate unchanged at 3.75% by a vote of 9-0, but suggesting rates may need to rise if inflation picks up markedly. The vote could best be described as moderately hawkish. The MPC stated it "stands ready to act as necessary" and "is alert to the increased risk of domestic inflationary pressures through second-round effects in wage and price-setting". Even so, we suspect the committee is likely to put equal weight on higher inflation and weaker growth, particularly the poor macroeconomic backdrop prior to the energy shock, keeping interest rates at 3.75% this year.

10-year Gilt yields have been exceptionally volatile in the final weeks of 2025/26, troughing at around 4.23% in late February before shooting up to 5.00% (and well through that on an intraday basis). That spike was driven by the outbreak of war in the Middle East, which prompted a dramatic reassessment of investors' Bank of England policy rate expectations. Having been pricing in rate cuts in late-February, as many as four rate *hikes* were discounted by late-March. The 10-year yield ended the quarter at 4.92% with around 65bp of rate hikes priced in over the coming year. In addition to more hawkish monetary policy expectations, part of this increase in yields probably reflected an increase in term premia amid concerns that the government may react by loosening the fiscal purse strings.

As for equity markets, the FTSE 100 experienced another volatile quarter, surging to an all-time high of around 10,900 in late February, leaving it up 10% from the start of 2026, before giving back most of those gains in March after the outbreak of the Middle East conflict. That pullback leaves the index at around 10,176 at the end of the quarter. For context it was at 8,582 at the start of April. The £ has stayed relatively resilient also at $1.33, strengthening from $1.29 back in April.

Interest Rate forecasts at the time of approval of the treasury management strategy report for 2025/26 were as follows –

	2025/26 Average	2026/27 Average	2027/28 Average	2028/29 Average
Bank Rate	4.00%	3.63%	3.50%	-
1 Year PWLB	4.47%	4.12%	3.84%	-
5 Year PWLB	4.60%	4.25%	3.97%	-
10 Year PWLB	4.83%	4.43%	4.17%	-

Current Interest Rate forecasts for 2026/27 onwards are follows –

	2025/26 Average	2026/27 Average	2027/28 Average	2028/29 Average
Bank Rate	4.00%	3.75%	3.50%	3.25%
1 Year PWLB	4.57%	4.80%	4.22%	3.97%
5 Year PWLB	4.70%	4.90%	4.35%	4.10%
10 Year PWLB	5.23%	5.43%	4.85%	4.60%

US Economy

Despite a weak finish to 2025, the US economy has generally been the strongest among the developed economies, but with uncertainties growing surrounding the central economic tenet of being able to apply tariffs on an ad-hoc basis, and bend the FOMC Fed Funds rate decision-making, there is something of a stalemate in place at present over when, and if, rates will be cut further in 2026.

Inflation is currently stuck at around 2.5%, unemployment is only a little above 4%, and tax refunds are in the process of being facilitated for many households. There is some debate as to whether those refunds be – at least partially – offset by higher gasoline prices.

The S&P500 started April 2025 at 5,633 and finished March 2026 at 6,528 having peaked at just over 7,000. The 10-year Treasury yield finished March at 4.30% having been 4.17% back at the start of April, and during the year has been both above 4.50% and below 4.00%.

EZ Economy

The Eurozone economy has run pretty much in parallel with that of the UK. A slightly stronger finish to 2025 (GDP of 0.2% q/q) than that of the UK cannot hide the fact that the economy has been negatively impacted by German economic stagnation until late in 2025. France has also struggled against a difficult political backdrop but managed to post GDP growth of 0.3% q/q for October to December.

With Eurozone headline inflation close to 2%, the ECB has been able to reduce its Deposit Rate to 2%. Whether it rises from that low point will very much be driven by how energy prices trend over the coming months. The Euro has appreciated against the dollar from 1.08 at the start of April 2025 to 1.16 at the end of March.

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1.0 Treasury Management Portfolio

Treasury Management Portfolio (£m)	2024/25 Outturn	Average Interest Rate %	2025/26 Outturn	Average interest Rate %	Movement in Principal
Fixed rate funding:					
- PWLB	251.693	3.13%	331.537	3.39%	79.844
- Municipal Loans	0.178	2.10%	0.110	2.1%	(0.068)
- Market Loans (inc, LOBOs)	35.000	4.15%	30.000	4.14%	(5.000)
Variable rate funding:					
- Temporary	148.032	5.13%	131.013	4.61%	(17.019)
Total debt	**434.903**	**3.85%**	**492.660**	**3.82%**	**57.757**
Loans CFR	**563.740**		**629.211**		**65.471**
Over / (under) borrowing	**(128.837)**		**(136.551)**		**(7.714)**
Banks (inc. in transit)	3.482		3.086		(0.396)
DMADF (HM Treasury)	13.600		15.800		2.200
Money Mark Funds	4.980		4.980		0.000
Total Treasury investments	**22.062**	**4.91%**	**23.866**	**4.02%**	**1.804**
Net Treasury debt	**412.841**		**468.794**		**55.953**

2.0 Maturity Structure of Debt

	2025/26 Original Limits %		2025/26 Outturn			2024/25 Outturn	
	Lower	Upper	£m	%		£m	%
Under 12 months	0.0	70.0	196.612	39.9		187.257	43.1
12 months and within 24 months	0.0	30.0	123.252	25.0		34.062	7.8
24 months and within 5 years	0.0	50.0	56.725	11.5		36.787	8.5
5 years and within 10 years	0.0	75.0	11.072	2.2		55.725	12.8
Maturing in more than 10 years*	25.0	100.0	105.000	21.4		121.072	27.8
Total Borrowing			**492.660**	**100.0**		**434.903**	**100.0**

** this includes £30m Lenders Option Borrowers Options (LOBO) loans in 2025/26 that are potentially callable at certain points before the maturity date. The compar*

3.0 PWLB Loans Raised during 2025/26

Type	Date Raised	Duration	Principal £m	Interest Rate*
**Maturity	07/04/2025	2.5 years	10,000,000.00	4.51%
**EIP	07/04/2025	5 years	10,000,000.00	4.51%
**Maturity	15/10/2025	2 years	10,000,000.00	4.77%
**Maturity	22/10/2025	2 years	5,000,000.00	4.65%
**Maturity	03/12/2025	2 years	10,000,000.00	4.47%
EIP	10/02/2026	4 years	10,000,000.00	4.12%
Maturity	16/02/2026	1 year	17,000,000.00	4.28%
Maturity	16/02/2026	1.5 years	18,000,000.00	4.31%
Maturity	06/03/2026	1.5 years	10,000,000.00	4.55%
Maturity	17/03/2026	1 year	10,000,000.00	4.68%
Maturity	18/03/2026	1.5 years	10,000,000.00	4.78%

