Grant Thornton

Audit Findings for Shropshire Council

Year ended 31 March 2026

November 2026

Shropshire Council

The Guildhall Quay

Frankwell Quay

Shrewsbury

SY3 8HQ
November 2026

Grant Thornton UK LLP

17th Floor
103 Colmore Row
Birmingham
B3 3AG

T 0121 212 4000

www.grantthornton.co.uk

Dear Members of the Audit & Governance Committee

Audit Findings for Shropshire Council for the 31 March 2026

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with the Audit Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

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 expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. 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.

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 8 Finsbury Circus, London EC2M 7EA. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. Please see grantthornton.co.uk for further details.

© 2026 Grant Thornton UK LLP. All rights reserved.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at transparency-report-2025-.pdf (grantthornton.co.uk).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Avtar Sohal

Director
For Grant Thornton UK LLP

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 8 Finsbury Circus, London EC2M 7EA. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. Please see grantthornton.co.uk for further details.

© 2026 Grant Thornton UK LLP. All rights reserved.



Contents

Section	Page
Headlines and status of the audit	05
Group Audit	09
Materiality	12
Overview of significant and other risks identified	15
Other findings	25
Communication requirements and other responsibilities	27
Audit Adjustments	32
Value for Money	40
Independence considerations	42
Appendices	49

© 2026 Grant Thornton UK LLP. All rights reserved.

1 Headlines

Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Shropshire Council (the 'Authority') and the preparation of the group and Authority's financial statements for the year ended 31 March 2026 for the attention of those charged with governance.

Financial statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to report whether, in our opinion, the group and Authority's financial statements:

- give a true and fair view of the financial position of the group and Authority and the group and Authority's income and expenditure for the year
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report and Pension Fund Financial Statements), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work was completed during July-November as planned. Our findings are summarised on pages 17 to 26. We identified one adjustment to the financial statements, which does not impact the Authority's Comprehensive Income and Expenditure Statement. We have identified one adjustment which you are not adjusting for as they are not material. Details of audit adjustments are provided on page 33 to 35.

We have also raised recommendations for management, set out on page 36, and reported our follow up of prior year recommendation on page 38.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion, subject to the following outstanding matters:

- Completion of testing for remaining samples for expenditure, creditors, debtors, fees and charges, grant income, PFI, assets under construction, accounting for NWRR project costs, capital commitments, journal entry testing and CDL component auditor review on specific balances.
- Receipt of final capitalisation direction from MHCLG without which we cannot sign the accounts.
- receipt of management representation letter
- review of the final set of financial statements and file review and quality checks

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of the Authority and with the audited financial statements.

Our anticipated financial statements audit report opinion will be unmodified.

We anticipate issuing the auditors report on 30/01/2027.

© 2026 Grant Thornton UK LLP. All rights reserved.

Headlines

Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Governance
- Financial sustainability
- Improving economy, efficiency and effectiveness

We have completed our VFM work. Detailed commentary is set out in the separate Auditor's Annual Report, which was presented to Council on 5th November 2026. We have raised two statutory recommendations under section 24 of the Local Audit and Accountability Act 2014 in relation to financial sustainability, the overall financial position of the Council and financial governance in budget setting.

We identified two further significant weaknesses in relation to financial sustainability, two relating to governance and three relating to the Authority's arrangements for improving economy, efficiency and effectiveness. We also reported some improvement recommendations.

© 2026 Grant Thornton UK LLP. All rights reserved.

Headlines

Statutory duties

The Local Audit and Accountability Act 2014 (the 'Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act
- certify the closure of the audit.

We have reported a statutory written recommendation under Section 24 of the Local Audit and Accountability Act 2014 in our Auditors Annual Report. This is in relation to financial sustainability, the overall financial position of the Council and financial governance in budget setting.

We have completed the majority of our work required under the Code. However, we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until the following matter(s) are resolved:

- confirmation has not been received from the NAO that the group audit (Whole of Government Accounts) has been certified by the Comptroller and Audit General, and therefore no further work is required to be undertaken in order to discharge the auditor's duties in relation to consolidation returns under paragraph 2.11 of the Code and

- Outstanding work to be performed in relation to an objection from a member of the public.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2026.

