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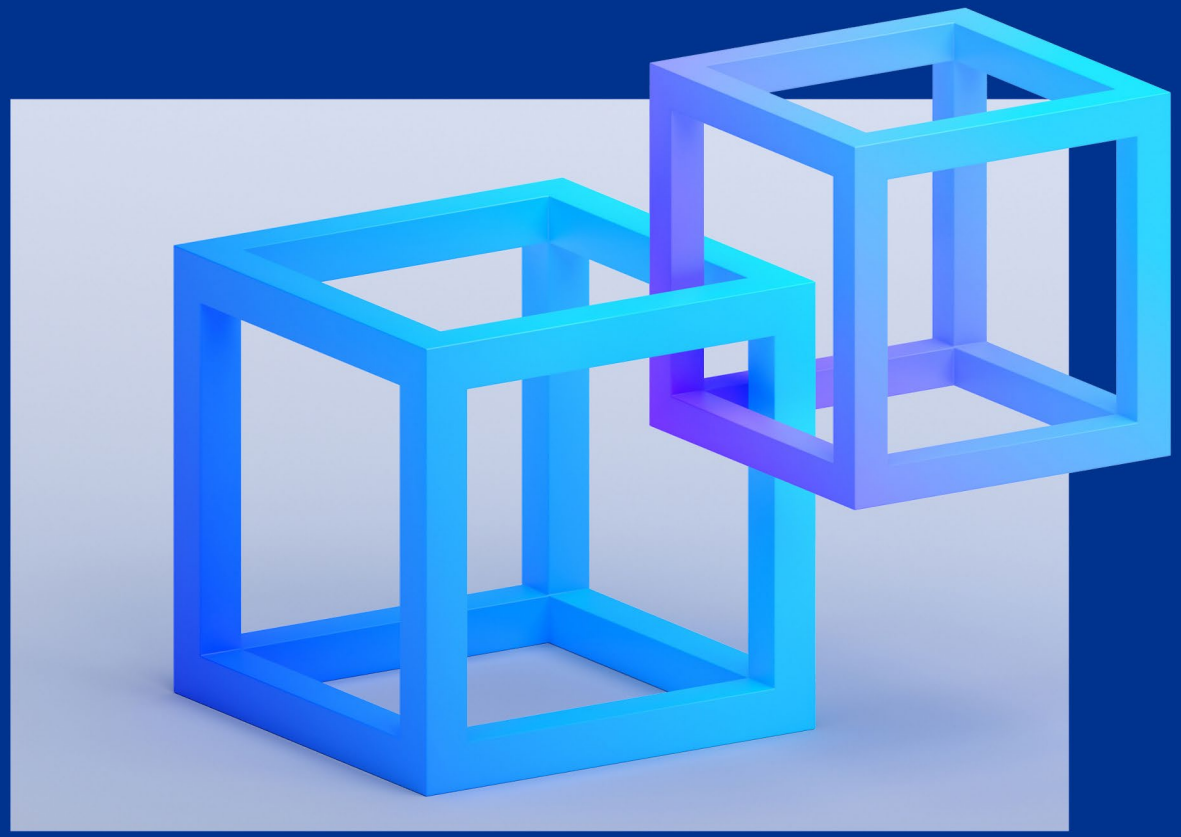
Telford & Wrekin Council



Year End Report to the Audit Committee

Year end report for the year ended 31 March 2026

—

November 2026

Introduction

To the Audit Committee of Telford & Wrekin Council

We are pleased to have the opportunity to meet with you on 18 November 2026 to discuss the results of our audit of the consolidated financial statements of Telford & Wrekin Council (the '**Council**'), as at and for the year ended 31st March 2026.

We are providing this report in advance of our meeting to enable you to consider our findings and hence enhance the quality of our discussions. This report should be read in conjunction with our audit plan and strategy report, presented on 30th April 2026 and 15th July 2026. We will be pleased to elaborate on the matters covered in this report when we meet on 18 November 2026.

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when:

- Audits are executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality management; and,
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Richard Walton (Richard.Walton@KPMG.co.uk), the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with the response, please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Tim Cutler. (tim.cutler@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handlecheckd you can access KPMG's complaints process here: Complaints.