*This compares with a budget assumption of borrowing at an interest rate of 4.8% for 2025/26 and 4.5% 2026/27.
**loans included in 2025/26 Treasury Update Report presented to Audit Committee 28 January 2026

4.0 Maturity Structure of Treasury Investment Portfolio

Treasury Investment Portfolio (at 31 March)	**2025/26 Original £m**	**2025/26 Outturn £m**		**2024/25 Outturn £m**
Longer than 1 year	0	0		0
Up to 1 year	15.000	23.866		22.062
Total Treasury Investments	**15.000**	**23.866**		**22.062**

5.0 Leases arranged during 2025/26

Draw Down Date	Purpose	Length / Type	Lessor	Value
December 2025	Gym equipment	5-year Finance Lease	TPLP Leasing	£144,162
September 2025	Vehicle hire – school transport	5-year Finance Lease	Enterprise rent a car	£501,187

Telford & Wrekin Co-operative Council

Protect, care and invest to create a better borough

Borough of Telford and Wrekin

Audit Committee

Wednesday 15 July 2026

Internal Audit Activity Report

Cabinet Member:	Cllr Zona Hannington - Cabinet Member: Finance and Resident Services	
Lead Director:	Anthea Lowe - Director: Policy & Governance	
Service Area:	Policy & Governance	
Report Author:	Tracey Drummond - Principal Auditor Rob Montgomery - Head of Governance, Audit & Procurement	
Officer Contact Details:	**Tel:** 01952 383105 01952 383103	**Email:** tracey.drummond@telford.gov.uk, robert.montgomery@telford.gov.uk
Wards Affected:	All Wards	
Key Decision:	Not Key Decision	
Forward Plan:	Not Applicable	
Report considered by	Audit Committee – 15 July 2026	

1.0 Recommendations for decision/noting:

It is recommended that Audit Committee:

1.1 Note the information contained in this report in respect to the Internal Audit planned work undertaken between 1 April 2026 and 30 June 2026 and unplanned work to date.

2.0 Purpose of Report

2.1 The purpose of this report is to update members on the progress made against the 2026/27 Internal Audit Plan and to provide information on the recent work of Internal Audit.

3.0 Background

3.1 This report provides information on the work of Internal Audit from 1 April 2026 to 30 June 2026 and provides an update on the progress of previous audit reports issued.

3.2 The key focus for the team during this period was the completion of audits on the annual audit plan and fulfilling commercial contracts.

3.3 The information included in this progress report will feed into and inform our overall opinion in our Internal Audit Annual Report later in the municipal year. All audit reports issued during the year are given an overall audit opinion based on the following criteria:

Level of Assurance/Audit Opinion & Definition	
Good (Green) There is a sound system of control designed to address relevant risks with controls being consistently applied.	**Reasonable (Yellow)** There is a sound system of control but there is evidence of non-compliance with some of the controls.
Limited (Amber) Whilst there is a sound system of control, there are weaknesses in the system that leaves some risks not addressed and there is evidence of non-compliance with some key controls.	**Poor (Red)** The system of control is weak and there is evidence of non-compliance with the controls that do exist.

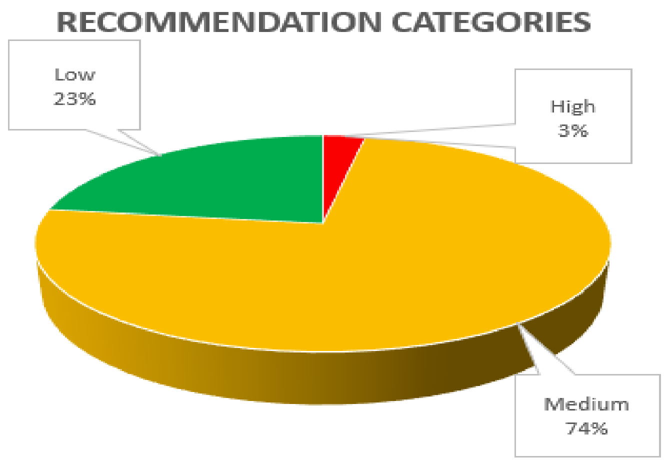
3.4 To determine the overall grading of the Internal Audit report each recommendation is risk rated (high, medium or low). The recommendation risk rating is based on the following criteria:

High risk = A fundamental weakness which presents material risk to the system objectives and requires immediate attention by management.

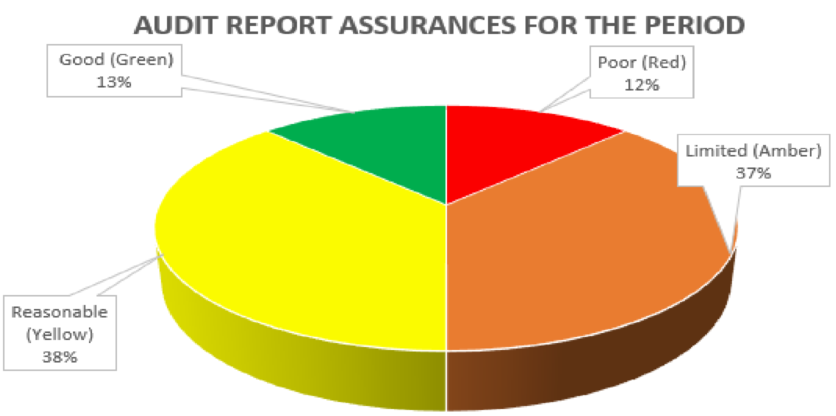
Medium risk = A recommendation to address a control weakness where there are some controls in place but there are issues with parts of the control that could have a significant impact.

Low risk = A recommendation aimed at improving the existing control environment or improving efficiency, these are normally best practice recommendations.

3.5 The chart below shows the percentage of high (red segment), medium (yellow segment) and low (green segment) risk recommendations made in the reports issued during this period.



3.6 The level of assurance (based on 3.3 above) for audit reports issued in this period is detailed below**.**



3.7 The information in the above pie charts is broken down in the summary table below.

Area	Date of Report	Level of risk on plan	Original Audit Grade	Follow up Due	Revised Grade
Domestic Abuse	18/06/2026	H	Poor	Sept 2026	
Gypsy & Traveller	21/04/2026	H	Limited	July 2026	
Transition - leaving Care	08/05/2026	M	Limited	Aug 2026	
Oakengates Leisure Centre	05/06/2026	M	Limited	Sept 2026	
Anti Virus	05/05/2026	M	Reasonable	Nov 2026	
Corporate Mileage Checks	28/05/2026	M	Reasonable	Nov 2026	
Southall School	30/6/2026	M	Reasonable	Dec 2026	
Benefits	28/05/2026	M	Good	As part ot the next planned audit	

3.8 Detailed below is the status of any reports previously issued and reported to Audit Committee. Members should note that once reports have reached a green status or recommendations outstanding are a low risk, and have been reported to members they are excluded from future Audit Committee reports.