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit. Indeed, the earlier completion of this audit was aided by good draft accounts supported by working papers and very good co-operation by your Finance Team throughout the audit. We would like to express our sincere gratitude to the Finance Team for this co-operation.

© 2026 Grant Thornton UK LLP. All rights reserved.

2 Group Audit

Group audit

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

The table below summarises our final group scoping, as well as the status of work on each component.

Component	Risk of material misstatement to the group	Scope – planning	Scope – final	Auditor	Responsible Individual	Status
Shropshire Council	Yes	Scope 1	Scope 1	Grant Thornton UK	Avtar Sohal	G
Cornovii Developments Limited	Yes	Scope 2	Scope 2	Grant Thornton UK	Amy Done	R
Shropshire Towns and Rural Housing	No	Out of scope	Out of scope	Grant Thornton UK	James McLarnon	G
West Mercia Energy	No	Out of scope	Out of scope	WR Partners	N/A – not GT	G
West Mercia Supplies (pensions)	No	Out of scope	Out of scope	Not subject to Audit	N/A – not GT	G
Biodynamic Carbon Limited	No	Out of scope	Out of scope	WR Partners	N/A – not GT	G

Key

Scope 1	Audit of entire financial information of the component, either by the group audit team or by component auditors (full-scope)
Scope 2	Specific audit procedures designed by the group auditor (specific scope)
Scope 3	Specific audit procedures designed by a component auditor (specific scope)
Out of scope	Out of scope components are subject to analytical procedures performed by the Group audit team to group materiality

G	Planned procedures are substantially complete with no significant issues outstanding.
A	Planned procedures are ongoing/subject to review with no known significant issues.
R	Planned procedures are incomplete and/or significant issues have been identified that require resolution.

© 2026 Grant Thornton UK LLP. All rights reserved.

Involvement in the work of component auditors

Component	Component auditors involved	Summary of involvement
Cornovii Developments Limited	Grant Thornton UK	The Group Engagement Lead directed, supervised and reviewed the work of component auditors, including communicating identified risks and providing guidance on the nature, timing and extent of audit procedures. Two-way communication was maintained with component auditors throughout the audit, to discuss risks, findings and progress as appropriate. At the time of writing this report, we are still completing our review of component auditor's audit documentation and underlying working papers in respect of significant risk areas.



- We also require that the component auditor is independent under the independence requirements of the FRC and this may be stricter than the requirements for completing their local reports.
- Where a member of the Grant Thornton International network is involved, we communicate to them your policy on non-audit services. You will ensure that each component entity within your group is aware of your policy.

© 2026 Grant Thornton UK LLP. All rights reserved.

3 Our approach to materiality

Our approach to materiality

As communicated in our Audit Plan dated 30 June 2026, we determined materiality at the planning stage as £16.34m and group materiality as £17.2m based on 2% of prior year group gross expenditure. At year-end, we have reconsidered planning materiality based on the draft consolidated financial statements and have not adjusted from levels set at planning.

A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

We have determined materiality at £16.34 million and group materiality at £17.2 million based on professional judgement in the context of our knowledge of the Authority and the group.

We have used 2% of gross expenditure as the basis for determining materiality for the group. We have used 95% of the group as a baseline for determining the authority's materiality.

Performance materiality

We have determined performance materiality at £12.255m, based on 75% of headline materiality.

This reflects our risk-assessed knowledge of potential for errors occurring. Performance materiality is used for the purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. This is the amount we set at less than materiality for the financial statements as a whole, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Specific materiality

We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures. We have set a materiality of £0.021m.

Reporting threshold

We will report to you all misstatements identified in excess of £0.860m for the group and £0.817m for the authority, in addition to any matters considered to be qualitatively material.

© 2026 Grant Thornton UK LLP. All rights reserved.

Our approach to materiality

A summary of our approach to determining materiality is set out below.