The engagement team

Subject to the approval of the statement of accounts, we expect to be in a position to sign our audit opinion on the financial statements and auditor's representation letter on 20th November 2026, provided that the outstanding matters noted on page 4 of this report are satisfactorily resolved.

There have been no significant changes to our audit plan and strategy.

We expect to issue an unmodified Auditor's Report.

We draw your attention to the important notice on Page three of this report, which explains:

- The purpose of this report
- Limitations on work performed
- Restrictions on distribution of this report

Yours sincerely,



Richard Walton

13th November 2026

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Important notice

This report is presented under the terms of our audit under Public Sector Audit Appointments (PSAA) contract.

The content of this report is based solely on the procedures necessary for our audit.

Purpose of this report

This Report has been prepared in connection with our audit of the consolidated financial statements of Telford & Wrekin Council (the 'Council'), prepared in accordance with International Financial Reporting Standards ('IFRSs'), as at and for the year ended 31 March 2026.

This Report has been prepared for the Audit Committee, a sub-group of those charged with governance, in order to communicate matters that are significant to the responsibility of those charged with oversight of the financial reporting process as required by ISAs (UK), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone (beyond that which we may have as auditors) for this Report, or for the opinions we have formed in respect of this Report.

This report summarises the key issues identified during our audit but does not repeat matters we have previously communicated to you.

Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the Group's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors.

We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this Report.

The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit.

Status of our audit

Our audit is not yet complete and matters communicated in this Report may change pending signature of our audit report. We will provide an oral update on the status at the Audit Committee. Page 4 'Our Audit Findings' outlines the outstanding matters in relation to the audit. Our conclusions will be discussed with you before our audit report is signed.

Restrictions on distribution

The report is provided on the basis that it is only for the information of the Audit Committee of the Council; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

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Our audit findings

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

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

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

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

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

Outstanding matters

Our audit is substantially complete except for the following outstanding matters

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

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Significant risks and Other audit risks

We discussed the significant risks which had the greatest impact on our audit with you when we were planning our audit.

Our risk assessment draws upon our historic knowledge of the business, the industry and the wider economic environment in which Telford & Wrekin Council operates.

We also use our regular meetings with senior management to update our understanding and take input from local audit teams and internal audit reports.

Value for money

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

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

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

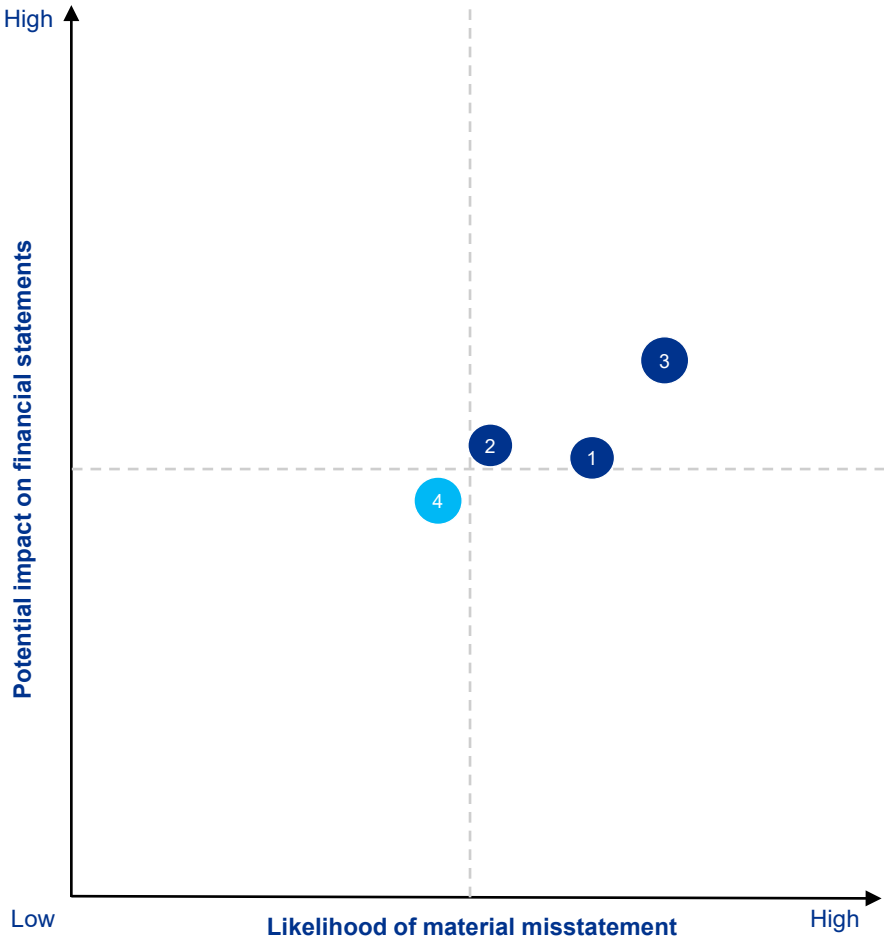
Significant risks	
1.	Valuation of investment property
2.	Valuation of post retirement benefit obligation
3.	Management override of controls [a]

