



Auditor's Annual Report on Telford and Wrekin Council 2021/22 and 2022/23

30 April 2024



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the [type of body] has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the [type of body]'s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Executive summary






Value for money arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria. 2020/21 was the first year that we are reporting our findings in this way. The NAO have issued guidance to auditors which states that a commentary covering more than one financial year can be issued where it is more efficient and effective to do so. We have decided to report a combined commentary on the Council's arrangements for 2021/22 and 2022/23 because of the delays in the completion of the 2021/22 and 2022/23 audits of the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our conclusions are summarised in the table below.

Criteria	Planning risk assessment	2020/21 Auditor Judgment	2021/22 Auditor Judgment	2022/23 Auditor Judgment	Direction of travel
Financial sustainability	No risks of significant weakness identified.	No significant weaknesses in arrangements identified, but two improvement recommendations made.	Improvement recommendations addressed and no new issues identified.	Improvement recommendations from 2020/21 addressed and no new issues identified.	↑
Governance	No risks of significant weakness identified.	No significant weaknesses in arrangements identified, but two improvement recommendations made.	Improvement recommendations from 2020/21 addressed. No significant weaknesses in arrangements identified, but one improvement recommendation made (see appendix B for an explanation of the types of recommendations we can make).	Improvement recommendations from 2020/21 addressed. No significant weaknesses in arrangements identified, but one improvement recommendation made (see appendix B for an explanation of the types of recommendations we can make).	↔
Improving economy, efficiency and effectiveness	No risks of significant weakness identified.	Appropriate arrangements in place, no recommendations raised.	No significant weaknesses in arrangements identified.	No significant weaknesses in arrangements identified.	↔

	No significant weaknesses in arrangements identified or improvement recommendation made.
	No significant weaknesses in arrangements identified, but improvement recommendations made.
	Significant weaknesses in arrangements identified.

Executive summary



Financial sustainability

Despite the uncertainties around the future of local government funding and challenges around inflation, the Council have demonstrated sound financial planning and maintained their track record of achieving their savings target and balancing their budget in 2021/22 and 2022/23. Adequate and robust forecasting has been demonstrated through the use of their budget projection model and the assumptions used. This has allowed the Council to identify savings to meet any cost challenges rather than utilising reserves frequently. We consider the Council to have appropriate arrangements in place for securing value for money in relation to financial sustainability in 2021/22 and 2022/23 and have not raised any improvement recommendations.

However, whilst not covered specifically in this report we do note the additional challenges that 2023/24 has brought and that for 2024/25 the Council is proposing a 4.99% council tax increase (which includes the 2% Adult Social Care precept). This will raise around £4.04m towards the £13.5m of additional investment that the Council has determined is required for its Adult Social Care and Children's Safeguarding and Family Support services and other cost pressures. The Council has savings plans in place to balance the 2024/25 budget without further drawing upon reserves but the Council's Medium Term Financial Strategy (MTFS) up to 31 March 2028 forecasts that the total budget gap over this period is estimated to be £32.2m (starting in 2025/26).

It will therefore remain necessary for the Council to find further budget savings in order to deliver balanced budgets without using an unsustainable level of one-off balances. The current MTFS the Council forecasts that the total reserves position across the MTFS period will reduce to £59.1m by 31 March 2028, including the forecast use of reserves in 2022/23 and 2023/24, but that an uncommitted General Fund balance of £4.55m and £21.7m of reserves will continue to be earmarked for MTFS and financial planning. This is sufficient to cover the budget gap up to 31 March 2027 in the MTFS which gives the Council resilience around financial sustainability in the event that further savings are not identified in future years to close the budget gap. The Council recognises that the savings being put forward include some challenging proposals and that extensive consultation with service users and partners will be undertaken in order to identify ways to mitigate the impacts of the proposals or to identify alternative options. The Council is being proactive and recognises the risks. Its arrangements will be subject to review in future years.

Governance



The Council continues to have strong procedures around risk monitoring, budget setting, and governance arrangements. We have identified and raised one improvement recommendation in relation to reporting progress against the annual Internal Audit Plan. Overall, we consider the Council to have appropriate arrangements in place for securing value for money in relation to governance.

Improving economy, efficiency and effectiveness



The Council has demonstrated a proactive and robust response to the findings of the Independent Inquiry on Child Sexual Exploitation in Telford and Wrekin. Appropriate steps have been taken by the Council to action the identified recommendations and the Council is looking to embed changes into the way in which it operates.

The Council has received recognition from external organisations through the receipt of awards from the Municipal Journal and APSE, amongst others. We consider that the Council has appropriate arrangements in place for securing value for money in relation to improving economy, efficiency and effectiveness.



We have completed our audit of your 2021/22 financial statements and issued an unqualified audit opinion on 14 March 2024, following the Audit Committee meeting on 31 January 2024. Our findings are set out in further detail on pages 20 to 21. Our work on the Council's 2022-23 financial statements is still in progress. We plan to issue our opinion after the Audit Committee on 30 April 2024. Our final report will be updated to reflect findings from that work.

Opinion on the financial statements and use of auditor's powers

We bring the following matters to your attention:

Opinion on the financial statements

Auditors are required to express an opinion on the financial statements that states whether they : (i) present a true and fair view of the Council's financial position, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and 2022/23

We have completed our audit of your 2021/22 financial statements and issued an unqualified audit opinion on 14 March 2024, following the Audit Committee meeting on 31 January 2024. Our findings are set out in further detail on pages 19 to 20. Our work on the Council's 2022-23 financial statements is still in progress. We plan to issue our opinion after the Audit Committee on 30 April 2024. Our final report will be updated to reflect findings from that work.

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We did not issue statutory recommendations.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not make an application to the Court.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue any advisory notices.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not make an application for judicial review.

Securing economy, efficiency and effectiveness in the Council's use of resources

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial Sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



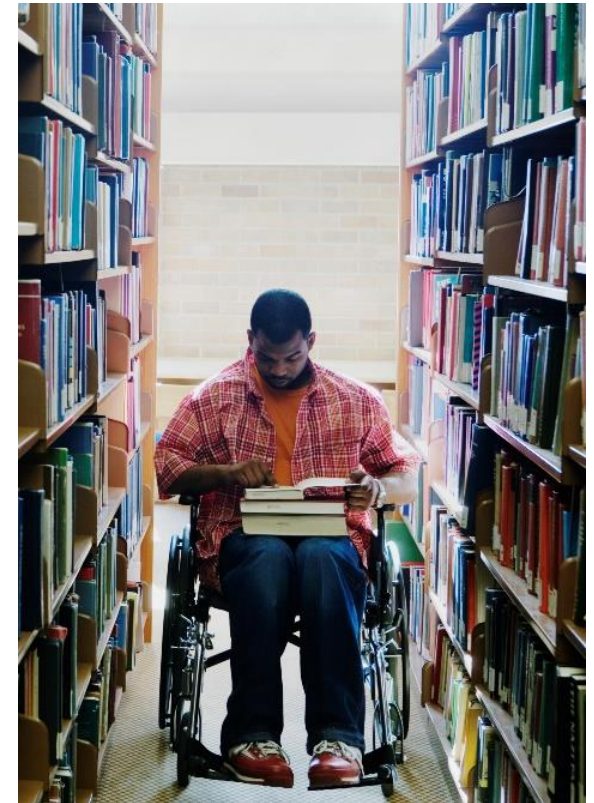
Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on the Council's arrangements in each of these three areas, is set out on pages 7 to 18.