	Group (£)	Authority (£)	Qualitative factors considered
Materiality for the financial statements	17,200,000	16,340,000	Group benchmark is determined as a percentage (2%) of the Council's group gross expenditure in 2024/25. The benchmark for the Council's materiality is determined as a percentage of the Group's materiality benchmark using 95% as a baseline. On receipt of draft 2025/26 financial statements, we have reconsidered materiality and have not adjusted from levels set at planning.
Performance materiality	12,900,000	12,255,000	Performance materiality has been set at 75% of financial statements materiality. This reflects our risk-assessed knowledge of potential for errors occurring. Performance materiality is used for the purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. This is the amount we set at less than materiality for the financial statements as a whole, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Specific materiality for Senior officer remuneration disclosures	21,090	21,090	Due to the public interest in senior officer remuneration disclosures, we apply specific audit procedures to this work and set a lower materiality level for this area. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for senior officer remuneration disclosures. We evaluate errors in this disclosure for both quantitative and qualitative factors against this lower level of materiality. We will apply heightened auditor focus in the completeness and clarity of disclosures in this area and will request amendments to be made if any errors exceed the threshold we have set or would alter the bandings reported for any individual.
Reporting threshold	860,000	817,000	We have used 5% of materiality level for the group and council as our threshold for reporting issues.

© 2026 Grant Thornton UK LLP. All rights reserved.

4 Overview of significant and other risks identified

Overview of audit risks

The below table summarises the significant and other risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Other risks are, in the auditor's judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Low	●
Risk of fraud in revenue recognition (rebutted)	Significant	↔	✓	Low	●
Risk of fraud in expenditure recognition (rebutted)	Significant	↔	✓	Low	●
Valuation of land and buildings	Significant	↔	×	Medium	●
Valuation of Gross pension liability	Significant	↔	×	High	●
Valuation of Investment properties	Significant	↔	×	Medium	●
Valuation of Investment council Dwellings	Significant	↔	×	Medium	●
Exceptional Financial Support	Other	↔	×	Low	●
Capitalisation of the North-West Relief Road Project costs	Other	↔	×	Low	●

↑ Assessed risk increase since Audit Plan

↔ Assessed risk consistent with Audit Plan

↓ Assessed risk decrease since Audit Plan

G Not likely to result in material adjustment or change to disclosures within the financial statements

A Potential to result in material adjustment or significant change to disclosures within the financial statements

R Likely to result in material adjustment or significant change to disclosures within the financial statements

© 2026 Grant Thornton UK LLP. All rights reserved.

Significant risks

Risk identified	Audit procedures performed	Key observations
Management override of controls Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement	We have: • evaluated the design and implementation of management controls over journals • analysed the journals listing and determined the criteria for selecting high risk unusual journals • identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness	Our audit work has not identified any issues relating to management override of controls but as noted earlier there is still some work outstanding in this area.

© 2026 Grant Thornton UK LLP. All rights reserved.

Significant risks

Risk identified	Audit procedures performed	Key observations
Presumed risk of fraud in expenditure recognition Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies. We have rebutted this risk for the council because: - Expenditure is primarily related to employee costs - Lack of incentive to manipulate financial results, coupled with an overall strong control environment We therefore do not consider this to be a significant risk for the council.	We consider that the risk relating to expenditure recognition would relate primarily to period-end journals and accruals which are considered as part of the standard audit tests below and our testing in relation to the significant risk of Management Override of Controls. We continued to review material expenditure transactions as part of our audit ensuring that it remains appropriate to rebut the risk of expenditure recognition for the Council. Notwithstanding that we have rebutted this risk, we still undertook a significant level of work on the Council's expenditure streams, as they are material. We: – updated our understanding of the Council's business processes associated with accounting for expenditure – performed testing over post year end transactions to assess completeness of expenditure recognition – tested a sample of operating expenses to gain assurance in respect of the accuracy and occurrence of expenditure recorded during the financial year.	We have not identified any issues in respect of expenditure recognition but as noted earlier there is still some work outstanding in this area We are also satisfied that it is still appropriate to rebut this risk.

© 2026 Grant Thornton UK LLP. All rights reserved.

