Telford & Wrekin Co-operative Council

Protect, care and invest to create a better borough

Borough of Telford and Wrekin

Audit Committee

18 November 2026

2025/26 Audited Statement of Accounts

Cabinet Member:	Cllr Zona Hannington - Cabinet Member: Finance and Resident Services
Lead Director:	Michelle Brockway - Director: Finance, People & IDT
Service Area:	Finance, People & IDT
Report Authors:	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 – 18 November 2026

1.0 Recommendations for Decision/Noting

It is recommended that Audit Committee

1.1 Approve the 2025/26 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 2025/26 and present the Statement of Accounts for approval. At the time of writing this report KPMG has 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 2026. These were presented to Audit Committee on the 27 May 2026, 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
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) for Telford & Wrekin Council's 2023/24 and 2024/25 Statement of Accounts were received ahead of the back-stop date. We also anticipate an unmodified audit report along with an unqualified audit opinion for the 2025/26 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, an underspend against budget of £0.133m, equivalent to -0.08% of the net budget, or General Fund Balance, £4.577m, which remain as reported to Cabinet on 11 June 2026.

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 Whilst the external audit is substantially complete, it should be recognised that KPMG have not completed all their work on the audit.

4.2 A number of changes have been made to the accounts during the course of the audit, following discussion with KPMG. None of these has impacted on the General Fund Balance position previously reported and noted above. In summary, the main changes are:

- **Property Plant & Equipment** – capital expenditure of £1.615m during the year on two assets was incorrectly identified as REFCUS in the unaudited accounts. The correction
    - increased the value of PPE assets on the balance sheet,
    - increased Unusable Reserves via the Capital Adjustment Account

- reduced the Total Comprehensive Income and Expenditures within the Comprehensive Income & Expenditure Statement (CIES) and
- reduced the Adjustments for Capital Purposes within the Expenditure & Funding Analysis (EFA).
- impacted the presentation of the Cash Flow Statement

The correction impacted on specific disclosure notes regarding PPE, Note 15, Unusable Reserves, Note 14 and Note 31 and Cash Flow, Notes 36 to 39.

- **Local Government Pension Scheme (LGPS) pension interest** – the audit identified that interest on surplus above the asset ceiling, £6.572m had been incorrectly classified as Remeasurement of the net defined benefit pension liability within the CIES rather than as Financing & Investment Income & Expenditure. The impact of the correction is presentational within the CIES, EFA and the Pension disclosure note, Note 12.
- **Note 41**: **Grant Income** – to include two additional named grants received in year over £1m.
- **Note 47: Related Parties** – a number of small amendments following further review to ensure completeness.
- The inclusion of a post balance sheet event at **Note 5** referencing the accounting treatment of the High Needs Stability Grant and Dedicated Schools Grant deficit.
- Various wording and presentational changes.
- The Narrative Statement, Core Financial Statements and Group Accounts have been updated to reflect all changes as appropriate.

4.3 Items identified through audit testing that fall below the materiality limit remain uncorrected following discussion with KPMG.

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.

4.6 The updated Statement of Accounts are included at Appendix A.

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 Accounts and Audit Regulations 2015 (as amended) require the Statement of Accounts to be prepared in accordance with proper accounting practices. The applicable accounting framework is the 2025/26 Code of Practice on Local Authority Accounting. The responsible financial officer must re-certify the Statement of Accounts before approval. Following consideration, the Committee must approve the accounts by resolution. Finance should confirm compliance with the applicable preparation, certification and publication requirements.

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 and Environmental Implications

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

14.0 Background Papers

1 2025/26 Unaudited Statement of Accounts
2 2025/26 Financial Outturn Report
3 General Ledger Reports
4 2025/26 CIPFA Code of Practice on Local Authority Accounting and associated CIPFA Bulletins

5 Code for Infrastructure Assets (November 2022)
6 Accounts and Audit (England) Regulations 2015 and associated Amendments

15.0 Appendices

Appendix A 2025/26 Audited Statement of Accounts

16.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Director	02/11/2026	02/11/2026	MLB
Finance	02/11/2026	02/11/2026	ER
Legal	02/11/2026	09/11/2026	DTW