Financial sustainability



We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Financial Outturn 2021/22 and 2022/23

In 2021/22 the Council delivered an underspend of £0.048m, maintaining their fifteen year track record of delivering within budget. This has been through achieving their savings of £7.3m in 2021/22 in addition to £126.4m made since 2009/10.

Income collection on Council Tax and Business Rates have exceeded expectations despite COVID-19 pressures. 92% of the Capital Programme has been delivered with minimal slippage into 2022/23.

In February 2023, the Council projected net revenue outturn of £139.580m against a budget of £134.953m. As a result of the projected variance of £4.627m there were plans to use £4.634m of general contingencies resulting in an overall projected underspend of £0.007m. The final out-turn reported in June 2023 was £134.941m against the net revenue budget of £134.953m resulting in an underspend of £0.012m. This was after proposed transfers to and from reserves and balances were made including utilising the entire £3.950m contingency in the 2022/23 budget.

2022/23 and 2023/24 Budget

The overspends in 2022/23 have largely been due to the Children's Social Care and Adults Social Care directorates. There is a very high demand for services and high cost of provision for Looked After Children. Due to the high demand, significant investment has been made into recruitment and placement costs which have driven the overspend, with a £9.408m variance for Children's Safeguarding and Family Support and £11.653m for long term Adult Social Care packages and reablement.

The Council utilise a budget projection model for financial planning which uses a range of assumptions to produce a forecast. The model allows the Council to factor in fluctuations in interest rates, inflation and other cost increases. Examples used in the model include contingencies, use of reserves, levy changes, pay awards and settlement changes in conjunction with key expenditure drivers such as inflation and interest rates. This forms the basis of the Council's budget proposal.

The 2023/24 budget includes a freeze in the level of general Council Tax for the second year running with the only increase being the levying of the Adult Social Care precept. In 2022/23 Telford and Wrekin Council continued to have:

- the lowest council tax in the Midlands for the sixth year in a row, and
- the second lowest council tax of all unitary councils across the country.

The Council is levying the government's 2% Adult Social Care precept in 2023/24.

Medium Term Position

Local authorities received details of the provisional funding settlement in December 2022 and the final settlement was announced in February 2023. The Council set its budget for 2023/24 within this context and within the context of its four year Medium Term Financial Strategy (MTFS).

The Council has indicated a high level of uncertainty in its MTFS due to the nature of the settlement not extending beyond the end of March 2024. A lack of clarity still remains around funding beyond 2024/25. Due to this uncertainty the MTFS now includes assumptions around new ongoing revenue and one-off capital investments, the balance between further savings and the level of council tax increase and the prudent use of one-off resources to provide future flexibility.

Financial sustainability

We have reviewed the assumptions used by the Council to inform their multi-year budget model and consider them to be reasonable.

For 2023/24 the Council forecasts that through the delivery of savings, the additional income from the Adult Social Care Precept and the use of reserves the budget gaps of £15.410m. For 2024/25 the Council's latest forecast is £19.259m, between 2025/26 to 2027/28 £14.361m is to be found from further savings, use of balances and Council Tax increases to close the residual funding gap.

In 2021/22 and 2022/23 the Council delivered an overspend on Children's Services, predominantly in relation to placements. The Council have made additional investment in the 2023/24 budget but not at the same level as the 2022/23 forecast overspend. This presents the risk to delivering the 2023/24 budget. In response to this risk the Council has taken steps through the identification of in-year savings across all directorates, along with a budget review with all service managers. There are also continuous cost improvement plans in place in the areas of safeguarding and adult social care.

The Council currently has a level of reserves sufficient to address the financial gaps identified in the current MTFS, along with other potential budget delivery risks. There is planned use of reserves of £5.950m in the 2023/24 budget leaving £26.5m of uncommitted General Fund reserves to support financial sustainability in the future. This falls slightly to £26.2m by 31 March 2028 and within this the Council continues to maintain £21.7m to support the budget strategy. Based on the current MTFS there are no plans for use of reserves to balance the budget in future years with proposals to identify further savings (in addition to those already planned) to deliver it (£6.1m in 2025/26, £6.3m in 2026/27 and £1.9m in 2027/28). The Council estimates that this means total savings since the period of austerity began are projected to total just under £199m by the end of 2027/28.

Borrowing

The Council receives treasury management advice from Link Group to support with its treasury management activity and interest rate assumptions to inform financial planning. There has been significant market volatility since the end of 2021/22 and the Council has continued to address this through updates to its Treasury Management Strategy. The Council looks to take a flexible approach to borrowing to give consideration to affordability, the maturity profile of existing debt, interest rates and refinancing risks. The Council holds a mix of long-term debt and short-term debt to manage these risks to an appropriate level. In 2022/23, the capital programme was re-profiled and temporary borrowing was used at lower than budget interest rates. This did result in a variance of -£3.900m. At 31st March 2021 total borrowing was £281m, which was an increase of £4.9m compared to March 2020. This was driven by capital expenditure and consisted of £202m long-term borrowing and £79m short-term borrowing. As of March 2022, the Council had borrowed £282.7m at an average interest rate of 2.47% increasing to £347.2m at 31 March 2023 at an average interest rate of 2.65%.

Reserves

At the end of 2021/22 the Council had a General Fund reserves balance of £122.8m which included an uncommitted General Fund balance of £5.107m and £21.7m of reserves earmarked for MTFS and financial planning. The 2022/23 budget included a general revenue contingency of £3.950m to meet any unforeseen expenditure or income shortfalls during the year. At the end of 2022/23 the overall general fund balance had reduced to £104.3m with an uncommitted General Fund balance of £4.722m and £27.7m of reserves earmarked for MTFS and financial planning.

Based on the current MTFS the Council forecasts that the total reserves position across the MTFS period will reduce to £59.1m by 31 March 2028, including the forecast use of reserves in 2022/23 and 2023/24, but that an uncommitted General Fund balance of £4.55m and £21.7m of reserves will continue to be earmarked for MTFS and financial planning. The total budget gap over this period is estimated to be £33.2m (starting in 2025/26). This is sufficient to cover the budget gap up to 31 March 2027 in the MTFS which gives the Council resilience around financial sustainability in the event that further savings are not identified in future years to close the budget gap.