Significant risks

Risk identified	Audit procedures performed	Key observations
Presumed risk of fraud in revenue recognition Under ISA (UK) 240, there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud related to revenue recognition. Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: – there is little incentive to manipulate revenue recognition – opportunities to manipulate revenue recognition are very limited – the culture and ethical frameworks of local authorities, including this Council mean that all forms of fraud are seen as unacceptable. Therefore, we do not consider this to be a significant risk for the Council.	Notwithstanding that we rebutted this risk, we still undertook a significant level of work on the Council and Group's revenue streams, as they are material. We: <u>Accounting policies and systems</u> • evaluated the Council's accounting policies for recognition of income and expenditure for its various income streams and compliance with the CIPFA Code • updated our understanding of the Council's business processes associated with accounting for income <u>Fees, charges and other service income</u> Agreed, on a sample basis, income and year end receivables from other income to invoices and cash payment or other supporting evidence. <u>Taxation and non-specific grant income</u> • Income for national non-domestic rates and council tax is predictable and therefore we conducted substantive analytical procedures. We also identified the reliefs given to payers, understood and documented the process for assessing claims and eligibility and then conducted substantive testing across the most significant reliefs. • For other grants we sample tested items back to supporting information and subsequent receipt, considering accounting treatment where appropriate. We also designed tests to address the risk that income has been understated, by not being recognised in the current financial year.	Our audit work has not yet identified any issues in respect of revenue recognition but as noted earlier there is still some work outstanding in this area. We are also satisfied that it is still appropriate to rebut this risk.

© 2026 Grant Thornton UK LLP. All rights reserved.

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of land and buildings The valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority and group financial statements is not materially different from the current value or fair value (for surplus assets) at the financial statements date, where a rolling programme is used. We therefore identified valuation of other land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.	To address this risk we: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluated the competence, capabilities and objectivity of the valuation expert • wrote to the valuer to confirm the basis on which the valuation is carried out to ensure that the requirements of the CIPFA Code are met • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding • tested revaluations made during the year to see if they have been input correctly into the Council's asset register. • engaged our own valuer to assess the instructions to the Council's valuer, the Council valuer's report and the methodology and assumptions that underpin the valuation • evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end. • for assets that don't go through formal valuation, we reviewed the indices selected, including assessing their relevance and reasonableness for the associated asset classes. • confirmed the correct application of the indices to the underlying asset categories and verify the mathematical accuracy of the indexation calculations. • ensured the resulting valuation movements and disclosures in the financial statements are appropriate and comply with the Code	We have noted no material adjustments in relation to this significant risk. We confirmed the correct application of indices to the relevant asset categories and verified the mathematical accuracy of the indexation calculations. No issues were identified from our testing. We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.

© 2026 Grant Thornton UK LLP. All rights reserved.

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of council dwellings The Council is required to revalue Council dwellings annually. The Council uses the 'Beacon Approach' where representative properties are revalued, rather than each individual property. A social discount factor is then applied to reflect the fact the properties cannot be sold on the open market. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. We therefore identified valuation of Council dwellings, particularly revaluations and impairments, as a Significant Risk.	To address this risk we: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluated the competence, capabilities and objectivity of the valuation expert • Write to the valuer to confirm the basis on which the valuation is carried out to ensure that the requirements of the CIPFA Code are met • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding • considered and evaluate the reasonableness of the Beacon properties, to which other properties were allocated, and the appropriateness of variances thereto • tested revaluations made during the year to see if they have been input correctly into the Council's asset register.	We have noted no material adjustments in relation to this significant risk. We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.

© 2026 Grant Thornton UK LLP. All rights reserved.

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of Investment Property The Council carries out a rolling programme that ensures that all Investment Properties required to be measured at current value is revalued at least every 5 years and are subject to an annual desktop review, in year where a full valuation is not undertaken. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.	To address this risk we: • Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • Evaluated the competence, capabilities and objectivity of the valuation expert • Wrote to the valuer to confirm the basis on which the valuation is carried out to ensure that the requirements of the CIPFA Code are met • Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding • Engaged our own valuer to assess the instruction to the Council's valuer, the Council's valuer report and methodology and assumptions that underpin the valuation • Tested revaluations made during the year to see if they have been input correctly into the Council's balance sheet • Ensured that any RICS guidance in relation to material uncertainty around property valuations has been considered by the valuer and is appropriately reflected in the financial statements	We have noted no material adjustments in relation to this significant risk. We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.

