

09 July 2025



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CHIEF EXECUTIVE  
Doug Wilkinson

Dear Councillor

You are summoned to attend the meeting of the;

**PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE**

on **THURSDAY 17 JULY 2025 at 7.30 pm**

in the **Council Chamber, Maldon District Council Offices, Princes Road, Maldon.**

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A copy of the agenda is attached.

Yours faithfully

Chief Executive

**COMMITTEE MEMBERSHIP:**

CHAIRPERSON	Councillor W Stamp, CC
VICE-CHAIRPERSON	Councillor N D Spenceley
COUNCILLORS	M G Bassenger D O Bown S J Burwood J C Hughes M G Neall R G Pratt U C G Siddall-Norman M E Thompson
INDEPENDENT PERSON (non-voting)	Mr Derek Smith

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**AGENDA**  
**PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE**  
**THURSDAY 17 JULY 2025**

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1. **Chairperson's Notices**

2. **Apologies for Absence**

3. **Minutes of the last meeting** (Pages 5 - 14)

To confirm the Minutes of the Performance, Governance and Audit Committee held on 5 June 2025 (copy enclosed).

4. **Matters Arising** (Pages 15 - 16)

To note the Matters Arising from the last meeting.

5. **Disclosure of Interest**

To disclose the existence and nature of any Disclosable Pecuniary Interests, Other Registrable interests and Non-Registrable Interests relating to items of business on the agenda having regard to paragraph 9 and Appendix B of the Code of Conduct for Members.

(Members are reminded that they are also required to disclose any such interests as soon as they become aware should the need arise throughout the meeting).

6. **Public Participation**

To receive the views of members of the public, of which prior notification in writing has been received (no later than noon on the Tuesday prior to the day of the meeting).

Should you wish to submit a question please complete the online form at:  
[www.maldon.gov.uk/publicparticipation](http://www.maldon.gov.uk/publicparticipation).

7. **Plan for the Audit of the Accounts for the Financial Year 2024 / 25** (Pages 17 - 56)

To consider the report of the Chief Finance Officer (copy enclosed).

8. **Internal Audit Reports** (Pages 57 - 58)

To consider the report of the Chief Finance Officer (copy enclosed).

a) **Progress Report** (Pages 59 - 66)

b) **Follow Up of Recommendations** (Pages 67 - 74)

c) **Asset Management Final Report (June 2025)** (Pages 75 - 94)

d) **Main Financial Systems 2024 / 25 Final Report (June 2025)** (Pages 95 - 110)

- e) Annual Report and Annual Statement of Assurance (Pages 111 - 132)
9. **Statement of Accounts 2024 / 25** (Pages 133 - 262)
- To consider the report of the Chief Finance Officer (copy enclosed).
10. **Any other items of business that the Chairperson of the Committee decides are urgent**
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### **NOTICES**

#### **Recording of Meeting**

Please note that the Council will be recording and publishing on the Council's website any part of this meeting held in open session.

#### **Fire**

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#### **Health and Safety**

Please be advised of the different levels of flooring within the Council Chamber.

#### **Closed-Circuit Televisions (CCTV)**

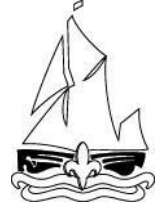
Meetings held in the Council Chamber are being monitored and recorded by CCTV.

#### **Lift**

Please be aware, there is not currently lift access to the Council Chamber.

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**MINUTES of  
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE  
5 JUNE 2025**

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**PRESENT**

Chairperson	Councillor W Stamp, CC
Vice-Chairperson	Councillor N D Spenceley
Councillors	M G Bassenger, S J Burwood, J C Hughes, M G Neall, U C G Siddall-Norman and M E Thompson
Independent Person	Mr Derek Smith

**58. CHAIRPERSON'S NOTICES**

The Chairperson welcomed everyone to the meeting and went through some general housekeeping arrangements for the meeting. At this point, Ben Jay, the Council's permanent Chief Finance Officer / Section 151 introduced himself.

**59. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors D O Bown and R G Pratt.

**60. MINUTES OF THE LAST MEETING**

**RESOLVED** that the Minutes of the meeting of the Committee held on 20 February 2025 be approved and confirmed.

**61. MATTERS ARISING**

The Committee noted the matters arising from the last meeting.

**62. DISCLOSURE OF INTEREST**

Councillors S J Burwood and N Spenceley declared a matter of transparency in relation to Agenda Item 14 - Proposed Community Governance Reviews - Various Parishes as Heybridge Parish Councillors and Ward Members, advising that this report directly affected their Ward.

**63. PUBLIC PARTICIPATION**

No requests had been received.

#### **64. REAPPOINTMENT OF INDEPENDENT PERSON TO THE PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE**

The Chairperson advised that following the Council decision on 11 July 2024 (Minute No. 165 refers), the Committee was required to complete an annual review of the Independent Person (Mr Derek Smith) and then either reconfirm the postholder, or recruit into the role delegated to the Committee for the Municipal Year 2025 / 26.

The Chairperson thanked Mr Smith for attending meetings and proposed that Mr Derek Smith be reappointed for the Municipal Year 2025 / 26. This was duly seconded and agreed.

**RESOLVED** that Mr Derek Smith be reappointed as Independent Person to the Performance, Governance and Audit Committee for the Municipal Year 2025 / 26.

#### **65. INTERNAL AUDIT REPORTS**

The Committee considered the report of the Chief Financial Officer and associated Internal Audit reports from BDP LLP, attached on the agenda as follows:

- 8a) Progress Report 2024 / 25 and 2025 / 26 (June 2025)
- 8b) Follow-Up of Recommendations Report (June 2025)
- 8c) Building Control Final Report (May 2025)
- 8d) IT Disaster Recovery and Business Continuity (May 2025)
- 8e) General Data Protection Regulations (May 2025)

The Chief Finance Officer introduced the report, highlighted how the function of Internal Audit provided assurance on key aspects of the Council.

##### **Progress Report 2024 / 25 and 2025 / 26**

Mr Andrew Billingham (BDO LLP) presented his report to the Committee which provided an update on completion of the 2024 / 25 internal audit plan and commencement of the 2025 / 26 plan. It was noted that since the last report to the Committee three further reviews had been finalised and it was anticipated that the remaining two audits would be reported to the next meeting of this Committee. In respect of 2025 / 26 Members were advised that these audits had been scoped and BDO was having discussions with the Corporate Leadership Team regarding Local Government Reorganisation to identify how it could help the Council.

##### **Follow Up of Recommendations Report (June 2025)**

Mr Aaron Winter (BDO LLP) presented the report and advised that the outstanding recommendations for 2021 / 22 and 2024 / 25 had been closed. In respect of 2023 / 24 one recommendation was now complete and a recommendation regarding Licensing categorised as 'overdue'. It was reported that Officers were progressing the Licensing recommendation and once the evidence had been received BDO would be able to close it. Mr Winter referred to the positive position, with no other outstanding recommendations.

##### **Building Control Final Report (May 2025)**

Mr Billingham presented the report advising that a review of the Council's Building Control service had taken place and outlined the purpose of the review. It was noted that two high and medium priority recommendations had been raised to support the Council mitigate the identified risks.

At this point, the Chairperson extended thanks to the Assistant Director – Planning and Implementation and Auditors.

### **IT Disaster Recovery and Business Continuity Final Report (May 2025)**

Mr Winter presented the report advising of the IT Disaster Recovery and Business Continuity review that had been undertaken. He highlighted the purpose of the review, set out in the report, which included a review of recommendations raised in 2019 / 20. It was noted that whilst this would provide assurance, absolute assurance that the Council would recover from an incident of disaster could not be given. Mr Winter highlighted that two substantial opinions had been given, alongside a number of areas of strength which was a positive outcome for the Council and demonstrated strong foundation. He advised that BDO carried out a lot of work in this area and they did not often see such a positive outcome.

The Committee asked that its congratulations be passed to the IT Team and managers.

During the debate that ensued and in response to a number of questions the following information was provided:

- The Chief Executive advised that the Council did have evidence of attempts to hack its systems, however Members should be reassured by what had been highlighted in the audit. The IT team were constantly checking and protecting systems on a daily basis and he received a monthly report on vulnerabilities, attacks etc. and the measure being put in place to combat them.
- The Council was currently working with 16 alpha numeric passwords and two-factor encryption but was also looking to introduce a stronger system.

The Chairperson reminded Members of the Council's online training courses including Boxfish that needed to be completed. She advised that should Members require any additional help this was available.

### **General Data Protection Regulation (GDPR) Final Report (May 2025)**

Mr Winter presented the report advising of the GDPR review that had been undertaken. He highlighted the purpose of the review to assess the Council's compliance against key parts of UK GDPR and the areas covered, as set out in the report. It was noted that three medium and one low priority recommendation had been made. Mr Winter highlighted the recommendation in relation to the Council's Record of Processing Activities (RoPA) and advised that the Council had actions in place to address some of the findings.

The Lead Specialist: Legal and Monitoring Officer advised that she was the Council's designated Data Protection Officer and part of her role was to deal with Data Protection and Subject Access requests. She was currently meeting with heads of departments to check data in respect of the Council's RoPA and it would then be shared with Internal Audit. It was anticipated that this would be completed in two weeks.

The Chairperson requested that all Members be sent an email reminder to complete their GDPR training.

### **Internal Audit reports continued**

The Chairperson then moved the recommendations set out in the report, taking into

consideration the earlier discussions. This was duly seconded and approved.

## **RESOLVED**

- (i) that the Committee considered, commented, and approved the following reports as set out on the agenda:
  - (a) Progress Report 2024 / 25 and 2025 / 26 (June 2025) at 8a;
  - (b) Follow-Up of Recommendations Report (June 2025) at 8b;
  - (c) Building Control Final Report (May 2025) at 8c;
  - (d) IT Disaster Recovery and Business Continuity (May 2025) at 8d;
  - (e) General Data Protection Regulations (May 2025) at 8e.

The Chairperson thanked the Internal Auditors for their reports and attendance.

## **66. APPOINTMENT OF REPRESENTATIVES ON OUTSIDE BODIES AND WORKING GROUPS**

The Committee considered the report of the Chief Executive to appoint to Outside Bodies and Working Groups of the Performance, Governance and Audit Committee for the ensuing municipal year.

The Chairperson drew Members' attention list of outside bodies set out in section 3.1.1 of the report and that nominations for two Process Improvement Champions were required. It was duly agreed that Councillors N D Spenceley and M E Thompson be appointed as the Committee's Process Improvement Champions.

The Chairperson called for nominations to the Working Group set out in the report and it was agreed that Councillors M G Bassenger, U C G Siddall-Norman, N D Spenceley, W Stamp and M E Thompson be appointed to this Working Group.

## **RESOLVED**

- (i) That the Committee appoints representatives to the following Outside Bodies, for the ensuing Municipal Year;

<b>Outside Body</b>	<b>2025 / 26 Representative(s)</b>
Chairs of Audit Committee Forum	Chairperson of the Performance, Governance and Audit Committee
Town and Parish Engagement Forum	Chairperson of the Performance, Governance and Audit Committee
Process Improvement Champions	Councillors N D Spenceley and M E Thompson

- (ii) That the Committee appoints representatives to the following Working Groups, for the ensuing Municipal Year;

<b>Working Groups</b>	<b>2025 / 26 Representative(s)</b>
Performance, Governance and Audit Working Group	Councillors M G Bassenger, U G C Siddall-Norman, N D Spenceley, W Stamp and M E Thompson

## 67. REVIEW OF CORPORATE RISK - QUARTER 4

The Committee considered the report of the Chief Executive which set out the requirement for this Committee to undertake a quarterly review of the Corporate Risk Register as assurance that corporate risks were being managed effectively. A table of the Corporate Risk Register latest ratings and Officer commentary was attached as Appendix 1 to the report. The mitigating action log was set out in Appendix 2.

The Assistant Director – Programmes, Performance and Governance presented her report for quarter four (Q4) (January – March 2025) and advised that between quarter three and Q4 there had been no changes to existing risks. She drew Members' attention to new risk *Failure to provide adequate building safety and access systems* and risk *Failure to have a structured way to engage and support local businesses* which was recommended for closure.

During the debate that followed Officers provided further information regarding some of the risks set out in in Appendix 1 in response to questions raised by Members and the Independent Person.

- The Chief Finance Officer explained the work being done by the Council to close down the 2024 / 25 accounts and how along with the other 15 Councils involved in Devolution Maldon was engaged in the work being done regarding project management and delivery. He outlined how all Section 151 Officers had been clear that they wanted to see services maintained or improved and highlighted work being done with the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Ministry of Communities, Housing and Local Government to ensure relevant support was provided. It was expected that a report on such matters would be brought forward for consideration in the Autumn.
- Difficulty recruiting staff was widespread across all Councils and the risk related to the specific market for specialist areas such as Environmental Health, Planning, Building Control etc.
- In response to a question regarding the controls relating to Risk 17 – Failure to provide adequate building safety and access systems, Members were advised that this was background information and Officers would look into how control detail could be added.

The Chairperson moved the recommendations set out in the report and these were duly agreed.

### RESOLVED

- (i) That Members reviewed the Corporate Risk Register in Appendix 1 to the report and provided comment and feedback for consideration;
- (ii) That Members reviewed progress of the Corporate Risk Mitigating actions in Appendix 2 and provided comment and feedback for consideration;
- (iii) That Members are assured through this review that corporate risk and was being managed effectively;
- (iv) That Members challenged risk where the Committee felt that the Council's corporate goals may not be achieved.

## **68. RISK MANAGEMENT POLICY**

The Committee considered the report of the Chief Executive seeking Members' approval of an updated Risk Management Policy (the Policy) attached as Appendix A to the report.

The Assistant Director – Programmes, Performance and Governance presented her report advising that the Policy set out the framework for how the Council managed and mitigated risk. The current Policy was due for renewal in October 2025 and the updated Policy had been simplified, reflected best practice updates and new system work the Council had been carrying out around risk management. She advised that that revised process included target risk scores and simplified scoring criteria with a recommended action, depending on the risk score. Members were advised that if the Policy was adopted Officers recommended that a full review of the Corporate Risk Register take place as part of the quarter 1 risk review work.

In response to a question regarding the Local Government Reorganisation and Devolution, it was noted that this would appear on the Council's risk register which was separate to the Policy.

In response to a comment, Officers agreed to amend the table shown at section 2d) of the Policy as the numbers 7 and 8 were missing from the score column.

The Chairperson then moved the recommendations set out in the report. This was duly seconded and agreed.

### **RESOLVED**

- (i) That subject to the above minor amendment, the Risk Management Policy (at Appendix A to the report), be adopted;
- (ii) That the Committee continues to receive quarterly reports of the Corporate Risk Register for review and challenge;
- (iii) That the Corporate Risk Register is reviewed considering the revised Policy as part of Quarter 1 reporting.

## **69. ANNUAL GOVERNANCE STATEMENT ACTIONS UPDATE**

The Committee considered the report of the Chief Executive updating Members on the actions identified in the 2024 / 25 Annual Governance Statement (AGS).

The report provided background information regarding the AGS which was approved by this Committee on 10 June 2021. An updated list of actions for the year looking forwards was set out in the report.

The Assistant Director – Programmes, Performance and Governance presented the report advising that the new AGS and associated actions had been approved by the Committee. Therefore, when the quarter 1 report came forward this would include best practice actions and updates in addition to those that needed to roll over from the 2024 / 25 AGS. Members noted the two actions that had been closed in Quarter 4.

The Chairperson moved the recommendation set out in the report, which was duly seconded and agreed.

**RESOLVED** that the Committee reviewed the Annual Governance Statements table and updates set out in the report.

## **70. HEALTH AND SAFETY UPDATE - QUARTER FOUR 2024 / 25**

The Committee considered the report of the Deputy Chief Executive that provided an update on Health and Safety (H&S) statistics and activity during quarter four (1 January to 31 March 2025).

The Assistant Director – Place and Community introduced the report, which included updates relating to the BDO Health and Safety Audit report (presented to this Committee on 5 December 2024) and highlighted the numbers of accidents / incidents and near misses and incidents of unacceptable behaviour during this quarter. All incidents were scrutinised through the H&S Senior Manager Group with monthly performance updates reported to the Extended Leadership Team. The Assistant Director referred to there not being a centralised H&S budget and the options being explored to create a ring-fenced H&S budget to enable prioritisation of training and equipment to mitigate possible injury.

In response to a number of questions raised during the debate, the following information was provided by Officers:

- The incident resulting in damage to the tractor flail arm had been fully investigated, risk assessments updated and procedures shared amongst operators of the equipment.
- Regarding incidents of unacceptable behaviour, these were reviewed by manager and where it felt appropriate Police information and advice was sought.

There being no further discussion the Chairperson moved the recommendations set out in the report. This was duly seconded and agreed.

### **RESOLVED**

- (i) That Members considered the accident and incident statistics and incidences of unacceptable behaviour reported;
- (ii) That Members considered progress of key health and safety actions as set out in section 3.2 of the report.

## **71. PROPOSED COMMUNITY GOVERNANCE REVIEWS - VARIOUS PARISHES**

The Committee considered the report of the Chief Executive seeking Members' consideration of requests from various Parish / Town Council for review of boundaries and electoral arrangements.

The report advised that the Boundary Commission for England had paused all work on the District-wide electoral review, in view of the implications of the Government's English Devolution White Paper. As a result of writing to Parish and Town Councils to establish if there were any particular issues required to be dealt with, the report detailed requests received from a number of Parish Councils as well as Maldon Town Council. The Corporate Governance Project Officer presented the report, drawing Members' attention to the Council's response to each request and whether further action was proposed.



Members noted that Officers had concluded that there was merit in undertaking Community Governance Reviews (CGR) for the boundary revisions in Maldon and Heybridge and the increased Memberships requested for Little Braxted, and also North Fambridge which had previously been approved.

In response to a question, the Officer advised that each CGR would need to have terms of reference prepared for publication and as a basis for consultation, together with a timetable of events which would include a report back to the Committee for a final recommendation. This could take between nine months and a year to complete.

The Chairperson moved the recommendations set out in the report, which were duly seconded and agreed.

## **RESOLVED**

- (i) That Community Governance Reviews be instigated in line with the requests by Maldon Town Council and Heybridge Parish Council for parish boundary revisions;
- (ii) That a Community Governance Review be instigated in line with the request by Little Braxted Parish Council for an increase in its membership;
- (iii) That the Chief Executive be authorised to prepare for publication and consultation terms of reference for these proposals.

## **72. HEADLINE RESULTS AND ACTION PLAN OF THE STAFF SURVEY**

The Committee considered the report of the Chief Executive updating Members on the recent staff survey results and seeking feedback on the associated action plan which had been produced by the Management team. It was noted that the annual staff survey had run from 18 November 2024 to 3 January 2025.

The Assistant Director – Programmes, Performance and Governance presented the report and drew Members' attention to section 3.4 which highlighted the key changes in comparison to the 2023 survey. Section 3.5 outlined the top positive, neutral and negative responses received and section 3.6 indicated common themes. Following a review of the staff survey results by the Corporate Leadership Team in February this year an action plan had been developed (set out at section 3.7 of the report) and it was noted that this would be updated and monitored quarterly.

During the discussion that ensued, and in response to a question the Assistant Director advised that the full data was able to show a breakdown by Assistant Director area, however the survey did not ask for characteristics such as role or gender. She agreed to confirm the number of staff 58% represented and provide Members with a copy of the staff communications.

The Chairperson moved the recommendations set out in the report. This was duly seconded and agreed.

## **RESOLVED**

- (i) That the Committee reviewed and commented on the staff survey results and associated action plan activities listed in section 3.7 of the report;
- (ii) That Members confirm through this, they are assured the staff survey response is being managed effectively.



### **73. UK SHARED AND RURAL ENGLAND PROSPERITY FUNDS**

The Committee considered the report of the Chief Executive updating Members on the closure of the UK Shared and Rural England Prosperity Funds (UKSPF) for the allocation period 2022 to 2025. The report also provided an update on the progress of UKSPF funds for the allocation period 2025 / 26.

The Lead Specialist Prosperity presented the report and gave a short presentation which highlighted key achievements in respect of the UKSPF. Members congratulated the Lead Specialist Prosperity on her report.

A supporting document was attached at Appendix 1 to the report and set out the projects completed with the Council's allocation of £1,000,000 for the UKSPF over the three-year period. It was noted that all projects were completed on time, within budget and the Council had reported a £669 underspend to the Ministry of Housing, Communities and Local Government.

Appendix 2 to the report detailed grants issued to organisations and the purpose of the funding under the Council's Rural England Prosperity Fund (REPF) allocation. There had not been any underspend with this allocation. Appendix 3 provided an update on the UKSP and REPF previously approved projects for 2025 / 26.

The Chairperson referred to paragraph 3.2.6 of the report which referred to Ward Members. She asked Officers when consulting with Ward Members in the areas of Heybridge, Maldon and Burnham-on-Crouch that consideration be given to including all Ward Members. Officers advised that they had noted this comment and would review consultation of Ward Members.

In response to a comment raised regarding reviewing terms of reference / governance in respect of managing the funds, Members were advised that the process for the Community Grant Fund was due to be considered by the Council at its meeting on 10 July 2025.

The Chairperson then moved the recommendations set out in the report. This was duly seconded and agreed.

#### **RESOLVED**

- (i) That the Committee acknowledges the closure of the UK Shared and Rural England Prosperity Funds (UKSPF) for the allocation period 2022 to 2025 and its successes;
- (ii) That the Committee acknowledges the update provided on Maldon District's UKSPF allocations for 2025 / 26 and continues to monitor the delivery.

### **74. ANY OTHER ITEMS OF BUSINESS THAT THE CHAIRPERSON OF THE COMMITTEE DECIDES ARE URGENT**

At this point, Councillor U G C Siddall-Norman thanked Officers for their hard work, advising that she was extremely impressed with the level of the presentations, the meeting tonight and Members' participation. The Chairperson asked that this comment be recorded in the Minutes.

There being no other items of business the Chairperson closed the meeting at 8.59 pm.

W STAMP, CC  
CHAIRPERSON

# Matters arising from the Performance, Governance and Audit Committee held on 5 June 2025

Meeting Date	Item (Title of Report)	Action	Lead Officer	Response / Update	Action response date
16-Jun-24	Infrastructure Funding Statement	Details regarding the allotments at Handley Green to be provided to Councillor J Driver	Head of Service - Planning Policy and Implementation	Councillor Driver was emailed on 22 July 2024. <u>November 2024 update</u> – Officers have written twice to the developer for an update on the allotments. The allotments should be delivered when the housing is complete on Phase 1 (the phase in which the allotments lie). As the housing is well on the way to be delivered Officers will continue to pursue this for the delivery timetable and who will be taking over the management of the allotments.	05/12/24 – The Chairperson requested that this item remained on the matters arising list.
05-Jun-25	Internal Audit Reports - IT Disaster Recovery and Business Continuity Final Report (May 2025)	The Committee asked that its congratulations be passed to the IT Teams and managers			
05-Jun-25	Internal Audit Reports - General Data Protection Regulation (GDPR) Final Report (May 2025)	That all Members be sent an email reminder to complete their GDPR training.	Lead Legal Specialist	A link has been added to Members laptops and an email has been sent to all Members (27/06/25) advising of the requirement to complete the training and how to action it.	27-Jun-25
05-Jun-25	Review of Corporate Risk - Quarter 4	In response to a question regarding the controls relating to Risk 17 – Failure to provide adequate building safety and access systems, Members were advised that this was background information and Officers would look into how that detail could be added.	Assistant Director - Programmes, Performance and Governance	This detail was the controls - the full risk register will be published to the Members SharePoint so that Members have access to / can view the full background on risks. This will then be referenced in the next risk report and a link to the Risk Strategy provided in the covering report.	30-Jun-25
05-Jun-25	Headline Results and Action Plan of the Staff Survey	The Assistant Director would confirm the number of staff 58% represented and provide Members with a copy of the staff communications.	Assistant Director - Programmes, Performance and Governance	It was requested that this information be sent to the Independent Person (Mr Smith) - this has been actioned together with some further follow up queries to which the Chairperson and Vice-Chairperson were copied into.	30-Jun-25
05-Jun-25	UK Shared and Rural England Prosperity Funds	In response to a request that when consulting with Ward Members, in the Heybridge, Maldon and Burnham-on-Crouch that consideration be given to including all Ward Members, Officers advised that they had noted this comment and would review the consultation of Ward Members	Lead Specialist Prosperity		

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## **REPORT of CHIEF FINANCE OFFICER**

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**to  
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE  
17 JULY 2025**

### **PLAN FOR THE AUDIT OF THE ACCOUNTS FOR FINANCIAL YEAR 2024/25**

#### **1. PURPOSE OF THE REPORT**

- 1.1 This report presents the draft plan provided by the appointed external auditor (KPMG) for their audit review of the accounts for the year 2024/25 (**APPENDIX 1 - DRAFT – KPMG External Audit Plan & Strategy for the year ended 31 March 2025**).
- 1.2 The key findings and recommendations from the review will be presented by the external auditor later in the year, before issuing their opinion on the Statement of Accounts.
- 1.3 The Audit Plan is included for review. This report is normally presented before the audit takes place.

#### **2. RECOMMENDATIONS**

- (i) That Members consider the DRAFT – KPMG External Audit Plan & Strategy for the year ended 31 March 2025 (**APPENDIX 1**) and provide comments on it;
- (ii) That Members discuss the context of the performance framework for external audit;
- (iii) That Members consider the compensating controls in place to provide assurance on financial reporting, in lieu of a robust external audit approach;
- (iv) That Members consider the evidence presented in the report including the context of the current plan from the external auditor for the audit of the 2024/25 accounts, its sufficiency and robustness; the pressures cited by external auditors compared to those experienced in local government finance teams; the rationale provided by KPMG for their proposed timetable to February 2026, given the clear guidance issued by the National Audit Office (NAO).

#### **3. SUMMARY OF KEY ISSUES**

- 3.1 The Committee is familiar with the detail set out below, as noted in the various previous reports set out at the end of this current report.
- 3.2 The Financial Reporting Council 'accessible guide' provides a helpful overview of the position ([Local Audit Backlog Rebuilding Assurance](#)).