A review of reserves and provisions was undertaken in Autumn 2022 which identified that £6m could be released to support the MTFS in 2023/24 with no impact on the Council's main Budget Strategy Reserve which has an uncommitted balance of £21.7m to support the medium term strategy. A general contingency of £3.95m in 2023/24 is held within the corporate core with £3m for inflation and pay awards held centrally.

Efficiency Targets

The Council has a strong record of savings delivery with over £7m of savings delivered in 2021/22. In 2022/23 savings in excess of £7m was achieved against an initial target of £5.9m. For 2023/24 the Council is planning to deliver £15.97m of savings in order to achieve the budgeted outturn. Each directorate is allocated a savings targets with service managers are provided with a template to identify proposals, capital or revenue investment required to achieve the savings target. Savings proposals are discussed between officers and members with appropriate consultation on plans before approval as part of the budget setting process. The Council monitors performance against savings delivery through regular budget monitoring and variance analysis as part of financial monitoring variances.

Financial sustainability

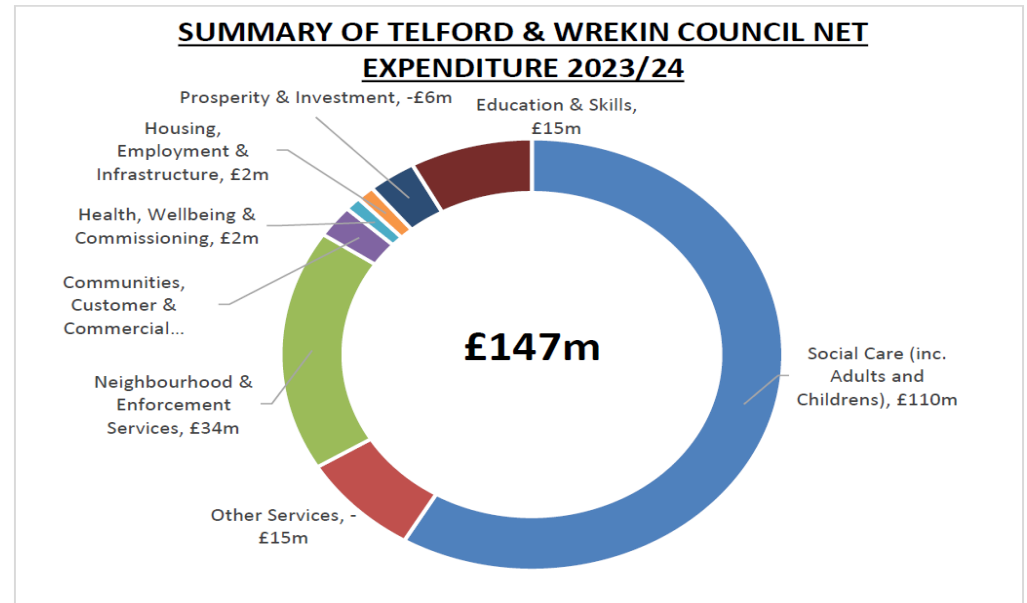
Minimum Revenue Provision policy

In previous years we have alerted the Council to our view that its current approach in relation to setting the Minimum Revenue Provision ('MRP') is, in our view, not in line with the current regulatory guidance. The Council has made the decision not to fully charge MRP on capital loans to third parties (such as NuPlace) with the intention of using capital receipts to meet the MRP requirements for the loan. The guidance as currently drafted does not appear to support this approach. Although this approach is not currently in line with the regulations we have satisfied ourselves that the value is not material (see page 20) and the Council has not witnessed any defaults on loan repayments is of the view that overall its approach is consistent with the concept of prudence expected by the regulations. Currently there is a consultation on changes to the statutory guidance and it is anticipated that the current approach of the Council will be permitted under the amended guidance. The Council has also created a reserve in the event that they need to mitigate the downside of the current approach falling out of line with the updated regulatory framework. We will continue to monitor the Council's approach and the outcome of the consultation.

Looking forward

The Council estimates that it will have had to deliver £156.9m of ongoing annual budget savings by the end of 2023/24 and that in 2023/24 the Council estimates that spending on social care for adults and children will make up £110m, or 75% of its net budget. On 2 March 2023, the Council approved a detailed one-year service and financial planning strategy for the 2023/24 financial year within the context of a four-year MTFS. Given the high levels of economic and political uncertainty and the one-year settlement provided by the Government, the Council is adopting a similar approach for 2024/25.

The provisional local government funding settlement for 2024/25 announced that Core Spending Power for local authorities would rise by 6.5%. However, within the detail, nationally, the Services Grant was significantly reduced in the provisional from £483m in 2023/24 to £77m in 2024/25, a reduction of 84%. This has been used to fund other increases in the settlement with an amount being held back by government as a contingency. Locally, this has led to an unanticipated reduction of £1.32million which has resulted in further efficiency savings that will need to be identified across the Council.



The Council has sought to offset part of the loss of Government grant by generating income by adopting a more commercial approach to many existing services. Second council nationally to open a commercial solar farm and are continuing to invest in NuPlace, a wholly owned company, which offers high quality homes, mainly at market rents. Since 2015/16, NuPlace has delivered a cumulative profit before tax of £3.5m. For 2023/24 income streams from NuPlace are projected at £2million after covering all additional costs and the profit from the solar farm is hoped exceed £0.7million and the net additional income from the Property Investment Portfolio boosted by benefits from the Telford Growth Fund is projected to exceed £8.7million. The MTFS now proposes that the Council makes additional investment of £37m available to further develop NuPlace and Telford & Wrekin Homes over and above previous commitments. In total, the Council's investment in NuPlace and Telford & Wrekin Homes will be £169.9m since NuPlace was established. The companies have performed well to date and we have not identified any concerns in the Council's arrangements for determining the level of investment and the monitoring of performance in these investments and they do not underpin a significant proportion of the revenue budget. However, they are commercial enterprises and the Council will need to maintain close monitoring of their performance and governance.

Financial sustainability

For 2024/25 the Council is therefore proposing a 4.99% council tax increase (which includes the 2% Adult Social Care precept) which will raise around £4.04m towards the £13.5m of additional investment that the Council has determined is required for its Adult Social Care and Children's Safeguarding and Family Support services and other cost pressures. It will therefore remain necessary for the Council to find further budget savings in order to deliver a balanced budget without using an unsustainable level of one-off balances. It has identified a schedule of additional savings that if after consultation with service users and other stakeholders were all delivered would generate a total saving of £17.6m in 2024/25. It recognises that the savings being put forward include some challenging proposals and that extensive consultation with service users and partners will be undertaken in order to identify ways to mitigate the impacts of the proposals or to identify alternative options.