PREVIOUSLY ISSUED REPORTS & CURRENT STATUS					
Area	**Date of Report**	**Original Audit Grade**	**Status previously reported to Audit Committe**	**Current Grade**	**Current status / Comments**
PSP Register	17/02/2025	Reasonable	In progress	Reasonable	2nd follow up completed
Supported Living	21/07/2025	Limited	2nd follow up in progress	Good	2nd follow up compete. Grading changed to Good
Donnington Wood CofE Junior School	06/02/26	Limited	May 2026	Reasonable	1st follow up undertaken and changed to reasonable. 2nd follow up due September

Internal Audit is confident and has been assured by management that controls have and will continue to improve in all areas where recommendations have been made. There are no other issues to bring to the attention of the Committee at this time.

4.0 Progress on completion of the 2026/27 Annual Audit Plan

4.1 Audit Committee members approved the 2026/27 Internal Audit Plan at the May 2026 committee meeting. ***Appendix A*** of this report shows the progress made against this plan. From a total of 47 audits included on that plan, 4 are in progress with resources also being utilised to completing audits which were in progress from the 25/26 plan.

5.0 Unplanned work

5.1 Work continues on the commercial contracts with Academies and Town Councils. We provide audit services to a total of 9 Multi Academy Trusts and 2 Town Councils. Internal Audit continue to look for opportunities to expand their commercial offering. This enables the team to positively support the financial position of the Council by attracting income which, in turn, contributes to the budgeted cost of of the team.

6.0 Quality Assurance and Improvement Programme

6.1 Internal Audit maintains a Quality Assurance and Improvement Programme that complies with the Global Internal Audit Standards (GIAS) for the UK Public Sector alongside the normal quality review process undertaken for all audit assignments The Head of Governance, Audit & Procurement undertakes an independent monthly check of randomly selected completed audit files to ensure they comply with:-

- Requirements of the GIAS
- Rules of the Code of Ethics
- Agreed Internal Audit process and procedures
- Approved Internal Audit Charter

Only minor Internal Audit procedural issues have been found from these checks and they have been fed back to the Internal Auditors during this time to aid continuous improvement in the service.

7.0 Summary of main proposals

7.1 It is proposed that the Audit Committee note the information contained in this report.

8.0 Alternative Options

8.1 As this report is for noting, there are no alternative options. There is a legal requirement for the local authority to undertake internal audit activity and this report sets out how that has been done during the last reporting period.

9.0 Key Risks

9.1 The risks and opportunities in respect to this report will be appropriately identified and managed.

10.0 Council Priorities

10.1 A community-focussed, innovative council providing efficient, effective and quality services.

11.0 Financial Implications

11.1 The planned work undertaken by the Internal Audit Team as outlined in this report is funded through the Council's base budget and approved as part of the Medium Term Financial Strategy.

11.2 Income generated from commercial contracts is budgeted within the service and contributes towards the cost of the Internal Audit function, thereby reducing the overall call on the Council's base budget. This income is subject to market demand and is monitored through routine budget management to ensure that any variation does not adversely impact delivery of the approved Internal Audit Plan.

11.3 The level of commercial activity is managed to ensure that sufficient Internal Audit capacity is retained to deliver the Council's approved Internal Audit Plan and to meet statutory requirements.

11.4 The work of Internal Audit supports the Council's financial governance framework by providing assurance on the effectiveness of internal controls, risk management and value for money arrangements.

11.5 There are no immediate financial implications arising directly from noting this report. Any financial consequences arising from the implementation of audit recommendations will be managed within existing budgets or reported through the Council's financial monitoring processes.

12.0 Legal and HR Implications

12.1 The Accounts and Audit Regulations 2015/234 (by the Local Audit and Accountability Act 2014) at Section 5 require every "relevant authority" to undertake an effective internal audit function which supports the effective implementation of the Chief Financial Officer's responsibilities under the Local Government Act 1972, and demonstrates transparency and good governance. The contents of this report demonstrate compliance with that requirement.

13.0 Ward Implications

13.1 The work of the Audit team encompasses all the Council's activities across the Borough and therefore it operates within all Council Wards.

14.0 Health, Social and Economic Implications

14.1 There are no health, social or economic implications directly arising from this report.

15.0 Equality and Diversity Implications

15.1 Transparency supports equalities and demonstrates the Council's commitment to be open and fair

16.0 Climate Change, Biodiversity and Environmental Implications

16.1 There are no direct climate change and environmental implications arising from this report.

17.0 Background Papers

1 2026/27 Annual Audit Plan – Approved by Audit committee

18.0 Appendices

A 2026/27 Annual Audit Plan

19.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Director	22/06/2026	24/06/2026	AL
Legal	16/06/2026	16/06/2026	ON
Finance	15/06/2026	16/06/2026	KP

2026/27 Internal Audit Plan

Every child, young person and adult lives well in their community	**Everyone feels the benefit from a thriving economy**	**All neighbourhoods are a great place to live**	**Our natural environment is protected- we take a leading role in addressing the climate emergency**	**A community focused innovative council providing effective, efficient and quality services.**
Happy Healthy Active Holidays Grant (M)	General Ledger (M)	Reallocated HS2 Funding Grant (M)	Warm Home Local Grant (L)	Bus Subsidy Grant (M)
Family Hub Grant (M)	Management of ASC Debtors process (H)	Horsehay Golf (M)	UKSPF Grant[1] (M)	Local Transport Capital Block Funding Grant (M)
Substance Misuse Grant (M)	Licensing Fees (L)	Newport Pool (M)		Quality assurance (Children) (M)
Stop Smoking Grant (M)	Anti Money Laundering (M)	Councillor Pride Fund (L)		Noticed Served to Providers (M)
Together4children (H)	UKSPF Grant[1] (M)	Volunteering (H)		Commissioning (Children) (M)
Children Direct Payments [1] (H)				Children Direct Payments [1] (H)
Family Hubs (M)				ModGov (L)
Transport Appeals (M)				Payroll (M)
School Place Appeals (M)				Cloud Governance & SaaS Management (M)
Disabled facilities Grant (M)				Gladstone (M)
Home to school transport (M)				Housing monitoring Data (M)

Adults Direct Payments [1] (H)				Adults Direct Payments [1] (H)
Schools (M)				BIT (H)
Future Focus (M)				Identity & Access Management (H)
SEND Provision (H)				Cyber (H)
				3rd Party & Supplier ICT Risk Management (M)

In Progress

[1] Audit covers more than 1 priority

Key:

H= High Risk
M = Medium Risk
L = Low Riak

Telford & Wrekin Co-operative Council

Protect, care and invest to create a better borough

Borough of Telford and Wrekin

Audit Committee

15 July 2026

Publication of information on Councillors who traded with the Council during 2025/26

Cabinet Member:	Cllr Zona Hannington - Cabinet Member: Finance and Resident Services	
Lead Director:	Anthea Lowe - Director: Policy & Governance	
Service Area:	Policy & Governance	
Report Author:	Tracey Drummond - Principal Auditor Rob Montgomery - Head of Governance, Audit & Procurement	
Officer Contact Details:	**Tel:**	**Email:**
	01952 383105	tracey.drummond@telford.gov.uk,
	01952 383103	robert.montgomery@telford.gov.uk
Wards Affected:	All Wards	
Key Decision:	Not Key Decision	
Forward Plan:	Not Applicable	
Report considered by:	Audit Committee – 15 July 2026	

1.0 Recommendations for decision/noting:

The Committee is asked to:-

1.1 Note the contents of the report and information that will be published on the Council's website.

2.0 Purpose of Report

2.1 The purpose of the report is to present to the Audit Committee information to be published in respect of Councillors who traded with the Council during 2025/26.