### 3.3 Local Government External Audit

- 3.3.1 External audit functions for local councils were performed by the Audit Commission until 2016/17. The abolition of the Audit Commission in 2014 led to the replacement of their audit functions by commercial audit firms from 2018/19. Despite initial indications that this would be a saving to the taxpayer, the reality is that the fees charged for audit services have risen to 50% above the estimated levels at the time of letting the initial round of contracts.
- 3.3.2 Nationally, in 2016, 97% of council's accounts were signed off by external auditors by the national deadline; for 2023/24 accounts, this fell to 1%.
- 3.3.3 Local authorities are required by the Accounts and Audit (Amendment) Regulations 2024 to publish their financial statements and audit reports by a legislative 'backstop' date. This is 27 February 2026 for the 2024/25 financial year.
- 3.3.4 The introduction of the backstop date has been necessitated by the accumulation of accounts where an opinion was not provided by the external auditor. The backstop provides a route whereby not all aspects of an audit review are required to be completed in the usual way, or by the previously published legal deadline. The route for a condensed audit review is achieved by limiting the testing to be performed. This has enabled 'disclaimed' opinions to be confirmed by external auditors but leaves a question over the actual status of the review undertaken and the assurance it does (or does not) provide.
- 3.3.5 The risks presented through this nationally agreed reduction in the efficacy of a key financial control has led to local arrangements being implemented to mitigate the risk. These mitigations include the more frequent reconciliation of the estimated reserves position to the known value of cash and cash equivalents based on third party banking and investment information, and enhanced use of the internal audit reviews.
- 3.3.6 Audit firms have cited a range of issues as contributory factors leading to the current situation, including
- Inability to recruit and retain sufficient staff.
  - Impact of a changing audit environment, including new International Financial Reporting Standards (IFRS) requirements and International Audit Standards (IAS) requirements – these include IFRS 16 (leases), IFRS 9 (Financial Instruments), IFRS 15 (Revenue from Contracts with Customers).
  - Sector wide changes arising from high-profile organisational failures (e.g. Carillion, Patisserie Valerie, Exxon). In the UK Local Government Sector, this has had the impact of requiring much greater oversight of 'third party' estimates for values such as the pensions net liability or asset and the valuation of property, plant and equipment. This also led to less reliance being placed on the work of internal auditors, for the same reason (although internal audit advice remains a key element of the internal controls environment in all councils).
  - Auditing the results of changed patterns of public sector funding arising from UK government's response to the COVID pandemic.
- 3.3.7 Contracts for external audit work are managed by 'Public Sector Audit Appointments' (PSAA). PSAA are wholly owned by the Improvement and Development Agency (IDeA), itself now part of the Local Government Association (LGA). This aspect of the work of the LGA is funded through a 'top-slice' of Revenue Support Grant (RSG) applied each year through the Ministry of Housing, Communities and Local

Government (MHCLG). The PSAA website ([www.psaa.co.uk](http://www.psaa.co.uk)) includes a wealth of information on the current performance of the audit firms against the different contracts.

- 3.3.8 The area of local audits has also been reviewed by the Public Accounts Committee of the House of Commons, reaching the following conclusion:

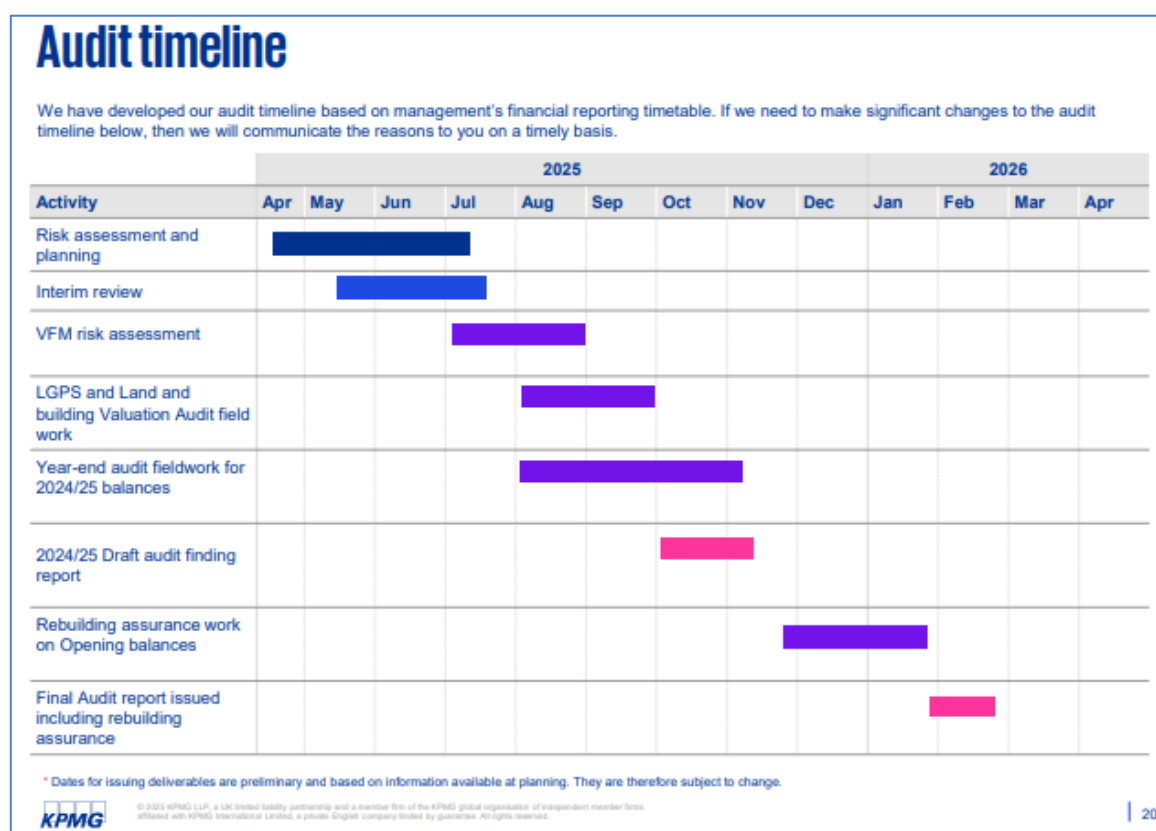
*The Department and the Financial Reporting Council (FRC) do not yet have the detailed understanding they claim they need in order to address the issues prevalent in the system. While the Department has made some interventions intended to help improve timeliness, these sticking plaster approaches have so far had little effect in a system which has no incentives, levers, or sanctions for those who fail to deliver on time.*<sup>1</sup>

- 3.3.9 The Committee may wish to compare these pressures and the response to them by external auditors with those also experienced in local government finance teams (which are the same).

### 3.4 Maldon District Council (MDC) accounts 2024/15: audit review timeline and fee


- 3.4.1 These have been prepared in advance of the deadline, having been published on the Council's website by 30 May 2025, in advance of 30 June 2025 deadline.

- 3.4.2 The draft audit plan provided to MDC by KPMG includes at slide 20 the proposed timetable for the audit of the 2024/25 accounts, reproduced below. This indicates that the audit opinion will not be signed off until February 2026, i.e. the backstop date, regardless of the findings of the audit review (not yet begun). It is not yet clear if the process of rebuilding assurance is included in the 'scale fee' estimate for 2024/25.



<sup>1</sup> [Timeliness of local auditor reporting](#), summary, page 3, para. 3.

- 3.4.3 This would appear to be in direct contravention of the NAO Local Audit Reset and Recovery Implementation Guidance (LARRIG) 5 guidance, shown below. **The Committee may wish to consider the rationale provided by KPMG for their proposed timetable, given the clear guidance issued by the NAO.**

 National Audit Office	<b>LARRIG 05</b> Rebuilding of assurance following a disclaimed audit opinion Issued on 10 September 2024
--	---

### General principles

5. The first, and overarching, principle that auditors should follow when applying this guidance is that **powerful public interest considerations require a return, as soon as possible, to a position where auditors are able to issue opinions on relevant local authority financial statements that are based on sufficient appropriate audit evidence.** This is because the timely delivery of high-quality financial reporting and external audit is vital for the provision of accountability, transparency, and assurance for local people and their elected representatives, and the consolidation of these financial statements into the Whole of Government Accounts to support parliamentary accountability.

- 3.4.4 The draft audit plan provided to MDC by KPMG includes at slide 21 the proposed fee for the audit of the 2024/25 accounts, reproduced below. As previously advised by PSAA, external audit statutory fees are expected to increase to approximately twice the previous rate for all councils in 2024/25.
- 3.4.5 It is not yet clear if the process of rebuilding assurance is included in the 'scale fee' estimate for 2024/25.

## Fees

**Audit fee**

Our fees for the year ended 31 March 2025 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2024/25 (£'000)	2023/24 (£'000)
Statutory audit, including VFM*	158	86
Agreed PY fee variations (includes 17k for ISA315r scope changes included in CY base fee)	-	68
<b>TOTAL</b>	<b>158</b>	<b>154</b>

\* In 23/24 given the disclaimer we only charged £86,261 of the scale fee of £143,768 in recognition of the disclaimer.

The fees also assume no significant risks are identified as part of the Value for Money risk assessment. Additional fees in relation to these areas will be subject to the fees variation process as outlined by the PSAA.



- 3.4.6 Audit fees charged to the Council in recent years are shown below. While factors such as staff resource availability, increasing pressure on local council finances, new reporting requirements, and COVID have undoubtedly created additional pressure for external auditors, it is hard to understand how fees have increased to such an extent while the level of assurance has fallen so drastically as a result of the backlog and the 'disclaimed' opinion approach.

financial year	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Audit fee (per accounts)	£79k	£103k	£53k	£87k	£183k	£153k (estimated)

## 4. CONCLUSION

- 4.1 The Committee is invited to consider the context of the current plan from the External Auditor for the audit of the 2024/25 accounts, their sufficiency, and robustness.

## 5. IMPACT ON PRIORITIES AS SET OUT IN THE CORPORATE PLAN 2025 - 2028

### 5.1 Delivering good quality services

- 5.1.1 A key objective of the Council's Corporate Plan is to continue to have good governance arrangements in place. The external audit opinion is one of the main sources of assurance of the achievement of this objective for the Performance, Governance and Audit Committee. The lack of a clear opinion and its replacement with a 'disclaimed' opinion (due to lack of time and other resources required) is being replaced by reliance on other, robust, ways to provide Members with assurance on the accuracy of financial reporting.

## 6. IMPLICATIONS

- (i) **Impact on Customers** – Lower than planned assurance on the council's financial position.
- (ii) **Impact on Equalities** – None directly.
- (iii) **Impact on Risk (including Fraud implications)** – Disclaimed opinions by external audit reduce the effectiveness of internal financial controls and are being replaced by alternative measures. Corporate risk approaches are being updated accordingly.
- (iv) **Impact on Resources (financial)** – the expected costs of the audit are set out in the report. It is expected that charges will exceed the stated scale fee, as they have done in recent years. An appropriate provision will be included in the financial forecasts of the Council.
- (v) **Impact on Resources (human)** – the finance team and other officers are ready to support the work of KPMG, as and when required, including being diverted from other work as necessary.
- (vi) **Impact on Devolution / Local Government Reorganisation (LGR)** – No impact on devolution preparation; accounting information, alongside other

relevant service and financial performance data, forms a key part of the planning for the local government reorganisation in Greater Essex. External Audit play a vital assurance role in the preparation of baselines for the new configuration of councils in Essex. The report notes the possible conflict between the timeliness of the reestablishment of assurance on financial baselines per auditors and LARRIG guidance and the current implementation timeline for LGR.

## 7. RELATED REPORTS

### 7.1 MDC reports

- Audit Findings Report, FY 2020/21 (Deloitte), Performance, Governance and Audit Committee (PG&A) 16 November 2023 (item 7): [\(Public Pack\)Agenda Document for Performance, Governance and Audit Committee, 16/11/2023 19:30](#)
- Audit Findings Report, FY 2021/22 and 2022/23 (Deloitte), PG&A 5 December 2024 (item 8): [\(Public Pack\)Agenda Document for Performance, Governance and Audit Committee, 05/12/2024 19:30](#)
- Audit Findings Report, FY 2023/24 (KPMG), PG&A 20 February 2025 (item 7): [\(Public Pack\)Agenda Document for Performance, Governance and Audit Committee, 20/02/2025 19:30](#)

### 7.2 Other reports

- Financial Reporting Council (FRC) accessible guide: [Local Audit Backlog Rebuilding Assurance](#)
- Chartered Institute of Public Finance and Accountancy (CIPFA) - CIPFA Bulletin 18 – Local audit backlog in England; October 2024: [CIPFA Bulletin 18 Local audit backlog in England | CIPFA](#)
- LARRIG guidance notes  
[Guidance and information for auditors - National Audit Office \(NAO\)](#)
  - [LARRIG 01 – General arrangements supporting guidance for auditors in implementing the reset and recovery](#)
  - [LARRIG 02 – Guidance on the impact of backstop arrangements on audits of English local authorities](#)
  - [LARRIG 03 – Modifications of independent auditor's opinions on the financial statements for audits of English local authorities](#)
  - [LARRIG 04 – Auditor reporting requirements under ISA\(UK\) 250A \(Consideration of Laws and Regulations in an Audit of Financial Statements\) and reporting in the public interest](#)
  - [LARRIG 05 – Rebuilding of assurance following a disclaimed audit opinion](#)
  - [LARRIG 06 – Special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions](#)
- PSAA quarterly monitoring pack (1 Jan to 31 Mar 2025): [Presentation](#)
- House of Commons; Public Accounts Committee [Timeliness of local auditor reporting](#)

Background papers: See above.

Enquiries to: Ben Jay, Chief Finance Officer.

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# Maldon District Council

## Report to the Performance, Governance and Audit Committee

**DRAFT - External Audit Plan & Strategy for the  
year ended 31 March 2025**

17 July 2025

# Introduction

To the Governance & Audit Committee of Maldon District Council

We are pleased to have the opportunity to meet with you on 17 July 2025 to discuss our audit of the consolidated financial statements of Maldon District Council for the year ended 31 March 2025.

This report provides the Audit & Risk Committee with an opportunity to review our planned audit approach and scope for the 2024/25 audit. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and in compliance with the NAO's 2024/25 Code of Audit Practice, auditing standards and other professional requirements.

This report outlines our risk assessment and planned audit approach. Our planning activities are still ongoing and we will communicate any significant changes to the planned audit approach.

We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

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Overview of planned scope including materiality	4
Significant risks and Other audit risks	6
Audit Risks and our audit approach including Going concern	7
Mandatory communications	14
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## The engagement team

Emma Larcombe (ACA) is the engagement partner on the audit. She has 15 years of industry experience.

Emma Larcomber shall lead the engagement and is responsible for the audit opinion.

Other key members of the engagement team include Priya Saini ( Manager), with 5 years audit experience.

Yours sincerely,

**Emma Larcombe,**  
**Director - KPMG LLP**

17 July 2025

## APPENDIX 1

## 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 controls and
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We depend on well planned timing of our audit work to avoid compromising the quality of the audit. This is also heavily dependent on receiving information from management and those charged with governance in a timely manner.

We aim to complete all audit work no later than 2 days before audit signing.

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, 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.culter@kpmg.co.uk](mailto:tim.culter@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can raise your complaint as per the following process [Complaints](#).

# Impact of backstop on our audit

## Ongoing measures to resolve the backlog

As previously reported the Government has introduced measures to resolve the legacy local government financial reporting and audit backlog.

Last year amendments were made to the Accounts and Audit Regulations and NAO's Code of Audit Practice which allowed auditors to give disclaimed opinions over any open, incomplete audits up to the period ending 31 March 2023. These were required to be delivered by 13th December 2024. For the Council this had the impact of our disclaimed audit opinion for two financial years to and including 2022/23 (as issued by the previous auditors). We issued a disclaimed audit opinion for 2023/24 on 27/02/2025 to comply with the backstop date relevant to our audit.

## Impact on our audit of the financial statements

As explained in previous reporting to the audit committee the level of rebuilding assurance related to the years prior to our appointment was limited in 2023/24. This was because we concluded there was insufficient time before the February 2025 backstop to complete our audit to obtain sufficient appropriate audit evidence, and, in our view, this was pervasive to the prior year financial statements as a whole.

The impact of the above means that for the financial year 2024/25 elements of the opening balances and 2023/24 comparatives are still impacted by previous disclaimers and as such our audit opinion is likely to be modified in relation to this matter.

Work is ongoing in the sector to develop guidance to help support appropriate audit procedures for audits where further work on is required to build back assurance.

## Value for Money

The amendments to the Accounts and Audit Regulations do not impact on our responsibilities in relation to the Authority's Value for Money arrangements. We are responsible for forming a view on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources and as such our work will proceed as normal.

# Overview of planned scope including materiality

### Our materiality levels

We determined materiality for the entity financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We used a benchmark of expenditure which we consider to be appropriate given the sector in which the entity operates, its ownership and financing structure, and the focus of users. We considered qualitative factors such as stability of legislation, lack of shareholders and limited debt arrangements when determining materiality for the financial statements as a whole.

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality £411K/ 65% of materiality driven by our expectations of Increased level of undetected or uncorrected misstatements in the period. We also adjust this level further downwards for items that may be of specific interest to users for qualitative reasons, such as officers' remuneration.

### We will report misstatements to the audit committee including:

- Corrected and uncorrected audit misstatements above £31.6K.
- Errors and omissions in disclosure (Corrected and uncorrected) and the effect that they, individually in aggregate, may have on our opinion.
- Other misstatements we include due to the nature of the item.

### Control environment

The impact of the control environment on our audit is reflected in our planned audit procedures. Our planned audit procedures reflect findings raised in the previous year and management's response to those findings.

- For example, we anticipate that we will adopt a controls-based approach on these accounts – cash.

## Entity Materiality

Entity	
Materiality for the financial statements as a whole	<b>£633K</b> (2023: £633K) (2% of Expenditure of 2023 signed accounts)
Performance Materiality	<b>£411K</b> (2023 £411K)
Misstatements reported to the audit committee	<b>£31.6K</b> (2023 £31.6K)

### Entity Materiality

**£633K**

2% of Expenditure £31.7m



# Overview of planned scope including materiality (cont.)

Page 29

## Timing of our audit and communications

- We will maintain communication led by the engagement partner and manager throughout the audit. We set out below the form, timing and general content of our planned communications:
- Kick-off meeting with management where we present our draft audit plan outlining our audit approach and discuss management’s progress in key areas;
- Performance, Governance and Audit Committee meeting in July 2025 where we present our draft audit plan;
- Status meetings with management on a monthly basis where we communicate progress on the audit plan, any misstatements, control deficiencies and significant issues;
- Progress and closure meetings with management in October and December 2025 where we discuss the auditor’s report and any outstanding deliverables;
- Performance, Governance and Audit Committee meeting in January 2026 where we communicate audit misstatements and significant control deficiencies; and
- Biannual private meetings can also be arranged with the Committee chair if there is interest.

## Using the work of others and areas requiring specialised skill

We outline below where, in our planned audit response to audit risks, we expect to use the work of others such as Internal Audit or require specialised skill/knowledge to perform planned audit procedures and evaluate results.

Others	Extent of planned involvement or use of work
Internal Audit	We will review the reporting prepared by Internal Audit; however, we do not plan to place any reliance on said work
KPMG Pensions Centre of Excellence/Actuaries	We will involve our pensions colleagues to review the pension liability valuation on the balance sheet during our audit. Our actuaries will review and challenge the actuarial assumptions underpinning the valuation of LGPS liabilities.
REVCOE	Our revaluation sector of excellence will review and challenge the assumptions underpinning the revaluation of your investment and PPE assets.

# Significant risks, Higher assessed risks and Other audit risks

Our risk assessment draws upon our understanding of the applicable financial reporting framework, knowledge of the business, the sector and the wider economic environment in which Maldon District Council operates.

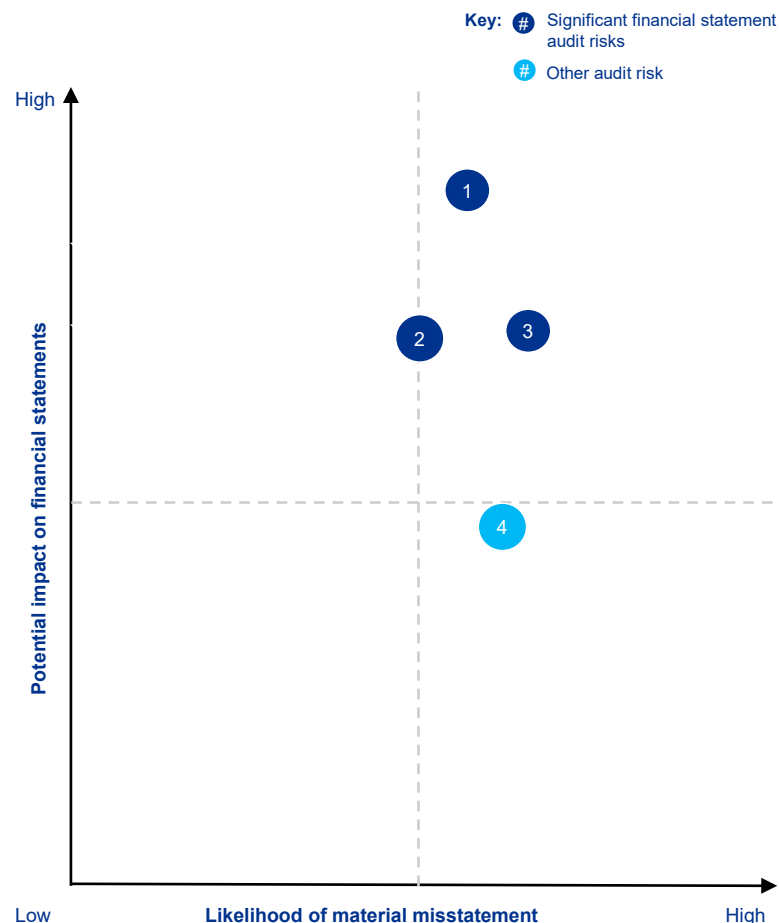
We also use our regular meetings with senior management to update our understanding and take input from sector and internal audit reports.

## Significant risks

1. Valuation of land and buildings
2. Management override of controls
3. Valuation of post retirement benefit obligations

## Other audit risks

4. Adoption of IFRS 16



## Value for money

We are required to provide commentary on the arrangements in place for ensuring Value for Money is achieved at the Council and report on this via our Auditor's Annual Report. This will be published on the Council's website and include a commentary on our view of the appropriateness of the Council's arrangements against each of the three specified domains of Value for Money: financial sustainability; governance; and improving economy, efficiency and effectiveness.

Our risk assessment procedures are yet to begin.

# Audit risks and our audit approach (cont.)

1

## Valuation of land and buildings

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



### Significant audit risk

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five-year cycle, with certain assets, including the council office, leisure centres, being revalued annually. The majority of the council's assets are valued using a non-specialised basis, with two of the properties that are revalued using a specialised basis.

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

A further risk is presented for those assets that are revalued in the year, which involves significant judgement and estimation on behalf of the engaged valuer – Valuation office Agency.



### Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the valuation:

- We will critically assess the independence, objectivity and expertise of the valuation office agency, the valuers used in developing the valuation of the Council's properties at 31 March 2025;
- We will inspect 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 will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will challenge the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We will challenge key assumptions within the valuation as part of our judgement;
- We will agree the calculations performed of the movements in value of land and buildings and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code;
- Disclosures: We will consider the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

# Audit risks and our audit approach (cont.)

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.*



### Planned response

Our audit methodology incorporates the risk of management override as a default significant risk.

- Assess accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluate the selection and application of accounting policies.
- In line with our methodology, evaluate the design and implementation of controls over journal entries and post closing adjustments.
- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assess the business rationale and the appropriateness of the accounting for significant transactions that are outside the normal course of business or are otherwise unusual.
- We will analyse all journals through the year using data and analytics and focus our testing on those with a higher risk.

# Audit risks and our audit approach (cont.)

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 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 following pension scheme memberships: Local Government Pension Scheme
- 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.



### Planned response

We will perform the following procedures:

- Understand the processes the Councils have in place to set the assumptions used in the valuation;
- Evaluate the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Perform 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;
- Agree the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Evaluate 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;
- Challenge, 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;
- Confirm that the accounting treatment and entries applied by the Group are in line with IFRS and the CIPFA Code of Practice;
- Consider the adequacy of the Council's disclosures in respect of the sensitivity of the deficit or surplus to these assumptions;
- Where applicable, assess the level of surplus that should be recognised by the entity.

# Audit risks and our audit approach

4

Adoption of IFRS 16

An inappropriate amount is estimated and recorded for lease liabilities and right of use assets

Change vs prior year ▲



Other audit risk

- The Council has adopted IFRS 16 as per CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom (2024/25) with an implementation date of 1 April 2024.

We anticipate the following challenges/impact in the first year of implementation.

- Completeness of lease listing used in transition computations.
- Inadequate lease disclosures as per IFRS 16.
- Inaccurate computation of lease liabilities and right of use assets.
- Training needs for new/existing staff



Planned response

We will perform the following procedures in order to respond to the other audit risk identified:

- Obtain the full listings of leases and reconcile to the general ledger.
- Review a sample of the lease agreements to determine the terms of the leases and confirm correct classification.
- Review the appropriateness of the discount rate used in the lease computations.
- Review the transition adjustments passed by the Council.
- Review the disclosures made on the financial statements against requirements of IFRS16.

# Audit risks and our audit approach

## Expenditure – rebuttal of Significant Risk

Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered.

Having considered the risk factors relevant to the Council and the nature of expenditure within the Council, we have determined that a significant risk relating to expenditure recognition is not required.

Specifically, the financial position of the Council/entity, (whilst under pressure) is not indicative of a position that would provide an incentive to manipulate expenditure recognition, and the nature of expenditure has not identified any specific risk factors.

# Audit risks and our audit approach

## Revenue – Rebuttal of Significant Risk

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. Due to the nature of the revenue within the sector we have rebutted this significant risk. We have set out the rationale for the rebuttal of key types of income in the table below.

Description of Income	Nature of Income	Rationale for Rebuttal
<b>Council tax</b>	This is the income received from local residents paid in accordance with an annual bill based on the banding of the property concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of properties in the area and the fixed price that is approved annually based on a band D property: it is highly unlikely for there to be a material error in the population.
<b>Business rates</b>	Revenue received from local businesses paid in accordance with an annual demand based on the rateable value of the business concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of businesses in the area and the fixed amount that is approved annually: it is highly unlikely for there to be a material error in the population.
<b>Fees and charges</b>	Revenue recognised from receipt of fixed fee services, in line with the fees and charges schedules agreed and approved annually.	The income stream represents high volume, low value sales, with simple recognition. Fees and charges values are agreed annually. We do not deem there to be any incentive or opportunity to manipulate the income.
<b>Grant income</b>	Predictable income receipted primarily from central government, including for housing benefits.	Grant income at a local authority typically involves a small number of high value items and an immaterial residual population. These high value items frequently have simple recognition criteria and can be traced easily to third party documentation, most often from central government source data. There is limited incentive or opportunity to manipulate these figures.



# Mandatory communications - additional reporting

## Going concern

Under NAO guidance, including Practice Note 10 - A local authority's financial statements shall be prepared on a going concern basis; this is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. [...]. Transfers of services under combinations of public sector bodies (such as local government reorganization) do not negate the presumption of going concern.






However, financial sustainability is a core area of focus for our Value for Money opinion.