The Council also recognises that is operating in an uncertain environment and not all risks can be directly managed, such as:

- Any review and potential "reset of the local government finance system" which could see the benefits of all growth in business rates and council tax income since 2013/14 rebased across the country. This could see 100% of the growth that the Council has seen lost immediately or a lower percentage given up which could be phased over a number of years. Whilst the Council would lose the benefit from growth in its area it would benefit from a share of the growth achieved in other parts of the country.
- The current forecast position is that there will be a deficit on high needs Dedicated Schools Grant Budget by the end of 2023/24 and the increase in funding for 2024/25 is unlikely to be sufficient to meet high needs pressures. The government has established a 'statutory override' such that any deficit does not currently need to be met by council taxpayers. However, this ends in 2026 and currently there is no long-term solution on the table and therefore there remains the risk that this may revert to the Council to resolve.

Conclusion

Despite the challenges and uncertainties around inflation and funding the Council have been able to demonstrate sound financial planning and maintained their track record of achieving their savings target and balancing their budget. Adequate and robust forecasting has been demonstrated through the use of their projection model and this has also allowed them to identify savings to meet any cost challenges rather than utilising reserves frequently. We have not identified any issues with the Council's arrangements for securing financial sustainability.

Governance



We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

Risk monitoring and effectiveness of internal controls

The Council has robust processes around risk monitoring in place with a risk management strategy that outlines the process to manage risks. The five key steps are:

1. Risks identified/reviewed
2. Likelihood and impact of occurrence assessed
3. Controls or actions identified to mitigate risk
4. Likelihood and impact reassessed based on controls - to an acceptable level
5. Delivery of controls monitored

These risks are recorded and rated based on both their 'likelihood' of arising and 'impact' if the risk does occur.

The Council maintains a Corporate Risk Register and high-risk areas are reported to the Audit Committee on a quarterly basis as part of the 'effectiveness' exercise. The Strategic Risk Register is reviewed by SMT and considered by Audit Committee annually with minutes from these committees demonstrating that risks and risk mitigations are appropriately discussed. The Council also maintains a Corporate Risk Management strategy to monitor and manage the key corporate risks.

The Internal Audit Charter for 2023/24 outlines the role of the internal audit function. The function is in-house with the Audit & Governance Team which is led by the Audit & Governance Lead Manager under the direct management of the Director: Policy & Governance.

Of the 2021/22 Audit Plan, 11 audits were completed and 16 were in progress at the year end. Amendments to the audit plan were made due to resource challenges within the team. As a result, 7 audits (54 days) were deferred to 2022/23. Consistent with many councils the Authority has been struggling to complete the planned Internal Audit work since the pandemic but can demonstrate improvements. The 82% delivery in 2022/23 is close to the 90% benchmark seen in the sector and demonstrates that the service is returning to 'business as usual' and there is an increase in planned audit days for 2023/24.

	2020/21	2021/22	2022/23	2023/24
Planned/ Delivered Days	878	824	629	773
Work Completed	38%	50%	82%	TBC

The Head of Internal Audit has been satisfied that sufficient work has been undertaken in order that an annual opinion can be given. For all of the internal audit reviews completed either 'Reasonable' or 'Good' assurance has been given and recommendations have been implemented as required.

We also note that the internal audit team carries out ad hoc work in response to areas of concern raised by the Senior Management Team, including 'deep dive' reviews in order to support continual improvement in those areas. Recent work outside of the original plan has included a review of the CSE Inquiry recommendations and the Council's response alongside other issues such as an audit into stock control at the Theatre and effective working with partners under the 'Prevent duty' obligations.

Whilst utilising Internal Audit to address emerging risks is appropriate, the impact of this upon overall plan deliver, in terms of percentage complete, is currently not part of regular reporting to the Audit Committee. There are regular narrative and verbal updates but only at year end is overall delivery summarised. We have therefore made an improvement recommendation in terms of reporting progress against the planned days and forecasting the year end position as part of regular quarterly reporting.

Governance

During 2022 the Council were subject to a Public Sector Internal Audit Standards (PSIAS) external assessment. All standards were met and various areas of good practice were flagged. No evidence was found of any weaknesses in internal controls. The PSIAS Action Plan shows that all recommendations raised are followed up adequately and discussed.

Failure to deliver fully against the Internal Audit Plan will increase the risk that weaknesses in controls might not be promptly identified. The Council can demonstrate a positive trajectory but we have raised an improvement recommendation for the Council to consider in relation to this.

Annual budget setting process

The Section 151 Officer leads on the budget setting process and carries responsibility for the process and timelines. Budget holders are involved in the process through their consideration of revenue costs and pressures in their respective service lines in addition to potential capital costs. Consideration is also given to time limited costs, one-off costs and savings.

As the Council notes, the MTFS is the financial expression of Council priorities. "Service Strategies" are prepared for each of the Council's directorates. These demonstrate how the budgets for each directorate are used to support the work of each directorate and the linkages to each corporate priority.

Finance staff compile the budget, which is presented to the Finance and Audit Committees for scrutiny and challenge. This is then presented to Cabinet, followed by the Full Council. As part of this process, the Medium Term Financial Strategy (MTFS) is also updated annually following options appraisals and sensitivity analysis to inform decisions.

The Service Financial Planning Strategy document is a comprehensive report for the period 2021/22-2023/24 which was approved by Cabinet in January 2021. This report provides great detail on areas of uncertainty, backed by appendices with evidence for the underlying assumptions.

Savings delivery is also highlighted within the budget setting reports with detailed analysis around savings delivered to date, as well as a breakdown of the Council's process for identifying and delivering savings.

Looking forward, as part of developing the 2024/25 budget the Council is adapting its approach to savings. Savings are developed as soon as opportunities arise and capacity allows, rather than co-ordinating consultation through an annual process as historically was the case when resources were not so scarce, and the need to implement change not so urgent. The Council now seeks to engage with its communities and partners in a more meaningful way to develop more creative solutions to some of its challenges within the Borough. This has also had the positive outcome that the budget engagement process takes place throughout the year, rather than just for a 4-week period.

Effective processes and systems to ensure budgetary control

The Business and Finance Scrutiny Committee have regular meetings to discuss finance and monitor the budget. For each service with a budget, the budget is graded in terms of it' risk. The level of risk determines the engagement with the finance team. A finance monitoring report is provided to all budget holders on a monthly basis. For higher risk budgets these are accompanied by face to face meetings with accountants to discuss variances, and for lower risk budgets the budget holders may not need a discussion and utilise the 'self-service' approach whereby they're able to review their budgets themselves, however the finance team is available to deliver ongoing recurring savings to ensure financial sustainability for the Council.

The Council has appropriate arrangements in place to produce the different strategy documents required to support effective financial management. The Treasury Management Strategy and Capital Strategy that form part of its overall financial planning arrangements and developing its MTFS are appropriate.