Other audit risks	
4.	Valuation of land and buildings

Key:

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

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



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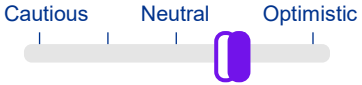
Audit risks and our audit approach

1 Valuation of investment property

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



Significant audit risk

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

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

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

Our response

We have performed the following procedures designed to specifically address the significant risk associated with the valuation:

- We critically assessed the independence, objectivity and expertise of Estate and Investment council's internal valuers used in developing the valuation of the Council's investment property at 31 March 2026;
- We inspected the instructions issued to the valuers to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We challenged the appropriateness of the valuation; including any material movements from the previous revaluations. We challenge key assumptions within the valuation as part of our judgement;
- We agreed the calculations performed of the movements and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code;
- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Key:
Prior year | Current year

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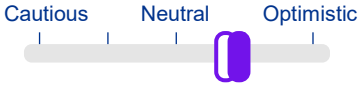
Audit risks and our audit approach

1 Valuation of investment property (Cont.)

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



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

Our findings

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

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

We found below observations:

• The Council has a number of processes that have been carried out as part of the review of the year end valuation. These types of control are defined as 'management review controls' by International Standards of Auditing. These controls are difficult for auditors to rely on, as auditing standards require a level of precision and formalisation that are generally not seen in practice. However, we are not raising a formal control observation for this as we consider the Council's approach to be proportionate. As we have identified valuation of Investment Properties as a significant risk area, we are required to bring this matter to your attention.

No other significant issues have been identified.

Key:
Prior year
Current year

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Audit risks and our audit approach

2 Management override of controls[(a)]

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

Significant audit risk

Professional standards require us to communicate the fraud risk from management override of controls as significant.

Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We have not identified any specific additional risks of management override relating to this audit.

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

Key:
Prior year Current year

Our response

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

- Assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluated the selection and application of accounting policies.
- In line with our methodology, evaluated the design and implementation of controls over journal entries and post closing adjustments.
- Assessed the appropriateness of changes, compared to the prior year, to the methods and underlying assumptions used to prepare accounting estimates.
- Assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the component's normal course of business or are otherwise unusual.
- We have run our samples through HRC screening and selected 5 samples for detailed testing. tested journals as per determined high risk which tested.
- Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.
- Identified journal entries and other adjustments with characteristics that indicate that they may be inappropriate or unauthorised and therefore may have been used to manipulate the financial statements (which we refer to as 'high-risk journals and other adjustments'). We did this by utilising KPMG Clara Journal Entry Analysis (data analytics) and performed procedures to test the appropriateness of these entries and adjustments.
- Our work on Post close journals is ongoing.

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Audit risks and our audit approach

2 Management override of controls[a]

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Significant audit risk

Professional standards require us to communicate the fraud risk from management override of controls as significant.

Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We have not identified any specific additional risks of management override relating to this audit.