3.0 Background

3.1 As part of the annual account process, Councillors disclose whether they have an interest in a company/companies that receive payment from the Council. These are shown annually in the Final Accounts that are presented to the Audit Committee.

3.2 However, in line with the Council's cooperative values and committement to transparency, additional details of any Councillors who have an interest in companies that benefit from trading with the Council are reported to Full Council via the Audit Committee as a separate report each year and published on the Council's website.

3.3 This information will be more readily accessible to the public and demonstrate the Council's co-operative commitment to openness.

3.4 The information reported relates to the previous financial / municipal year's value and description of any payments received from the Council to any businesses / companies where that Member has an interest.

3.5 Only two Councillors were associated with companies (either owners or Directors) that traded with the Council in 2025/26. These were:

- Councillor Stephen Burrell – £336,149 in respect of the company Peace of Mind Homecare. Councillor Burrell is a Director of this company. Peace of Mind Homecare provide domiciliary care services.

- Councillor Carolyn Healy - £34,445 in respect of the company Red Kite Ltd. Councillor Healy is a Director of this this company. Red Kite Ltd provide landscape architecture and ecological services.

4.0 Summary of main proposals

4.1 This report is for information only.

5.0 Alternative Options

5.1 It is open to the Council to decide that this report is not necessary as the information contained herein is incorporated within the Council's statement of accounts which are already reported to Audit Committee.

6.0 Key Risks

6.1 There are no direct risks arising from this report.

7.0 Council Priorities

7.1 The report supports the Council's values that are embedded in the delivery of all the Council's priorities.

8.0 Financial Implications

8.1 There are no direct financial implications arising from this report. The information is already disclosed within the Council's Statement of Accounts (Note 48 – Related Parties: Members).

8.2 Publication supports the Council's financial governance by ensuring appropriate transparency of related party transactions and providing assurance that potential conflicts of interest are identified and managed appropriately.

9.0 Legal and HR Implications

9.1 In addition to the publication of the information referred to in this report Councillors also have to complete a disclosable pecuniary interests form following their election or within 28 days of an interest arising. This form includes a section where Councillors must provide details of any contracts they have with the Council. The form for each Councillor is published on the Council's website. This is in compliance with The Localism Act 2011 to maintain high standards of conduct and register 'disclosable pecuniary interests'.

10.0 Ward Implications

10.1 Ward implications cover all local councils detailed in the Parish Charter.

11.0 Health, Social and Economic Implications

11.1 There are no health, social or economic implications.

12.0 Equality and Diversity Implications

12.1 Transparency supports equalities and demonstrates the Council's commitment to be open and fair.

13.0 Climate Change, Biodiversity and Environmental Implications

13.1 This report has limited environmental impact due to the nature of the work companies reported undertake.

14.0 Background Papers

None.

15.0 Appendices

None.

16.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Director	24/06/2026	24/06/2026	ACL
Legal	29.06.2026	29/06/2026	ON
Finance	23/06/2026	24/06/2026	KP

Borough of Telford and Wrekin

Audit Committee

Wednesday 15 July 2026

Updated Strategic Risk Register

Cabinet Member:	Cllr Zona Hannington - Cabinet Member: Finance and Resident Services	
Lead Director:	Anthea Lowe - Director: Policy & Governance	
Service Area:	Policy & Governance	
Report Author:	Tracey Drummond - Principal Auditor Rob Montgomery - Head of Governance, Audit & Procurement	
Officer Contact Details:	**Tel:**	**Email:**
	01952 383105	tracey.drummond@telford.gov.uk,
	01952 383103	robert.montgomery@telford.gov.uk
Wards Affected:	All Wards	
Key Decision:	Not Key Decision	
Forward Plan:	Not Applicable	
Report considered by:	Audit Committee – 15 July 2026	

1.0 Recommendations for decision/noting:

The Committee is asked to:-

1.1 Note the information in respect to the updated Strategic Risk Register.

2.0 Purpose of Report

2.1 The purpose of this report is to update members on the Council's Strategic Risk Register.

3.0 Background

3.1 The Audit Committee's terms of reference state the the committee has the responsibility on behalf of the Council for the overseeing of the Council's audit, governance and financial processes including risk management.

3.2 The Council manages risk at all levels of activity. The Strategic Risk Register only details high level risks that may affect the delivery of the Council's priorities.

4.0 Summary of main proposals

4.1 This report is for information only.

5.0 Alternative Options

5.1 The Council could not maintain a Strategic Risk Register but this would not comply with the legal duty to sufficiently manage risk..

6.0 Key Risks

6.1 There are no direct risks arising from this report.

7.0 Council Priorities

7.1 A community-focused, innovative council providing efficient, effective and quality services.

8.0 Financial Implications

8.1 There are no direct financial implications as a result of the Risk Register. The financial risks aligned to each risk category have been noted in Appendix A and should be agreed / approved as part of the process.

9.0 Legal and HR Implications

9.1 In accordance with the Accounts & Audit Regulations 2015, the Council is required to have sufficient arrangements in place to manage risk and ensure appropriate financial controls.

10.0 Ward Implications

10.1 The Council's risk management arrangements encompass all of the Council's activites across the Borough and therefore it operates within all Council Wards detailed in the Parish Charter.

11.0 Health, Social and Economic Implications

11.1 There are no health, social or economic implications directly arising from this report.

12.0 Equality and Diversity Implications

12.1 Transparency and risk management supports equalities and demonstrates the Council's commitment to be open and fair..

13.0 Climate Change, Biodiversity and Environmental Implications

13.1 There are no direct climate change and environmental implications arising from this report.

14.0 Background Papers

None.

