



Borough of Telford and Wrekin

Audit Committee

28 January 2026

2024/25 Audited Statement of Accounts

Cabinet Member:	Cllr Zona Hannington - Cabinet Member: Finance, Governance and Customer Services
Lead Director:	Michelle Brockway - Director: Finance, People & IDT
Service Area:	Finance, People & IDT
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Wards Affected:	All Wards
Key Decision:	Not Key Decision
Forward Plan:	Not Applicable
Report considered by:	Audit Committee – 28 January 2026

1.0 Recommendations for Decision/Noting

It is recommended that Audit Committee

- 1.1 Approve the 2024/25 Statement of Accounts attached at Appendix A
- 1.2 Grant authority for the Chair to sign the Letter of Representation
- 1.3 Grant delegated authority to the Director: Finance, People & IDT, following consultation with the Chair, to make any final changes required to the Statement of Accounts prior to publication.

2.0 Purpose of Report

- 2.1 To provide Members with an update on the audit of the Council's accounts for 2024/25 and present the Statement of Accounts for approval. At the time of writing this report KPMG had substantially completed the audit and delegated authority is

therefore sought to make any final changes required prior to publication. We will update members of material changes as appropriate

3.0 Background

- 3.1 The Statement of Accounts is prepared on an International Financial Reporting Standards (IFRS) basis as interpreted by the Local Government Accounting Code of Practice which continues to add a level of complexity.
- 3.2 In accordance with the Accounts and Audit (England) Regulations 2015 and associated Amendment regulations, the Chief Financial Officer certified the draft statement of accounts in May 2025. These were presented to Audit Committee on the 28 May 2025, made available for public inspection and provided to the external auditors to undertake the audit of accounts.
- 3.3 As previously reported to Members, nationally there is a backlog of outstanding unaudited accounts in England and to tackle the backlog, the Government legislated statutory backstop dates. The back-stop dates were laid in Parliament on 9 September 2024 in The Accounts and Audit (Amendment) Regulations 2024 and are:

Financial Year	Statutory Backstop Date
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

- 3.4 To meet backstop dates, some financial statements will be published with 'modified' opinions, which may vary depending on the extent to which the auditor is able to evidence assurance through their audit work.

It is pleasing that the audit opinion (unqualified) and certificate for Telford & Wrekin Council's 2023/24 Statement of Accounts were received in February 2025, ahead of the back-stop date. We also anticipate an unmodified audit report along with an unqualified audit opinion for the 2024/25 Statement of Accounts which is the best possible outcome, meaning the auditor has obtained sufficient evidence to support a view that the financial statements are materially accurate and fairly represent the audited body's financial situation.

- 3.5 The Government published its formal response to the Local Audit System in England consultation in April 2025. The consultation aimed to address the severe backlog and systemic issues in local audit. The outcome included a package of 16 commitments to reform the fragmented and underperforming system. The key measures which have been designed to improve transparency, accountability and resilience in local authority financial management included –

- **The establishment of the Local Audit Office (LAO)** - a new statutory body which will oversee local audit, manage contracts, and set the Code of Audit Practice,
- **Mandatory Audit Committees** - all authorities must establish audit committees with independent members,
- **Backstop Deadlines** - strict statutory dates for clearing audit backlogs and publishing audited accounts,
- **Simplified Accounts** - streamlined financial reporting requirements to reduce complexity,
- **Capacity Building** - initiatives to expand auditor workforce and introduce public provision options,
- **Proportionate Regulation** - adjusted regulatory burden to retain audit firms while maintaining quality,
- **Quality Reviews** - learning-focused reviews to improve audit standards, and
- **Transition Plan** - gradual transfer of functions to LAO over several years.

- 3.6 As required by regulation, the updated statement of accounts is now presented to members for approval, prior to publication. This Committee has delegated authority to approve the council's audited Statement of Accounts.
- 3.7 The Council's external auditors, KPMG will provide an update on their audit work, findings and recommendations to Audit Committee Members at this meeting.
- 3.8 A number of changes to the accounts have been identified, which have been agreed and included in the updated Statement of Accounts, appended to this report. Further details of these can be found in section 4 below. The changes do not affect the outturn position or General Fund Balance which remain as reported to Cabinet on 19 June 2025 (an underspend against budget of £0.091m, equivalent to -0.06% of the net budget).
- 3.9 Following approval, and any final changes required, the Statement of Accounts will be published on the Council's web site and a copy will be circulated to Audit Committee Members.