Governance

Properly informed decisions, supported by appropriate evidence, and allowing for effective challenge

The Scrutiny Handbook details the scrutiny arrangements within the Council. The Scrutiny Assembly includes all members of the Council except the Leader, Cabinet Members and the Mayor. Members of the public co-opted onto the Scrutiny Committees are also members of the Scrutiny Assembly. There is a Scrutiny Management Board which feeds up to this Assembly, with five service-themed Scrutiny Committees which are responsible for scrutiny of matters relating to relevant service areas, or of matters referred to the Committees by the Scrutiny Management Board. The Council has robust arrangements in place to ensure appropriate scrutiny.

Monitors and ensures appropriate standards

The Standards Committee has an important role in strengthening and maintaining high standards of conduct among officers and councillors of the Authority. This includes the monitoring of the Members' Code of Conduct, granting dispensations to Councillors from requirements relating to personal interests and investigating/determining allegations of breaches of the Members' code.

There have been reported data security breaches in both 2021/22 and 2022/23 and the Council self-reported 1 data breach in 2021/22 as it met the criteria under the Data Protection Act 2018 for reporting to the Information Commissioners Office (ICO). In this instance the ICO were satisfied that the breach was due to human error and no further action was required. None of the other data breaches in 2021/22 or any in 2022/23 met the threshold for reporting to the Information Commissioners Office (ICO).

We acknowledge that given the volume of personal data that the Council processes on a daily basis and the number of people involved in transactional processes it is unrealistic to expect that the council has zero data breaches. All data breaches and incidents are reported to the senior management team so that there is a corporate awareness of the matter and the steps needed to tackle them. The Senior Information Risk Owner (SIRO)/Caldicott Guardian meets quarterly with the Chief Auditor and the number/nature of data breaches are the subject of discussion at those meetings, with agreement being reached on any further steps to take to address issues where required.

The Information Governance Team works with service areas to improve the secure processing of personal data to prevent data security incidents. For each data breach identified a thorough investigation is undertaken into how the breach occurred, including confirmation that individuals impacted have been informed in compliance with the UK Data Protection Act 2018 and lessons learnt identified and implemented to reduce the likelihood of similar data breaches occurring in the future. There are lessons learned and actions taken documents and templates available for when such instances occur.

There are also regular communications campaigns run by the authority to heighten staff awareness and every single member of staff is required to complete mandatory information governance training and to refresh this every 2 years – this training was totally reviewed and updated in early 2023.

Overall, we are satisfied that the Council has appropriate arrangements in place and is seeking to continually learn lessons so that it can improve. The ICO has not found against the Council in respect of any data breaches in the last 10 years however we have noted that the Council has been rolling forward an action in this area in its Annual Governance Statement (AGS) since 2019/20. Whilst data breaches are an inherent risk where people are involved we believe the Council can consider whether this risk is one which it wishes to keep on its AGS given its current performance. We have not raised a formal improvement recommendation in this respect as, ultimately, it is for the Council to determine those risks it considers significant for inclusion within its AGS.

Conclusion

The Council continue to have appropriate arrangements in place for the monitoring of risks, budget setting, budget monitoring and effective decision making. We have identified and raised two improvement recommendations in relation to the Council's governance arrangements.

Improvement recommendation



Governance

Recommendation 1

We recommend that the Council reviews its approach to reporting progress against the Annual Internal Audit Plan to ensure that progress to date and forecast year end delivery is incorporated into quarterly reporting rather than the current arrangement of reporting at year end.

Why/impact

As risks emerge during the year there can be changes to the proposed plan. Whilst utilising Internal Audit to address emerging risks is appropriate, the impact of this upon overall plan deliver, in terms of percentage complete, is currently not part of regular reporting to the Audit Committee. There are regular narrative and verbal updates but only at year end is overall delivery summarised. Regular quarterly reporting of progress against the planned days and forecasting the year end position as part of this can aid in giving members assurance that sufficient planned internal audit work is still being undertaken.

Auditor judgement

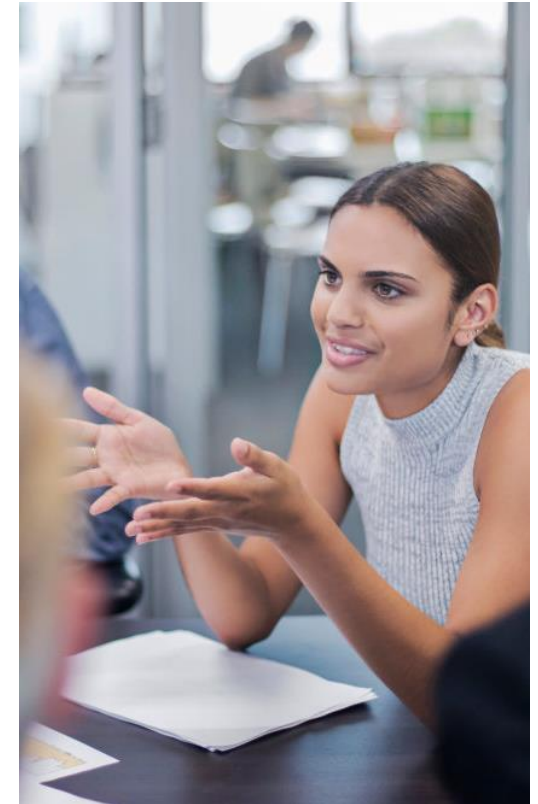
We are satisfied that the Council has appropriate arrangements in place with regards to the quality and experience of its Internal Audit function but there are potential improvements to be made in the way in which progress in terms of time and resources is reported.

Summary findings

Consistent with many councils the Authority has been struggling to complete planned Internal Audit work since the pandemic but can demonstrate improvements. The 82% delivery in 2022/23 is a significant improvement upon the 50% achieved in 2021/22 and close to the 90% benchmark seen in the sector. There has also been an increase in the planned number of input days for 2023/24. Internal audit has been utilised to address emerging risks and undertake ad hoc investigations. The full impact of this is not reported until the year end annual report and we believe more regular, quarterly, reporting will provide additional assurance to members that sufficient planned work is still being undertaken.

Management Comments

Recommendation accepted. The Audit & Governance Lead Manager has already met with the team and we will incorporate this into future planning processes and reporting.



The range of recommendations that external auditors can make is explained in Appendix C.

Improving economy, efficiency and effectiveness



We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

Performance Monitoring

In 2021/22 the Council worked on developing and refreshing their Council Plan for 2022/23-2025/26 following engagement with Cabinet members to ensure that the plan is aligned to the strategic priorities and how these priorities will be achieved. The plan remains based around the Council's stated aim to 'Protect, care and invest to create a better borough.'

Performance monitoring has improved over the years through the Council's focus on becoming a 'evidence led Local Authority.' This has resulted in the creation of a Corporate Insight Team who have standardised the approach to performance. The Council's performance framework consists of a range of indicators to assess progress and outcomes which can be analysed using Power BI.