## Additional reporting

Your audit is undertaken to comply with the Local Audit and Accountability Act 2014 which gives the NAO the responsibility to prepare an Audit Code (the Code), which places responsibilities in addition to those derived from audit standards on us. We also have responsibilities which come specifically from acting as a component auditor to the NAO. In considering these matters at the planning stage we indicate whether:

Work is completed throughout our audit and we can confirm the matters are progressing satisfactorily 	We have identified issues that we may need to report 	Work is completed at a later stage of our audit so we have nothing to report 
--	--	--

We have summarised the status of all these various requirements at the time of planning our audit below and will update you as our work progresses:

Type	Status	Response
Our declaration of independence		No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.
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 to date.
Provide a statement to the NAO on your consolidation schedule		This "Whole of Government Accounts" requirement is fulfilled when we complete any work required of us by the NAO to assist their audit of the consolidated accounts of DLUHC.
Provide a summary of risks of significant weakness in arrangements to provide value for money		We are required to report significant weaknesses in arrangements. Work to be completed at a later stage.
Certify the audit as complete		We are required to certify the audit 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.

# Mandatory communications

Type	Statements
<b>Management's responsibilities (and, where appropriate, those charged with governance)</b>	<p>Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error.</p> <p>Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.</p>
<b>Auditor's responsibilities</b>	Our responsibilities set out through the NAO Code (communicated to you by the PSAA) and can be also found on their website, which include our responsibilities to form and express 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.
<b>Auditor's responsibilities – Fraud</b>	This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.
<b>Auditor's responsibilities – Other information</b>	Our responsibilities are communicated to you by the PSAA and can be also found on their website, which communicates our responsibilities with respect to other information in documents containing audited financial statements. We will report to you on material inconsistencies and misstatements in other information.
<b>Independence</b>	Our independence confirmation at page 29 discloses matters relating to our independence and objectivity including any relationships that may bear on the firm's independence and the integrity and objectivity of the audit engagement partner and audit staff.

# Maldon District Council

## Value for money approach

Year ended 31 March 2025

# Value for money

## Our value for money reporting requirements have been designed to follow the guidance in the Audit Code of Practice.

Our responsibility is to conclude on significant weaknesses in value for money arrangements.

The main output is a narrative on each of the three domains, summarising the work performed, any significant weaknesses and any recommendations for improvement.

We have set out the key methodology and reporting requirements on this slide and provided an overview of the process and reporting on the following page.

## Risk assessment processes

Our responsibility is to assess whether there are any significant weaknesses in the Council's arrangements to secure value for money. Our risk assessment will consider whether there are any significant risks that the Council does not have appropriate arrangements in place.

In undertaking our risk assessment we will be required to obtain an understanding of the key processes the Council has in place to ensure this, including financial management, risk management and partnership working arrangements. We will complete this through review of the Council's documentation in these areas and performing inquiries of management as well as reviewing reports, such as internal audit assessments.

## Reporting

Our approach to value for money reporting aligns to the NAO guidance and includes:

- A summary of our commentary on the arrangements in place against each of the three value for money criteria, setting out our view of the arrangements in place compared to industry standards;
- A summary of any further work undertaken against identified significant risks and the findings from this work; and
- Recommendations raised as a result of any significant weaknesses identified and follow up of previous recommendations.

The Council will be required to publish the commentary on its website at the same time as publishing its annual report online.

### Financial sustainability

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

### Governance

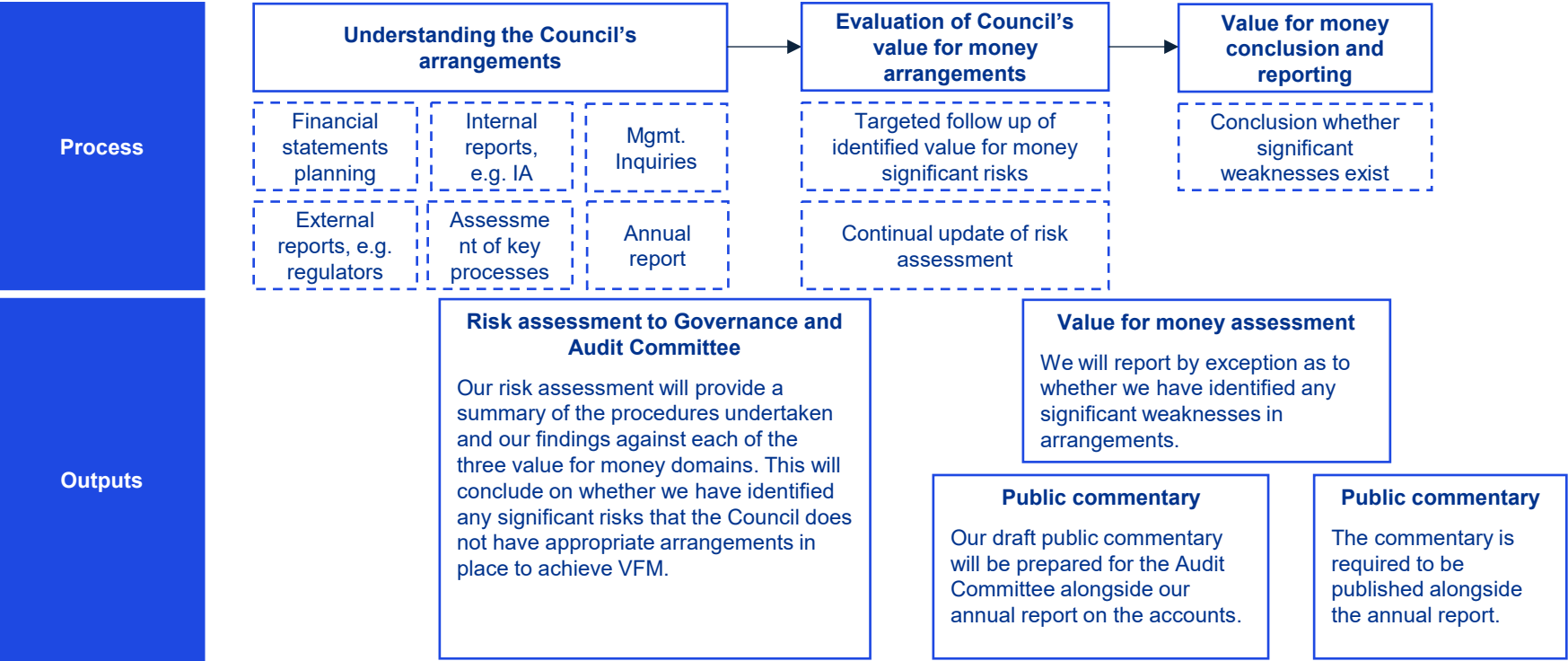
*How the body ensures that it makes informed decisions and properly manages its risks.*

### 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.*

# Value for money

Approach we take to completing our work to form and report our conclusion:

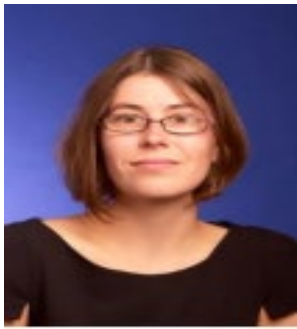



# Appendix

Audit Team  
Audit cycle & timetable  
Fees  
Confirmation of independence  
KPMG's Audit quality framework  
Understanding of IT  
ISA (UK) 600 Revised: Summary of key changes  
FRC's Areas of Focus

# Audit team and rotation

Your audit team has been drawn from our specialist local government audit department and is led by key members of staff who will be supported by auditors and specialists as necessary to complete our work. We also ensure that we consider rotation of your audit partner and firm.

	<p>Emma Larcombe is the director responsible for our audit. They will lead our audit work, attend the Governance &amp; Audit Committee and be responsible for the opinions that we issue.</p>		<p>Priya Saini is the Audit manager responsible for our audit. They will co-ordinate our audit work, attend the Governance &amp; Audit Committee and ensure we are co-ordinated across our accounts and VFM work.</p>
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To comply with professional standard we need to ensure that you appropriately rotate your external audit partner. There are no other members of your team which we will need to consider this requirement for:



This will be Emma's first year as your engagement lead. They are required to rotate every five years, extendable to seven with PSAA approval.

# Audit timeline

We have developed our audit timeline based on management's financial reporting timetable. If we need to make significant changes to the audit timeline below, then we will communicate the reasons to you on a timely basis.

	2025									2026			
Activity	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Risk assessment and planning													
Interim review													
VFM risk assessment													
LGPS and Land and building Valuation Audit field work													
Year-end audit fieldwork for 2024/25 balances													
2024/25 Draft audit finding report													
Rebuilding assurance work on Opening balances													
Final Audit report issued including rebuilding assurance													

\* Dates for issuing deliverables are preliminary and based on information available at planning. They are therefore subject to change.



# Fees

## Audit fee

Our fees for the year ended 31 March 2025 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2024/25 (£'000)	2023/24 (£'000)
Statutory audit, including VFM*	158	86
Agreed PY fee variations (includes 17k for ISA315r scope changes included in CY base fee)	-	68
<b>TOTAL</b>	<b>158</b>	<b>154</b>

\* In 23/24 given the disclaimer we only charged £86,261 of the scale fee of £143,768 in recognition of the disclaimer.

The fees also assume no significant risks are identified as part of the Value for Money risk assessment. Additional fees in relation to these areas will be subject to the fees variation process as outlined by the PSAA.

## Billing arrangements

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

## Basis of fee information

Our fees are subject to the following assumptions:

- The entity's audit evidence files are completed to an appropriate standard (we will liaise with you separately on this);
- Draft statutory accounts are presented to us for audit subject to audit and tax adjustments;
- Supporting schedules to figures in the accounts are supplied;
- The entity's audit evidence files are completed to an appropriate standard (we will liaise with management separately on this);
- A trial balance together with reconciled control accounts are presented to us;
- All deadlines agreed with us are met;
- We find no weaknesses in controls that cause us to significantly extend procedures beyond those planned;
- Management will be available to us as necessary throughout the audit process; and
- There will be no changes in deadlines or reporting requirements.

We will provide a list of schedules to be prepared by management stating the due dates together with pro-formas as necessary.

Our ability to deliver the services outlined to the agreed timetable and fee will depend on these schedules being available on the due dates in the agreed form and content.

Any variations to the above plan will be subject to the PSAA fee variation process.

# 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 Partner and audit staff is not impaired.

## To the Audit and Risk Committee members

### Assessment of our objectivity and independence as auditor of Maldon District 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 [

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

#### Summary of non-audit services

There are no non-audit services applicable.

# 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 0.3: 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.

	2024/25
	£'000
Statutory audit	158
Other Assurance Services	0
<b>Total Fees</b>	<b>158</b>

## 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

Emma Larcombe

**KPMG LLP**

# 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

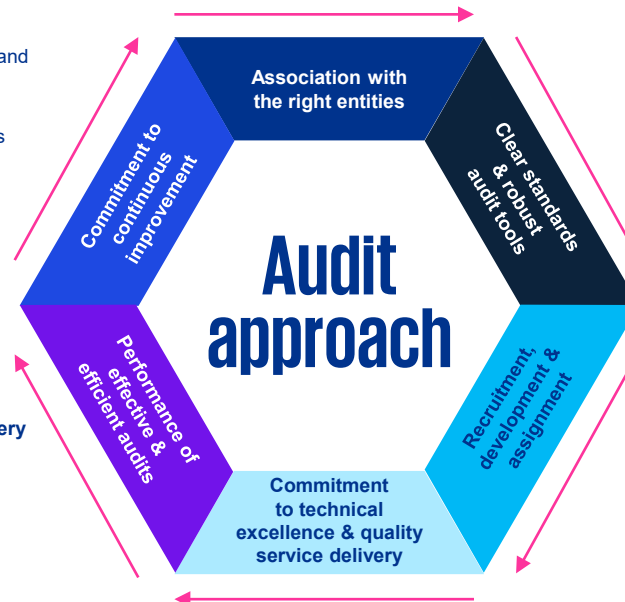
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

## ■ 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 entities 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 and specialists

# Statement on the Effectiveness of our system of quality management

Based on the annual evaluation of the Firm's System of Quality Management as of 30 September 2023, the System of Quality Management provides the Firm with reasonable assurance that the objectives of the System of Quality Management are being achieved.

Our full Statement on the effectiveness of the System of Quality Management of KPMG UK LLP as at 30 September 2023 can be found [here](#).

***The extract below is the Statement on the Effectiveness of our system of quality management taken from our Transparency Report:***

As required by the International Auditing and Assurance Standards Board (IAASB)'s, International Standard on Quality Management (ISQM1), the Financial Reporting Council (FRC)'s International Standard on Quality Management (UK) 1 (ISQM (UK) 1), and KPMG International Limited Policy, KPMG UK LLP (the "Firm" and/or "KPMG UK") has responsibility to design, implement and operate a System of Quality Management for audits or reviews of financial statements, or other assurance or related services engagements performed by the Firm.

The objectives of the System of Quality Management are to provide the Firm with reasonable assurance that:

- a) The Firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- b) Engagement reports issued by the Firm or engagement partners are appropriate in the circumstances.

KPMG UK outlines how its System of Quality Management supports the consistent performance of quality engagements in the 2023 Transparency Report.

Integrated quality monitoring and compliance programmes enable KPMG UK to identify and respond to findings and quality deficiencies both in respect of individual engagements and the overall System of Quality Management.

If deficiencies are identified when KPMG UK performs its annual evaluation of the System of Quality Management, KPMG UK evaluates the severity and pervasiveness of the identified deficiencies by investigating the root causes, and by evaluating the effect of the identified deficiencies individually and in the aggregate, on the System of Quality Management, with consideration of remedial actions taken as of the date of the evaluation.

Based on the annual evaluation of the Firm's System of Quality Management as of 30 September 2023, the System of Quality Management provides the Firm with reasonable assurance that the objectives of the System of Quality Management are being achieved.





# Understanding of IT

Effect on audit effort



## Summary

**The release of ISA 315 (UK) revised brought an increased focus on Understanding of IT in the audit, and it continues to be an area of focus.**

Stakeholders now expect auditors to not only understand IT in detail, but also to consider the impact of the findings from their risk assessment procedures on their planned audit approach.

### Why is Understanding of IT so important?

Businesses continue to embrace increasingly complex and sophisticated IT systems and place more and more reliance on automated IT processing not simply for a competitive advantage, but also for "business as usual" operations.

This increased reliance means that to effectively audit accounts, balances and transactions, auditors are required to understand and challenge more around how those IT system and process work.

Therefore, Understanding of IT is a crucial building block of our audit strategy and influences our planned audit approach at every stage.

This is true regardless of whether controls reliance is planned or the audit is expected to be fully substantive in nature.

### What kind of things might we identify?

As part of our risk assessment procedures, we perform:

- An assessment of the formality, or otherwise, of certain financially relevant IT processes
- An evaluation of the design and implementation of related general IT controls
- An evaluation of the design and implementation of automated process level controls

As a result of these procedures, we may identify IT control deficiencies or IT process informalities that may have an impact on our planned audit approach.

Additionally, we may identify findings related to the wider control environment or threats to the accuracy or completeness of the information used by both entity management and auditors alike.

### What does this mean for our audits?

Auditors are being asked to consider the findings from their risk assessment procedures over IT in relation to the planned audit approach.

The findings may impact any area of the audit, however there are three main areas of focus where we anticipate that most impact as a result of identifying IT deficiencies or IT process informality;

- Increased risk to data integrity
- Additional fraud risk factors
- Additional high-risk criteria to be used in journals analysis

It is important to understand that these findings may have an impact regardless of planned reliance on automated controls and general IT controls.

# ISA (UK) 600 Revised: Summary of changes

## APPENDIX 1



### Summary

ISA (UK) 600 (Revised): Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors) is effective for periods commencing on or after 15 December 2023.

The new and revised requirements better aligns the standard with recently revised standards such as ISQM 1, ISA (UK) 220 (Revised) and ISA (UK) 315 (Revised). The revisions also strengthen the auditor's responsibilities related to professional skepticism, planning and performing a group audit, two-way communications between the group auditor and component auditors, and documentation.

Area	Summary of changes and impact	Effect on audit effort
Risk-based approach	The nature and extent of risk assessment procedures performed by the group auditor at group level may increase, which may include further inquires of group and/or component management and those charged with governance; analytical procedures, attendance of walkthroughs at components, and inspection and/or observation of additional component information. Consequently, while we will continue to work across the group audit to be as efficient in our interactions with you as possible, group and component management will typically receive additional, and more specific/granular requests, for information from both the group and component auditors.	
Group auditor responsibilities	Through a more targeted audit response to address the group Risks of Material Misstatement, we may perform audit work and communicate with component management at a greater number of components within the group, and we may request less information from component management at certain components where we previously performed full scope audits for the Group audit, if we determine that a full scope audit is no longer necessary. While statutory audit requirements will still apply, this change may be beneficial for overall audit effort where a statutory audit is not required.	
Flexibility in defining components	You may also see changes in the planned scope and timing of the audit in communications to group management and those charged with governance, such as changes to the identification of components and the work to be performed on their financial information, and/or changes to the nature of the group auditor's planned involvement in the work to be performed by component auditors. The impact will be greater where there are more components.	
Quality management	Enhanced leadership, direction, supervision and review responsibilities of the group engagement partner may result in the group engagement partner needing to engage more extensively with group management, your component management and component auditors throughout the audit.	
Robust communication	If the group auditor determines that the increased work effort is needed, this determination will impact how much, and the type of, information you will need to provide to the group auditor or component auditors. The group auditor is required to prescribe required work at a more granular level. This may mean there is increased work for component auditors, particularly in year one, to align the requirements of the group audit and local statutory audits. We will continue to work closely to minimise this.	
Application of materiality and aggregation risk	Changes in component performance materiality may result in changes to the nature, timing and extent of component auditor's work. If so, this may impact how much, and the type of, information you will need to provide to the group auditor or component auditors.	
Revised independence principles	This may make it more challenging to address auditor rotation and other independence requirements for component auditors we may plan to involve in the group audit and mean more matters impacting independence may need to be communicated to you. Potential changes to the component auditor firms engaged to perform work on financial information of components.	



# FRC's areas of focus

The FRC released their **Annual Review of Corporate Reporting 2023/24** ('the Review') in September 2024 having already issued three thematic reviews during the year.

The Review and thematic reviews identify where the FRC believes companies can improve their reporting. These slides give a high level summary of the key topics covered. We encourage management and those charged with governance to read further on those areas which are significant to their entity.



## Key expectations for 2024/25 annual reports

### Overview

The Review identifies that the quality of reporting across FTSE 350 companies has been maintained this year, but there is a widening gap in standards between FTSE 350 and non-FTSE 350 companies. This is noticeable in the FRC's top two focus areas, 'Impairment of assets' and 'Cash Flow Statements'.

'Provisions and contingencies' has fallen out of the top ten issues for the first time in over five years. This issue is replaced by 'Taskforce for Climate-related Financial Disclosures (TCFD) and climate-related narrative reporting'.

The FRC re-iterates that companies should apply careful judgement to tell a consistent and coherent story whilst ensuring the annual report is clear, concise and company-specific.

### Pre-issuance checks and restatements

The FRC expects companies to have in place a sufficiently robust self-review process to identify common technical compliance issues. The FRC continues to be frustrated by the increasing level of restatements affecting the presentation of primary statements. This indicates that thorough, 'step-back' reviews are not happening in all cases.

### Risks and uncertainties

Geopolitical tensions continue and low growth remains a concern in many economies, particularly with respect to going concern, impairment and recognition/recoverability of tax assets and liabilities. The FRC continue to push for enhanced disclosures of risks and uncertainties. Disclosures should be sufficient to allow users to understand the position taken in the financial statements, and how this position has been impacted by the wider risks and uncertainties discussed elsewhere in the annual report.

### Financial reporting framework

The FRC reminds preparers to consider the overarching requirements of the UK financial reporting framework in determining the information to be presented. In particular the requirements for a true and fair view, along with a fair, balanced, and comprehensive review of the company's development, position, performance, and future prospects.

The FRC does not expect companies to provide information that is not relevant and material to users, and companies should exercise judgement in determining what information to include.

Companies should also consider including disclosures beyond the specific requirements of the accounting standards where this is necessary to enable users to understand the impact of particular transactions or other events and conditions on the entities financial position, performance and cash flows.





# FRC's areas of focus

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Companies should also consider including disclosures beyond the specific requirements of the accounting standards where this is necessary to enable users to understand the impact of particular transactions or other events and conditions on the entities financial position, performance and cash flows.



# FRC's areas of focus (cont.)

## Impairment of assets

Impairment remains a key topic of concern, exacerbated in the current year by an increase in restatements of parent company investments in subsidiaries.

Disclosures should provide adequate information about key inputs and assumptions, which should be consistent with events, operations and risks noted elsewhere in the annual report and be supported by a reasonably possible sensitivity analysis as required.

Forecasts should reflect the asset in its current condition when using a value in use approach and should not extend beyond five years without explanation.

Preparers should consider whether there is an indicator of impairment in the parent when its net assets exceed the group's market capitalisation. They should also consider how intercompany loans are factored into these impairment assessments.

## Cash flow statements

Cash flow statements remain the most common cause of prior year restatements.

Companies must carefully consider the classification of cash flows and whether cash and cash equivalents meet the definitions and criteria in the standard. The FRC encourage a clear disclosure of the rationale for the treatment of cash flows for key transactions.

Cash flow netting is a frequent cause of restatements and this was highlighted in the ['Offsetting in the financial statements'](#) thematic.

Preparers should ensure the descriptions and amounts of cash flows are consistent with those reported elsewhere and that non-cash transactions are excluded but reported elsewhere if material.

## Climate

This is a top-ten issue for the first time this year, following the implementation of TCFD.

Companies should clearly state the extent of compliance with TCFD, the reasons for any non-compliance and the steps and timeframe for remedying that non-compliance. Where a company is also applying the Companies Act 2006 Climate-related Financial Disclosures, these are mandatory and cannot be 'explained', further the required location in the annual report differs.

Companies are reminded of the importance of focusing only on material climate-related information. Disclosures should be concise and company specific and provide sufficient detail without obscuring material information.

It is also important that there is consistency within the annual report, and that material climate related matters are addressed within the financial statements.

## Financial instruments

The number of queries on this topic remains high, with Expected Credit Loss (ECL) provisions being a common topic outside of the FTSE 350 and for non-financial and parent companies.

Disclosures on ECL provisions should explain the significant assumptions applied, including concentrations of risk where material. These disclosures should be consistent with circumstances described elsewhere in the annual report.

Companies should ensure sufficient explanation is provided of material financial instruments, including company-specific accounting policies.

Lastly, the FRC reminds companies that cash and overdraft balances should be offset only when the qualifying criteria have been met.

## Judgements and estimates

Disclosures over judgements and estimates are improving, however these remain vital to allow users to understand the position taken by the company. This is particularly important during periods of economic and geopolitical uncertainty.

These disclosures should describe the significant judgements and uncertainties with sufficient, appropriate detail and in simple language.

Estimation uncertainty with a significant risk of a material adjustment within one year should be distinguished from other estimates.

Further, sensitivities and the range of possible outcomes should be provided to allow users to understand the significant judgements and estimates.

# FRC's areas of focus (cont.)

## Revenue

Disclosures should be specific and, for each material revenue stream, give details of the timing and basis of revenue recognition, and the methodology applied. Where this results in a significant judgement, this should be clear.

## Presentation

Disclosures should be consistent with information elsewhere in the annual report and cover company-specific material accounting policy information.

A thorough review should be performed for common non-compliance areas of IAS 1.

## Income taxes

Evidence supporting the recognition of deferred tax assets should be disclosed in sufficient detail and be consistent with information reported elsewhere in the annual report.

The effect of Pillar Two income taxes should be disclosed where applicable.

## Strategic report and Companies Act

The strategic report must be 'fair, balanced and comprehensive'. Including covering all aspects of performance, economic uncertainty and significant movements in the primary statements.

Companies should ensure they comply with all the statutory requirements for making distributions and repurchasing shares.

## Fair value measurement

Explanations of the valuation techniques and assumptions used should be clear and specific to the company.

Significant unobservable inputs should be quantified and the sensitivity of the fair value to reasonably possible changes in these inputs should provide meaningful information to readers.

## Thematic reviews

The FRC has issued three thematic reviews this year: 'Reporting by the UK's largest private companies' (see below), 'Offsetting in the financial statements', and 'IFRS 17 Insurance contracts – Disclosures in the first year of application'. The FRC have also performed Retail sector research (see below).

### UK's largest private companies

The quality of reporting by these entities was found to be mixed, particularly in explaining complex or judgemental matters. The FRC would expect a critical review of the draft annual report to consider:

- internal consistency
- whether the report as a whole is clear, concise, and understandable; notably with respect to the strategic report
- whether it omits immaterial information, or
- whether additional information is necessary for the users understanding particularly with respect to revenue, judgments and estimates and provisions

### Retail sector focus



Retail is a priority sector for the FRC and the research considered issues of particular relevance to the sector including:

- Impairment testing and the impact of online sales and related infrastructure
- Alternative performance measures including like for like (LFL) and adjusted e.g. pre-IFRS 16 measures
- Leased property and the disclosure of lease term judgements, particularly for expired leases.
- Supplier income arrangements and the clarity of accounting policies and significant judgements around measurement and presentation of these.

## 2024/25 review priorities

The FRC has indicated that its 2024/25 reviews will focus on the following sectors which are considered by the FRC to be higher risk by virtue of economic or other pressures:

 Industrial metals and mining  
 Retail

 Construction and materials  
 Gas, water and multi-utilities

 Food producers  
 Financial Services



[kpmg.com/uk](https://kpmg.com/uk)

Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.

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## **REPORT of CHIEF FINANCE OFFICER**

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**to  
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE  
17 JULY 2025**

### **INTERNAL AUDIT REPORTS**

#### **1. PURPOSE OF THE REPORT**

- 1.1 To present for consideration, comment, and approval by the Committee the following reports issued by BDO LLP, the Council's Internal Audit service provider:
- Progress Report 2024 / 25 and 2025 / 26– at 8a;
  - Follow-Up of Recommendations Report – July 2025 – at 8b;
  - Asset Management Final Report (June 2025) at 8c;
  - Main Financial Systems 2023 / 24 Final Report (June 2025) – at 8d;
  - Annual Report and Annual Statement of Assurance 2024 / 25 at 8e.

#### **2. RECOMMENDATIONS**

That the Committee considers, comments, and approves the following:

- (i) Progress Report 2024 / 25 and 2025 / 26– at 8a;
- (ii) Follow-Up of Recommendations Report – July 2025 – at 8b;
- (iii) Asset Management Final Report (June 2025) at 8c;
- (iv) Main Financial Systems 2023 / 24 Final Report (June 2025) – at 8d;
- (v) Annual Report and Annual Statement of Assurance 2024 / 25 at 8e.