© 2026 Grant Thornton UK LLP. All rights reserved.

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of Gross pension liability The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability represents a significant estimate in the financial statements. Pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in the key assumptions. The methods applied in the calculation of IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation. The source data used by the actuaries to produce the IAS 19 estimates is provided by the administering authorities and employers. We do not consider this to be a significant risk as this easily verifiable. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS estimate due to the assumptions used in their calculation. With regard to these assumptions, we have therefore identified valuation of the Council's pension fund net liability as a significant risk.	To address this risk we: • Updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund liability is not materially misstated and evaluate the design of associated controls • Evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • Assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuations • Assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability • Tested the consistency of the pension fund liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • Undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • Obtained assurances from the auditor of the Shropshire County Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund	We had no significant findings. The Pension Fund Auditor (PFA) reported an unadjusted misstatement of £5,510,848 relating to estimation difference identified in the valuation of Investments (understated). The proportion relating to the Council is approximately £2,378,970. However, as the Actuary has applied IFRIC 14 to the current year valuation which brings down the value of net pension liability to nil, this will have no impact on the balance sheet. Based on our testing we are satisfied that the IFRIC 14 application is appropriate.

© 2026 Grant Thornton UK LLP. All rights reserved.

Other risks

Risk identified	Audit procedures performed	Key observations
Exceptional financial support Due to its deteriorating financial position, the Council has been informed by MHCLG that it is likely to be in receipt of Exceptional Financial Support (EFS) in 2025/26. Due to the significance of EFS to the Council, we identified the presentation and disclosure of exceptional financial support a risk requiring special audit consideration.	We : • Evaluated the Council's accounting policy for recognition of external financial support for appropriateness • Gained an understanding of the Council's system for accounting for exceptional financial support and evaluated the design of associated controls • Tested a sample of balances • Ensured disclosures in the accounts are appropriate	We did not identify any significant issues in our work in this area and expenditure was in accordance with the draft letter from MHCLG. However, the Council is still awaiting the final capitalisation direction letter to confirm this. This is required before we issue the audit opinion.
Capitalisation of the North-West Relief Road project costs Included in the Council's Assets Under Construction balance as at 31 March 2025 are costs relating to the North-West Relief Road project of £32.2m. The project was initially paused on 23 June 2025, and approval was sought from the Council on 26 February 2026 to formally cancel the project. Under the CIPFA Code of Practice, expenditure may only be capitalised where it meets the definition and recognition criteria of an asset. Expenditure relating to cancelled or abandoned projects must be written off to revenue and cannot remain on the Balance Sheet as AUC. Given the material value of the balance, the judgement involved in determining whether any element remains recoverable, and the requirement to fully derecognise and expense the cancelled project, there is a risk of material misstatement relating to the classification, valuation and presentation of AUC.	We: • Obtained and evaluate management's assessment of the project cancellation and the resulting accounting treatment. • Reviewed supporting evidence (e.g., decision papers, Cabinet reports, capital programme updates) confirming cancellation. • Confirmed that the full value of non-recoverable spend is written off to revenue in accordance with the Code. • Reviewed accounting entries, impairments and derecognition adjustments for accuracy. • Assessed adequacy of disclosures relating to project cancellation and associated financial impact	Work is currently in progress as we are awaiting information on the accounting treatment from the Council.

© 2026 Grant Thornton UK LLP. All rights reserved.

5 Other Findings

Other findings – Information Technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas. Further detail of the IT audit scope and findings, please see separate 'IT Audit Findings' Report

			ITGC control area rating			
IT application	Level of assessment performed	Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	Related significant risks/other risks
Unit 4 – ERP (Financial reporting and payment system)	Detailed ITGC assessment (design effectiveness only)					Management override of controls (journals), Valuation of PPE and investment property assets and valuation of Pension liability.
Active Directory	Detailed ITGC assessment (design effectiveness only)					Management override of controls (journals), Valuation of PPE and investment property assets and valuation of Pension liability.

Assessment:

- [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements
- [Amber] Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- [Green] IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- [Black] Not in scope for assessment

© 2026 Grant Thornton UK LLP. All rights reserved.