The Power BI dashboards are presented to scrutiny committees and the senior management and have enabled KPIs to be filtered by directorate for focused discussions. The dashboards have also enabled better tracking of key information such as response times, complaints received and outcomes.

The Insights Team also work with all service areas to monitor and maintain data quality. Consequently, data quality reports are produced on a quarterly basis to ensure data accuracy.

The Performance Framework outlines the range of indicators used to assess progress and outcomes, both at a Corporate Level and Service Level.

There are a number of scrutiny committees which feed into the Cabinet and Council, and address performance monitoring.

The effectiveness of the Council's performance monitoring arrangements have been evidenced through external recognition. In 2020 Ofsted's review of Children's Services rated the Council as 'Outstanding.'

The Council has been recognised externally as Co-operative Council of the Year for 2021, APSE Council of the Year for 2021 and Municipal Journal Council of the Year 2022. In June 2021 the Council was subject to a Local Government Association Corporate Peer Review that recognised the Council as a strong performer with strong leadership and a track record of delivery.

In addition to this recognition, the Council have demonstrated a strong track record of budget management despite continued financial challenges for the sector. Council Tax has been frozen in the past to support residents whilst the Council is able to set a balanced budget.

Partnership Working

A new strategic partnership was formed in 2022 between the Council and organisations from across the borough including West Mercia Police, Shropshire Fire & Rescue, Telford Business Board and HM Prison and Probation Service. The 10 year vision sets out how the organisations will 'build a more inclusive borough' by 2032 through four key ambitions:

1. All neighbourhoods are connected, safe and clean
2. Everyone is able to live a healthy, independent life
3. Everyone benefits from good education and can fulfil their potential in a thriving economy
4. The environment is protected for the benefit of everyone

All Council partnerships are formalised and have various boards in place. For example, the Safeguarding Board produces an annual report which goes to the Wellbeing Board, which is then presented to Scrutiny. There is also an independent chair in place to bring independent challenge and scrutiny on how Adult and Children partnerships are working. Performance management is highly evidence based therefore data is shared mutually to ensure performance can be monitored and healthy scrutiny can take place.

Improving economy, efficiency and effectiveness (cont'd)

Independent Inquiry into Child Sexual Exploitation in Telford

In response to child sexual exploitation that had occurred in Telford over the past 30 years the Council commissioned a report that dated back to 1989 to look at the failings of public sector organisations in addressing child sexual exploitation. The Council commissioned law firm Eversheds Sutherland as the Commissioning Body for the independent inquiry and the inquiry was chaired by Tom Crowther KC.

The Chair's Final Report of the Independent Inquiry into Telford Child Sexual Exploitation was published on 12 July 2022 and identified a total of 47 recommendations for the Council, West Mercia Police, schools and NHS bodies to action in order to avoid a repeat of the previous failings of these organisations in identifying and addressing child sexual exploitation.

In response to the recommendations raised by the inquiry the Council have developed an Action Plan which breaks down each of the recommendations to individual actions. There are a total of 148 individual actions to address the 47 recommendations. The Council has sole responsibility for implementing 29 recommendations/82 actions with a further 6 recommendations/30 actions requiring involvement from the Council and the remaining 12 recommendations/36 actions relating to the partners. The Action Plan sets out the key dates, barriers, resources and obstacles for addressing each of the individual actions.

Each of the individual actions is given a RAG rating based on the risk of immediate harm in implementing the recommendations. It has been identified by the Council that many of the recommendations and required actions are improvements on current working practices rather than fundamental issues. The Action Plan is subject to regular review and update by the Strategic Implementation Group to ensure that recommendations are progressed effectively.

The inquiry and subsequent recommendations identify a number of themes for the Council to consider in addressing the historic failings in dealing with child sexual exploitation. These themes and the subsequent actions taken by the Council and partners are as follows:

Governance

The first recommendation raised by the inquiry is for the establishment of a 'Joint CSE Review Group' with the Council and West Mercia Police taking the lead on establishing this joint group. In response to this the Council and partners have developed a governance structure for the implementation of the recommendations raised by the inquiry. At the centre of this governance structure is the Strategic Implementation Group which includes representation from relevant partner organisations and individuals with lived experience of child sexual exploitation to oversee the response of the partner organisations.

Also established is the CSE Partner Operations Group which is the governance mechanism responsible for the implementation of the inquiry. It is this group that is responsible for monitoring and updating the Action Plan setting out the individual actions required to address the recommendations of the inquiry. From the Council's perspective there is also the Telford & Wrekin Safeguarding Partnership and Internal Operations Group to support with the delivery of actions and recommendations.

Annual Reporting

The inquiry raised a recommendation that there should be an annual report published by the 'Joint CSE Review Group'. This report should detail a range of data and information on the response to child sexual exploitation in Telford such as; staffing numbers, caseloads, training delivered, collaboration between partners, details of complaints in handling matters and referral statistics. The Council led this work with key stakeholders to ensure that the appropriate data was available and reportable in an understandable format. The first annual report was successfully published in July 2023 and is very much seen as the start of ongoing work and a baseline in profiling CSE.

Partnership working

Addressing the recommendations and associated actions raised by the inquiry will require effective partnership working with many of the recommendations requiring a multi-agency response. The establishment of the CSE Partner Operations Group is key to this effective partnership working and has representation from relevant public bodies. At the time of our review the Council had experienced strong engagement from partner organisations. West Mercia Police have engaged with the process as far as possible but there are some recommendations that require national intervention and change which have created some challenges around areas such as information sharing. Health partners have been on-board with the process despite managing internal changes to structures and governance arrangements. Some areas of health recommendations require NHS England involvement with engagement ongoing. Schools have also engaged with the process. The Council have good relationships with schools and there has been proactive engagement so there is confidence from the Council that this will continue.

Resources

The inquiry raised the recommendation that the Council should commit to the continued existence of the Children Abused Through Exploitation ('CATE') team and no less than its current strength in both numbers and budget for a period of no fewer than five years from report publication. In response to this the Leader of the Council made a commitment at Cabinet of 14 July 2022 to continue to fund CATE, in accordance with the recommendation, for as long as the administration is in place.

Improving economy, efficiency and effectiveness (cont'd)

Engaging with individuals with lived experience of CSE

The Strategic Implementation Group that has been established includes individuals with lived experience of CSE. This engagement has already delivered benefits to the way in which CSE is tackled in Telford. In implementing recommendations relating to FAQs for taxis the Council sought to improve the way in which concerns could be reported and, based on feedback from those with lived experience, QR codes have been introduced in taxis to make reporting easier.