#### **3. SUMMARY OF KEY ISSUES**

- 3.1 BDO LLP are the Council's contracted Internal Audit Service provider. The Partner, Mr. Aaron Winter, fulfils an equivalent role to that of Head of Internal Audit for the Council.
- 3.2 The Internal Audit Service provides assurance to the Chief Finance Officer, management and Members of the adequacy of internal controls and checks in the organisation and highlights any risks that the Council may be exposed to in its operations.
- 3.3 As such, Internal Audit is independent of management and operates within the UK Public Sector Internal Audit Standards (PSIAS) issued by the CIPFA.

#### **4. CONCLUSION**

- 4.1 This report allows the Committee to fulfil its remit of overseeing governance.

#### **5. IMPACT ON PRIORITIES AS SET OUT IN THE CORPORATE PLAN 2025 - 2028**

- 5.1 Internal Audit cuts across the delivery of all priorities in the Corporate Plan.

#### **6. IMPLICATIONS**

- (i) **Impact on Customers** – Any impact on customers will be highlighted with the reports in the appendices.
- (ii) **Impact on Equalities** – Any impact on equalities will be highlighted with the reports in the appendices if it is within the scope of the audit work carried out.
- (iii) **Impact on Risk (including Fraud implications)** – Any risks identified as a result of the findings of the internal audit work are highlighted with the individual reports and summarised in the Progress Update and Follow Up of recommendations reports.
- (iv) **Impact on Resources (financial)** – Same comment applies here as for Impact on Risk above.
- (v) **Impact on Resources (human)** – Same comment applies here as for Impact on Risk above.
- (vi) **Impact on Devolution / Local Government Reorganisation** – None.

Background papers: None.

Enquiries to:

Ben Jay, Chief Finance Officer, Maldon District Council  
Aaron Winter (BDO LLP)  
Andrew Billingham (BDO LLP)

# INTERNAL AUDIT PROGRESS REPORT

Maldon District Council

2024/25 and 2025/26



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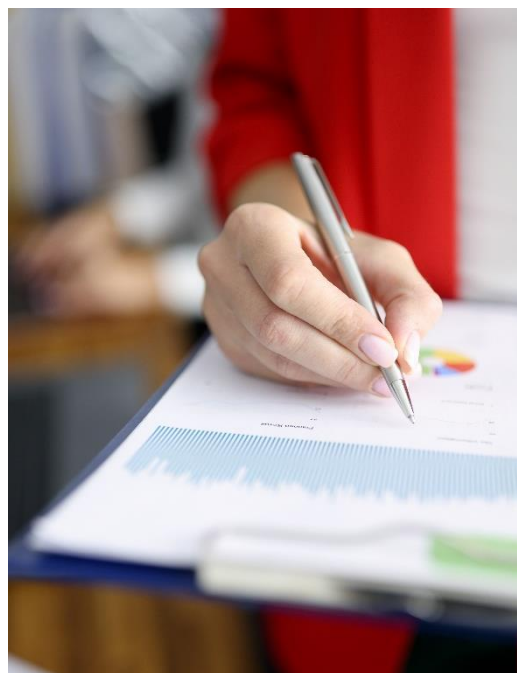
# SUMMARY OF WORK

## INTERNAL AUDIT

This report is intended to inform the Performance, Governance and Audit Committee of progress made against the 2024/2025 and 2025/2026 internal audit plans. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with the Global Internal Audit Standards in the UK Public Sector. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

## INTERNAL AUDIT METHODOLOGY

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report and are based on us giving either 'substantial', 'moderate', 'limited' or 'no'. The four assurance levels are designed to ensure that the opinion given does not gravitate to a 'satisfactory' or middle band grading. Under any system we are required to make a judgement when making our overall assessment.



## 2024/2025 INTERNAL AUDIT PLAN

Since our last progress update in June 2025, we have completed the following reviews and present the final reports to the Performance, Governance and Audit Committee alongside this progress report:

- ▶ Asset Management
- ▶ Main Financial Systems

This concludes our work for the year and informs our Annual Report and Head of Internal Audit Opinion for 2024/25, which is presented as a separate paper.

## 2025/2026 INTERNAL AUDIT PLAN

We have commenced work on the 2025/26 internal audit plan. All Q1 audits are scoped and their progress is as follows:

- ▶ HR System Review - Fieldwork commenced on 08/05/2025.
- ▶ Waste and Recycling - Fieldwork commenced on 02/06/2025.
- ▶ Local Government Review - The draft terms of reference was issued on 09/05/2025. The timing of the audit is being considered as wider local government reorganisation progresses.

We anticipate presenting these reports at future Performance, Governance and Audit Committee meetings.












## REVIEW OF 2024/2025 WORK

AUDIT	PGA COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Health and Safety	December 2024	✓	✓	✓	M	L
Capital and Commercial Project Management	February 2025	✓	✓	✓	S	M
Health and Wellbeing	February 2025	✓	✓	✓	S	S
Contract Management	February 2025	✓	✓	✓	S	M
GDPR	June 2025	✓	✓	✓	M	M
Business Continuity and Disaster Recovery	June 2025	✓	✓	✓	S	S
Building Control	June 2025	✓	✓	✓	L	M
Asset Management	July 2025	✓	✓	✓	M	S
Main Financial Systems	July 2025	✓	✓	✓	M	M

## REVIEW OF 2025/2026 WORK





AUDIT	PGA COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
HR System Review	September 2025	✓	✓			
Waste and Recycling	September 2025	✓	✓			
Local Government Review	September 2025	✓				
Management of Property	January 2026					
Safeguarding	January 2026					
Corporate Governance	March 2026					
IT Governance	March 2026					
Food Safety	March 2026					
Main Financial Systems	June 2026					

## KEY PERFORMANCE INDICATORS




QUALITY ASSURANCE	KPI	RAG RATING
1. Annual Audit Plan delivered in line with timetable	We have completed the 2024/25 plan in time to inform our Annual Reporting timetable.	
2. Actual days are in accordance with Annual Audit Plan	We have met this KPI for 2024/25.	
3. Customer satisfaction report - overall score at least 3.5 for surveys issued at the end of each audit	Since 2021 the average score received on satisfaction surveys is 4.47, therefore we have met this KPI.	
4. Annual survey to PGA committee to achieve score of at least 70%	This will be issued following the presentation of the annual report.	
5. At least 60% input from qualified staff	We have met this KPI during 2024/25.	
6. Issue of draft report within three weeks of fieldwork closing meeting	This KPI has been met for the nine completed audits for 2024/25.	
7. Finalise internal audit report one week after management responses to report are received	This KPI has been met for the nine completed audits for 2024/25.	
8. 90% of recommendations to be accepted by management	This KPI has been met for the nine completed audits for 2024/25.	
9. Information is presented in the format requested by the customer	This KPI has been met for the nine completed audits for 2024/25.	
10. High quality documents produced by the auditor that are clear, concise and contain all the information requested	This KPI has been met for the nine completed audits for 2024/25.	
11. Positive result from external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	

# APPENDIX 1

## OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
<b>Substantial</b> 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b> 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b> 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b> 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

## RECOMMENDATION SIGNIFICANCE DEFINITION

RECOMMENDATION SIGNIFICANCE	
<b>High</b> 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b> 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b> 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

**FOR MORE INFORMATION:**

**AARON WINTER**

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# INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

Maldon District Council

July 2025

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# SUMMARY

**2023/24**

2023/24	Total Recs	H	M	L	To follow up	Previously Completed		Complete		Overdue		In progress		Not Due	
						H	M	H	M	H	M	H	M	H	M
Licensing	5	1	3	1	4	1	2	-	1	-	-	-	-	-	-
Homelessness and Temporary Accommodation	3	-	3	-	3	-	2	-	-	-	-	-	-	-	1
CIPFA Financial Management Code	2	-	1	1	1	-	-	-	-	-	-	-	-	-	1
Sub Total	10	1	7	2	8	1	4	-	1	-	-	-	-	-	2

**2024/25**

2024/25	Total Recs	H	M	L	To follow up	Previously Completed		Complete		Overdue		In progress		Not Due	
						H	M	H	M	H	M	H	M	H	M
Health and Safety	6	2	3	1	5	-	1	-	-	-	-	-	-	2	2
Capital and Commercial	3	-	1	2	1	-	-	-	-	-	-	-	-	-	1
Contract Management	2	-	1	1	1	-	-	-	-	-	-	-	-	-	1
Building Control	5	2	2	1	4	-	-	-	-	-	-	-	-	2	2
GDPR	4	-	3	1	3	-	-	-	-	-	-	-	-	-	3
Asset Management	4	-	1	3	1	-	-	-	-	-	-	-	-	-	1
Main Financial Systems	3	-	2	-	3	-	-	-	-	-	-	-	-	-	2

Sub Total	27	4	13	9	18	-	1	-	-	-	-	-	-	4	13
Total	37	5	20	11	26	1	5	-	1	-	-	-	-	4	15

The tables above only include audits where there are outstanding recommendations remaining. It does not include advisory reviews where we do not follow up the recommendations or reviews where all recommendations have been previously reported as completed.

# SUMMARY

## 2023/2024

Please find below a summary of the status of implementation of recommendations arising from reports issued in 2023/24.

- ▶ One Medium priority rated recommendation for Licensing has been completed. No further recommendations are due.

## 2024/2025

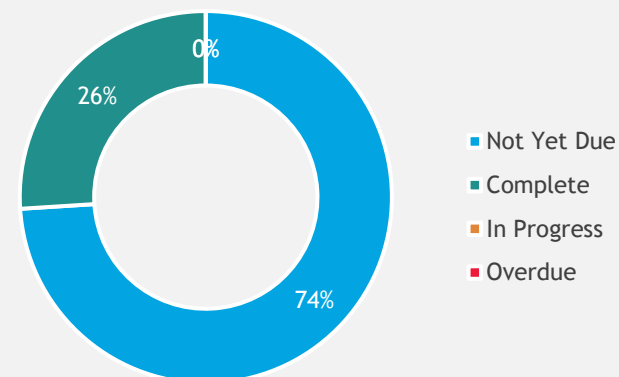
Please find below a summary of the status of implementation of recommendations arising from reports issued in 2024/25.

- ▶ No recommendations have become due since the last follow up report presented to the Performance, Governance and Audit Committee in June 2025.

### REQUIRED AUDIT COMMITTEE ACTION:

We ask the PGA Committee to note the progress against the recommendations.

### Cumulative implementation



## RECOMMENDATIONS: COMPLETE SINCE LAST FOLLOW UP REPORT

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2023/24 Licensing	<p>a) Supporting documentation should be uploaded and retained as part of the review process with licences not issued until this has been completed. A monthly audit of 10% of processed applications would determine whether this is being completed.</p> <p>b) The Council should look to discuss with the Uniform supplier whether amendments to the weekly workload reports could also reflect where attachments have not been saved to files.</p>	Medium	Nick Chapman	<p><del>October 2024</del></p> <p><del>April 2025</del></p> <p><del>November 2025</del></p> <p>Closed</p>	<p><u>Management update:</u></p> <p>A new Service Level Agreement with CCC was implemented in April 2025 which includes new KPIs that require CCC to meet more robust data entry targets. If they are found to breach these targets then action would be possible via the conditions in the SLA. The Environmental Health Admin Team continue to check for errors but are limited by the functionality within Uniform, which doesn't allow the service to fully meet this audit action.</p> <p>Work is underway to develop Microsoft Dynamic forms for licensing (excluding Taxi &amp; Private Hire) following the removal of forms from the central Government website in March 2026. This will be the first phase in moving MDC Environmental Health processes to Dynamics and its envisaged the entire licensing function could be undertaken by CCC prior to local government reorganisation in 2028. This full migration of activity to CCC would resolve this audit action and enable improvements with payments and system access currently experienced via Uniform.</p> <p><u>Internal audit comment:</u></p> <p>We consider the recommendation to now be complete as the recommendation cannot be further implemented due to the functionality of Uniform, which currently does not allow for automated checking. The plan outlined by management will help to address and lower the risk raised as part of the original report, thus supporting closure. Furthermore, the first part of the recommendation addressing the issue in the interim has been completed, supporting the overall closure.</p>

**FOR MORE INFORMATION:****AARON WINTER**

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# MALDON DISTRICT COUNCIL

## INTERNAL AUDIT REPORT - DRAFT

ASSET MANAGEMENT  
JUNE 2025

Design Opinion



Moderate

Design Effectiveness



Substantial

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DISTRIBUTION	
Ben Jay	Chief Finance Officer (s151)
Annette Cardy	Assistant Director - Resources
Sue Green	Assistant Director - Customer Services and Operations

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

REPORT STATUS	
Auditors:	Aaron Winter - Partner Andrew Billingham - Audit Manager Maggie Quigg - Senior Auditor
Dates work performed:	05 February 2025 - 04 June 2025
Draft report issued:	11 June 2025
Date Management Responses Received:	20 June 2025
Final report issued:	20 June 2025



# EXECUTIVE SUMMARY

CRR REFERENCE: R11 FAILURE TO PROTECT PERSONAL OR COMMERCIAL SENSITIVE DATA.

Design Opinion



Moderate

Design Effectiveness



Substantial

Recommendations



## SCOPE

### BACKGROUND

- ▶ Local authorities hold assets for various operational or investment purposes. Maldon District Council ('the Council') maintain both land and buildings assets as well as resources assets. There was no single database in place, as assets are held departmentally with the Assistant Director - Resources, and the Assistant Director - Customer Services and Operations, holding respective responsibility.
- ▶ The Council has an Asset Management Strategy 2024-29 in place, which sets the strategic framework for the Council's estate operations over the next five years. Council owned land and property are the focus of the Strategy's scope, including guidance on disposal of surplus assets and acquisition of new property and land assets. A detailed policy matrix has not yet been developed to sit below this. All buildings and land-based assets are currently being transferred from spreadsheets to the Council's central software, Uniform. The project was due to complete by 31 March 2025, and quarterly project governance reports are being shared directly with Members.
- ▶ There are several policies in place to govern the use and maintenance of resources (IT) assets, including the Employee Code of Conduct, Information Security Policy, Acceptable Use Policy and Using Email and Digital Communications Policy. The Code of Conduct outlines that employees must take care of Council property, equipment and vehicles, and use these for authorised purposes only.
- ▶ Since the pandemic, the Council has reduced the number of resources-based assets to include mainly laptops and screens, due to factors such as increased remote working. All IT assets are recorded separately to buildings and land-based assets, on the Council's 'Fresh Service' system. The Council has the following process to log and allocate IT assets to staff:
  - When purchased, the kit is asset tagged and entered into Fresh Service (in stock).
  - When the device is allocated to staff, it is assigned to the officer (in use).
  - If the device is broken, lost or not returned, it is reclassified (missing or retired). IT specialists and caseworkers amend Fresh Service when kit is retired, as either disposed of or broken.
  - When the officer leaves, the kit is returned (in stock).
- ▶ Fresh Service allows the Council to pull data and charts regarding the Council's IT assets. As of 31 December 2024 at the time of scoping this review, the Fresh Service laptop report included the following assets:
  - 23 legacy laptops incorrectly classified in Fresh Service (to be fixed or retired).
  - 270 laptops in use.
  - 97 devices in stock. This comprises 14 laptops to be used for new staff and/or replacements, five IT-specific devices, 32 out of warranty and end of line

13/14- inch screens (available in stock if required) and 46 out of warranty and end of line 15-inch screens (available in stock if required).

- 12 retired laptops.
- One sold laptop.
- ▶ Other IT assets such as printers and photocopiers are leased by the Council and will therefore not be included within the scope of this review.

#### PURPOSE

The purpose of this audit was to provide assurance that the Council maintains a full and complete asset register. The audit also examined whether the lifecycle of assets is considered and decision-making regarding replacement equipment is future focused.

The audit further considered the progress being made on the project to transfer buildings and land-based assets to Uniform (see Added Value); however, the scope of this review did not provide assurance over the project management or project delivery.

#### AREAS REVIEWED

- ▶ We reviewed the Council's Asset Management Strategy 2024-2029 and any supporting policies and procedures, to confirm that these are accurate, up to date and available to all relevant staff. We also confirmed whether the Council's Strategy is sufficiently future-focused and clearly defines which assets should be included on the register.
- ▶ We reviewed the Council's policies and procedures for recording and classifying assets to ensure they are robust and clearly assign responsibility for the register. We reviewed the asset register to confirm they are accurately classified with sufficient information such as location and responsible officer.
- ▶ We reviewed the Council's accounting policies to confirm whether depreciation methods and useful economic lives were assigned to different asset categories. We reviewed the Council's fixed asset register provided by Finance to verify that assets from the register, are appropriately depreciated over time and calculations are driven by appropriate useful economic lives.
- ▶ We sought to verify the processes in place to confirm the existence, whereabouts and security arrangements for fixed assets, including whether unique identifiers have been assigned to each asset.
- ▶ We ascertained whether a process for disposals was in place providing a decision-making framework for staff to follow. For a sample of three disposals since 1 April 2024, we verified whether these were notified to Finance and that the asset register was updated accordingly.
- ▶ We confirmed that a maintenance programme is in place and approved by an appropriate governance forum. We verified whether the programme considers asset lifecycles and that decision-making regarding replacement equipment is sufficiently future focused.
- ▶ For a sample of five high value assets, we confirmed whether their future replacement had been considered and budgeted for accordingly.
- ▶ We confirmed whether the Council's fixed asset registers are regularly reconciled to the general ledger, and whether reconciliation checks would be embedded as part of the transfer of buildings and land-based assets to the Uniform System.
- ▶ We reviewed the governance structure in place and ascertain whether management reporting is received and reviewed on a regular basis, and to a sufficient depth regarding financial, operational and risk management elements. We considered whether implementing one central asset register would be beneficial to aid oversight.



## AREAS OF STRENGTH

- ▶ We reviewed the Council's Asset Management Strategy 2024-2029, approved on 21 March 2024. This strategy sets the framework for estate operations over the next five years. It guides decisions on acquiring, using, and disposing of estate assets—property and land—to ensure they are fit for purpose, efficient, and financially viable. The strategy also outlines the governance approach for decision-making on new initiatives and day-to-day estate management.
- ▶ We examined the Council's accounting policies, specifically the Property, Plant and Equipment (PPE) excerpt, available in its annual financial accounts. The policy defines threshold values for capitalising assets—when an asset should be recorded in the asset register versus expensed. It covers asset categories and classifications, such as buildings, land, vehicles, and IT equipment, along with depreciation rules for each category.
- ▶ The Council have a clear allocation and return process which uses the Fresh Service System to allocate their IT assets to assigned Officers and manage their IT assets.
- ▶ We reviewed the Council's PPE policy, confirming that depreciation methods and useful economic lives are assigned to different categories.
- ▶ We reviewed the Council's Fixed Asset Register and confirmed that asset depreciation had been calculated. The Depreciation tab on the Fixed Asset register showed calculations for the year, listing all assets and types with a depreciation code and further calculations.
- ▶ We confirmed that the Council's IT asset log on Fresh Service outlines the details of, display name, asset type, location, used by, department and who the asset is managed by. As a result, the log included all areas we would expect to be present and no issues with gaps.
- ▶ We reviewed the Fixed Asset Register and disposals list from the last 12 months, confirming that all three disposals were updated in the register. Bank statements matched the financial records for all disposal transactions. Disposals were notified to the Finance team, and the Asset register was updated accordingly.
- ▶ We reviewed the Fixed Asset Register and found that the Finance team reconciled revaluations, additions, disposals, and impairments, ensuring the register balance matches the ledger within the last 12 months. This reconciliation is done on an annual basis.
- ▶ We reviewed the Strategic Assets Working Group papers for 26 September 2024, 22 January, and 5 March 2025 to ensure that appropriate oversight and risk management has taken place. We confirmed that updates are provided as per minutes provided, with actions recorded and assigned to responsible officers.
- ▶ We selected a sample of five high-value assets from the Fixed Asset Register to check if their future replacement has been considered and budgeted for. We were informed that the standard operating procedure for these assets involves considering replacement when they are nearing the end of their life, are too costly to maintain, or have reliability issues. The asset samples are relatively new acquisitions, and a business case for replacement will be raised in the next financial year. We confirmed that the intention is for the new Uniform System to load life expectancy data with the assets, so forward maintenance planning can be accounted for. We received a copy of the 25/26 repairs and renewals monitoring spreadsheet outlining the budget needs and the Councils Budget reports for 25/26.
- ▶ We reviewed the quarterly budgetary control reports for Quarter two (September 2024) and three (December 2024) presented to the Strategy and Resources Committee. Capital monitoring was included, with capital budget forecast variances and a detailed breakdown in Appendix 2 of the report.
- ▶ We selected a sample of three P11 budgetary control reports for the Housing, Parks and Assets, and Planning departments and confirmed that the Finance team tracks capital expenditure through monthly budgeting and provides updated asset-related

financials. This confirmed that Finance have oversight and regular budget monitoring is being completed in relation to capital spend/asset spend.



## AREAS OF CONCERN

- ▶ **Asset Management procedures:** We reviewed the Council's Asset Management Strategy 2024-2029. We found that the scope of the Asset Management Strategy covers broad areas such as the development and maintenance of existing Council-owned land and property, disposal of surplus assets, and acquisition of new property and land assets to deliver Council objectives where affordable. However, the Council lacks detailed policies/procedures to support the strategy.

While the Finance team references the disposal procedures in the PPE section in the accounting policies for guidance, we noted that there is an absence of a documented process on the Asset Management team side, which outlines the disposals process for staff to follow. *(Detailed Finding 1 - Medium)*

- ▶ **Security:** We were informed that Parks and Maintenance equipment and vehicles are used daily and stored where staff are present. However, recorded checks to show they are physically there and building security measures are still operational are not carried out. While there was a physical and security check during the process of moving assets to the Uniform system, there is a lack of annual physical checks to verify the existence of assets and a regular review of security measures for council assets. *(Detailed Finding 2 - Low)*
- ▶ **Asset Register:** We reviewed an exported list of the Asset Register and found it details asset status, reference, address, ward, asset type, and land registration. However, although location is recorded, the register does not include a responsible officer for each asset. *(Detailed Finding 3 - Low)*
- ▶ **Reconciliations:** The Council could benefit from more frequent reconciliations of the Fixed Assets Register to the general ledger, as the potential for errors might go undetected for several months. Mid-year, or quarterly reconciliations may enhance the current control environment. *(Detailed Finding 4 - Low)*



## ADDED VALUE

- ▶ As part of the review, we carried out a comparison of the Council's Built Assets and Land Strategy against good practice identified within our client base or where such information was publicly available. Results of this work have been incorporated within the report. *(Appendix I)*
- ▶ As part of our review, we assessed the Council's progress in transferring buildings and land-based assets to the Uniform System, ensuring efficient asset management, transparency, consistency, risk management, and cost savings. *(Appendix II)*



## CONCLUSION

- ▶ Overall, we have concluded Moderate assurance over the design and Substantial assurance the operational effectiveness of the Council's controls for Asset Management.

### Control Design

- ▶ The control design is rated as Moderate as the Council has a generally sound system of internal controls for the application of Asset Management.
- ▶ We found that the Council's Asset Management Strategy could benefit from being supported with procedures to ensure that there is clear guidance to managers, budget holders, and staff, enhancing the Council's asset management practices and outlining the decision-making steps required for staff.

### Control Effectiveness


- ▶ The control effectiveness is rated as Substantial. The controls in place were generally applied consistently, with specific strengths noted in the Council's

accounting policies, calculation of depreciation, Fixed Asset Register verification, IT asset log confirmation, governance reports, and budgetary monitoring.

- ▶ While physical checks were undertaken to confirm assets exist, security measures protecting assets were not reviewed when moving assets to the Uniform system. An annual check should be completed going forward. The asset register also does not list a responsible officer for each asset. We further noted that the Council could benefit from more frequent reconciliation of the Fixed Assets Register to the general ledger.
- ▶ Therefore, we have raised one medium, and three low priority rated recommendations relating to the control design and control effectiveness for Asset Management.

## DETAILED FINDINGS

### 1 ASSET MANAGEMENT SUPPORTING PROCEDURES

<b>TOR Risk 1 &amp; 5:</b>	<p><b>Risk 1: Policies:</b> The Council does not have a clear Asset Management Strategy/Policy, outlining processes such as recording, maintaining and disposing of assets. The Council's Strategy/Policy is not sufficiently future-focused regarding equipment replacement, leading to increased costs due to emergency replacements or repairs.</p> <p><b>Risk 5: Disposals:</b> Fixed asset disposals are not completed in line with policy, notified to Finance and accurately reflected in the Councils' registers, resulting in difficulty tracking and managing assets and impacting operational efficiency.</p>
<b>Significance</b>	 Moderate



#### FINDING

We reviewed the Council's Asset Management Strategy 2024-2029, approved by the Council on 21/03/2024. This strategy sets the framework for the Council's estate operations over the next five years. It is designed to guide future decisions regarding the strategic needs of the Council concerning the acquisition, use, and disposal of estate assets (property and land) and to ensure these assets are fit for purpose, efficient, and financially viable. The strategy also outlines the governance approach that will support decision-making for both new initiatives and day-to-day management of the estate.

While we found that the scope of the Asset Management Strategy covers key areas such as the development and maintenance of existing Council-owned land and property, disposal of surplus assets, and acquisition of new property and land assets to deliver Council objectives where affordable, the Council lacks detailed policies/procedures to support the strategy. These policies/procedures should clearly define what belongs in the Council's asset register including types of assets, and include procedures for recording, maintaining, and disposing of assets in detail.

While the Asset Management Strategy provides a broad framework, fixed asset procedures would offer detailed guidance on managing assets effectively. It would help ensure consistency in recording, maintaining, and disposing of assets, and support the strategic goals outlined in the Asset Management Strategy.

#### Disposals:

Asset disposals follow a standardised process. All disposal requests must be made via email and require approval and be documented. The Finance team then update the Fixed Asset Register and records the transaction in the general ledger at year-end. Disposal transactions are entered in the ledger at the close of the financial year to ensure financial records are aligned before reporting deadlines.

An annual verification of disposals is completed as the Finance team reconciles records at year-end. This involves ensuring the Fixed Asset Register accurately reflects removals and that disposal transactions match financial records. However, while the Finance team references the PPE policy in the accounting policies for guidance, we found that the Asset Management team lacks a documented process outlining the disposals procedure for staff to follow.

#### Associated risk:

Without clear processes for recording, maintaining, and disposing of assets there may be an increased risk of asset mismanagement. If the disposals process isn't outlined for the asset management team, it can lead to confusion and inefficiency, as team members may not know their roles or the steps needed to achieve objectives



#### RECOMMENDATION

1a. The Council should implement supporting procedures to provide detailed guidance to support implementation of the Asset Management Strategy.

Each procedure should clearly outline the objectives, scope, and principles for asset management, including guidelines for acquisition, maintenance, depreciation, and disposal. Detailed procedures should support the asset management strategy, covering the recording, tracking, and reporting of assets to ensure consistency and compliance. Including responsibilities and duties of the appropriate parties.

This approach should provide clear guidance to managers, budget holders, and staff, enhancing the Council's asset management practices.

1b. The Asset Management team should document the disposal process using a flow chart. Clearly outlining the decision-making steps for staff to follow.