6 Communication requirements and other responsibilities

Other communication requirements

Issue	Commentary
Matters in relation to fraud	• We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	• We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	• We are not aware of any significant incidences of non-compliance.
Written representations	• We draw your attention to the draft Letter of Representation which is appended.
Confirmation requests from third parties	• We requested from management permission to send confirmation requests to the Authority's banking and treasury partners. This permission was granted and the requests were sent. These were returned with positive confirmation.
Disclosures	• Our review found no material omissions in the financial statements.
Significant difficulties	• There were no significant difficulties faced by the audit team during the audit.
Other matters	• No other matters have been identified.

© 2026 Grant Thornton UK LLP. All rights reserved.

Other responsibilities

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • The use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. (continued)

© 2026 Grant Thornton UK LLP. All rights reserved.

Other responsibilities

Issue	Commentary
Going concern	Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Authority and the environment in which it operates • the Authority's financial reporting framework • The Authority's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified; and • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

© 2026 Grant Thornton UK LLP. All rights reserved.

Other responsibilities

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement, Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.
Matters on which we report by exception	We are required to report on matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit • if we have applied any of our statutory powers or duties • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. We have nothing to report on these matters except we have reported two statutory written recommendations under Section 24 of the Local Audit and Accountability Act 2014 in our Auditors Annual Report. These are in relation to financial sustainability, the overall financial position of the Council and financial governance in budget setting.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. The local government WGA instructions for 2025/26 have not been received. Accordingly, the WGA procedures cannot be completed.
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2025/26 audit of Shropshire Council Authority in the audit report, n the audit report until the NAO have notified us that their work in respect on whole of government accounts is complete. We also need to complete outstanding work in relation to one objection from the public from prior years.

© 2026 Grant Thornton UK LLP. All rights reserved.

7 Audit adjustments

Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below, along with the impact on the key statements.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Prepayments overstatement				
An amount which does not meet the definition of prepayment was incorrectly included as a prepayment				
Dr Debtors		Dr 1,710		
Cr Prepayments		Cr 1,710		
Overall impact	0	0	0	0

© 2026 Grant Thornton UK LLP. All rights reserved.

Audit adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Infrastructure assets additions			TBC	
As part of the infrastructure additions testing, we noted that an item which relates to works completed in March 2025 was not accrued into the financial statements and was incorrected accounted for in 2025/26.				
Dr Cash		TBC		
Cr PPE Additions – Infrastructure	TBC			
Overall impact	TBC	TBC	TBC	

© 2026 Grant Thornton UK LLP. All rights reserved.

Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Throughout	A number of typographical errors have been identified throughout the financial statements.	Yes
Note 16	We have found two assets whose useful lives are 3 years while the minimum as per the note is 5 years. The council has agreed to change the accounting policy.	TBC

© 2026 Grant Thornton UK LLP. All rights reserved.

Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● Medium	**Issue – Incorrect recognition of prepayments** During testing of prepayments, it was identified that a number of expenditure items had been recognised as prepayments at year-end despite the related cash payments not being made until after the financial year-end. As a result, expenditure was recognised as a prepayment when the Council did not have a valid asset at the balance sheet date, leading to an overstatement of prepayments. **Risk** There is a risk that prepayments are incorrectly recognised at year-end where accounting entries are processed without sufficient evidence that the goods or services have been paid for, or that the recognition criteria for a prepayment have been met. This may result in the overstatement of current assets, understatement of expenditure, and material misstatement of the financial statements	Management should strengthen the year-end review process for prepayments to ensure that expenditure is only recognised as a prepayment where the recognition criteria have been met at the balance sheet date. Particular attention should be given to payments processed close to year-end to ensure that amounts are not recorded as prepayments where the related cash has not been credited from the bank account by year-end. **Management response** Agreed. The closedown timetable and procedures will be reviewed to ensure that payment files processed close to year end are appropriately reflected as either a prepayment, or a reversing creditor.

Key

- ● High – Significant effect on control system and/or financial statements
- ● Medium – Limited impact on control system and/or financial statements
- ● Low – Best practice for control systems and financial statements

© 2026 Grant Thornton UK LLP. All rights reserved.

Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● Medium	**Issue - Requirements of the inspection period** Under the Accounts and Audit Regulations 2015, local authorities are required to make available for public inspection the relevant documents associated with the statement of accounts, including the Annual Governance Statement (AGS), before or at the commencement of the public inspection period. We noted that the draft unaudited financial statements for both the Council and the Pension Fund were published on the Council's website on 30 June 2026, together with the notice of public rights. However, we noted that the Annual Governance Statement had not been published on the Council's website by 30 June 2026. As a result, we are unable to conclude that all statutory requirements relating to the commencement of the public inspection period had been met when the inspection period began.	The Council should strengthen its year-end financial reporting timetable and quality assurance procedures to ensure that all statutory documents, including the Statement of Accounts, Annual Governance Statement and Notice of Public Rights, are reviewed and published simultaneously before the commencement of the public inspection period. A documented pre-publication checklist should be implemented and formally signed off by the responsible officers prior to publication. **Management response** Agreed, procedures for publication of the relevant documents for the public inspection will be reviewed to ensure these are all published in line with statutory deadlines.

© 2026 Grant Thornton UK LLP. All rights reserved.

Follow up of prior year recommendations

We identified the following issues in the audit of the Authority's 2024/25 financial statements, which resulted in 3 recommendations being reported in our 2024/25 Audit Findings Report. We are pleased to report that management have implemented our recommendation.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	During our review of the 31 March 2025 bank reconciliation, we noted that an amount of £165k was incorrectly included within the closing bank balance for the year of 2024/25. The third-party confirmation from Natwest showed a different balance of £737.28. The amount was subsequently corrected in the April reconciliation. The amount was previously omitted from the Pay360-to-bank reconciliation figures and was carried forward at year-end as a discrepancy. This account forms part of the sweep process and is transferred to the consolidated account. Since the account has been opened, a total of £165,682.28 in Leaving Care payments have been processed through it. We are satisfied that the correction in the April 2025 was appropriate. However, this indicates an opportunity to strengthen review and reconciliation controls to ensure accuracy of the closing balance of cash at year end	**Management Comment** This was resolved during the 2024/25 audit and has not been an issue since. **Audit comments** Our testing in the current financial year has not identified issues with reconciliating items within the council's bank reconciliation.
✓	Outdated information was supplied to the external valuer for one investment asset valuation, leading to the valuer using inaccurate information as the basis for the valuation. As a result, it is estimated that the asset is overvalued in the accounts by £2.5 million.	**Management Comment** When new leases are entered into by the business support partners, the surveyor who oversaw the transaction then checks that the information has been placed on the system correctly, and so the data can be relied upon. When data is sourced from other places, e.g. sales, copies of the offer letter, Heads of Terms etc are now requested and supplied. **Audit comments** Our testing in the current has not identified issues with investment property valuations.

© 2026 Grant Thornton UK LLP. All rights reserved.

Follow up of prior year recommendations (Continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	Where a full revaluation of any land and buildings is not carried out in year, the internal valuation team carry out a desk top valuation in accordance with RICS requirements. This helps ensure the assets are not materially misstated. The valuer did not retain their detailed workings of this exercise for audit review.	**Management Comment** Copies of the Indices used as supplied by the valuer are being retained within SharePoint folder. **Audit comments** Our testing in the current year did not identify issues with the indices and the work relating to indexation of assets was performed by an external valuer in the current year

Assessment

✓ Action completed

X Not yet addressed

© 2026 Grant Thornton UK LLP. All rights reserved.

8 Value for Money arrangements

Value for Money arrangements

Approach to Value for Money work for the year ended 31 March 2026

The National Audit Office issued its latest Value for Money guidance to auditors in March 2026. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30th November each year from 2025-26. Our draft AAR will be reported to you on November audit committee.

In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.



Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.

In undertaking this work we have identified significant weaknesses in arrangements.

Details are included in our Auditor's Annual Report which accompanies this report to the November Audit Committee

© 2026 Grant Thornton UK LLP. All rights reserved.

9 Independence considerations

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers [and network firms]).