4.0 Summary of main proposals

- 4.1 A number of changes have been made to the accounts during the course of the audit, following discussion with KPMG. None of these have impacted on the General Fund Balance position previously reported and noted above. In summary, the main changes are:
 - **Property, Plant and Equipment / Investment Property** – a review of assets was undertaken during 2024/25 to ensure that assets within the council's Property Investment Portfolio were correctly classified. Whilst the outcome of the review was reflected in the unaudited statement of accounts further disclosures have been included including the prior period restatement of both Property Plant & Equipment and Investment Property.

- **IFRS 16 impact on Service Concessions (PFI)** – the outcome of commissioned exercise to assess the impact of Service Concessions following the adoption of the IFRS Account Standard for leases was not available prior to the publishing date of the unaudited statement of accounts. The outcomes have been reviewed and reflected in the audited statement of accounts.

- **Property Plant & Equipment** – expenditure during the year on one asset was incorrectly identified as REFCUS in the unaudited accounts. Correction impacted the balance sheet, £2.070m, PP&E and the Capital Adjustment Account and associated capital adjustments within the Comprehensive Income & Expenditure Statement (CIES) and Expenditure & Funding Analysis (EFA).

Reclassification of £7.7m of assets from Other Land and Building to Surplus Assets within Property, Plant & Equipment.

- **Local Government Pension Scheme (LGPS) revaluation** – the audit identified that the incorrect valuation technique for secondary pension contribution had been used to value inputs to the LGPS. The corrected position had the impact of reducing the Asset Ceiling by £37.9m. This has impacted the Pension Liability which has reduced from £52.3m to £14.4m and the unusable Pension Reserve.
- **Note 47: Related Parties** – a number of small amendments following further review to ensure completeness.
- Various wording and presentational changes
- The Narrative Statement, Core Financial Statements and Group Accounts have been updated to reflect all changes as appropriate.

4.2 A number of items identified through testing remain uncorrected following discussion with KPMG as they fall below the materiality limit. These include –

- Immaterial Asset valuation differences.

4.3 The updated Statement of Accounts are included in Appendix A.

4.4 An unmodified audit report along with an unqualified audit opinion is anticipated.

4.5 To comply with International Auditing Standards, the external auditor will also present a separate report to those charged with governance, including recommendations, to the Audit Committee which comments on the final accounts audit.

5.0 Alternative Options

5.1 Production and publication of the statement of accounts is a statutory requirement. Changes to the Statement of Accounts have been discussed and agreed with the Council's external auditors, KPMG.

6.0 Key Risks

6.1 The audited statement of accounts together with an unqualified audit opinion provide assurance to local taxpayers, Councillors and other stakeholders about the

Council's financial position and governance arrangements which is important for transparency, accountability and decision making. Without these there could be reputational, legal and financial risk.

7.0 Council Priorities

7.1 The statement of accounts summarises the cost of services provided by the Council during the year which relates to the delivery of all Council priorities.

8.0 Financial Implications

8.1 The financial impacts are detailed throughout the report.

9.0 Legal and HR Implications

9.1 The Statement of Accounts has been prepared in accordance with the 2024/25 Code of Practice on Local Authority Accounting, the 2015 Accounts and Audit Regulations (and subsequent amendments), and The Accounts and Audit (Amendment) Regulations 2024. Legal advice is provided on an ongoing basis in relation to the statement of accounts.

10.0 Ward Implications

10.1 There are no impacts on specific wards

11.0 Health, Social and Economic Implications

11.1 There are no Health, Social and Economic Implications directly arising from this report.

12.0 Equality and Diversity Implications

12.1 There are no Equality & Diversity implications directly arising from this report.

13.0 Climate Change, Biodiversity and Environmental Implications

13.1 There are no Climate Change, Biodiversity and Environmental Implications directly arising from this report.

14.0 Background Papers

- 1 2024/25 Unaudited Statement of Accounts
- 2 2024/25 Financial Outturn Report
- 3 General Ledger Reports
- 4 2024/25 CIPFA Code of Practice on Local Authority Accounting
- 5 Code for Infrastructure Assets (November 2022)
- 6 Accounts and Audit (England) Regulations 2015 and associated Amendments

15.0 Appendices

Appendix A Audited Statement of Accounts 2024/25

16.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Director	15/01/2026	19/01/2026	MLB
Finance	15/01/2026	15/01/2026	ER
Legal	15/01/2026	20/01/2026	RP