15.0 Appendices

A Updated Strategic Risk Register

16.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Director	03/07/2026	03/07/2026	ACL
Legal	07/07/2026	07/07/2026	ON
Finance	06/07/2026	06/07/2026	ER

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TELFORD & WREKIN COUNCIL STRATEGIC RISK REGISTER

DATE OF REVIEW – JANUARY 2026

Definitions used in the risk register:

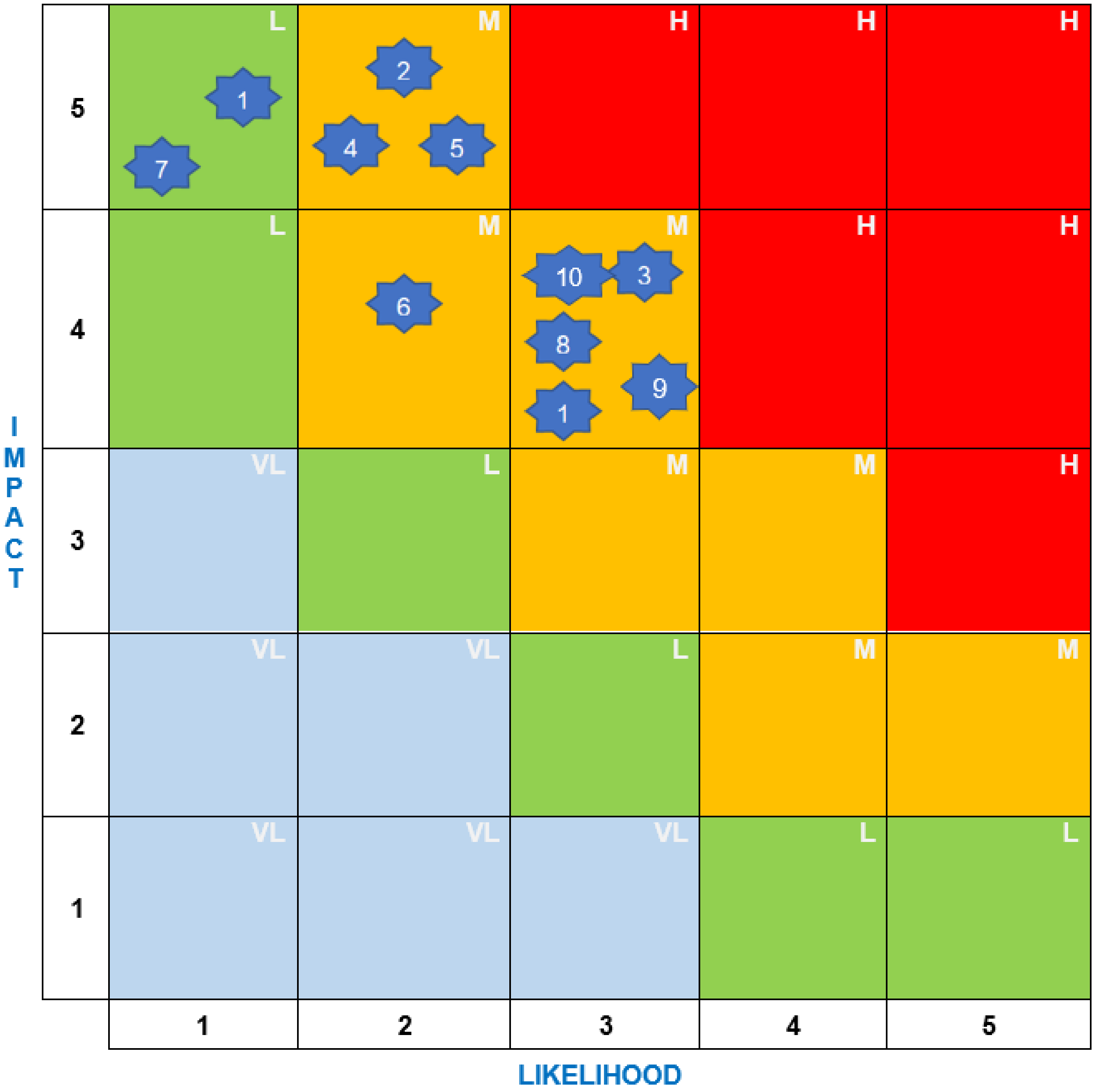
Likelihood of Risk Occurring

Likelihood	Definition
Very Low	May occur in exceptional circumstances
Low	Risk may occur in next 3 years
Medium	The risk is likely to occur more than once in the next 3 years
High	The risk is likely to occur this year
Very High	The risk has occurred and will continue to do so without further action being taken

Impact of Risk if it does Occur

Descriptor	Financial	Reputation	Physical	Environmental	Service
Very Low	None	None	None	None	None
Low	<£250K	Minimal/ minimal media/ social media	Minor	Minor locally, e.g. clearing intrusion on land	Internal disruption only, no loss of service
Medium	£250K to £1m	Extensive local media/social media	Threats of serious injury requiring medical treatment	Moderate Locally, e.g.air quality issue in part of the borough	Disruption/ loss of service less than 48 hours
High	£1m to £5m	National media/social media	Extensive/ multiple injuries	Major local impact, e.g. air quality issue affecting whole borough	Disruption/ loss of service less than 7 days
Very High	>£5m	Extensive national media (lead item)/social media	Extensive multiple injuries/ death	Major national/international, e.g. air quality issue affecting UK as a whole	Severe disruption/ loss of service more than 7 days.

Risk Heat Map



Risks shown throughout this document will prevent the Authority from achieving its priorities. Each risk identified below is linked to a corporate priority which may be affected if the risk is not managed effectively.

Council Priorities - Key

P1 - Every child, young person and adult lives well in their community
P2 - Everyone feels the benefit form a thriving economy
P3 - All neighbourhoods are a great place to live
P4 - Our natural environment is protected – we take a leading role in addressing climate emergency
P5 – A community focussed innovative council providing effective, efficient and quality services

Ref	Risk	Likelihood Without Controls	Impact Without Controls	What are we doing to manage the risk? (Controls)	Lead Executive Director / Director	Likelihood With Controls	Impact With Controls
R1	Failure to discharge duty of care for a vulnerable child or vulnerable adult. ***PRIORITY:* P1**	Very High without controls Change since last review: =	Very High without controls – Physical Reputation Finance Change since last review: =	a) Safeguarding Partnership (Adults & Children) Community Safety Partnership and Youth Offending Service Management Board scrutinise performance, hold partners to account and drive practice improvement in the light of learning (e.g. Serious Case, Safeguarding Adult & Domestic Homicide Reviews). b) Safeguarding Partnership works to develop systematic working across children and adult landscape. c) The Council increased investment into Adult Social Care services by £15.8m in 2026/27. The Council's net budget for Adult Social Care is over £97m in 2026/27. d) The Council has increased investment into Children's Safeguarding by £2.7m in 2026/27 with the net budget totalling £52m in 2026/27. e) The combined total net budget allocation for these services is nearly of £150m. f) A general budget contingency of £3.95m is held. £3.5m has also	Chief Executive Executive Director: Children & Family Services Executive Director: Adult Social Care, Housing & Customer Services	**Very Low with controls** Change since last review: =	**Very High with controls –** **Physical Reputation Finance** Change since last review: =