The only matter we wish to bring to your intention is that our PFI team have been engaged to carry out some work for your waste contractor Veolia. We have ensured appropriate safeguards are in place including ensuring the PFI team have no access to any information held by the audit team and requiring the audit team to confirm adherence to strict protocols around our work and information barriers obtained during the course of the audit

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

© 2026 Grant Thornton UK LLP. All rights reserved.

Independence considerations

As part of our assessment of our independence we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority or group that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Authority or group or investments in the group held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Authority or group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Authority or group.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Authority/group, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person [and network firms] have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

© 2026 Grant Thornton UK LLP. All rights reserved.

Fees and non-audit services

The following tables below sets out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to the current date, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the group's policy on the allotment of non-audit work to your auditor.

None of the below services were provided on a contingent fee basis

We confirm that the fees from non-audit services to the audited entity and its controlled entities do not exceed 70% of the total audit fee for the year.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Shropshire Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees.

Audit fees	Fee per audit plan £	Proposed Fee £
Audit of Shropshire Council – per audit plan	420,970	420,970
Additional Group procedures	9,000	9,000
VFM additional procedures and stat rec	TBC	15,000*
Extended procedures on EFS and Going concern	TBC	10,000*
Review of accounting for NWRR	TBC	5,000*
Audit of Cornovii Developments Limited	TBC	41,500
Audit of Shropshire Towns and Rural Housing Limited	TBC	39,750
Total	**429,970**	**541,220**

*** These fees are subject to approval by PSAA**

This covers all services provided by us and our network to the group /Authority, its senior officers and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

© 2026 Grant Thornton UK LLP. All rights reserved.

Fees and non-audit services

Audit-related non-audit services

Service	2023/24 £	2024/25 £	2025/26 £	Threats Identified	Safeguards applied
Certification of Housing Benefits Subsidy claim	53,827	56,540	52,700	Self-Interest (because this is a recurring fee) Self- review (because GT provides audit services) Management	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is low in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants. To mitigate against the management threat, ie acting in the capacity of management, the scope of the work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow
Certification of Pooling of Housing Capital Receipts claim	10,000	10,000	10,000	Self-Interest (because this is a recurring fee) Self- review (because GT provides audit services) Management	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is low in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants. To mitigate against the management threat, ie acting in the capacity of management, the scope of the work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow

© 2026 Grant Thornton UK LLP. All rights reserved.

Fees and non-audit services (continued)

Audit-related non-audit services

Service	2023/24 £	2024/25 £	2025/26 £	Threats Identified	Safeguards applied
Teachers' Pension Return	12,500	12,500	12,500	Self-Interest (because this is a recurring fee) Self- review (because GT provides audit services) Management	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is low in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants. To mitigate against the management threat, ie acting in the capacity of management, the scope of the work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow
Total	76,327	79,040	75,200		

© 2026 Grant Thornton UK LLP. All rights reserved.

Fees and non-audit services (continued)

Total audit and non-audit fees for 2025/26

Group audit fees £541,220	Non-audit fees £75,200

The above fees are exclusive of VAT.

The fees reconcile to the financial statements as follows:

• fees per financial statements note 35	£430,000
• Estimated fees for Non- audit fees note 35	£70,000
Total Amount in Note 35	**£500,000 (rounded)**
Other items included in the Group fee but not included in note 35	
• Audit fees for CDL	£41,500
• Audit Fees for STARH	£39,750
• Items not accrued - additional work by audit team	£30,000
• Items not accrued – estimated for non audit fees	£5,170
Total Fee as per above	**£616,420**

Note 35 in the financial statements does not show audit fees relating to CDL and STARH as these are not paid by the council. The amount in the financial statement is an estimate as the 2025/26 fee was not agreed at the time the draft financial statements were published

This covers all services provided by us and our network to the group /Authority, its senior officers and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.

© 2026 Grant Thornton UK LLP. All rights reserved.

10 Appendices

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●

© 2026 Grant Thornton UK LLP. All rights reserved.

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the senior officers and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

© 2026 Grant Thornton UK LLP. All rights reserved.



© 2026 Grant Thornton UK LLP. All rights reserved.

‘Grant Thornton’ refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another’s acts or omissions.