



External Audit plan for the year ended 31 March 2026 **Executive summary**

Materiality (page 3)

Materiality for the financial statements as whole is set at £1.44m for the Group which is 2.8% of forecasted group expenditure. This is set at £1.4m for the Council which is 2.7% of forecast expenditure.

We design audit procedures to detect individual errors to performance materiality. This is set at £1.08m for the Group, £1.05m for the Council.

We report all misstatements to the Audit and Governance above our audit misstatement posting threshold which is set at £72k for the Group, and £70k for the Council.

Significant Risks (page 5)

We have identified three significant risks:

1. Valuation of land and buildings (other land and buildings valued using DRC model):

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 relevant land and buildings 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 Council undertook a full revaluation of 'Other Land and Buildings' as at 31 March 2025. For the year-ended 31 March 2026, management is planning to implement a five-year rolling basis valuation (valuing approx. 20% of the assets in 2025/26) and indexing the remainder. The assets to be valued will be selected by management, however, the valuations and indexation will be undertaken by the internal valuer.

As at 31 March 2025, the value of the Council's 'Other Land and Buildings' was £35.12m, of which £30.18m were valued using the DRC model, which is where we are focussing our significant risk. We anticipate at least £7m of these assets to be revalued as part of the 2025/26 cycle. Due to the level of estimation uncertainty associated with the obsolescence and external fee assumption used by the valuer,

this creates a significant risk of error that the year-end carrying value of these assets differs materially from their fair value.

As this is the first year of the change, there is a significant risk assets may be misstated due to the estimation uncertainty resulting from the selection of inappropriate indices also.

2. Management override of control:

No change in this significant risk from the prior year. Professional standards require us to communicate the fraud risk from management override of controls as significant. We have not identified any specific additional risks of management override relating to this audit.

3. Valuation of post retirement benefit obligations:

No change in this significant risk from the prior year. 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.

Value for money risk assessment (page 17)

We have not identified any significant risks that there are not appropriate arrangements in place as part of the procedures we have undertaken. We have provided a summary of the procedures performed and our key findings from these on pages 18 to 27.