				been provided for contract inflation and pay awards in 20226/27. These can be used to support pressures in any Council budget including Adult Social Care and Children's Safeguarding which account for two thirds of the Council's net budget. **Children:** g) Safeguarding arrangements are routinely reviewed and developed in response to new statutory requirements as they are introduced h) Workforce development strategy – recruitment and retention, learning and development including Systemic Practice across the Council's children's workforce. i) Children's Services - systematic quality assurance role for all managers from frontline Team Manager through to CEX and DCS j) No staff savings target for Children's Social Workers k) A comprehensive package of market factors and recruitment and retention incentives have been implemented to aid the recruitment and retention of social workers			

				l) Work to national inspection standards and respond to actions required from inspections. m) OFSTED inspection of Children's Safeguarding May 2024 retained the "Outstanding" judgement. An action plan has been delivered to respond to the small number of recommendations. n) Independent Review of Child Sexual Exploitation (CSE) commissioned by the Council has been concluded. Recommendations from the review are in the process of being implemented. o) 'Essential learning' for all employees includes both child protection and CSE. **Adults:** p) Adult safeguarding part of Safeguarding Partnership in compliance with Care Act requirements and new Adult Safeguarding Guidance & Regulations. q) Adult Services - systematic quality assurance role for all managers from frontline team manager through to DAS. CQC Assessment of the Council's ability to meet our duties under Part 1 of the Care Act 2014 achieved "Good" in November			

				2024. An action plan is being delivered to address the areas identified for improvement including: • Setting up a lived experience sub-group of Safeguarding Adults Board (SAB) • Above sub-group has co-produced the SAB strategic plan and redesigning the SAB website • New feedback form for people and carers who have experienced a safeguarding process has been introduced – at end of October 25 overall satisfaction was at 100% r) Integrated Care Board's Quality and Performance Committee chaired by the Chief Nurse. s) 'Essential learning' for all employees includes adult safeguarding. t) In-house provide, My Options, has robust governance arrangements following the CQC and Ofsted and regulations of the Health and Social Care Act			
Ref	**Risk**	**Likelihood Without Controls**	**Impact Without Controls**	**What are we doing to manage the risk? (Controls)**	**Lead Executive Director / Director**	**Likelihood With Controls**	**Impact With Controls**

R2	Inability to: a) Match available resources (both financial, people and assets) with statutory obligations, agreed priorities and service standards b) deliver financial strategy including capital receipts, savings and commercial income c) fund organisational and cultural development in the Council within the constraints of the public sector economy ***PRIORITIES:* P1, P2, P3, P4 and P5**	Very High without controls Change since last review =	Very High without controls – Physical Reputation Service Change since last review =	a) Robust commercial approach taken by Council services in terms of increasing income generation b) Rigorous medium term financial planning and regular monitoring and active management through S&FPG, SMT, Business Briefing and Cabinet. c) Efficiency Strategy in place which allows the Council to qualify for the Flexible Use of Capital Receipts which enables the funding of revenue costs of reform and service transformation initiatives which deliver efficiencies d) 'Savings programme, service reviews and restructuring. Including SMT quarterly review of savings using RAG based system to monitor delivery and early identification of need for mitigation or alternative proposals. e) Staffing, economic and environmental impact assessments of all savings proposals and appropriate consultation mechanisms in place. f) In-year savings exercises possible if necessary g) Rationalisation of Council assets and accommodation h) Prudent level of uncommitted one-off resources and in-year budget contingency of £3.95m.	Chief Executive Director: Finance, People & IDT	**Low with controls** Change since last review =	**Very High with controls – Physical Reputation Service** Change since last review =

				i) Delivery of capital receipts/rigorous monitoring of capital receipts realisation and impact on the budget j) If necessary, contingency plans reviewing phasing of planned capital expenditure, schemes included in capital programme, alternative potential disposals and further revenue budget cuts would be identified for consultation k) Regular review of reserves and balances against risk exposure with significant level (£21.7m) of uncommitted balances available, held within the Budget Strategy Reserve to support the Council's Medium Term Financial Strategy l) Track record of sound financial management having out-turned within budget for 17 consecutive years despite significant financial challenges arising from public sector austerity, increasing demand for services, high inflation, the COVID pandemic and the current cost-of-living emergency. m) Safeguarding Children Cost Improvement Plan in place which is monitored by senior officers and members. n) Adult Social Care Cost Improvement Plan in place which is monitored by senior officers and members. o) Housing Investment Programme			

				p) Robust assessment of potential new investments through a proper due diligence and business case process to ensure that the Council is not exposed to an unacceptable level of risk either on an individual basis or when considering the entire investment portfolio q) Specialist legal and taxation advice taken as required r) Active Treasury Management in conjunction with regular advice and updates from specialist Treasury Management Advisors s) Cabinet Members regularly briefed t) All necessary strategies, policies and procedures in place to fully comply with CIPFA and MoHCLG codes and regulations with regular review u) Established approval process for agreement of business cases for new investment from the Council's Growth Fund and Invest to Save/Capacity Fund. v) All reports to SMT and Cabinet include a financial comment prepared by, or on behalf of the Council's 151 officer, that identifies the financial implications arising from the recommendations to avoid significant additional ongoing commitments being committed without appropriate consideration.			

				w) Completion of Equality Impact Assessments. x) Undertake regular benchmarking of services including with peer groups and via the LGA. y) Make or Buy Service Reviews to consider the most efficient, effective and economical delivery models for services and also identify additional income opportunities.			

Ref	Risk	Likelihood Without Controls	Impact Without Controls	What are we doing to manage the risk? (Controls)	Lead Executive Director / Director	Likelihood With Controls	Impact With Controls
R3	Losing skills, knowledge and experience (retention & recruitment) in relation to staffing. ***PRIORITIES:*** **P1, P2, P3, P4 and P5**	Very High without controls Change since last review: =	High without controls – Financial Reputation Service Change since last review: =	a) Workforce Development Strategy in place, updated during 2025 and refreshed in 2026 with focus on delivering ambition of the Council being employer of choice. Strategy will focus on the following aims: • 'Our workforce will have the skills and abilities to deliver our priorities and will have the opportunity to further develop • Our managers will be leaders and will empower staff to deliver our priorities • 'Our organisation will be more diverse and inclusive offering a voice and fair treatment for all' • 'Our workplace will be healthy, and we will support our employees' wellbeing' • Our employment package will be attractive and will offer fair terms and conditions • We will effectively recruit and retain suitably qualified staff across all areas of the council	Chief Executive Director: Finance, People & IDT	**Medium with controls** Change since last review: =	**High with controls –** **Service Reputation Finance** Change since last review: =