Progress against recommendations

On 10 November 2022 Full Council were presented with an Independent Inquiry Update Report setting out the steps taken by the Council to ensure that the recommendations raised by the report are implemented. It is clear from this report that a significant amount of work had been undertaken by the Council to address the recommendations raised by the inquiry. Whilst there were a number of recommendations that were yet to be completed there was a clear commitment to learn from the failings that have previously occurred in addressing child sexual exploitation it was clear that the Action Plan produced by the Council was driving activity in addressing the recommendations.

The progress was confirmed through the published Annual Report. In an update to full Council in July 2023 following the publication of the Annual Report noted that having considered the best method for ensuring recommendations were implemented whilst, at the same time, providing some independence to the process it had engaged an independent chair of the strategic implementation group (the group monitoring progress comprising those with lived experience, elected members, senior officers of the Council and other organisations) and an independent chair of the partners' group which oversees the implementation of the joint partner actions. As at the time of publication of the report:

- 42 / 82 (51%) actions are ready for assessment by the Independent Chair;
- 13 further actions are on track to be ready for assessment by the Independent Chair by the end of July.

The Council estimated this meant that 67% of actions would be ready for independent assessment by the end of July. The Council has followed this up with a Scrutiny Assembly – a public meeting – in December 2023 setting out progress against each of its recommendations and has written to the Chair of the Inquiry to invite him to return and review the implementation of recommendations with evidence supporting all 47 recommendations being provided to him in January 2024. On this basis we are satisfied that the Council has responded robustly to the findings of the Independent Inquiry of Child Sexual Exploitation in Telford and Wrekin and has appropriate arrangements to respond to the findings in place.

OFSTED inspections

In January 2020 the Council's Children's Services was inspected by Ofsted who rated the services as 'Outstanding'. During this review the CATE team were specifically mentioned as being an area of excellent practices. The report also identified improvement in the response to children going missing in care and a reduction in repeat missing episodes. No significant issues were raised in this Ofsted report.

A focused visit to Telford & Wrekin's Children's Services was undertaken in April 2022 that reported in May 2022 and noted that since the last standard inspection in January 2020 senior leaders had maintained a focus on keeping children safe and maintaining the quality of social work practice.

In March 2023 the local area partnership's arrangements for children and young people with special educational needs and/or disabilities (SEND) were inspected. Overall, the conclusion was that they typically lead to positive experiences and outcomes and that the local area partnership was taking action where improvements are needed. There were no specific actions required by the Council.

Based on the reports above, the current Ofsted rating of Children's Services in Telford and the clear progress that is being made by the Council in progressing the recommendations raised by the CSE inquiry, we do not consider there to be any significant weaknesses in the Council's arrangements in relation to Children's Services. Monitoring of the implementation of the recommendations, the effectiveness of partnership working and the outcome of the follow-up by the Chair of the Inquiry will be made as part of future work.

Conclusion

The Council have responded robustly to the findings of the Independent Inquiry of Child Sexual Exploitation in Telford and Wrekin. They have implemented a number of the recommendations and are working towards the implementation of remaining recommendations.

The Council have also received recognition from external bodies based on their performance and we are satisfied that the Council has appropriate arrangements in place to secure value for money in relation to improving economy, efficiency and effectiveness.

Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1	The Council, along with all others, should keep its Treasury Management policy under review in order to ensure there is appropriate modelling and monitoring of its potential interest rate and regulatory changes, alongside scenario analysis for potential market shocks, that will impact upon its Medium Term Financial Strategy	Improvement	November 2022	The Council produces an annual Treasury Management Strategy that sets out its approach to treasury management, using information provided by its treasury management advisors. The budgeting model used by the Council enables the Trust to adjust assumptions around interest rates as required.	Yes	No
2	The Council should actively review and monitor the diversification and levels of its Services, Fees and Charges income.	Improvement	November 2022	The Council have taken into consideration the levels of its fees and charges as part of the MTFS planning process.	Yes	No
3	The Council should more clearly define its risk appetite and consider the use of defined risk tolerance within its risk management processes.	Improvement	November 2022	The Council has reviewed its Risk Management Strategy and has taken this recommendation into consideration during this review.	Yes	No
4	In line with suggestions from the LGA following its peer review, the Council should look to expand its Service Financial Plan to a full Medium Term Financial Strategy.	Improvement	November 2022	The Council has produced a Medium Term Financial Plan as part of the budget setting process for 2023/24 and we have reviewed this as part of our value for money work.	Yes	No

Opinion on the financial statements

2021/22

Audit opinion on the financial statements

We gave an unqualified opinion on the Council's financial statements on 14 March 2024.

Other opinion/key findings

We issued unmodified opinions in respect of other information.

We did not report any matters by exception.

Audit Findings Report (AFR)

More detailed findings can be found in our AFR. The key findings from which were verbally reported to the Audit Committee on 31 January 2024. The final version can be requested from the Council.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the Council. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

The Council is below the threshold requiring detailed audit procedures. We issued our assurance statement to the NAO on 14 March 2024.

Preparation of the accounts

The Council provided draft accounts on 26 May 2022, ahead of the national deadline of 31 May.

Our audit work was initially delayed due to our own resourcing constraints and the impact of the nationally reported audit backlog. Having then identified the need for prior period adjustments, as highlighted opposite, and the complexity of the accounts adjustments required discussions were then held with the Council's finance team in respect of prioritisation of their work alongside the audit in order to ensure that key elements such as supporting the budget setting process were not impacted. This has extended the overall timeline of the audit but we have continued to work constructively with the Council to bring the audit to a conclusion.

Issues arising from the accounts:

We identified two prior period adjustments:

- Following discussions with the Council it was confirmed that investment properties within the Property Investment Portfolio and NuPlace were not being held solely for income generation or capital gain and that the CIPFA Code therefore required that these should be reclassified to other land and buildings. This did not impact the total gross value of the Council's assets or its useable reserves but effectively moved £122.3m of investment properties at 31 March 2022 (£107.8m at 31 March 2021) into property, plant and equipment.
- It was identified that capital grant income had been incorrectly credited to service income instead of 'below the line' in Taxation & Non-Specific Grant Income & Expenditure. The value of this misclassification was £23.9m for the 2021-22 financial year and £34.2m for the 2020-21 financial year. This is a classification change and does not impact upon the resources available to the Council.

Both of the restatements are described in detail in Note 2 to the audited financial statements.

Two other significant amendments are:

- The Council has reclassified its Single Status Provision of £12.5m (Council and Schools) as a reserve as the conditions for recognising it as a provision changed in the year and no longer existed, and
- The 2022 triennial pension fund valuation was published in March 2023 and the updated 2021/22 actuarial report based upon the updated demographic information increased the liability by £15m which has been amended for within the financial statements.

We also identified an internal inconsistency between the revaluation reserve and the capital adjustment account of £0.8m which the Council have corrected for. The Council also had to recode some of the adjustments made between directorates on the Comprehensive Income and Expenditure Statement.

The Council's available resources are not impacted by these amendments.