Our findings

We found below observations, **no other significant observations noted.**

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

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

Our procedures did not identify any significant unusual transactions.

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

Key:
Prior year Current year

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Audit risks and our audit approach

3 Valuation of post retirement benefit obligations

An inappropriate amount is estimated and recorded for the defined benefit obligation



Significant audit risk

The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.

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

The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year on year movements. We have identified this in relation to the Local Government Pension Scheme only.

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

Our response

We have performed the following procedures :

- Understood the processes the Council have in place to set the assumptions used in the valuation;
- Evaluated the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Performed inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agreed the data provided by the audited to the Scheme Administrator for use within the calculation of the scheme valuation;
- Evaluated the design and implementation of controls in place for the Council to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- Challenged, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirmed that the accounting treatment and entries applied by the Group are in line with IFRS and the CIPFA Code of Practice;
- Considered the adequacy of the Council's disclosures in respect of the sensitivity of the deficit to these assumptions;
- Considered the adequacy of the Council's disclosures in light of the updated information and change of contributions following the completion of the funding valuation and assess the sensitivity of the deficit or surplus to the assumptions made.
- Assessed the level of surplus that should be recognised by the ; and
- Assessed the impact of special events

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Audit risks and our audit approach

3 Valuation of post retirement benefit obligations (Cont.)

An inappropriate amount is estimated and recorded for the defined benefit obligation



Significant audit risk

The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.

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

Our findings

We found below observations, no other significant observations noted.

- We have confirmed that the Fund's appointed actuaries, both individual and firm, hold appropriate professional qualifications, being Fellows of the Institute of Actuaries (UK), and are therefore suitably qualified to perform actuarial valuations and prepare IAS19 disclosure reports.
- We agreed the data provided by the scheme administrator for use within the calculation of IAS 19 report with no issues noted.
- The actuarial methodology applied in the current year is consistent with the prior year and aligns with the council's reporting framework. We have reviewed the key actuarial assumptions adopted by council and compared them to KPMG central rates. All individual assumption were found to be optimistic and within a reasonable range.
- We acknowledge Management reviews the actuarial assumptions following advice from an external actuarial specialist however the control does not meet the stringent requirements as defined by the FRC in its auditing standards; the review control lacks precision and is not documented and therefore the design is not considered to be an effective control. As the approach followed by management is common practice we have not made a recommendation, however we are required to bring this to your attention.
- Also, we noted a historic arrangement allocates 35.58% of the relevant pre-1998 liabilities to Telford & Wrekin Council, although the associated members are excluded from its membership data. Limited historic documentation is available and the FY26 pension payment adjustment is based on a broad estimate using actuarial data. The actuarial information provided was considered sufficient to perform our procedures and no further queries were identified at that stage; accordingly, no specific concern was raised over the 35.58% allocation.
- Our audit procedures in respect of the impact of the asset ceiling remain in progress.

Key:
Prior year | Current year

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Audit risks and our audit approach

3 Valuation of post retirement benefit obligations

An inappropriate amount is estimated and recorded for the defined benefit obligation

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

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Audit risks and our audit approach

4 Valuation of land and buildings – rolling programme

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

Cautious — Neutral — Optimistic



Other audit risk

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

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

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

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

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

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

Our response

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

- We critically assessed the independence, objectivity and expertise of the council's internal valuers used in developing the valuation of the Council's properties at 31 March 2026;
- We inspected the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We challenged the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We challenged key assumptions within the valuation as part of our judgement;
- We agreed the calculations performed of the movements in value of land and buildings and verified that these have been accurately accounted for in line with the requirements of the CIPFA Code;
- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

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

Key:
Prior year | Current year

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Audit risks and our audit approach

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

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

Cautious — Neutral — Optimistic

Other audit risk

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

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

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

Key:
Prior year
Current year

Our findings

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

We found below observations:

- The Council has a number of processes that have been carried out as part of the review of the year end valuation. These types of control are defined as 'management review controls' by International Standards of Auditing. These controls are difficult for auditors to rely on, as auditing standards require a level of precision and formalisation that are generally not seen in practice. However, we are not raising a formal control observation for this as we consider the Council's approach to be proportionate. As we have identified valuation of Land and Buildings as other risk area, we are required to bring this matter to your attention.
- We agreed the land and building valuations per the valuer's reports to the Fixed Asset Register, with no issues identified.
- We noted over-depreciation of £1.339m across 22 of the 62 OLB assets valued during the year. The misstatement arose due to a timing issue in recording the transfer of assets from Investment Property to OLB within the Fixed Asset Register, resulting in depreciation being incorrectly charged and the carrying value of the affected assets being understated. While the uncorrected misstatement is above our reporting threshold and has therefore been reported, it remains below materiality. Further details are included on slide 25.
- We reviewed the change in accounting policy relating to the introduction of the rolling revaluation programme and confirmed that the revised policy is consistent with the requirements of the Code and our expectations. No issues were identified.

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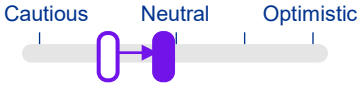
Key accounting estimates and management judgements– Overview

Our view of management judgement

Our views on management judgments with respect to accounting estimates are based solely on the work performed in the context of our audit of the financial statements as a whole. We express no assurance on individual financial statement captions.



Asset/liability class	Our view of management judgement	Balance (£m)	YoY change (£m)	Our view of disclosure of judgements & estimates	Further comments
Property, Plant & Equipment Land and Buildings	Cautious / Neutral / Optimistic	450.18	(24.52)	Needs improvement / Neutral / Best practice	The movement in OLB during 2025/26 was mainly driven by revaluations, additions, depreciation and asset transfers. The Council also moved to a five-year rolling valuation programme, with indexation applied to assets not revalued during the year.
Investment Property		52.31	3.55		The movement in Investment Property during 2025/26 was mainly driven by changes in the fair value of the properties and transfers during the year.
Fair value of LGPS asset		794.16	46.08		The fair value of LGPS assets increased by £46.08m to £794.16m during 2025/26, primarily reflecting strong investment performance during the year, with the Fund achieving a return of 7.35%.
Present value of defined benefit obligation		670.29	19.24		The defined benefit obligation increased by £19.24m to £670.29m during 2025/26, reflecting benefits accrued and interest during the year together with movements in key actuarial assumptions, partly offset by member contributions.

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Subsidiary audits

	Reporting framework	Details
Nuplace	We carried out an audit of the Group financial statement pursuant to International Auditing Standards and issue an opinion in accordance with the as adapted Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.	We identified specific balances in the Nuplace Limited financial statements that were significant to our audit of the Group financial statements and have completed work over those balances. We identified the investment property balance held by Nuplace and consolidated into the Group financial statements as the balance that was significant to our audit of the Group. We concluded that management's estimate was neutral when compared with the Housing Price Index, as the house price data and the average change in estate values reported by management were consistent with each other. Therefore, we found no evidence of management bias. We reviewed a significant proportion of the NuPlace estate and the related comparable properties, and concluded that the valuer's selected comparables were appropriate, providing assurance over the NuPlace valuation. We note that the Nuplace Limited financial statements for 25/26 have been audited by Dyke Yaxley Limited and a clean audit opinion issued, however we have not sought to place reliance on the work of the auditor for our group opinion.
Schools	We carried out an audit of the Group financial statements pursuant to International Auditing Standards and issue an opinion in accordance with the as adapted Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.	We completed assessment of ISA600r- all school are similar reporting process and in aggregation does not have specific balances in schools that were significant in aggregation for our audit of the Group financial statements, except Employee Benefit Expenses. We completed risk assessment and substantive testing over Employee Benefit Expenses for schools and our results were satisfactory.

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Other matters

Narrative report

We have read the contents of the Narrative Report and checked compliance with the requirements of the Annual Report and financial statements with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 ('the Code'). Based on the work performed:

- We have not identified any inconsistencies between the contents of the Narrative Report and the financial statements.
- We have not identified any material inconsistencies between the knowledge acquired during our audit and the statements of the Council. As Audit Committee members you confirm that you consider that the Narrative Report and financial statements taken as a whole are fair, balanced and understandable and provides the information necessary for regulators and other stakeholders to assess the Council's performance, model and strategy.