#### MANAGEMENT RESPONSE

1a. Following the successful completion of the project to create a new Assets Register, and Councils agreement to continue to fund the resource to support the maintenance of the register, it was intended to develop a set of procedures to flow from that project. There this recommendation is welcomed, together with examples of good practice to support that work. The Constitution and Scheme of Delegation, together with the oversight of the Strategic Assets Working Group (SAWG) currently provides a framework for decision making, which will help to inform working procedures and policies. It is intended to complete this work by 30 June 2026 at the latest, with engagement with the SAWG as the procedures are developed, and any relevant Policies being approved by the Strategy and Resources Committee, and where appropriate Council.

1b. The procedures at 1.a will include the Councils disposal process, and all procedures will include a flow chart where appropriate.

**Responsible Officer:**

1a. Head of Assets, Coast and Countryside

1b. Head of Assets, Coast and Countryside


**Implementation Date:**

1a. 30 June 2026

1b. 30 June 2026



## 2 SECURITY CHECKS

<b>TOR Risk 4:</b>	<b>Security:</b> Fixed assets are not subject to physical checks to confirm their existence and current whereabouts. There are not adequate controls in place to safeguard assets from loss, damage and theft, which could lead to financial losses and potential operation disruptions.
<b>Significance</b>	 Low



### FINDING

To ensure the Council has effective security arrangements for fixed assets, we reviewed the following policies to assess whether responsibilities and obligations are clearly outlined:

- Code of Conduct
- Information Security Policy
- Acceptable Use Policy
- Using Email and Digital Communications policy

The Information Security Policy, Acceptable Use Policy and Using Email and Digital Communications Policy were all in date apart from the Code of Conduct which has not been reviewed since 29/06/2018. However, we were informed that this has been reviewed in line with any changes to legislation. This has been reviewed in line with any changes to legislation. We found there was a lack of front cover details and the latest version control for any updated details.

Although we were advised by the Assistant Director of Resources and the Assistant Director of Customer Services and Operations that Council buildings are secure. The Asset and Building Services Manager informed us that Parks and Maintenance equipment, and vehicles are used daily and stored where staff are present. However, recorded security checks are not carried out. Vehicles undergo a recorded daily presence check, but buildings are not subject to any security measure checks. The Assistant Director of Customer Services and Operations advised us as part of the implementation of the asset register they visited the sites of the buildings.

However, we informed by the Assistant Director of Resources and the Assistant Director of Customer Services that physical and security checks were undertaken in the process to move assets onto the Uniform System and we can confirm through evidence that this was undertaken.

#### Associated risk:

If security measures or physical checks of asset existence haven't been completed, it could result in potential risks of loss or mismanagement.



### RECOMMENDATION

2a. The Council should ensure that the Code of Conduct includes the date of review and version control details for any changes made.

2b. The Council should conduct annual physical checks to verify the existence of assets and regularly review any security measures related to Council assets.



### MANAGEMENT RESPONSE

2a. The Code of Conduct control sheet will be amended to reflect the review date and version number when legislation or administrative changes are required

2b. The project to create a new Asset Register (which was completed 31 March 2025) has included a physical check on the Councils land and Property Assets over the last 12 months. Additionally the Councils day to day working procedures include inherent checks of assets, such as regular vehicle



checks and condition survey, which include security measures. However but we recognise that these are not specifically recorded as such, therefore we will undertake an annual check using the data from our new Assets Register from April 2026, due to the majority of the Councils assets have being reviewed as part of the recently completed work to create the new Asset Register.

**Responsible Officer:**

2a. Assistant Director - Resources


2b. Asset and Building Services Manager/ Coast and Countryside Manager

**Implementation Date:**

2a. March 2026

2b. April 2026

### 3 ASSET REGISTER

<b>TOR Risk 2:</b>	<b>Additions:</b> Fixed assets are not identified at the time of purchase or are not accounted for and classified appropriately within the Council's fixed asset registers, resulting in potential non-compliance with accounting standards.
<b>Significance</b>	 Low



#### FINDING

We reviewed the Council PPE section from the Council's accounting policies, which are publicly available as outlined within its annual financial accounts. The policy sets out the threshold values for capitalising assets—when an asset should be recorded in the asset register versus expensed. It also covers asset categories and classifications, such as buildings, land, vehicles, and IT equipment, along with depreciation rules for each category.

The Finance team is responsible for ensuring assets are properly recorded in the Fixed Asset Register.

While the policy includes classification details, it lacks outlined responsibilities for the Finance team for the Fixed Asset Register. This issue has been raised in finding one, which addresses asset classification and responsibilities.

We reviewed an exported list of the Asset Register and found it details asset status, reference, address, ward, asset type, and land registration. However, although location is recorded, the register does not include a responsible officer for each asset.

#### Associated risk:

Without recording the responsible officer for each asset, accountability issues may arise, making it difficult to manage and track assets effectively.



#### RECOMMENDATION

3a. The Council should update the asset register to include the details of the responsible officer for each asset.



#### MANAGEMENT RESPONSE

3a. An accountable Officer has been added to the Fixed Asset register

<b>Responsible Officer:</b>	3a. Asset and Building Services Manager/ Coast and Countryside Manager
<b>Implementation Date:</b>	3a. Completed

## 4 RECONCILIATIONS

## TOR Risk 7:

**Reconciliation:** The Council's fixed asset registers are not regularly reconciled to the general ledger meaning that the Council's financial accounting records are inaccurate and out of date

## Significance



Low



## FINDING

We confirmed that the Finance team at year-end, perform an annual reconciliation process which reconciles revaluations, additions, disposals, and impairments to ensure the fixed asset register balance matches the ledger.

The Council could benefit from more frequent reconciliations, as the potential for errors might go undetected for several months. Mid-year, or quarterly reconciliations may enhance the current control environment. Good practice for reconciling the fixed asset register to the general ledger would consider conducting a reconciliation on a regular basis. This ensures that any discrepancies are identified and addressed promptly, maintaining accurate financial records. Regular reconciliation helps in verifying asset existence, tracking asset movements, and ensuring compliance with accounting standards

**Associated risk:**

If asset management reconciliations are only done annually, it has the potential risk to prolong inaccuracies and create potential mismanagement. Regular checks would ensure accurate records.



## RECOMMENDATION

4a. The Council should consider increasing the frequency of reconciliation checks to mid-year or quarterly.



## MANAGEMENT RESPONSE

4a. The Council has carefully considered this recommendation. However it has decided to retain its annual reconciliation of the asset register to its ledger. This is because the asset base value and the related depreciation calculation are not relevant for budgeting purposes. The recommendation above regarding regular review of asset register will ensure completeness ahead of the year end accounts closure exercise.

## Responsible Officer:

4a. Chief Finance Officer

## Implementation Date:

4a. N/A

## APPENDIX I - COUNCIL'S BUILD ASSET AND LAND STRATEGY

Good Practice identified at other local authorities or publicly available outlined within their Asset Management Strategies

### Council Strategies

We found that Asset Management's strategy often overlaps with various Council Strategies. The Council outlined that the asset management strategy is designed to support the Council in adopting a place-based approach. This involves optimising physical assets and collaborating with partners to ensure services are accessible to the greatest number of people.

Such as outlining key areas of the cross reference to the Council's Capital Strategy, Economic Growth Strategy, and Commercial Strategy. Detailing how the asset management plan responds to, informs, and integrates with the Council's Corporate Plan.

### Portfolio Overview

We found that the Council has included a portfolio overview, detailing the management of its asset portfolio and the current income figures generated from the investment estate. The strategy used pie charts to clearly demonstrate the importance of income generation in supporting Council services. Showing how these efforts contribute to economic growth and commercial objectives.

### Service Asset Management Plans (SAMPs)

The Councils plan outlines the Service Asset Management Plan. Highlighting that Service Asset Management Plans (SAMPs) are crucial to the success of the strategy. For them to be effective, senior managers of the services in those buildings need to be clear about their service operating model and how accommodation can be used most efficiently and effectively. SAMPs forge the link and ensure collaboration between the key drivers of service delivery and the asset-led transformation brought about through the Corporate Landlord model.

### Portfolio Categorisation and Assessment

The strategy outlines portfolio categories to help make suitable and effective property decisions for each asset. The asset base is categorised into specific portfolios, each with its own definitions and performance asset considerations.

As well as a portfolio assessment with methods varying according to category. Each category has its own assessment criteria, considerations, and outcomes, ensuring that decisions are tailored to meet the specific needs and goals of the organisation.

### Repairs and Maintenance Strategy

The strategy highlights the need for a focused repairs and maintenance approach. As a guide for portfolio management to reduce the estate, ensuring a critical mass of land and property that meets the Council's strategic objectives and remains affordable to maintain.

To achieve this, the strategy outlines the use of Condition Surveys and a Condition Programme, ensuring processes are coherent, transparent, accessible, and dynamic. Outlining that Suitability Surveys and Planned Maintenance Programmes will also be employed to support these efforts, ensuring that maintenance is efficient and effective.

### Key Performance Indicators (KPIs)

The Councils strategy outlines Key Performance Indicators (KPIs) at various levels: strategy, corporate, and service and operational. These KPIs are designed to measure success and ensure alignment with the overall objectives. At the strategy level, KPIs focus on long-term goals and the effectiveness of the strategy itself. Corporate-level KPIs assess how well the organisation is meeting its broader objectives. Service and operational-level KPIs are more detailed, focusing on the day-to-day performance and efficiency of specific services and operations. This multi-level approach ensures comprehensive monitoring and continuous improvement across all areas.

## APPENDIX II - UPDATE OF THE UNIFORM SYSTEM TRANSFER PROGRESS

The Assistant Director of Customer Services and Operations has informed us of the progress on the project to transfer buildings and land-based assets to the Uniform System. The project has been signed off, successfully transferring all relevant information into the system and updating it. The next stage involves maintaining and utilising this data. Recruitment is underway for a permanent role to support this phase. The new staff member will collaborate with the assets manager to develop procedures and undertake related tasks. The initial project has been completed and was presented to the EG&A committee 05/06/25 to confirm auditor satisfaction and closure of recommendations.

The Council's Asset and Building Services Manager advised us that the team has completed a comprehensive review of the Asset Management system. They have corrected inaccuracies, updated out-of-date information, and added missing details, including child assets like boilers and roller shutter doors, particularly where statutory inspections are required. Physical condition surveys have been conducted for each asset to ensure the most current information is available.

The team is exploring options to automate notifications for when inspections fall due to the responsible person. However, this might exceed Uniform's capabilities. Ideally, automation is preferred, but if not feasible, a monthly report will be downloaded to identify tasks and distribute this information to the relevant people. This work encompasses all built assets and open spaces.

During this process, several areas for improvement in the data held on Uniform have been identified. Collaboration with the GIS mapping specialist has enhanced asset location plans and incorporated additional information like leases, licences, and Land Registry documents. The team is continually discovering new data to include and will keep updating this information.

Several issues and limitations with Uniform have been encountered, particularly its poor reporting function. To address this, the team has been working with the Power BI specialist to leverage that software for reporting needs. Power BI can extract relevant data from Uniform and generate the required reports, which are currently being refined to ensure they provide the necessary information.

## APPENDIX III - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
<b>Substantial</b>	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b>	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b>	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b>	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
<b>High</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

## APPENDIX IV - TERMS OF REFERENCE



### BACKGROUND & PURPOSE

#### BACKGROUND

- ▶ Local authorities hold assets for various operational or investment purposes. Maldon District Council ('the Council') maintain both land and buildings assets as well as resources assets. There is no single database in place, as assets are held departmentally with the Assistant Director - Resources, and the Assistant Director - Customer Services and Operations, holding respective responsibility.
- ▶ The Council has an Asset Management Strategy 2024-29 in place, which sets the strategic framework for the Council's estate operations over the next five years. Council owned land and property are the focus of the Strategy's scope, including guidance on disposal of surplus assets and acquisition of new property and land assets. A detailed policy matrix has not yet been developed to sit below this. All buildings and land-based assets are currently being transferred from spreadsheets to the Council's central software, Uniform. The project is due to complete by 31 March 2025, and quarterly project governance reports are being shared directly with Members.
- ▶ Per the Council's insurance documentation, there are 38 Council-owned vehicles on cover as at 23 May 2024. Furthermore, per the latest property schedule dated 21 August 2024, there are 63 Council-owned properties comprising a total value of £16,861,227.
- ▶ There are several policies in place to govern the use and maintenance of resources (IT) assets, including the Employee Code of Conduct, Information Security Policy, Acceptable Use Policy and Using Email and Digital Communications Policy. The Code of Conduct outlines that employees must take care of Council property, equipment and vehicles, and use these for authorised purposes only.
- ▶ Since the pandemic, the Council has reduced the number of resources-based assets to include mainly laptops and screens, due to factors such as increased remote working. All IT assets are recorded separately to buildings and land-based assets, on the Council's 'Fresh Service' system. The Council have the following process to log and allocate IT assets to staff:
  - When purchased, the kit is asset tagged and entered into Fresh Service (in stock).
  - When the device is allocated to staff, it is assigned to the officer (in use).
  - If the device is broken, lost or not returned, it is reclassified (missing or retired). IT specialists and caseworkers amend Fresh Service when kit is retired, as either disposed of or broken.
  - When the officer leaves, the kit is returned (in stock).
- ▶ Fresh Service allows the Council to pull data and charts regarding the Council's IT assets. As of 31 December 2024, the Fresh Service laptop report included the following assets:
  - 23 legacy laptops incorrectly classified in Fresh Service (to be fixed or retired).
  - 270 laptops in use.
  - 97 devices in stock. This comprises 14 laptops to be used for new staff and/or replacements, five IT-specific devices, 32 out of warranty and end of line 13/14-inch screens (available in stock if required) and 46 out of warranty and end of line 15-inch screens (available in stock if required).
  - 12 retired laptops.
  - One sold laptop.
- ▶ Other IT assets such as printers and photocopiers are leased by the Council and will therefore not be included within the scope of this review.

#### PURPOSE

- ▶ The purpose of this audit is to provide assurance that the Council has maintained a full and complete asset register. The audit will also assess whether the lifecycle of assets

has been considered and decision-making regarding replacement equipment is future focused.

- ▶ The audit will consider the progress being made on the project to transfer buildings and land-based assets to Uniform (see Added Value), however the scope of this review will not provide assurance over the project management or project delivery.

#### CRR REFERENCE

- ▶ R11 - Failure to protect personal or commercially sensitive data.



#### KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the potential key risks associated with the area under review are:

- ▶ **Policies:** The Council does not have a clear Asset Management Strategy/Policy, outlining processes such as recording, maintaining and disposing of assets. The Council's Strategy/Policy is not sufficiently future-focused regarding equipment replacement, leading to increased costs due to emergency replacements or repairs. (Risk 1)
- ▶ **Additions:** Fixed assets are not identified at the time of purchase or are not accounted for and classified appropriately within the Council's fixed asset registers, resulting in potential non-compliance with accounting standards. (Risk 2)
- ▶ **Calculations:** Fixed assets are not appropriately depreciated over time in line with detailed and approved accounting policies, driven by appropriate useful economic lives, causing misleading information being used for decision making. (Risk 3)
- ▶ **Security:** Fixed assets are not subject to physical checks to confirm their existence and current whereabouts. There are not adequate controls in place to safeguard assets from loss, damage and theft, which could lead to financial losses and potential operation disruptions. (Risk 4)
- ▶ **Disposals:** Fixed asset disposals are not completed in line with policy, notified to Finance and accurately reflected in the Councils' registers, resulting in difficulty tracking and managing assets and impacting operational efficiency. (Risk 5)
- ▶ **Maintenance and replacement:** The Council does not have a defined programme in place regarding maintenance and replacement of assets, or asset lifecycles are not considered within the maintenance and replacement process, leading to an increased risk of asset failure. (Risk 6)
- ▶ **Reconciliation:** The Council's fixed asset registers are not regularly reconciled to the general ledger meaning that the Council's financial accounting records are inaccurate and out of date. (Risk 7)
- ▶ **Management Reports:** Management Reports are not completed and circulated to the appropriate Committee in sufficient detail or frequency, leading to inadequate oversight and poor risk management. (Risk 8)



#### SCOPE & APPROACH

The following areas will be covered as part of this review:

- ▶ We will review the Council's Strategy and any supporting policies and procedures, to confirm that these are accurate, up to date and available to all relevant staff. We will also confirm whether the Council's Strategy is sufficiently future-focused and clearly defines which assets should be included on the register. (Risk 1)
- ▶ We will assess the Council's policies and procedures for recording and classifying assets to ensure they are robust and clearly assign responsibility for the register. For a sample of buildings and land-based assets, we will also complete an existence check to confirm that assets listed on the register exist and are accurately classified with sufficient information such as location and responsible officer. (Risk 2)
- ▶ We will review the Council's accounting policies to confirm whether depreciation methods and useful economic lives are assigned to different asset categories. For a



sample of fixed assets from the register, we will confirm they are appropriately depreciated over time and that calculations are driven by appropriate useful economic lives. (Risk 3)

- ▶ We will verify the processes in place to confirm the existence, whereabouts and security arrangements for fixed assets, including whether unique identifiers have been assigned to each asset. (Risk 4)
- ▶ We will ascertain whether a process for disposals is in place providing a decision-making framework for staff to follow. For a sample of disposals since 1 April 2024, we will verify whether these were notified to Finance and that the asset register was updated accordingly. (Risk 5)
- ▶ We will confirm that a maintenance programme is in place and approved by an appropriate governance forum. We will verify whether the programme considers asset lifecycles and that decision-making regarding replacement equipment is sufficiently future focused. (Risk 6)
- ▶ For a sample of high value assets, we will confirm whether their future replacement has been considered and budgeted for accordingly. (Risk 6)
- ▶ We will confirm whether the Council's fixed asset registers are regularly reconciled to the general ledger, and whether reconciliation checks will be embedded as part of the transfer of buildings and land-based assets to the Uniform System. (Risk 7)
- ▶ We will review the governance structure in place and ascertain whether management reporting is received and reviewed on a regular basis, and to a sufficient depth regarding financial, operational and risk management elements. We will consider whether implementing one central asset register would be beneficial to aid oversight. (Risk 8)

The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review. However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit.

We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

In delivering this review BDO may need to observe and test confidential or personal identifiable data to ascertain the effective operation of controls in place. The organisation shall only provide the Shared Personal Data to BDO using secure methods as agreed between the parties. BDO will utilise the data in line with the Data Protection Act 2018 (DPA 2018), and the UK General Data Protection Regulation (UK GDPR) and shall only share Personal Data on an anonymised basis and only where necessary.



#### ADDED VALUE

In addition to the above areas we will also:

- ▶ Review the Council's Built Assets and Land Strategy and compare this against good practice identified within our client base or where information is publicly available.
- ▶ Review the progress of the Council's ongoing project to transfer buildings and land-based assets to the Uniform System.



#### ESG COVERAGE

Our review has covered the following aspects of the organisation's Environmental, Social and Governance (ESG) agenda:

- ▶ Good governance regarding asset management should support the Council in maintaining a full and complete asset register, by providing a clear understanding of asset value and performance to inform decision-making. Furthermore, a detailed asset register should enable better management of resources, leading the Council to eliminate waste and reduce negative environmental impacts.

**FOR MORE INFORMATION:**

**AARON WINTER**

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The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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# MALDON DISTRICT COUNCIL

## INTERNAL AUDIT REPORT - FINAL

MAIN FINANCIAL SYSTEMS 2024/25  
JUNE 2025

Design Opinion



Moderate

Design Effectiveness



Moderate

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## DISTRIBUTION






Ben Jay	Chief Finance Officer / S151
Annette Cardy	Assistant Director Resources
Thomas Mulloy	Interim Deputy Chief Finance Officer
Shaala Jeya	Senior Technical Accountant

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

## REPORT STATUS

<b>Auditors:</b>	Aaron Winter, Partner and Head of Internal Audit Andrew Billingham, Internal Audit Manager Noa Xiong, Internal Auditor Elif Kavak, Internal Auditor
<b>Dates work performed:</b>	24 February 2025 - 12 June 2025
<b>Draft report issued:</b>	16 June 2025
<b>Management Responses Received:</b>	23 June 2025
<b>Final report issued:</b>	23 June 2025

# EXECUTIVE SUMMARY

Design Opinion	 Moderate	Design Effectiveness	 Moderate
Recommendations	 0	 2	 0

## SCOPE

### BACKGROUND

- ▶ Maldon District Council (the “Council”) is required to have sound controls in place within its financial systems, in order to prevent and detect error and fraud. The Finance Team (within the Resources directorate) is responsible for the financial management controls and processes.
- ▶ The Finance Team also provides leadership on good financial practice to the services across the Council and has an oversight role to ensure procedures are correctly followed.
- ▶ Cyclical Internal Audit reviews are carried out on the main financial systems but cover general ledger controls such as control account reconciliations, journals and IT access controls as standard. Last year, the review focused on Budgetary Control and this year Internal Audit agreed to cover key treasury management processes and activities.
- ▶ Good treasury management is a key element of the effective management of working capital, ensuring that the organisation has cash available to meet its obligations while ensuring any surplus cash is managed within the Council’s appetite for risk and return.
- ▶ Legislation requires local authorities to have regard to statutory proper practices in relation to treasury management, including CIPFA’s Treasury Management in the Public Services Code of Practice and CIPFA’s Prudential Code, which provides guidance on recommended treasury management practices
- ▶ The Council has a Treasury Management Strategy in place which is refreshed each year and outlines its approach towards borrowing and investing, setting limits for each in line with statutory guidance.
- ▶ The Council’s treasury advisors, MUFG, support the Treasury Management Strategy and identify counterparties that the Council should hold investments based on the risk factor. The Council’s Investment Strategy identifies the investment priorities as security first, then portfolio liquidity and then yield. Limits for the value of investments that can be held with each counterparty at any given time are outlined in the strategy.

### PURPOSE

- ▶ The purpose of the audit was to review the Council’s general ledger controls, including:
  - An annual review of control account reconciliations and journals; and
  - Key IT access controls

We also conducted a cyclical audit to provide assurance over the key treasury management controls.

**AREAS REVIEWED**

We reviewed the following in our audit:

General Ledger

- ▶ Whether user access permission to the finance system is updated as required and user access logs are periodically reviewed.
- ▶ A sample of monthly balance sheet control accounts to determine whether they have been appropriately reconciled, with segregation of duties being maintained between the preparer and reviewer, and that unreconciled items are resolved on a timely basis.
- ▶ A sample of journals raised to assess whether there is sufficient documentation to support the transaction and that it has been appropriately authorised independently of the preparer.

Treasury Management:

- ▶ The Treasury Management Strategy and assessed whether it has been approved by Council, complies with statutory requirements and sufficiently outlines the approach and limits for investments and borrowing for the Council.
- ▶ A sample of borrowing and cash transfers, to determine whether they are adequately assessed in terms of risk and affordability in line with the Council's Treasury Management Strategy and are appropriately approved.
- ▶ Whether cash flow projections are periodically produced and independently reviewed, taking account of borrowing and investment decisions.
- ▶ Whether the sensitivity of forecasts to changes in key assumptions has been analysed and considered.
- ▶ Whether the reporting of cash flow forecasts keeps officers and Members of the Council adequately informed of the Council's short and long-term liquidity position.

**AREAS OF  
STRENGTH**Treasury Management Strategy

- ▶ We reviewed the Council's Treasury Management Strategy 2025/26 which was approved by the Strategy and Resources Committee in January 2025 and by the Council in February 2025. Per the Strategy, as of 31 December 2024, the Council held no borrowing and £24m of investments. The Strategy lists out the annual investment forecast to 2027/28 as well as the borrowing strategy. Investments are forecasted to fall to £12.4m by the end of 2028/29, following the use of general reserves, capital receipts and capital grants allocated to fund the capital programme. The Strategy is supported by the Treasury Management Practices (TMPs), demonstrating compliance with CIPFA requirements. Therefore, we confirmed that the Strategy was appropriately approved, complies with statutory requirements and sufficiently outlines the approach and limits for investments/borrowing for the Council.

Journal Processing

- ▶ We reviewed 10 journals raised in 2024/25, and confirmed that there is sufficient documentation to support the transaction and that it has been appropriately authorised independently of the preparer.

Cash Flow Forecasting

- ▶ We reviewed the Cash Flow Forecast (CFF) as of March 2025 and found that it outlines the daily cash inflows and outflows for the year. Cash inflows include housing benefits subsidy, council tax, business rates, grants, investment income and VAT refunds. Cash outflows include payments for payroll, PAYE, pensions, investments, business rates retention, grants and creditors. Our assessment of the CFF found that the cash inflow/outflows were updated daily. When balances exceed the limits set by the bank (£3m) and by management (£5m), the forecast prompts the Finance Team to invest surplus funds. Conversely, when funds are projected to be low, the forecast highlights the need for the Council to consider divesting to maintain sufficient liquidity.
- ▶ We conducted a walkthrough to review a case where the Council's funds exceeded limits set by management and the bank on 3 March 2025. The Finance Specialist provided details of available funds and proposed investments of £5m to Federated Hermes and £2m to Goldman Sachs. Appropriate approval was received by the Senior Technical Accountant via MS Teams and email. A Payment Checklist was completed and reviewed by the Senior Technical Accountant to confirm bank details and compliance with the investment limits set out on the Treasury Management Strategy. Evidence of the investment was verified via the ICD portal and CHAPS statements. An Investment Certificate was also generated detailing the creditor, cost centre and investment amount to maintain an audit trail.
- ▶ Furthermore, we conducted a walk-through of two instances where the funds were below the limits set by management and the bank (25 March 2025 and 21 March 2025). We confirmed via screenshots from the Bank Balances MS Teams chat that the Resources Caseworker provided details of the bank balances which were reviewed by the Finance Specialist and the CFF spreadsheet was updated accordingly.
- ▶ Therefore, we confirmed that adequate arrangements are in place to monitor cash flow projections, which is independently reviewed when funds are above or below limits set by management/bank, to ensure investment decisions are made in line with the Council's Treasury Management Strategy.

#### Sensitivity Analysis

- ▶ The Council has an external advisor, MUFG, to provide guidance on investment decisions. On a monthly basis, the Council submits an Investment Input Sheet to MUFG, who then provide analysis based on the Council's investment portfolio. We reviewed the Investment Input Sheets for February and March 2025 and confirmed that the investments were in line with the limits set out in the Treasury Management Strategy. We confirmed that MUFG have produced Investment Analysis reports for February and March 2025, which are tailored to the Council's investment portfolio covering funding ratings, historic risk of default and expected credit loss.
- ▶ A portfolio composition is also mapped by MUFG's suggested lending criteria detailing the type of investment and duration. The reports also outline the investment risk based on the credit ratings of the investments and notes whether there have been rating changes. Additionally, the reports provide insights into the current UK economy and future projections, which inform the Council's monitoring processes. Therefore, we confirmed that the Council receives adequate guidance from its



external advisor, MUFG, to make informed decisions on investments which consider the sensitivity of the market and forecasts.