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				b) Senior Management, HoS and team leader development programmes. c) Each service area has a/is developing a workforce plan considering • skills gap analysis and needs • apprenticeships d) Specific HR policies: • use of market factor weighting for key groups • flexible working policy • staff benefit schemes e) “Grow your own” scheme for roles that are hard to recruit to. f) Review of induction programme and ongoing training and development completed. Leading to a robust and comprehensive training programme for all staff irrespective of role. g) The development of the Council’s employment “offer” is ongoing h) Council values, ethos, rewards and recognition i) Annual Personal Performance and Development discussions for all staff along with regular one to one meetings involving employees and their line managers. j) Staff awards ceremony to celebrate and encourage outstanding performance.			

				k) Review of the use of apprentices l) EDI Strategy in place m) Inclusive Recruitment Champions in place to support managers to maintain a diverse workforce and ensuring the Council advertises vacant posts to reach all parts of the community while maximising the number of applicants. n) Employee survey undertaken in November/December 2024. Results (from 1,405 completed surveys) reviewed by SMT, actions taken and disseminated to staff – 'you said, we did'. Results demonstrated that: • 84% would recommend the Council as a great place to work • 95% are interested in their work • 92% understand how their work contributes to Council priorities o) Collaboration with West Midlands Employers and CIPD during 2024 to upskill managers and increase competence and confidence in applying strategic workforce planning principles successfully and consistently			

				p) Working with partners around recruitment and role availability. q) Employer Value Proposition developed to support attracting talent to the workforce when recruiting. r) Strategic Workforce Planning, which is taking a medium-term view on capacity, impact of changing work patterns, digitisation/AI to ensure future proofing of workforce.			

Ref	Risk	Likelihood Without Controls	Impact Without Controls	What are we doing to manage the risk? (Controls)	Lead Executive Director / Director	Likelihood With Controls	Impact With Controls
R4	Significant business interruption affecting ability to provide priority services, e.g. critical damage to Council buildings, pandemic, terrorist/cyber-attack loss of power or infrastructure etc. ***PRIORITIES:* P1, P2, P3, P4 and P5**	Very High without controls Change since last review =	Very High without controls – Physical Reputation Service Change since last review =	a) Each Service Delivery Team has Business Continuity Plans to enable them to respond appropriately (people, systems etc.), these are reviewed annually and updated following team changes and or incidents. b) Corporate Business Continuity Policy reviewed. Following this review the Service Delivery BC Template has been updated and will be rolled out during 2025. c) Continuity plans for loss of key buildings tested in live environment Different scenario testing requires completion by individual teams and monitored by the BC Board. d) Serious Incident Protocol has been adopted.	Executive Directors	**Medium with controls** Change since last review =	**Very High with controls – Service Reputation** Change since last review =

				e) Identification of Council owned buildings that fall under the Terrorism(Protection of Premises) Act 2025. f) Continue to invest in ICT capital programme. Data centre investment complete. g) Improvement/upgrade/replacement of key IDT systems IDT controls – Disaster Recovery facilities in place based on Priority Services in line with Business Continuity Plans. h) Roll out of "office 365" and the cloud. i) Investment in cyber security and awareness programme and training (see risk 7 also). j) Implementation of a 3rd generation firewall. k) Strong and effective support provided by corporate IDT team to support the implementation of new service specific and corporate systems and upgrades to these systems which also ensures effective system testing arrangements. l) Sound operational management of Council buildings. m) The Council have established a Protect and Prepare Board with key partners n) Simulation exercises have been undertaken to further educate staff with practical examples of phishing.			

Ref	Risk	Likelihood Without Controls	Impact Without Controls	What are we doing to manage the risk? (Controls)	Lead Executive Director / Director	Likelihood With Controls	Impact With Controls
				o) Climate change Adaption Risk Register is in place to support management on unavoidable risks/impact of climate change.			
R5	Inability to manage the health & safety risks in delivering the council's functions (including building security and cyber security). ***PRIORITIES:*** **P1, P2, P3, P4 and P5**	Very High without controls Change since last review: =	Very High without controls – Physical Reputation Financial Change since last review: =	a) Reviewing, writing and monitoring of health and safety policies, incidents and audit findings through and the Health and Safety Committee who meet 3 times a year. b) Risk based health and safety audit process of Telford & Wrekin buildings and local authority managed schools, which not only audit implementation of health and safety policies but also proactively identifies shortcomings, actions and controls that need to be in place to manage those risks. c) Management of health and safety within services is undertaken annually. Results from audits are fed back to Team Managers, Directors and H&S Committee d) Internal Health and Safety work to Health and Safety Executive (HSE) guidance and revise Policies and Procedures to ensure compliance with legal standards. Revisions reported	Executive Director: Children's & Family Services (Director of Public Health).	**Low with controls** Change since last review: =	**Very High with controls – Physical Reputation Finance** Change since last review: =

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				back through the H&S Committee. e) A Health & Safety Competency Framework has been implemented. It details the necessary training and competency of the key roles of the Health & Safety Policy. f) There is a corporate lone worker risk assessment in place. Each service should also consider lone working within their team risk assessments. Lone member risk assessments are undertaken, and appropriate processes are in place. There is a council wide lone worker monitoring system available g) System in place for reporting all accidents, incidents and near misses. Non reportable accidents are investigated by each service area. h) All reportable accidents are additionally investigated by Internal Health and Safety Team and significant findings reported to Health and Safety Committee. All findings are reported back to relevant service area management i) Training to ensure health and safety compliance is provided on Health and Safety through a mixture of e-learning and face to face. j) Essential learning training for all employees includes health and			

				safety and fire safety awareness. k) Consultation and communication with Trade Unions occurs through the H&S Committee. l) Personal Safety Precautions Risk Register available to employees. m) Appointed Cyber Security Manager to review and improve cyber security where required. n) Cyber security part of essential learning for all employees. Simulation exercises have been undertaken to further educate staff with practical examples of phishing. o) Annual corporate review of list of 1st aiders and fire marshals to ensure adequate resource in place p) Corporate review of list of fire marshals to ensure adequate resource in place q) Enhanced risk assessments for specific individual/services r) Updated personal safety training s) Increased security at main Council buildings and at meetings t) Review of lockdown procedures at key Council buildings and security plans for major events. u) Building security kept under review.			

				v) H&S is a standing agenda item at SMT meetings and Service Area Management Meetings.			