Annual Governance Statement

We have reviewed the Council's 2025/26 Annual Governance Statement and confirmed that:

- It complies with Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE; and
- It is not misleading and is consistent with other information we are aware of from our audit of the financial statements.

Whole of Government Accounts

As required by the National Audit Office (NAO) we carry out specified procedures on the Whole of Government Accounts (WGA) consolidation pack.

We are yet to receive instructions from NAO regarding WGA.

Independence and Objectivity

ISA 260 also requires us to make an annual declaration that we are in a position of sufficient independence and objectivity to act as your auditors, which we completed at planning and no further work or matters have arisen since then.

Audit Fees

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

See page 22 for details and status of fee variations.

We have also completed non-audit work at the Council during the year on Certification of the Teachers Pension return for 25/26 and have included in appendix confirmation of safeguards that have been put in place to preserve our independence.

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Value for money

Value for Money

We are required under the Audit Code of Practice to confirm whether we have identified any significant weaknesses in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

In discharging these responsibilities we include a statement within the opinion on your accounts to confirm whether we have identified any significant weaknesses. We also prepare a commentary on your arrangements that is included within our Auditor's Annual Report, which is required to be published on your website alongside your annual report and accounts.

Commentary on arrangements

We have prepared our Auditor's Annual Report, and a copy of the report is included within the papers for the Committee dated 18 November 2026. The report is required to be published on your website alongside the publication of the annual report and accounts.

Response to risks of significant weaknesses in arrangements to secure value for money

As noted on the right, we have identified no risk of a significant weakness in the Council's arrangements to secure value for money.

Summary of findings

We have set out in the table below the outcomes from our procedures against each of the domains of value for money. As reported in our initial risk assessment on 15 July 2026 we have no identified any risks of a significant weakness in arrangements to secure value for money. We have updated our risk assessment and this conclusion remains appropriate.

Domain	Risk assessment	Summary of arrangements
Financial sustainability	No significant risks identified	No significant weaknesses identified
Governance	No significant risks identified	No significant weaknesses identified
Improving economy, efficiency and effectiveness	No significant risks identified	No Significant weaknesses identified

Further detail is set out in our Auditor's Annual Report.

Performance improvement observations

As part of our work we have identified no Performance Improvement Observation.

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Appendix

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Required communications

Type	Response
Our draft management representation letter	We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2026.
Adjusted audit differences	There were nil adjusted audit differences
Unadjusted audit differences	The aggregated surplus impact of unadjusted audit differences would be £ 1.3 mil . In line with ISA 450 we request that you adjust for these items. However, they will have no effect on the opinion in the auditor's report, individually or in aggregate. See page 25.
Related parties	There were no significant matters that arose during the audit in connection with the 's related parties.
Other matters warranting attention by the Audit Committee	There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.
Control deficiencies	We communicated to management in writing all deficiencies in internal control over financial reporting of a lesser magnitude than significant deficiencies identified during the audit that had not previously been communicated in writing.
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts	No actual or suspected fraud involving group or Council management, employees with significant roles in group-wide internal control, or where fraud results in a material misstatement in the financial statements identified during the audit.
Issue a report in the public interest	We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters.

Type	Response
Significant difficulties	No significant difficulties were encountered during the audit.
Modifications to auditor's report	None
Disagreements with management or scope limitations	The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.
Other information	No material inconsistencies were identified related to other information in the statement of accounts.
Breaches of independence	No matters to report. The engagement team have complied with relevant ethical requirements regarding independence.
Accounting practices	Over the course of our audit, we have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.
Significant matters discussed or subject to correspondence with management	No significant matters arising from the audit.
Certify the audit as complete	We are required to certify the audit of 2025/26 as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above.

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Fees

Audit fee

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

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

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

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

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

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

Billing arrangements

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

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Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Director and audit staff is not impaired.

To the Audit Committee members

Assessment of our objectivity and independence as auditor of Telford and Wrekin Council

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity except for those detailed below where additional safeguards are in place.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

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

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

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Confirmation of Independence (cont.)