#### Management Reporting

- ▶ The Council demonstrates compliance with the requirements of the CIPFA Treasury Management Code 2021 through the development of defined TMPs. We reviewed the Council's TMPs document which was presented at the Council meeting in February 2025. We confirmed that these practices cover key areas such as risk management, decision-making, legal compliance and governance. The section 151 officer oversees treasury activities supported by regular reporting, updated cash flow forecasting and use of approved instruments and counterparties.
- ▶ The Interim Chief Finance Officer presented a half-yearly Treasury Management Update report to the Strategy and Resources Committee in November 2024. We reviewed the report and confirmed that it covers the Council's investment performance and treasury activity for the first half of 2024/25 in accordance with the CIPFA's Treasury Management Code. The report included; invested funds, counterparty breaches, interest rate forecast, estimated capital expenditure and Council's average portfolio credit score (AA). During this period, the Council maintained an average investment of £25.6m.

### AREAS OF CONCERN

- ▶ **Insufficient documentation of user access reviews** - we reviewed the user access to the finance system for 10 members, however we did not receive adequate evidence to support the review of their roles prior to access being granted for one. Furthermore, we did not find formal documentation of the quarterly access log reviews over access permissions to confirm its completion. **(Finding 1 - Medium)**
- ▶ **Inadequate documentation of reconciliation reviews** - we reviewed reconciliations for General Bank - Income (February and March 2025) and Bank Payments (January and February 2025) and identified that details of the preparer and the reviewer was not documented, therefore we were unable to verify whether segregation of duties was maintained. We also found that the reconciliation pack for General Bank - Income did not include embedded supporting documentation, however these were provided for the audit upon request. **(Finding 2 - Medium)**

### CONCLUSION

- ▶ Overall, we concluded Moderate assurance over the design and operational effectiveness of the Trust's main financial systems.

#### Control Design

- ▶ The Trust has a generally sound system of controls designed to achieve its system of objectives, however we found an exception which related to the following:
  - The reconciliation template for the General Bank - Income and Bank Payments does not have designated sections to include details of the preparer and the reviewer to ensure these are captured. Furthermore, the reconciliation packs do not embed the supporting documentation to support the review process.

We have raised a medium priority recommendation to address this exception.



#### Control Effectiveness

- ▶ The control effectiveness is Moderate because there is evidence of non-compliance with some key financial controls.
- ▶ For our review of IT controls over the access to the finance system, we were not provided with evidence to support the review of their roles prior to access being granted. Additionally, we did not find formal documentation of the quarterly access log reviews to confirm its completion.

We have raised one medium priority recommendation to address these areas of concern and to improve the effectiveness of the controls.

## DETAILED FINDINGS

1 Insufficient documentation of user access reviews	
TOR Risk:	There are ineffective IT controls over access to the finance system, resulting in unauthorised changes being made to the general ledger.
Significance	 Medium



### FINDING

We were advised by management that employees are required to have a username and password to access the finance system, Sage. To obtain access employees must submit a request through IT, which is then reviewed and approved by the Finance team before access is granted. Reviews of the access log are conducted quarterly by the Finance team. At the time of the review there were 40 officers with enabled access.

We reviewed the user access to the finance system for 10 members of staff and confirmed that access was appropriate and commensurate with job roles.

We reviewed the User Logs to the General Ledger System and we were advised that permissions in the finance system are updated as required and user access periodically reviewed quarterly. We confirmed that the log details the system Name, User ID, User Name, role assigned, Admin Access and availability.

However, for one staff member, who was part of our sample testing, and had access to the system, we were not provided with evidence to support the review of their roles prior to access being granted. Furthermore, we did not find formal documentation of the quarterly access log reviews to confirm its completion.

Lack of documented evidence confirming the review of user roles prior to granting access and absence of formal records evidencing quarterly access log review, may increase the risk of unauthorised access to Sage. This may result in unauthorised transactions or data manipulation, potentially compromising the integrity of financial data.



### RECOMMENDATION

1a. The Council should ensure that documented evidence of role-based access reviews is retained for all staff granted access to the finance system. This should include confirmation that access levels are appropriate and that the review is completed and recorded prior to access being granted.

1b. Evidence of the quarterly access log reviews should be retained and reported to the Deputy S151 to confirm its completion to achieve a clear audit trail.




### MANAGEMENT RESPONSE

Although there is a check in place to review suitability of role/user to access the main financial system, there needs to be a formally documented process. This will be set up going forward and sits under the Senior Financial Specialist who has an overall responsibility of the financial system. Additionally, there will be a formalised quarterly access log review going forward, with appropriate sign off by the Deputy S151 on a quarterly basis i.e. at the end of each three months.

<b>Responsible Officer:</b>	Interim Deputy S151 Officer
<b>Implementation Date:</b>	September 2025

## 2 Inadequate documentation of reconciliation reviews

<b>TOR Risk:</b>	Reconciliations between the general ledger and feeder systems (including the Bank, Cash Receipting System, Council Tax, Business Rates and Local Council Tax Support) are not adequately performed or independently reviewed resulting in errors not being identified and rectified timely.	
<b>Significance</b>		Medium



### FINDING

The Finance team complete a monthly review of the general ledger and feeder systems and a weekly review for council tax and business rates. The Finance Team maintains a control account spreadsheet which documents the performer and reviewer of the reconciliations, the date completed and details of variances.

We reviewed the reconciliations for General Bank - Income (February and March 2025) and Bank Payments (January and February 2025) to determine whether they have been appropriately reconciled, with segregation of duties being maintained between the individual preparing the reconciliation and the individual reviewing and approving the reconciliation, and that unreconciled items are resolved.

- Across the reconciliations reviewed, we were unable to confirm segregation of duties was maintained between the performer and reviewer. This is because the control account spreadsheet was not updated for the reconciliations completed from January to March 2025, for both the General Bank - Income and Bank Payments reconciliations.  
Furthermore, as the reconciliations are not dated in the file, we were unable to confirm if they were completed in a timely manner.
- We also identified that the reconciliation packs do not embed the supporting documentation. However, we did confirm details of the reconciliations matched supporting documentation, for General Bank - Income reconciliation which was provided upon request.

Our review of the entire control account reconciliation monitoring document showed in February 2025 that the following reconciliations had also not been evidenced as up to date:

- Payroll
- PAYE
- Pensions
- VAT
- Budget Reconciliations
- Grants

Lack of documented evidence confirming segregation of duties between the preparer and reviewer of reconciliations, combined with absence of completion dates and embedding supporting documentation, may lead to fraudulent or incorrect transactions going undetected.



### RECOMMENDATION

2a. The Council should ensure the reconciliation document includes details of the preparer, review and date in the reconciliation file for all completed reconciliations. This will ensure that segregation of duties and date of the exercise are consistently documented.

2b. The Council should ensure that backing documentation is embedded within the reconciliation files on separate tabs, to ensure ease of access and support the review process of balances.



#### MANAGEMENT RESPONSE

Going forward, the team will adopt the electronic signature functionality in Excel documents. This will clearly outline the role of the approver along with date. Each reconciliation will clearly show the name of the preparer along with their role and date.

<b>Responsible Officer:</b>	Interim Deputy S151 Officer
<b>Implementation Date:</b>	September 2025

## APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
<b>Substantial</b>	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b>	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b>	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b>	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
<b>High</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

## APPENDIX II - TERMS OF REFERENCE



### KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the potential key risks associated with the area under review are:

#### General Ledger:

- ▶ There are ineffective IT controls over access to the finance system, resulting in unauthorised changes being made to the general ledger.
- ▶ Reconciliations between the general ledger and feeder systems (including the Bank, Cash Receipting System, Council Tax, Business Rates and Local Council Tax Support) are not adequately performed or independently reviewed resulting in errors not being identified and rectified in a timely manner.
- ▶ Journals are not subject to sufficient approval and scrutiny by delegated personnel and are not accurately processed to the general ledger, increasing opportunities for fraud and/or error.

#### Treasury Management

- ▶ The Treasury Management Strategy does not identify the Council's approach towards investing and borrowing, is not compliant with statutory legislation, has not been approved in accordance with the scheme of delegations and is not supported by operational policies and procedures.
- ▶ The affordability of loans are not sufficiently assessed, putting the Council at risk of not meeting its prudential indicators and not being able to repay its debt when due.
- ▶ The Council does not have adequate cash forecasting processes, resulting in it not having appropriate levels of cash available when it requires it.
- ▶ Cash Flow forecasting does not include adequate sensitivity analysis for changes in key assumptions.
- ▶ There is insufficient management and Committee level oversight of the Council's liquidity position or Treasury Management performance/compliance.



### SCOPE & APPROACH

The following areas will be covered as part of this review:

#### General Ledger:

- ▶ Confirm whether user access permission to the finance system is updated as required and user access logs periodically reviewed. (Risk 1)
- ▶ For a sample of monthly balance sheet control accounts from April 2024 to date, confirm whether they have been appropriately reconciled, with segregation of duties being maintained between the individual preparing the reconciliation and the individual reviewing and approving the reconciliation, and that unreconciled items are resolved on a timely basis. (Risk 2)
- ▶ For a sample of journals raised from April 2023 to date, check that there is sufficient documentation to support the transaction and that it has been appropriately authorised independently of the preparer. (Risk 3)

#### Treasury Management:

- ▶ We will review the Treasury Management Strategy and assess whether it has been approved by Cabinet and relevant Committees, complies with statutory

requirements and sufficiently outlines the approach and limits for investments and borrowing for the Council. (Risk 4)

- ▶ For a sample of borrowing and cash transfers, confirm that they are adequately assessed in terms of risks and affordability in line with the Council's Treasury Management Strategy and are appropriately approved. (Risk 5)
- ▶ Confirm that cash flow projections are periodically produced and independently reviewed, taking account of borrowing and investment decisions. (Risk 6)
- ▶ Determine whether the sensitivity of forecasts to changes in key assumptions has been analysed and considered. (Risk 7)
- ▶ Assess whether the reporting of cash flow forecasts keeps officers and members of the Council adequately informed of the Council's short term and long term liquidity position. (Risk 8)



**FOR MORE INFORMATION:**

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The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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# INTERNAL AUDIT ANNUAL REPORT AND ANNUAL STATEMENT OF ASSURANCE

Maldon District Council

2024/25

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# EXECUTIVE SUMMARY

## Internal Audit 2024/25

This report details the work undertaken by internal audit for Maldon District Council ('the Council') and provides an overview of the effectiveness of the controls in place for the full year. The following reports have been issued for this financial year:

- ▶ Health and Safety
- ▶ Health and Wellbeing
- ▶ GDPR
- ▶ Building Control
- ▶ Main Financial Systems
- ▶ Capital and Commercial Project Management
- ▶ Contract Management
- ▶ Business Continuity and Disaster Recovery
- ▶ Asset Management

We have detailed the opinions of each report and key findings on pages 3 to 11. Our internal audit work for the period 1 April 2024 to 31 March 2025 was carried out in accordance with the internal audit plan approved by management and the Performance, Governance and Audit Committee. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

## Head of Internal Audit Opinion

The role of internal audit is to provide an opinion to the Council, through the Performance, Governance and Audit Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period. The basis for forming my opinion is as follows:

- ▶ An assessment of the design and operation of the underpinning Board Assurance Framework and supporting processes
- ▶ An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year; this assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses
- ▶ Any reliance that is being placed upon third party assurance.

Overall, we provide **Moderate** Assurance that there is a sound system of internal controls, designed to meet the Council's objectives, that controls are being applied consistently across various services.

In forming our view, we have considered that:

- ▶ We completed a total of nine assurance audits for 2024/25.
- ▶ For the nine assurance audits, four were rated substantial, four moderate and one limited in the design of the controls. This is similar to the prior year when four were rated substantial and four moderate in the design of the controls.

- ▶ Three were rated substantial, five moderate and one limited in their operational effectiveness. Again, this is similar to the prior year when three were rated substantial and five moderate in operational effectiveness.
- ▶ The limited opinions related to the design of the control environment of Building Control and the effectiveness of controls for Health and Safety. These reviews related to risk areas known by management and our plan was directed to the reviews in question.
- ▶ Our nine reports for the year resulted in a total of 29 recommendations (High: 4, Medium: 13 and Low: 12), compared to 29 recommendations the year before (High: 4, Medium: 15 and Low: 10). The similar numbers are reflective of the similar opinion ratings in the year.
- ▶ The Council has performed well in implementing our audit recommendations within the specified timeframes. As at the end of June 2025, all recommendation that became due have been implemented.
- ▶ As is the case across local government, the Council has faced financial and operational challenges during the year. However, it reported a surplus of £2.9m for 2024/25 compared to a previous deficit of £9.9m for 2023/24.



# REVIEW OF 2024/25 WORK

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Health and Safety	2	3	1	Moderate	Limited	<p>The purpose of the audit was to provide assurance over the design and operational effectiveness of the controls relating to the application of health and safety policies and practices across the Council.</p> <p>Overall, we concluded Moderate assurance over the design and Limited assurance over the operational effectiveness of the Council's controls for Health and Safety policies and practices across the Council.</p> <p><u>Control Design</u></p> <ul style="list-style-type: none"> <li>The control design is moderate because the Council generally has a sound system of internal controls to ensure consistent application of health and safety policies and practices across the Council.</li> <li>The control environment could be enhanced by: <ul style="list-style-type: none"> <li>creating a consistent approach to health and safety requirements for events at the Council.</li> <li>implementing an agreed inspection frequency with each service area head to ensure overall oversight and compliance.</li> <li>New systems, such as the Risk Assessment Database, are being developed and implemented to improve overall oversight.</li> </ul> </li> <li>We have raised one high priority and one low priority findings to strengthen the control design.</li> </ul> <p><u>Control Effectiveness</u></p> <ul style="list-style-type: none"> <li>The control effectiveness is Limited because the existing controls were not consistently applied. However, the Council had specific strengths over regular reporting of Health and Safety compliance and performance to senior officers and members to the Performance, Governance and Audit Committee.</li> </ul>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<ul style="list-style-type: none"> <li>We identified that policies and risk assessments are outdated and due for review. The current training matrix, monitoring, and oversight could be improved with regular reporting.</li> <li>This has resulted in one high priority and three medium priority findings regarding control effectiveness.</li> </ul>
Capital and Commercial Project Management	0	1	2	Substantial	Moderate	<p>The purpose of the audit was to provide assurance over the management of Capital projects, including the planning, funding, delivery, and the approach to project management to ensure there is sufficient due diligence and that projects are delivered in line with expectations.</p> <p>We focused on Capital projects as the Council has only two Commercial projects, which were previously audited in the last two years.</p> <p>Overall, we concluded Substantial assurance over the design and Moderate assurance the operational effectiveness of the Council's controls for Capital and Commercial Project Management.</p> <p><u>Control Design</u></p> <ul style="list-style-type: none"> <li>The control design is rated as Substantial as the Council has a system of internal controls for the application of Capital Project Management across the Council.</li> <li>We found that the Council's guidance and strategies could benefit from minor improvements to ensure that details of reviews are recorded.</li> <li>The Council's guidance and strategies should clearly distinguish between Capital and Commercial projects. This will provide clear guidance for staff, resource allocation, and the applicable project requirements for both project types.</li> </ul> <p><u>Control Effectiveness</u></p> <ul style="list-style-type: none"> <li>The control effectiveness is rated as Moderate as the controls in place were generally applied consistently, with specific strengths in the Council's governance over Capital projects, including risk management and monitoring of progress and expenditure. As well as the support of guidance provided by the PMO.</li> <li>However, not all business case templates were fully completed for the selected sample. Budget tracking, risk management/risk assessments were missing, and there was no section ensuring the consideration of environmental and social impacts. We also</li> </ul>



Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>did not evidence any benefits realisation for the projects. Staff should be encouraged to use the PMO templates and tools to aid project management.</p> <ul style="list-style-type: none"> <li>Therefore, we raised one medium and two low priority rated recommendations relating to the control design and control effectiveness for Capital and Commercial Project Management.</li> </ul>
Health and Wellbeing	0	0	2	Substantial	Substantial	<p>The purpose of the audit was to review the design and operational effectiveness of controls relating to health and wellbeing initiatives in place to support staff across the Council. We also considered how the success of the initiatives is monitored, how progress is reported and how staff feedback is considered.</p> <p>Overall, we concluded Substantial assurance over the design and operational effectiveness of the Council's governance, risk management, and control arrangements in relation to its health and wellbeing provision to support staff.</p> <p><u>Control Design</u></p> <ul style="list-style-type: none"> <li>The control design is Substantial because there is a sound system of internal controls to help ensure issues affecting staff health and wellbeing are identified and addressed, and there are a range of channels to communicate roles, responsibilities, resources and guidance to staff.</li> <li>The control environment could be further enhanced by finalising the administrative arrangements for the Mind Body Sole Group.</li> <li>We have therefore raised one Low priority finding to strengthen the control design.</li> </ul> <p><u>Control Effectiveness</u></p> <ul style="list-style-type: none"> <li>The control effectiveness is Substantial because we identified one instance where the processes in place could be further enhanced to ensure there is a clear golden thread between actions and outcomes.</li> <li>A key staff feedback tool is the annual staff survey; the Council analyses survey results to compile next steps for the forthcoming year. The control environment could be further enhanced by ensuring that actions resulting from the most recent staff survey (2024) are specific, measurable, assignable, relevant/realistic, and timebound (SMART). This would enable the Council to monitor progress with the actions</li> </ul>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>throughout the year, take stock against them at the end of the year, and ultimately evidence outcomes to staff.</p> <ul style="list-style-type: none"> <li>We therefore raised one Low priority finding to strengthen the control effectiveness.</li> </ul>
Contract Management	0	1	1	Substantial	Moderate	<p>The purpose of the audit was to consider the adequacy and effectiveness of arrangements for contract management, assessing whether arrangements are robust and transparent and that effective relationships are maintained with key partners.</p> <p>Overall, we concluded Substantial assurance over the design and Moderate assurance over the operational effectiveness of the Council's governance, risk management, and control arrangements in relation to contract management.</p> <p><u>Control Design</u></p> <ul style="list-style-type: none"> <li>The control design is Substantial because there is a sound system of internal controls, including policies, procedures and oversight arrangements to help ensure contracts are managed and monitored effectively, and these continue to be improved and consolidated in light of the Procurement Act 2023.</li> </ul> <p><u>Control Effectiveness</u></p> <ul style="list-style-type: none"> <li>The control effectiveness is Moderate because, for the sample of five contracts reviewed (three high and two low value), we identified instances where the controls and processes in place are not being consistently applied.</li> <li>The control environment could be further enhanced by ensuring that training is completed by staff as required, and the administration of contracts is updated so that the contract is in line with the monitoring arrangements required in practice.</li> <li>We therefore raised one Medium and one Low priority finding to strengthen the effectiveness of controls.</li> </ul>
GDPR	0	3	1	Moderate	Moderate	<p>The purpose of the audit was to assess the Council's compliance against key parts of UK GDPR, including training and awareness, roles and responsibilities, data breach management, data protection impact assessments, policies and procedures, and governance of information assets.</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>We raised three medium priority recommendations and one low priority recommendation to improve the Council's data protection controls for ensuring compliance with the requirements of the UK GDPR.</p> <p>We recognise the Council have been through a significant journey of improvement regarding GDPR compliance. Therefore, we expected to identify gaps in the control environment and/or its effectiveness. As part of our conclusions drawn, we also consider the positive and effective commitment the Council have to this area in the coming months to continue improving arrangements. The level of progress made by the Council to improve arrangements is commended.</p> <p>We highlighted the Council's RoPA as a medium finding due to the design being in line with ICO guidance, however it is not effectively completed at this point. This is a crucial aspect for ensuring that the Council complies with UK GDPR. As per finding 1, improvements need to be made to ensure that this contains the required information to record the Council's data processing activities.</p> <p>The Council are aware of this, and our position is that if improvement is not made within the coming months, this would change our view to a Limited Opinion as prompt action is required. However, at this point we are content and expect progress to continue and therefore are content with a Moderate Opinion.</p> <p><u>Control Design</u></p> <ul style="list-style-type: none"> <li>We rated the design of the controls as moderate as there is generally, a sound system of internal control in place, however some weaknesses were identified, primarily with the issues identified with the RoPA in Finding 1. The RoPA is key to ensuring compliance with legislation and data protection principles such as transparency, lawfulness, and data minimisation. Furthermore, there were issues identified with the lack of up-to-date details on the information sharing arrangements the Council has with third parties.</li> </ul> <p><u>Control Effectiveness</u></p> <ul style="list-style-type: none"> <li>We concluded moderate assurance over the effectiveness of the controls as we found evidence of non-compliance with some controls in our testing. This can be seen with the individual departments not having individual RoPAs in place in addition to the training compliance and the gaps identified with the response times for FOIs and SARs.</li> </ul>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Building Control	2	2	1	Limited	Moderate	<p>The purpose of the audit was to review the effectiveness of the Council's approach to delivering the Building Control service, including the execution of their responsibilities and how they have implemented the recent national changes to the sector.</p> <p>We provided Limited assurance over the design of the controls in place and Moderate assurance over the effectiveness of controls that are in place to manage the Building Control function.</p> <p><u>Control Design</u></p> <ul style="list-style-type: none"> <li>The control design has been assessed as Limited because we identified the following significant gaps in the controls: <ul style="list-style-type: none"> <li>No formal process is in place regarding how Building Control fees, and any updates, are communicated to the Building Control team. There is also an incomplete understanding of whether the fees charged fully cover the Council's costs.</li> <li>The contents of the Building Control Policy and Procedures document does not reflect all the requirements of the BSR.</li> <li>Limited oversight of the performance of the Building Control function has been defined and is in place.</li> <li>The reporting functionality of the IDOX Uniform system does not meet the BSR reporting requirements nor are there alternative processes in place to report against those requirements manually.</li> </ul> </li> <li>We therefore raised two High and two Medium priority rated recommendations to support the Council mitigate the identified risks.</li> </ul> <p><u>Control Effectiveness</u></p> <ul style="list-style-type: none"> <li>The control effectiveness has been assessed as Moderate as our testing confirmed compliance with the statutory performance indicator of plan approval/decision timescales however, we identified several exceptions in our sample testing relating to local performance indicators to confirm whether Building Control applications are dealt with in accordance with documented performance standards.</li> </ul>
Business Continuity and Disaster Recovery	0	0	1	Substantial	Substantial	<p>The purpose of the audit was to provide assurance that the Council has adequate arrangements in place to recover its IT services, hardware, and infrastructure in the event</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>of a disaster, including whether the recommendations raised as part of the 2019/20 have been implemented.</p> <p>We raised one low priority recommendation to further strengthen the Council's IT disaster recovery and business continuity controls and enhance its IT network resilience and service availability in the event of an incident or disaster.</p> <p><u>Control Design</u></p> <ul style="list-style-type: none"> <li>The Council has identified, assessed, and prioritised its critical IT systems and services based on robust business impact and risk assessments and has defined recovery objectives based on this prioritisation and in line with corporate objectives. There are defined business continuity and disaster recovery plans in place, which include procedures and roles and responsibilities of members of staff, as well as technical standard operating procedures for the back-up and full recovery of critical IT systems and services in the event of an incident or disaster. Therefore, we concluded 'Substantial' assurance over the design of the Council's IT business continuity and disaster recovery controls.</li> </ul> <p><u>Control Effectiveness</u></p> <ul style="list-style-type: none"> <li>The Council has appropriate, and regularly tested, backup and recovery arrangements in place, which alongside the regular testing of the Council's IT disaster recovery and business continuity procedures and the training provided to members of staff would help to ensure that the procedures will be effectively applied in the event of an incident or disaster. Furthermore, recovery objectives have been defined for each individual system or service, and while there has not been a complete assessment of the feasibility of these objectives, the Council has a defined schedule of tests in place that includes a full assessment of all IT systems covering complete physical hardware restores, entire virtual machine restores, and full data restores. Consequently, we also concluded 'Substantial' assurance over the operational effectiveness of the Council's IT business continuity and disaster recovery controls.</li> </ul> <p>The scope of our review is limited to the areas documented under the scope and approach section of the agreed Terms of Reference (see Appendix II). Our work is therefore designed to provide an assessment of the IT disaster recovery and business continuity arrangements that are in place, and the controls assessed support a strong foundation that is informing the opinion provided, but we cannot provide absolute assurance in the event of an incident.</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Asset Management	0	1	3	Moderate	Substantial	<p>The purpose of the audit was to provide assurance that the Council maintains a full and complete asset register. The audit also examined whether the lifecycle of assets is considered and decision-making regarding replacement equipment is future focused.</p> <p>The audit further considered the progress being made on the project to transfer buildings and land-based assets to Uniform (see Added Value); however, the scope of this review did not provide assurance over the project management or project delivery.</p> <p>Overall, we concluded Moderate assurance over the design and Substantial assurance the operational effectiveness of the Council's controls for Asset Management.</p> <p><u>Control Design</u></p> <ul style="list-style-type: none"> <li>The control design is rated as Moderate as the Council has a generally sound system of internal controls for the application of Asset Management.</li> <li>We found that the Council's Asset Management Strategy could benefit from being supported with procedures to ensure that there is clear guidance to managers, budget holders, and staff, enhancing the Council's asset management practices and outlining the decision-making steps required for staff.</li> </ul> <p><u>Control Effectiveness</u></p> <ul style="list-style-type: none"> <li>The control effectiveness is rated as substantial. The controls in place were generally applied consistently, with specific strengths noted in the Council's accounting policies, calculation of depreciation, Fixed Asset Register verification, IT asset log confirmation, governance reports, and budgetary monitoring.</li> <li>While physical checks were undertaken to confirm assets exist, security measures protecting assets were not reviewed when moving assets to the Uniform system. An annual check should be completed going forward. The asset register also does not list a responsible officer for each asset. We further noted that the Council could benefit from more frequent reconciliation of the Fixed Assets Register to the general ledger.</li> <li>Therefore, we raised one medium, and three low priority rated recommendations relating to the control design and control effectiveness for Asset Management.</li> </ul>
Main Financial Systems	0	2	0	Moderate	Moderate	The purpose of the audit was to review the Council's general ledger controls, including:

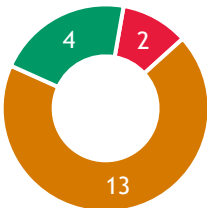
Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<ul style="list-style-type: none"> <li>• An annual review of control account reconciliations and journals; and</li> <li>• Key IT access controls</li> </ul> <p>We also conducted a cyclical audit of key treasury management controls</p> <ul style="list-style-type: none"> <li>• Overall, we concluded Moderate assurance over the design and operational effectiveness of the Trust's main financial systems.</li> </ul> <p><u>Control Design</u></p> <ul style="list-style-type: none"> <li>• The Trust has a generally sound system of controls designed to achieve its system of objectives, however we found an exception which related to the following: <ul style="list-style-type: none"> <li>◦ The reconciliation template for the General Bank - Income and Bank Payments does not have designated sections to include details of the preparer and the reviewer. The reconciliation packs does not embed the supporting documentation to support the review process.</li> </ul> </li> <li>• We raised a medium priority recommendation to address this exception.</li> </ul> <p><u>Control Effectiveness</u></p> <ul style="list-style-type: none"> <li>• The control effectiveness is Moderate because there is evidence of non-compliance with some key financial controls.</li> <li>• For our review of IT controls over the access to the finance system, we were not provided with evidence to support the review of their roles prior to access being granted. Additionally, we did not find formal documentation of the quarterly access log reviews to confirm its completion.</li> <li>• We raised one medium priority recommendation to address this areas of concern and to improve the effectiveness of the controls.</li> </ul>

# SUMMARY OF FINDINGS

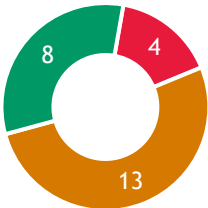
## RECOMMENDATIONS AND ASSURANCE DASHBOARD

### Recommendations

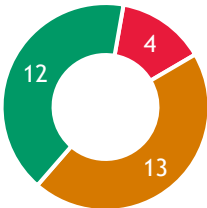
2022/23



2023/24

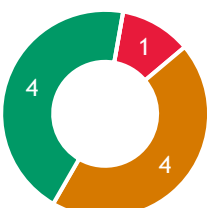


2024/25



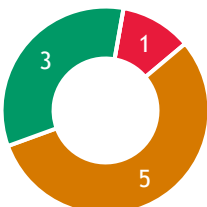
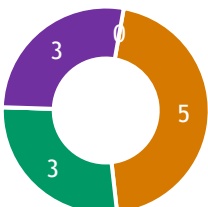
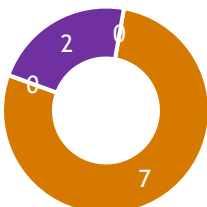
In 2024/25 there were 29 recommendations in total, which is an increase of five from the previous year.