We identified two items which management did not amend for on the basis that the sums are not material quantitatively or qualitatively, and which those charged with governance agreed with through the Letter of Representation, in respect of indexation indicating that property, plant & equipment not revalued in the year may be understated by £4.4m and Minimum Revenue Provision may be understated by £0.6m (although overall we are satisfied that the Council has acted in a prudent manner).

Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation

Opinion on the financial statements

2022/23

Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation

Audit opinion on the financial statements

We anticipate that we will give an unqualified opinion on the Council's financial statements after the Audit Committee on the 30 April 2024

Other opinion/key findings

We propose to issue unmodified opinions in respect of other information.

We do not propose to report any matters by exception.

Audit Findings Report (AFR)

More detailed findings can be found in our AFR which will be reported to the Audit Committee on 30 April 2024.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the Council. This work includes performing specified procedures under group audit instructions issued by the National Audit Office (NAO).

The Council is below the threshold requiring detailed audit procedures. We will issue our assurance statement to the NAO once the opinion has been issued.

Preparation of the accounts

Our audit work was initially delayed due to our own resourcing constraints and the impact of the nationally reported audit backlog. Having then identified the need for prior period adjustments, as highlighted opposite, and the complexity of the accounts adjustments required discussions were then held with the Council's finance team in respect of prioritisation of their work alongside the audit in order to ensure that key elements such as supporting the budget setting process were not impacted. This has extended the overall timeline of the audit but we have continued to work constructively with the Council to bring the audit to a conclusion.

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Issues arising from the accounts:

We identified six significant amendments. The first two are knock-on consequences from the amendments to the 2021/22 financial statements highlighted on the previous page as the unaudited 2022/23 accounts were published before the completion of the 2021/22 audit:

- Following discussions with the Council it was confirmed that investment properties within the Property Investment Portfolio and NuPlace were not being held solely for income generation or capital gain and that the CIPFA Code therefore required that these should be reclassified to other land and buildings. This did not impact the total gross value of the Council's assets or its useable reserves but effectively moved £139.3m of investment properties at 31 March 2023 into property, plant and equipment.
- The Council has reclassified its Single Status Provision of £12.5m (Council and Schools) as a reserve as the conditions for recognising it as a provision changed in the year and no longer existed.
- The Council have incorrectly classified capital grant and contribution income as service income instead of 'below the line' in Taxation & Non-Specific Grant Income & Expenditure. The value of this misclassification is £33.4m for the 2022-23 financial year
- The 2022 triennial pension fund valuation was published in March 2023 and the updated 2022/23 actuarial report based upon the updated demographic information increased the liability by £6.9m which has been amended for within the financial statements.
- We identified £4.1m worth of additions which had been incorrectly classified as Vehicles, Plant and Equipment and should have been intangible assets.
- We identified that £2.6m had been misclassified as a creditor and needs to be moved to debtors, this does not impact the Council's general fund position.

We also identified several disclosure and presentational matters which have been reported in our Audit Findings Report on the 30 April 2024.

The Council's available resources are not impacted by these amendments.

We identified three items which management did not amend for on the basis that the sums are not material quantitatively or qualitatively, and which those charged with governance agreed with through the Letter of Representation, in respect of indexation indicating that property, plant & equipment not revalued in the year may be understated by £3.1m, errors in the valuation of property, plant & equipment of £525k and Minimum Revenue Provision may be understated by £1.4m (although overall we are satisfied that the Council has acted in a prudent manner).

Appendices

Appendix A – Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

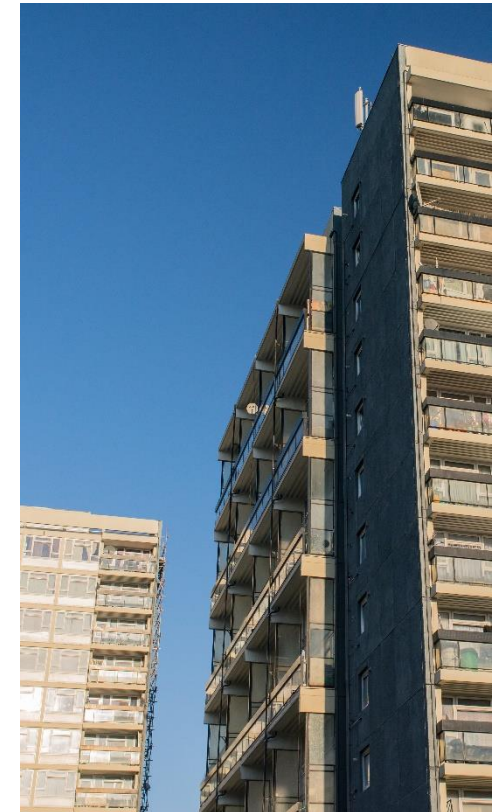
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the [type of body]'s ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the [type of body] will no longer be provided.

The [type of body] is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B – An explanatory note on recommendations

A range of different recommendations can be raised by the Council’s auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as ‘key recommendations’.	No	
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council’s arrangements.	Yes	Page 14

Appendix C – Sources of evidence



Staff involved

- David Sidaway, Chief Executive, Telford & Wrekin Council
- Ken Clarke, S151 Officer, Telford & Wrekin Council
- Jonathan Rowe, Adult Social Care Director, Telford & Wrekin Council
- Darren Knibbs, Children Social Care Director, Telford & Wrekin Council
- Sarah Bass, Head of Procurement, Telford & Wrekin Council
- Jon Power, Head of Performance Management and Partnerships, Telford & Wrekin Council
- Rob Montgomery, Head of Internal Audit, Telford & Wrekin Council



Documents Reviewed

- Medium Term Financial Strategy
- Investment Strategy 2022/23
- Capital Strategy 2022/23
- Service Financial Planning 2021/22
- Treasury Management Strategy 2022/23
- CFO Robustness Statement
- Appendix 4- Savings Delivered to Date
- MTFS Appendices Pack
- Financial Monitoring Report July 2022
- Telford and Wrekin Council Plan
- 2021/22 Financial Outturn Report
- Budget assumptions model
- Savings schedule 2023/24
- Low risk monitoring projections
- S & FP Action Points
- MTFS Report to Cabinet January 2024
- Low risk monitoring projections
- S & FP Action Points
- Levelling-up application data
- Code of Conduct
- Strategic Risk Register
- Risk Management Strategy
- Strategic Risk Register Update
- Supplement Audit Committee
- Internal Audit Activity- Audit Charter
- Financial Monitoring Report 2022/23
- Unaudited Statement of Accounts 2021/22
- Scrutiny Handbook
- Constitution 2022
- Printed Minutes
- Report of Joint CSE Review Group July 2023
- 2022-23 Financial Outturn Report
- Treasury Management Annual Report 2021/22 and 2022/23



Meetings Observed

- Audit Committee