Ref	Risk	Likelihood Without Controls	Impact Without Controls	What are we doing to manage the risk? (Controls)	Lead Executive Director / Director	Likelihood With Controls	Impact With Controls
R6	Inability to deliver effective information governance. ***PRIORITIES:* P1 and P5**	Very High without controls Change since last review =	Very High without controls – Financial Reputation Change since last review =	a) The Council has an Information Governance Framework which includes the Corporate Information Security Policy (CISP) and other policies (Data protection, Information Sharing policies) b) Knowledgeable, qualified and experienced team, dedicated to promoting sound Information Governance within the Council and ensuring that good practice is shared across the Council c) Training and awareness programme put in place and Information Governance modules form part of induction and essential learning programmes. d) Data Protection Officer reports regularly to SMT on IG related matters e) Data Protection Officer attends a number of management team meetings. f) General Data Protection Regulations 2018 implemented.	Chief Executive Director: Finance, People & IDT	**Low with controls** Change since last review =	**High with controls –** **Reputation** **Finance** Change since last review =

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				g) SMT oversight of reported data breaches and incidents. h) All data breaches recorded, investigated and lessons learnt identified i) Detailed report is sent to relevant Director in respect to breaches occurring in their service area j) Directors email all employees that have contributed to a data breach or incident highlighting the potential consequences. k) Information Governance related posters in all main Council buildings l) Staff complete randomly generated questions on data protection/information security every quarter m) Regular bulletins on information governance related matters published in staff newsletter n) Completion of annual Data Security and Protection (DSP) toolkit. o) Annual Governance Statement process encompasses key information governance related matters p) Key elements of information governance and IDT security are audited by an external company.			

Ref	Risk	Likelihood Without Controls	Impact Without Controls	What are we doing to manage the risk? (Controls)	Lead Executive Director / Director	Likelihood With Controls	Impact With Controls
R7	Inability to respond adequately to a significant emergency affecting the community and/or ability to provide priority services. ***PRIORITIES:*** **P1, P3, P4 and P5**	High without controls Change since last review =	Very High without controls – Environment Financial Service Change since last review =	a) Work collaboratively with other Local Resilience Forum partner agencies, maintaining effective working relationships with the relevant bodies b) Council Emergency Plan 2024 has been tested in 2025 and improvements being implemented following this exercise. c) Human resource challenges to maintain appropriate levels of trained staff to be able to respond to an emergency, for example, to set up rest centres are monitored. For example, recruitment for volunteer rest centre staff was undertaken in the Winter 2024. d) Strategic, tactical and recovery training provided for SMT and relevant HoS's. Further training identified for those that have not received any. Emergency Planning exercise undertaken in 2025. e) Service level agreement in place with Shropshire County Council to share resource of a Resilience Manager.	Exec Directors / Director of Public Health	**Medium with controls** Change since last review =	**Very High with controls –** **Service Reputation Finance Environment** Change since last review =

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				f) Maintaining appropriate, risk based contingency plans (Civil Resilience Manager) which are reviewed on regular basis g) ‘Land Instability in Ironbridge Gorge’ – multi agency plan to respond to landslide in the Gorge is in place. It was reviewed and exercised in October 2024. Working with MOD during 2025 on a further review of the plan. h) Individual Service Delivery Managers are responsible for maintaining and exercising their Business Continuity Plan. These plans would be coordinated corporately and the emergency plan activated if necessary. i) Provider contract monitoring in place. j) Public health mechanisms in place to manage response to significant incidents. However prolonged incidents will result in a significant human resource challenge k) Corporate budget contingency of £3.95m available to cover unforeseen costs arising up to Bellwin threshold where relevant. l) On-call arrangements in place, including for SMT and Corporate Communications.			

Ref	Risk	Likelihood Without Controls	Impact Without Controls	What are we doing to manage the risk? (Controls)	Lead Executive Director / Director	Likelihood With Controls	Impact With Controls
R8	Inability to respond to impact of climate emergency on severe weather events including heat, cold and flood. ***PRIORITIES:*** **P3 and P4**	High without controls Change since last review =	Very High without controls – Environment Reputation Financial Change since last review =	a) Investment in highways capital programme. b) Corporate capital budget specifically for projects that support the Council to address/mitigate the impact of climate change are included within capital programme. c) Monitor ground stability in the Gorge and water levels. d) Use and testing of flood barriers in Ironbridge e) Adoption of Climate Emergency Becoming Carbon Neutral action plan which includes a commitment to ensuring that its operation and activities are carbon neutral by 2030. 63% reduction to date, showing strong progress. f) Delivering a wide range of schemes to reduce carbon emissions. g) Driving partnership engagement and action on climate change through the Telford and Wrekin Borough Climate Change Partnership h) Addressing biodiversity through actions plans.	Executive Director: Adult Social Care, Housing and Customer Services	**Medium with controls** Change since last review =	**High with controls –** **Environment Reputation Finance** Change since last review =

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				i) Climate Emergency is at the forefront of the Council's priorities. In addition, there is a new Council priority defined – 'Our natural environment is protected – we are taking a leading role in addressing the climate emergency j) Strong relationships with key partners including the Environment Agency. k) Work of the Environment Scrutiny Committee is used to help inform policy development and highlight areas of best practice in this area l) Development and adoption of the Climate Change Adaption Plan meaning key measures are identified through a risk-based approach.			

Ref	Risk	Likelihood Without Controls	Impact Without Controls	What are we doing to manage the risk? (Controls)	Lead Executive Director / Director	Likelihood With Controls	Impact With Controls
R9	Projects not delivered effectively - Increasing number of projects and resource challenges to deliver those projects leads to project failure and inability to continue to deliver existing council services effectively and efficiently. ***PRIORITIES:* P1, P2, P3, P4 and P5**	Very High without controls Change since last review =	Very High without controls – Financial Service Reputation Change since last review =	a) Major Projects Board in place b) Capital monitoring undertaken by all services/Directors c) Monitor business plans d) Workforce planning e) Monthly meetings of Specific Officer Boards providing oversight of major schemes particularly those LUF and TF Funded. f) Project Managers who monitor and report on delivery of key projects (internal and external). g) SMT oversight on large projects.	All of SMT	**Medium with controls** Change since last review =	**High with controls – Financial Service Reputation** Change since last review =

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Ref	Risk	Likelihood Without Controls	Impact Without Controls	What are we doing to manage the risk? (Controls)	Lead Executive Director / Director	Likelihood With Controls	Impact With Controls
R10	Failure to deliver partnership priorities. ***PRIORITIES:* P1, P2, P3, P4 and P5**	Very High without controls Change since last review =	Very High without controls – Financial Service Reputation Change since last review =	a) Vision 2032 detailing partnership priorities and shared delivery of actions b) Engagement with those with lived experience in developing strategies c) Partnership agreements in place detailing clear partnership priorities d) Making it Real Board which provides opportunity for services	All of SMT	**Medium with controls** Change since last review =	**High with controls – Financial Service Reputation** Change since last review =

				and wider involvement of people with lived experience to test policy/operational delivery with service users.			

Risks Removed for Register

Ref	Risk	Reason for Removal	Date of Removal
R9	Inability to respond to the impact and implications of Brexit.	This risk is no longer applicable.	27/1/2022