### Control Design



In 2024/25 we completed nine assurance rated audits. The control design opinion is comparable to previous years.

### Operational Effectiveness



In 2024/25 we completed nine assurance rated audits. The operational effectiveness opinion is comparable to previous years.

■ Substantial ■ Moderate ■ Limited ■ No ■ Advisory



# ADDED VALUE



## USE OF SPECIALISTS

We used our IT specialists to deliver the GDPR and Business Continuity and Disaster Recovery reviews, drawing on their expertise and insight completing similar reviews across a portfolio of public and private clients.

All other reviews were carried out by dedicated public sector internal auditors.



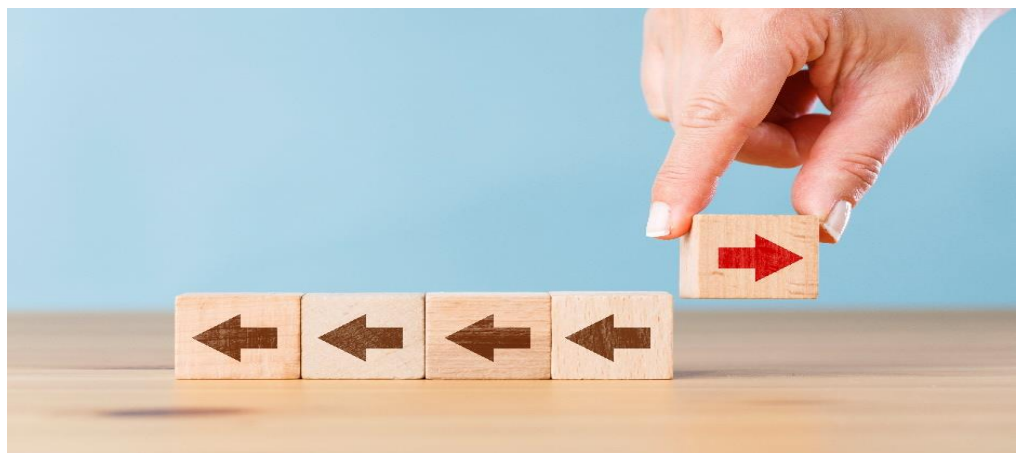
## RESPONSIVENESS

We ensured that our audit approach was responsive to the Council's needs, adjusting audit timings to enable officer's to balance our work with their existing responsibilities. - while maintaining our timeliness of delivery to comply with the required year-end reporting timescales.



## BENCHMARKING AND GOOD PRACTICE

We provided quarterly sector updates to the Performance, Governance and Audit Committee and included benchmarking / comparative analysis in individual audit reports such as GDPR and Health and Safety where applicable.



## KEY THEMES



### PEOPLE

Our audits generally found that staff are well aware of their roles and responsibilities and adequate training is provided where required although our audits of Contract Management and GDPR found compliance rates for officer and Member training could be improved.



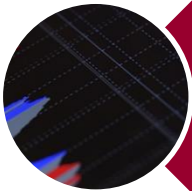
### GOVERNANCE & STRUCTURES

Overall, we found good management and governance structures to be in place, with clear reporting lines. However, some scope for improvement was identified in our audit of Health and Safety and the completion of risk assessments.



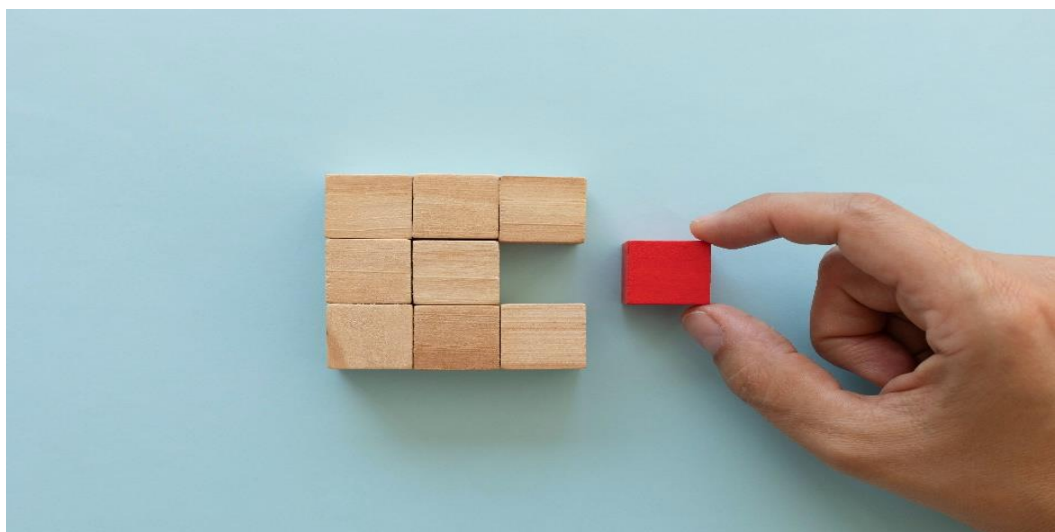
### STRATEGIES & POLICIES

Strategies, policies and procedures are generally well designed. The need for improvements in clarity in a small number of areas was identified and we found that the Building Control Policy was in need of updating to ensure it complies with the Building Safety Regulator requirements.



### SYSTEMS & PROCESSES

The Council has effective systems in place and processes are generally well followed. However we identified scope for improvement in reporting and monitoring key performance indicators in a few areas eg Building Control.



# BACKGROUND TO ANNUAL OPINION

## Introduction

Our role as internal auditors to Maldon District Council (the “Council”) is to provide an opinion to the Council, through the Performance, Governance and Audit Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation’s objectives in the areas reviewed. Our approach, as set out in the firm’s Internal Audit Manual, is to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our internal audit work for 2024/25 was carried out in accordance with the internal audit plan approved by the Executive Management Team and the Performance, Governance and Audit Committee, adjusted during the year for any emerging risk issues. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation’s risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

## Audit Approach

We have reviewed the control policies and procedures employed by Maldon District Council to manage risks in business areas identified by management set out in the 2024/25 Internal Audit Annual Plan which was approved by the Performance, Governance and Audit Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards, the Chartered Institute of Internal Auditors’ Position Statement on Risk Based Internal Auditing.

We discharge our role, as detailed within the audit planning documents agreed with the Council’s management for each review, by:

- ▶ Considering the risks that have been identified by management as being associated with the processes under review
- ▶ Reviewing the written policies and procedures and holding discussions with management to identify process controls
- ▶ Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage
- ▶ Performing walkthrough tests to determine whether the expected risk management activities and controls are in place
- ▶ Performing compliance tests (where appropriate) to determine that the risk management activities and controls have operated as expected during the period.

The opinion provided on page 3 of this report is based on historical information and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

### **Reporting Mechanisms and Practices**

Our initial draft reports are sent to the key contact responsible for the area under review to gather management responses. In every instance there is an opportunity to discuss the draft report in detail. Therefore, any issues or concerns can be discussed with management before finalisation of the reports.

Our method of operating with the Performance, Governance and Audit Committee is to agree reports with management and then present and discuss the matters arising at the Performance, Governance and Audit Committee meetings.

### **Management actions on our recommendations**

Management were engaged with the internal audit process and provided considerable time to us during the fieldwork phases of our reviews, in some cases providing audit evidence promptly and allowing the reviews to proceed in a timely manner, including opportunities to discuss findings and recommendations prior to the issue of draft internal audit reports. Management responses to draft reports were mostly within our requested time frame.

### **Recommendations Follow-up**

Implementation of recommendations is a key determinant of our annual opinion. If recommendations are not implemented in a timely manner, weaknesses in control and governance frameworks will remain in place. Furthermore, an unwillingness or inability to implement recommendations reflects poorly on management's commitment to the maintenance of a robust control environment.

Management have responded in a timely manner for requests to provide information to support the implementation of audit recommendations. Where initial implementation action dates were missed, revised dates were provided and generally appropriate action has been taken.

### **Relationship with External Audit**

All our final reports are available to the external auditors through the Performance, Governance and Audit Committee papers and are available on request. Our files are also available to external audit should they wish to review working papers to place reliance on the work of internal audit.

### Report by BDO LLP to Maldon District Council

As the internal auditors of the Council we are required to provide the Performance, Governance and Audit Committee, and the Executive Management Team with an opinion on the adequacy and effectiveness of risk management, governance and internal control processes, as well as arrangements to promote value for money.

In giving our opinion it should be noted that assurance can never be absolute.












The internal audit service provides Maldon District Council with **Moderate assurance** that there are no major weaknesses in the internal control system for the areas reviewed in 2024/25. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control.

In assessing the level of assurance to be given, we have taken into account:

- ▶ All internal audits undertaken by BDO LLP during 2024/25
- ▶ Any follow-up action taken in respect of audits from previous periods for these audit areas
- ▶ Whether any significant recommendations have not been accepted by management and the consequent risks
- ▶ The results of regulatory reviews and other assurance providers
- ▶ The effects of any significant changes in the organisation's objectives or systems
- ▶ Matters arising from previous internal audit reports to the Council
- ▶ Any limitations which may have been placed on the scope of internal audit - no restrictions were placed on our work.







# KEY PERFORMANCE INDICATORS

Quality Assurance	KPI	RAG Rating
Annual Audit Plan delivered in line with timetable	We have completed the 2024/25 plan in time to inform our Annual Reporting timetable.	
Actual days are in accordance with Annual Audit Plan	We have met this KPI for 2024/25.	
Customer satisfaction report - overall score at least 3.5 for surveys issued at the end of each audit	Since 2021 the average score received on satisfaction surveys is 4.47.	
Annual survey to PGA committee to achieve score of at least 70%	This will be issued following the presentation of the annual report.	
At least 60% input from qualified staff	We have met this KPI during 2024/25.	
Issue of draft report within three weeks of fieldwork closing meeting	This KPI has been met for the nine completed audits for 2024/25.	
Finalise internal audit report one week after management responses to report are received	This KPI has been met for the nine completed audits for 2024/25.	
90% of recommendations to be accepted by management	This KPI has been met for the nine completed audits for 2024/25.	
Information is presented in the format requested by the customer	This KPI has been met for the nine completed audits for 2024/25.	
High quality documents produced by the auditor that are clear, concise and contain all the information requested	This KPI has been met for the nine completed audits for 2024/25.	
Positive result from external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	

# APPENDIX I

ANNUAL OPINION DEFINITION	
<b>Substantial - Fully meets expectations</b>	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is only a small risk of failure or non-compliance.
<b>Moderate - Significantly meets expectations</b>	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is some risk of failure or non-compliance.
<b>Limited - Partly meets expectations</b>	Our audit work provides assurance that the arrangements will deliver only some of the key objectives and risk management aims of the organisation in the areas under review. There is a significant risk of failure or non-compliance.
<b>No - Does not meet expectations</b>	Our audit work provides little assurance. The arrangements will not deliver the key objectives and risk management aims of the organisation in the areas under review. There is an almost certain risk of failure or non-compliance.

REPORT OPINION SIGNIFICANCE DEFINITION				
Level of Assurance	Design Opinion	Findings	Effectiveness Opinion	Findings
<b>Substantial</b> 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b> 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed, albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of noncompliance with some controls that may put some of the system objectives at risk.
<b>Limited</b> 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b> 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE DEFINITION	
<b>High</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

**FOR MORE INFORMATION:**

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## REPORT of CHIEF FINANCE OFFICER

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to  
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE  
17 JULY 2025

### STATEMENT OF ACCOUNTS 2024/25

#### 1. PURPOSE OF THE REPORT

- 1.1 This report presents Committee Members the 2024/25 Statement of Accounts for Maldon Council, before the start of the review by the external auditor.
- 1.2 The key findings and recommendations from the review of the accounts will be presented by the external auditor before issuing their opinion.

#### 2. RECOMMENDATION

That Members consider the 2024/25 statement of accounts at **APPENDIX 1**.

#### 3. SUMMARY OF KEY ISSUES

- 3.1 Local authorities are required by the Accounts and Audit (Amendment) Regulations 2024 to publish their financial statements each year.
- 3.2 The deadline for doing so for the 2024/25 accounts was 30 June. The Council achieved this deadline ahead of the deadline, publishing its accounts on 30 May.
- 3.3 The accounts cover an extensive range of statements and schedules of values defined in the Code for Local Authority Accounts<sup>1</sup>. This is updated and republished each year and incorporates the key principles to be followed, subject to local adoption, by each council. It includes as necessary the details of adoption of new accounting standards, as agreed with the Financial Reporting Council.
- 3.4 The complete accounts required of each council each year runs to over 100 pages. The order of the statements and schedules is set out in the Code. Terms, forms of presentation, and supporting narratives are also described or defined in the Code. Anything included in the Statement of Accounts is subject to external audit review and comment.
- 3.5 The key statements in the Maldon District Council (MDC) 2024/25 accounts are detailed below, together with commentary on the key issues set out.

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<sup>1</sup> The Chartered Institute of Public Finance and Accountancy's (CIPFA) / Local Authority (Scotland) Accounts Advisory Committee (LASAAC) "Code of Practice on Local Council Accounting in the United Kingdom" (referred to as 'the Code').

Statement or schedule	Page ref	Purpose	Key issues
Narrative statement	3	Narrative statement to provide a framework through which to interpret the accounts, for example, key local or organisational changes or achievements during the year.	<p>Covers key issues arising during the financial year. For MDC, the year included the announcements of reorganisation across Greater Essex, which is therefore reflected in the narrative statement. This statement also provides an overview of the whole document.</p> <p>The narrative statement provides summaries of the other key statements, as follows:</p> <p>Surplus of income over expenditure of £2.9m (deficit of £9.9m in 23/24). This uses the accounting basis.</p> <p>On the funding basis, the 2024/25 result was a net contribution to reserves of £2.5m (£0.9m use of reserves in 2023/24).</p> <p>The comparison to the budget is also shown, setting out the £853k surplus achieved.</p> <p>Total revenue spending of £33.2m is reported for the 2024/25 year (previously £31.6m). This includes the total payments received by the council from local ratepayers, including amounts then passed to other precepting bodies (such as parish and town councils, the Police and Fire Services, and Essex County Council (ECC)).</p> <p>Capital expenditure is described, setting out spending of £6.9m in 2024/25. Details are provided of the key schemes progressed during the year. Details of proposed future capital spending are also set out.</p> <p>Pension Fund net benefit/liability is identified as a net benefit of £0.8m (net liability of £1.6m).</p>

Statement or schedule	Page ref	Purpose	Key issues
Statement of responsibilities for the accounts	17	This described the respective responsibilities of the Council and the section 151 Officer (Chief Finance Officer (CFO)) for the production of the accounts.	For the Council: appointment of a s151 in order to administer the proper financial management of the authority, secure value for money, and support production of the accounts.  For the s151 officer: to select and apply appropriate accounting policies; to make appropriate estimates and judgements in preparing the accounts; to ensure compliance with the Code.
<b>Primary statements:</b>			
<i>Comprehensive Income and Expenditure Statement (CIES)</i>	21	This shows the <b>accounting</b> cost incurred during the year of providing council, rather than the amount to be funded from taxation ( <b>funding</b> ).	For 2024/25, this sets out a surplus of £2.9m. The comparative value for the previous year was a deficit of £9.9m.
<i>Movement in Reserves Statement (MIRS)</i>	22	<p>This shows the reserves available at the start of the year, use of and contributions to them during the year, and the closing position arising.</p> <p>It shows usable (cash-backed) reserves separately to unusable (technical) reserves. Cash reserves can be used to fund council activities; unusable reserves are required to be maintained for accounting purposes only and cannot be used to fund services.</p>	<p>This shows that total reserves at the end of 2024/25 amounted to £53.7m. This value is comprised of £36.9m unusable reserves (required for proper accounting practices) and £16.8m usable reserves (which are cash-backed and may be used to fund service delivery).</p> <p>As at March 2025, usable reserves include £0.7m unapplied capital grants, £1.0m capital receipts, £6.6m earmarked reserves, and £8.6m general reserves. The statement shows the movement from opening to closing balances for 2023/24 and then opening to closing balances in 2024/25.</p>

Statement or schedule	Page ref	Purpose	Key issues
<i>Balance sheet</i>	23	This describes the total net value of the council at the end of the year, based upon assets and liabilities. IT also shows how the usable and unusable reserves match the net value of the council.	<p>As at 31 March 2025, the Council had £46.4m of long term assets and £17.8m short term assets (mostly represented by £14.7m cash and cash equivalents). Current liabilities amounted to £8.0m, and long term liabilities amounted to £2.5m. Overall, the net worth of the council (assets less liabilities) was £53.7m.</p> <p>The net worth of the Council was represented by the £53.7m of usable and unusable reserves, detailed in the reserves statement.</p>
<i>Cashflow</i>	24	This shows the changes in cash and cash equivalents during the year.	During the year, there was a net decrease in cash and cash equivalents of £0.1m, meaning that the cash and cash equivalents held at the end of the year amounted to £14.7m.
Notes to the accounts	27	The notes provide further detail supporting the 4 main statements.	<p>Notes 1-6 set out key considerations employed in preparing the accounts based on more general guidance set out in the Code.</p> <p>Notes 7 and 8 provide more details on the CIES.</p> <p>Note 9 provides details of reserves movements.</p> <p>Notes 10 – 18 provide further detail on the balance sheet, including details of property plant and equipment, any investment properties, financial instruments and debtors and creditors at the end of the year.</p> <p>Notes 19-21 provide more information on cash flows.</p> <p>Notes 22-33 provide additional information on subjects covered by the accounts but not stated explicitly, such as remuneration of members, staff and auditors and the net asset or liability relating to the pension scheme. MDC is part of the Local Government Pension Fund, locally administered by ECC. For MDC, past and future obligations on the scheme amount to £53.5m at net present values, while current assets are valued at £80m. Across those funds, 50% is invested in equities via fund managers engaged by ECC.</p>

Statement or schedule	Page ref	Purpose	Key issues
Supplementary financial statements: Collection Fund	97	The Collection Fund is required as a separate account by law. All receipts arising from council tax income and business rates received are paid into this account, together with any necessary adjustments for repayments or refunds, provision for uncollected sums etc.	<p>Surpluses or deficits arising in-year from the collection fund may be added to or charged to the available resources for the council to use in funding its operations, but in the year following.</p> <p>The accounts set out that the Council received £74.9m of ratepayer income in 2024/25, comprised of £58.4m of council tax and £16.5m of business rates.</p> <p>The fund shows payments to preceptors (central government, ECC, Police, Fire and Crime Commissioner (PFCC), parishes) of £79.6m, an overall deficit of £6.5m after adjustments for bad debt, provisions, and collection costs. This was charged to the brought forward surplus at the start of the year meaning that a surplus of £1.5m will be taken forward.</p>
Auditor's report	101	This will be added once the auditor has concluded their review of the accounts.	To follow.
Annual Governance Statement	105	This is provided by BDO as part of their role as the internal auditor.	<p>Based on their programme of work affecting the values set out in the accounts, BDO advise that the controls environment provides moderate assurance that there is a sound system of internal control.</p> <p>Moderate is the second highest level of assurance, which runs from 'substantial', through 'moderate', then 'limited' to 'no' assurance.</p> <p>The Annual Governance Statement (AGS) notes that most previous recommendations made arising from previous internal audit reviews have been implemented.</p>
Glossary	118	Definitions of key terms.	

- 3.6 The Terms of Reference of the Performance, Governance and Audit Committee include a requirement to review the external auditor's opinion on the Statement of Accounts of the Council.

#### **4. CONCLUSION**

- 4.1 The accounts for 2024/25 have been prepared ready for audit review. Once the audit review is concluded, and any changes identified as required have been included, the final statement of accounts will be presented to the Committee.

#### **5. IMPACT ON PRIORITIES AS SET OUT IN THE CORPORATE PLAN 2025 - 2028**

##### **5.1 Delivering good quality services**

- 5.1.1 A key objective of the Council's Corporate Plan is to continue to have good governance arrangements in place. The external audit opinion is one of the main sources of assurance of the achievement of this objective for the Performance, Governance and Audit Committee.

#### **6. IMPLICATIONS**

- (i) **Impact on Customers** – None directly.
- (ii) **Impact on Equalities** – None directly.
- (iii) **Impact on Risk (including Fraud implications)** – None directly.
- (iv) **Impact on Resources (financial)** – The final external audit fees for the 2024/5 audit are subject to final agreement with KPMG and review by Public Sector Audit Appointments. This will be reported back to a future meeting of the Committee once finalised.
- (v) **Impact on Resources (human)** – None directly.
- (vi) **Impact on Devolution / Local Government Reorganisation** - No impact on Devolution preparation; accounting information, alongside other relevant service and financial performance data, forms a key part of the planning for the Local Government Reorganisation in Greater Essex.

Background Papers: None.

Enquiries to: Ben Jay, Interim Chief Finance Officer.

# Draft Statement of Accounts

**Maldon District Council**  
**2024/25**



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## MALDON DISTRICT COUNCIL

## DRAFT STATEMENT OF ACCOUNTS 2024-25

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SECTION – 1

NARRATIVE STATEMENT



## NARRATIVE STATEMENT

### Introduction

I am pleased to present the Statement of Accounts for Maldon District Council for 2024/25.

### Our Purpose and Role

As a District Council we exist to:

- ensure the provision of good quality and improving local services accessible to all those who need them;
- promote improvement in the quality of life for all our residents;
- use our devolved powers of regulation for the wider good; and
- champion the needs of the District at local, regional and national levels.

We play a number of roles that affect how directly we will control or influence meeting the goals for the District. In summary these roles are:

As **Regulator** – We hold various regulatory powers such as planning, licensing, and environmental health. Through these we can have both direct control and indirect influence over other organisations and their actions.

As **Service Provider** – In addition to our regulatory service provision, we also have a statutory duty to provide a number of other services that are vital to the local community including refuse and recycling collection, housing benefit provision, council tax collection, and assisting the homeless. Councils also have a role in advancing the health, economic, cultural and leisure agendas.

As **Community Leader** – As the democratically elected body for the District, we have a role in leading on issues important to our local communities, working with them to help shape their aspirations and explore ways in which they can be delivered; advocating on behalf of them at national, regional and county levels, and planning and safeguarding for the future of our District and its communities.

As **Partner** – We have a good track record of working in partnership with various organisations to deliver services and secure improvements for our local communities. Difficult financial times reinforce the need to review how we, and others, support and facilitate partnership working in the District in the future. Effective partnership working can be key to addressing some of the wider ranging issues and we will continue to work with partners to help deliver shared ambitions where appropriate.

Maldon is a rural District in the heart of Essex. The population is ageing, but also growing as there are a number of large housing developments in the area. These form key triggers for the Council's objectives around supporting the demographic and ensuring that there is the relevant infrastructure for the growing demand.

The purpose of the Statement of Accounts is to provide clear information to readers on how Maldon District Council has utilised available financial resources using CIPFA's code on Local Council Accounting, based on International Financial Reporting Standards (IFRS). This document provides details of the Comprehensive Income and Expenditure for the financial year 2024/2025. The report provides the accounting for the General Fund and Collection Fund and all other accounts for which the Council is responsible. The Council's Balance Sheet provides details of its assets and liabilities as at 31 March 2025. Other supporting statements and notes are provided to help to explain the figures in the accounts. In addition, a glossary can be found at the back of this publication to help explain some of the technical terms.

The accounts and other relevant information, such as the annual governance statement and value for money, are subject to audit by KPMG LLP who provide their opinion on the Council's statement of accounts.



**NARRATIVE STATEMENT (continued)****The Statement of Accounts**

The Statement of accounts for the year ended 31 March 2025 consist of the following statements:

**Statement of Responsibilities**

The statement sets out the respective responsibilities of Maldon District Council (the Council) and the Section 151 Officer, who is responsible for Finance.

**Independent Auditor's Report**

The Independent Auditor is required to publish an opinion on whether the financial statements give a true and fair view of the financial position and the expenditure and income of the Council for the year in question. The auditor also has a responsibility to satisfy themselves that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness (value for money) in its use of resources by review and examination of the Council's corporate performance management and financial management arrangements. The Comptroller & Auditor General (National Audit Office) prepares the code of audit practice which external auditors follow when carrying out their duties.

**NARRATIVE STATEMENT (continued)****The Financial Statements:****PRIMARY STATEMENTS****Comprehensive Income and Expenditure Statement**

The comprehensive income and expenditure statement shows the accounting cost during the financial year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the expenditure and funding analysis and the movement in reserves statement.

**Movement in Reserves Statement**

The movement in reserves statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/decrease line shows the statutory general fund balance movements in the year following those adjustments.

**Balance Sheet**

The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the movement in reserves statement line 'adjustments between accounting basis and funding basis under regulations'.

**Cash flow statement**

The cash flow statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

**Accounting Policies**

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting its financial statements.