Summary of fees

We have considered the fees charged by us to the Group and its affiliates for professional services provided by us during the reporting period.

Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be 0:1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

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

Application of the FRC Ethical Standard 2019

Your previous auditors will have communicated to you the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited and its controlled entities for that year.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Risk Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit and Risk Committee of the Group and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP

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Uncorrected audit misstatements

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit Committee with a summary of uncorrected audit differences (including disclosure misstatements) identified during the course of our audit, other than those which are 'clearly trivial', which are not reflected in the financial statements. In line with ISA (UK) 450 we request that you correct uncorrected misstatements. However, they will have no effect on the opinion in our auditor's report, individually or in aggregate. As communicated previously with the Audit Committee, details of all adjustments greater than 550k are shown below:

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

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Corrected audit misstatements

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit Committee with a summary of corrected audit differences (including disclosures) identified during the course of our audit. The adjustments below have been included in the financial statements. None noted apart from below.

Misstatements related to disclosures –

1) Cashflow statement and related notes -

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

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

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

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Control Deficiencies

The recommendations raised as a result of our work in the current year are as follows:

Priority rating for recommendations		
1 **Priority one:** issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	2 **Priority two:** issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.	3 **Priority three:** issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

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

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Control Deficiencies

The recommendations raised as a result of our work in the current year are as follows:

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

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Control Deficiencies

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

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (November 2026)
1	3	**IT Policies Deficiency** IT management have drafted the proposed group-wide policy documents, however, during KPMG review of the IT Policy documents for FY24-25, it was noted that three policies were not reviewed by the management during the audit period, those are New User Request Policy 2.0, August 2020, Change Control Policy 1, 2019 and ICT - Backup Policy 1, 6th January 2017.	Management has completed the review and update of the relevant policies, which are now ready for implementation. The updated policies are provided to KPMG as part of the 2025/26 final audit. Kirsty King – IDT Service Delivery Manager	Implemented

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KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

Commitment to continuous improvement

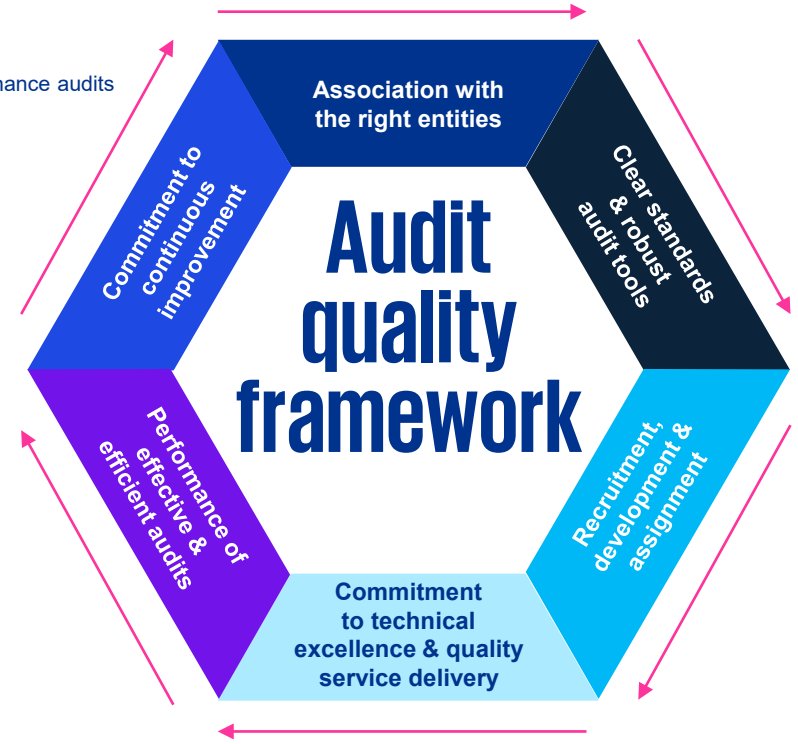
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



Association with the right entities

- Select clients within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members employed KPMG specialists and specific team members

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