**Notes to the Accounts**

The Notes provide further breakdown and explanation of amounts included in the above financial statements. Further supplementary financial statements and other additional information are provided, comprising:

**Collection Fund**

The Collection Fund statement reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing Council in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

## NARRATIVE STATEMENT (continued)

## Summary of the Financial Outturn for the Year

The overall CIES shows a surplus of £2.9m (£9.9m deficit in 2023/24) comprising of the following:

2023/24		2024/25
£'000		£'000
(480)	(Surplus)/Deficit on Provision of Services	(1,597)
10,420	Other Comprehensive Income and Expenditure (Surplus)/Deficit	(1,321)
<b>9,940</b>	<b>Total Comprehensive Income (Surplus)/Deficit</b>	<b>(2,918)</b>

The Council is required to determine its revenue (including amounts from Council Taxpayers) and capital resources according to statutory regulations rather than IFRS. Adjustments must therefore be made to the Surplus or Deficit on Provision of Services to reconcile the IFRS accounts to the actual change in the Council's resources available as reflected in the Usable Reserves.

2023/24		2024/25
£'000		£'000
1,276	(Surplus)/Deficit on Provision of Services	(1,597)
(400)	Adjustments between accounting basis and funding basis under regulations	(854)
<b>876</b>	<b>(Increase)/Reduction in Usable Reserves of the Council</b>	<b>(2,451)</b>
	<i>Comprising:</i>	
499	(Increase)/Reduction in Revenue Balances and Reserves	(16)
377	(Increase)/Reduction in Capital Balances and Reserves	(2,435)

## Revenue Expenditure and Sources of Finance

Revenue expenditure reflects the cost (on an IFRS basis) to the Council of providing services to the community. Revenue expenditure totalled £31.7m (£32.5m for 2023/24).

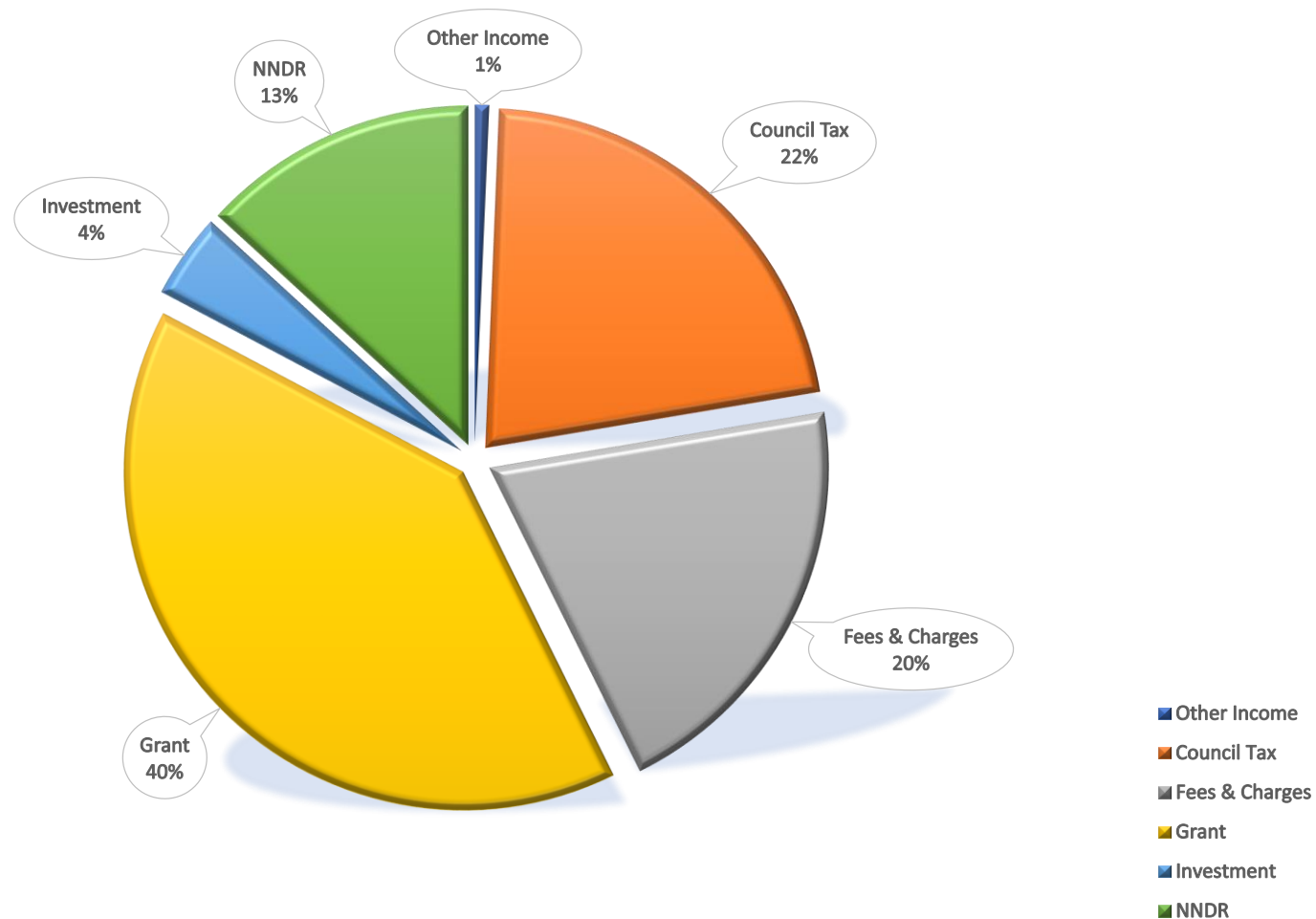
2023/24		Service	2024/25	
Gross Expenditure			Gross Expenditure	
£'000	%		£'000	%
6,079	19	Strategy & Resources Directorate	6,885	21
25,571	81	Service Delivery Directorate	26,330	79
31,650	100	Cost of Services	33,215	100

## NARRATIVE STATEMENT (continued)

## Revenue Expenditure and Sources of Finance (Cont.)

Funding for the revenue expenditure comes from a variety of sources :

Where funding for the council services comes from (actuals)



## NARRATIVE STATEMENT (continued)

## Performance Against Net Revenue Budget

The budgeted net revenue expenditure for the Council for 2024/25 was £12.900m. Actual net expenditure for the year was £12.680m resulting in a £220k underspend, a summary of which is shown in the table below. This is shown without the capital charges.

	2024/25	2024/25	2024/25
	Approved Budget	Actuals Expenditure	Variance
	£'000	£'000	£'000
Strategy & Resources Directorate	5,180	5,582	402
Service Delivery Directorate	7,720	7,098	(622)
<b>Net Cost of Services</b>	<b>12,900</b>	<b>12,680</b>	<b>(220)</b>
Investment & Rental Income	(1,000)	(1,485)	(485)
General Grants & Other Income	(1,322)	(1,321)	1
Council Tax Receipts	(6,222)	(6,221)	1
Business Rate Income	(6,712)	(6,909)	(197)
MRP Charge	-	14	14
Budgeted transfer to Earmarked Reserves (excludes Agreed drawdowns & Service C/Fwds)	1,853	1,886	33
			-
<b>Budgeted transfer to General Fund</b>	<b>503</b>	<b>503</b>	<b>(853)</b>
<b>Net transfer (to) / from Earmarked Reserve</b>	<b>-</b>	<b>(853)</b>	<b>(853)</b>

A reconciliation of the outturn position (reported above) to the Comprehensive Income and Expenditure Statement is shown in Note 7 - the Expenditure and Funding Analysis.

## NARRATIVE STATEMENT (continued)

## Capital Expenditure

Capital Expenditure for 2024/25 was £6,913k (928k in 2023/24)

A summary of the key capital schemes for 2024/25 is shown below:

Scheme	Budget	Actual spend to	Variance
	2024/25	31-March-2025	31-March-2025
	£'000	£'000	£'000
Waste Vehicles	3,969	3,941	(28)
Trimas Pegasus - Grass cutting machine	35	31	(4)
John Deere Gator Vehicle replacement	30	30	-
PC and Printer Replacement Programme	47	41	(6)
White Horse Lane resurfacing	77	-	(77)
Butt Lane subsidence repairs	60	-	(60)
Promenade Park Amphitheatre Strengthening	113	95	(18)
Goldhanger – Decommission garages	17	-	(17)
Seawall and Coach Park toilets – replacement lighting	12	-	(12)
Matting Play surfacing for 4 sites	75	75	-
Longfields pathways tarmacing	45	-	(45)
Remembrance Avenue – Road resurface.	32	25	(7)
New Accessible Playsite	93	-	(93)
Splashpark Element (Year 3)	30	20	(10)
Scout Hut – New flooring	26	-	(26)
St Georges Play Site – Equipment renewal relocation and installation	17	-	(17)
Blackwater Air Handling unit	47	-	(47)
Changing places - Blackwater leisure centre	-	73	73
New Leisure Centre Facilities	-	-	-
New Navigation buoys	14	14	-
Burnham on crouch Houseboats berth	102	-	(102)
Burnham On Crouch Pontoon	130	106	(24)
Renovation of garden of remembrance	10	-	(10)
Prom Park - The Valley - Play Galleon	226	226	-
District accessibility - BOC Accessible Play	120	120	-
Play Equipment Prom Park Sensory	110	111	1
Riverside Park - Skate Park Equipment and Surface	140	-	(140)
Maldon Skate Park/BMX Track refurbishment Resurfacing	617	-	(617)
Riverside Skate Park Equipment and Surface	186	-	(186)
West Maldon skate park / BMX track	50	50	-
Community Supermarket NRS	-	9	9
Cost of living – Mobile Community Supermarket CAP	5	5	-



ukspf Seating for open spaces	-	34	<b>APPENDIX 134</b>
Lower High Street Improvements CAP	60	58	(2)
Men's Shed Relocation	145	155	10
REPF Funded Projects	409	409	-
Lighting for youth facilities	30	-	(30)
Food Waste Bins	-	4	4
Mandatory Disabled Facilities Grants	539	665	126
Stephens House	539	540	1
Stephens House refurbishment	-	76	76
<b>Total Funding</b>	<b>8,157</b>	<b>6,913</b>	<b>(1,244)</b>

The key variances include Malddon skate park, Riverside park skatepark, New Accessible play site, Scout hut, Butt lane and White horse lane car park resurfacing all of these have been requested to carry forward into 25/26. The housing disabled facilities overspent but prior years grants covered this. The burnham on crouch houseberths and riverside park skatepark project were not continued. The men's shed project and Stephens house refurbishment were overspent but were within the overall capital budget. The underspends for Goldhanger garages, garden of remembrance and prom park seawall lighting was due to the expenditure being treated as revenue expenditure.

## NARRATIVE STATEMENT (continued)

### Pension Fund

The Council's share of the assets and liabilities of the Pension Fund have moved from a net liability of £1.581m to net liability of £0.770m. An asset ceiling adjustment then resulted in a pension liability of £0.770m recognised in the Statement of Financial Position as of 31st March 2025. A further explanation can be found in note 36 to the Core Financial Statements. It is important to understand that the net pension liability is a position taken at just one point in time. Market prices can move up as well as down in the short term and it is therefore not possible to quantify what long term effect the movement in market prices will have on the Pension Fund.

### Provisions/Contingencies

The Council makes provisions for Bad Debts and for Business Rate Appeals that have been assessed as having a "probable" success rate. 2023/24 was the first year for 2023 Appeals to take place, so the probable success rate of appeals has increased substantially and is reflected in an increased provision.

The Council did not make any provision for contingent liabilities i.e. "possible" obligations in 2024/25.

### Future Outlook Revenue

The Council has set a balanced budget for 2025/26 but there remains a revenue budget gap over the Council's Medium-Term Financial Strategy for 2026/27 financial year and beyond. In response to this, the Council is identifying measures to ensure its future sustainability. It continues to hold robust levels of reserves.

As at 31 March 2025 the Council's provisional general fund balance stood at £8,636k. This balance is a general reserve and is not earmarked for any specific expenditure.

The Council's policy is to set the minimum level of General Balances at £2.6m.

Based on current estimates the general fund balance is not forecast to drop below £2.6m in the medium term, however, there remains risk about the overall economic outlook and any possible impact on council tax and business rates collection.



## NARRATIVE STATEMENT (continued)

## Capital

Estimated Future Capital Spending	2025/26	2026/27	2027/28
	£'000	£'000	£'000
<b>Project Title</b>			
Community Engagement Team Vehicle	18	-	-
Maintenance Team Vehicle	35	-	-
Tractor Side-Arm Flail	40	-	-
Ride on Mower	35	-	-
Parks Vehicle Transit	35	-	-
PC and Printer Replacement Programme	47	47	47
Fencing and Bollards - Parks	20	-	-
MDC Roads Resurfacing	98	-	-
Plume school - Replacement Carpet Astro pitch	-	-	-
New Leisure Centre Facilities	4,000	-	-
New Playsite Equipment	125	125	-
Playsite Surfacing - Oaktree Meadow	60	1,000	-
Play Site Fencing	60	125	-
New accessible play site (Sensory)	100	-	-
Mandatory Disabled Facilities Grants	539	539	539
<b>Total Capital Programme</b>	<b>5,212</b>	<b>1,836</b>	<b>586</b>
<b>Financed by:</b>			
Capital Receipts Applied	573	297	47
S.106 Contributions	100	-	-
Internal Borrowing	4,000	1,000	-
Government Grants	539	539	539
<b>Total Funding</b>	<b>5,212</b>	<b>1,836</b>	<b>586</b>

The above table shows the capital spending plans of the Council in line with the medium term financial strategy approved on 13th February 2025

## NARRATIVE STATEMENT (continued)

## Risks

The General Election in July 2024 led to a change in national government. The new government has set out a range of policy measures it plans to implement during the life of the new parliament, many of which will have an impact on the work of councils throughout the country. These policy changes will present both risks and opportunities, which are held under review by Officers and Members of the Council.

The most significant changes are set out in the December 2024 Devolution White Paper (English Devolution White Paper - GOV.UK). This provides for redistribution of current responsibilities in a number of key areas, away from the current role played by councils towards a larger role being played by Combined Authorities, particularly Mayoral Combined Authorities (examples of these new operating models can already be seen in, for example, the responsibilities of the Mayor of London and the Greater Manchester Combined Authority). The white paper also provides for reorganisation of areas currently managed by a combination of 'upper tier' (county) councils and 'lower tier' (district) councils, replacing them with a number of 'unitary' (single tier) councils. Areas affected include Derbyshire, Hertfordshire, and Essex. Reorganisation of councils across the

Key risks arising from devolution and reorganisation include increases in costs, and or decreases in service quality. Key opportunities include scope to rationalise overall costs at the same time as improving overall service quality. However, it is not yet clear if any cost savings can be achieved without detriment to the services provided to local people. The estimated costs and benefits of reorganisation will be part of this process, but are not yet known. No costs were incurred by the Council during FY 2024/25, and so no financial impact has arisen in these accounts. These questions, and others like them, will be worked through by Officers and Members in the coming months.

Other areas of national policy changes which will impact on this council include:

- Transport policy including public transport management
- Planning policy changes
- Housing policy changes
- Changes to the collection of domestic waste, in particular food waste

While this work continues, it will remain a priority for all affected councils to continue to deliver their responsibilities to local people. Locally, these priorities are set out for Maldon Council in our Corporate Plan, which will continue to guide our operational and financial priorities. However, a key risk is that reorganisation creates a distraction for staff and or councillors, to the detriment of local services, while a key opportunity is that the preparation for reorganisation brings to light service delivery benefits which can be adopted before reorganisation takes place.

All these areas of risk and opportunity will be regularly reviewed by Officers and Councillors through the coming year.

MDC is reviewing its current and future Reserves, and Revenue and Capital Budgets in order to address the remaining funding gap and steer the Council back towards sustainability.

The new government has not pre-announced any future financial settlement for 2025/26 and beyond, although they have indicated there may be a longer term settlement announcement. The Council remains in a good position to address this uncertainty in the short term via its sound financial management and planning, which has recently restructured its Corporate Leadership Team and appointed a Chief Executive to drive the Council towards the future, including signing a new 20 year leisure contract. The Council also has prudent levels of reserves needed for these times of uncertainty. However, the medium term remains challenging, so the Council will continue to closely monitor all new policy and funding announcements and building these into its future MTFS projections as appropriate.

## Cost of Living Impact

The recent cost of living crisis caused by oil and gas and supply chain shortages created by world events has been followed by high inflation, although now past its peak, and high interest rates in a bid by the Bank of England to bring inflation under control. This put pressure on Council service budgets and also on business and household budgets across the district.

Local Taxation	Budgeted Collection Rate 2024/25	Actual Collection 2024/25	Actual Collection 2023/24
Council Tax	98.0%	97.9%	98.0%
NNDR	99.0%	98.3%	98.0%

Council Tax and Business Rates collection rates both exceeded their budgets. Collection rates were similar during the past couple of years, although the cumulative cost of living on business and household budgets may only hit crisis in the next financial year after various reliefs come to an end.



**NARRATIVE STATEMENT (continued)****Financial**

The General Fund balances at 31 March 2025 was reported as £8,636k. General Balances are not earmarked for any future expenditure. Therefore, this balance is available to cover any additional unexpected expenditure or losses in income that occur, although the minimum level for this reserve is set at £2.6m. The reserve is not forecast to drop below £2.6m in the short term.

However, there remains uncertainty around the ongoing cost of living and declining living standards. Reductions in Council Tax, Business Rates income and debt collection could occur in future years and put future pressure on the general fund balance. Although inflation rates have fallen to near-target rates, interest rates remain relatively high so still a challenge for residents and businesses and could further hamper income collection rates.

The Council managed its cashflows through prudent investments during the times of high inflation with the Bank of England Base Rate peaking at 5.25%. The Council retains the option to use the government's Debt Management Office should the risk associated with placing money with counterparties become too high. As a result of high interest rates, investment income has greatly exceeded its 2024/25 budget of £1,000k, achieving £1,338k (£1,642k in 2023/24). Interest rates continued to remain high throughout 2024/25 and beyond.

**Opportunities**

The Council is always looking at opportunities for joint working with other bodies, such as joint procurement of services or joint provision of a service.

Maldon District Council has started to explore commercial opportunities, with due regard to the relevant statutory guidance, in order to assist in meeting the budget gap in future years.

**Performance Information**

A new Corporate Plan covering the period 2025/2027 was updated and adopted by the Council in February 2025. The Plan sets the vision and corporate goals and provides strategic direction for the planning and delivery of the Council's work. For each priority, the Plan details the objectives the Council is striving to achieve.

Each year the Corporate Leadership Team (CLT), together with managers, identifies the key corporate activities through their Service Plans that will be taken forward to contribute to the achievement of the priorities and objectives. Targets for a number of key performance indicators are monitored corporately to manage performance and track the impact of the actions/provide evidence of achievements. Quarterly performance reports are submitted to the Performance, Governance and Audit Committee who monitor performance and progress.

The key corporate activities are detailed in the Service Plans for each Directorate. This plan is the cornerstone of the performance planning process and contains the aims and priorities for each Directorate. These are not submitted to Committee but facilitate effective performance and risk management within the Directorates, including the setting of individual objectives and completion of performance reviews, updates on the key corporate activities and the performance indicators are recorded by the responsible officers. These updates form the basis of the quarterly performance reports to CLT and the Performance, Governance and Audit Committee. Individual staff objectives flow from the key corporate and service activities and the performance reports submitted to the Committees are accessible via the website.

## NARRATIVE STATEMENT (continued)

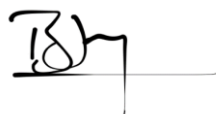
Key Performance Indicator	2023/24		2024/25		2025/26
	Target	Actual	Target	Actual	Target
Percentage of Council Tax collected	97.30%	98.00%	98.01%	97.91%	97.91%
Percentage of Non-domestic Rates collected	95.50%	99.00%	99.03%	98.28%	98.28%
Time taken to process Housing Benefit/Council Tax Support - new claims (days)	16.5 Days	16.0 Days	16.0 Days	14.5 Days	16 Days
Time taken to process Housing Benefit/Council Tax Support – change of circumstances (days)	8.5 Days	4 Days	8.5 Days	3 Days	8.5 Days
Percentage of major planning applications processed within 13 weeks	80.00%	94.00%	60.00%		
Percentage of minor planning applications processed within 8 weeks	75.00%	80.00%	70.00%		
Percentage of other planning applications processed within 8 weeks	85.00%	91.00%	70.00%		
Total Kilogrammes of household waste arising per household (annual)	900kgs	836kgs	850kgs	830kgs	
Percentage of household waste sent for reuse, recycling and composting	58.00%	56.40%	58%	57.83%	
Total Kilogrammes of residual household waste per household	350kgs	364kgs	350kgs	350kgs	
Average number of working days lost due to sickness per FTE	8.0 Days	7.47 Days	8.0 Days	8.4 Days	8.0 Days

Other measures that are not wholly within the Council's control are also "tracked" during the year.

These are linked to the corporate goals and objectives. Monitoring the performance of these provides evidence of progress towards achieving our goals and outcomes.

## Further Information

Further information about the audited accounts is available from the Section 151 Officer, Maldon District Council, Princes Road, Maldon, Essex. CM9 5DL  
Transparency information concerning the Council's spend with suppliers is detailed on the website ([www.maldon.gov.uk](http://www.maldon.gov.uk)).



**Ben Jay**

Chief Finance Officer and Section 151 Officer  
Maldon District Council

30th May 2025

Date



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SECTION – 2

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS



## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Council's Responsibilities

The Council is required to:

- (i) make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Section 151 Officer;
- (ii) manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- (iii) approve the Statement of Accounts.

### The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy's (CIPFA) / LASAAC Code of Practice on Local Council Accounting in the United Kingdom (the Code). In preparing this Statement of Accounts the Section 151 Officer has:

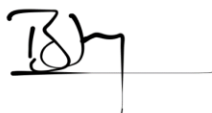
- (i) selected suitable accounting policies and then applied them consistently;
- (ii) made judgements and estimates that were reasonable and prudent;
- (iii) complied with the local Council Code.

### Certification of the Chief Financial Officer

The Section 151 Officer has also:

- (i) kept proper accounting records which were up to date;
- (ii) taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that this audited Statement of Accounts presents a true and fair view of the financial position of the Council at 31 March 2025 and its income and expenditure for the year then ended.



**Ben Jay**

Chief Finance Officer and Section 151 Officer  
Maldon District Council

30th May 2025

Date





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## SECTION – 3

## PRIMARY STATEMENTS

**Core Financial Statements****Page Number**

- *Comprehensive Income and Expenditure Statement*
- *Movement in Reserves Statement*
- *Balance Sheet*
- *Cash Flow Statement*
- *Notes To The Core Accounting Statements*

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## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2023/24				2024/25			Note
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
6,079	(652)	5,427	Strategy & Resources	6,885	(547)	6,338	
25,571	(17,781)	7,790	Service Delivery	26,330	(17,875)	8,455	
<b>31,650</b>	<b>(18,433)</b>	<b>13,217</b>	<b>Cost of Services</b>	<b>33,215</b>	<b>(18,422)</b>	<b>14,793</b>	
1,673	(119)	1,554	Other Operating Expenditure	1,794	(48)	1,746	7e
240	(2,079)	(1,839)	Financing and Investment Income and Expenditure	-	(1,684)	(1,684)	7f
-	(13,412)	(13,412)	Taxation and Non-Specific Grant Income	-	(16,452)	(16,452)	7g
<b>33,563</b>	<b>(34,043)</b>	<b>(480)</b>	<b>(Surplus)/deficit on provision of services</b>	<b>35,009</b>	<b>(36,606)</b>	<b>(1,597)</b>	
		(397)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			(1,000)	16
		10,817	Re-measurement of net defined liability for the pension fund			(321)	30
		<b>10,420</b>	<b>Other Comprehensive income and expenditure</b>			<b>(1,321)</b>	
		<b>9,940</b>	<b>Total Comprehensive income and expenditure</b>			<b>(2,918)</b>	

## MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	Note
Balance at 31-March-2024	(7,260)	(4,932)	(1,445)	(763)	(14,400)	(36,399)	(50,799)	
Movement in reserves during 2024/25							-	
Surplus or deficit on the provision of services	(1,597)				(1,597)		(1,597)	
Other Comprehensive Income / Expenditure						(1,321)	(1,321)	
Total Comprehensive Income and Expenditure	(1,597)	-	-	-	(1,597)	(1,321)	(2,918)	
Adjustments between accounting basis and funding basis under regulations	(1,417)	-	453	110	(854)	854	-	8
Net Increase or Decrease before Transfers to Earmarked Reserves	(3,014)	-	453	110	(2,451)	(467)	(2,918)	
Transfers to / from Earmarked Reserves	1,637	(1,637)	-	-	-	-	-	
Increase or Decrease in 2024/25	(1,377)	(1,637)	453	110	(2,451)	(467)	(2,918)	
Balance at 31-March-2025	(8,637)	(6,569)	(992)	(653)	(16,851)	(36,866)	(53,717)	

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	Note
Balance at 31-March-2023	(7,696)	(4,948)	(1,520)	(581)	(14,745)	(45,993)	(60,738)	
Movement in reserves during 2023/24		-	-	-	-	-	-	
Surplus or deficit on the provision of services	(480)	-	-	-	(480)	-	(480)	
Other Comprehensive Income / Expenditure	-	-	-	-	-	10,420	10,420	
Total Comprehensive Income and Expenditure	(480)	-	-	-	(480)	10,420	9,940	
Adjustments between accounting basis and funding basis under regulations	933	-	75	(183)	825	(825)	-	8
Net Increase or Decrease before Transfers to Earmarked Reserves *	453	-	75	(183)	345	9,595	9,940	
Transfers to / from Earmarked Reserves	(16)	16	-	-	-	-	-	
Increase or Decrease in 2023/24	437	16	75	(183)	345	9,595	9,940	
Balance at 31-March-2024	(7,259)	(4,932)	(1,445)	(764)	(14,400)	(36,398)	(50,798)	

## BALANCE SHEET

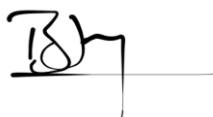
The **Balance Sheet** shows the value of the assets and liabilities held by the council. The council's net assets (assets less liabilities) are matched by the reserves it holds. These reserves are shown in two categories – usable and unusable. Usable reserves may be used to provide services subject to statutory limitations and the need to maintain prudent levels of reserves for financial stability. Unusable reserves cannot be used to fund council services.

01-April-2024		31-March-2025	Note
£'000		£'000	
28,355	Land & Buildings	29,356	10a
1,172	Vehicles Plant & Equipment**	5,423	10a
2,097	Infrastructure	2,275	10b
624	Community Assets	826	10a
3,819	Investment Property	3,888	11
95	Heritage Assets	95	
127	Intangible Assets	14	
4,430	Long Term Investments	4,513	12
24	Long Term Debtors	24	
<b>40,743</b>	<b>Total Long-term Assets</b>	<b>46,414</b>	
6,000	Short-term Investments	-	32
4	Inventories	2	
4,459	Short Term Debtors	3,138	13
14,742	Cash and Cash Equivalents	14,653	14
<b>25,205</b>	<b>Current Assets</b>	<b>17,793</b>	
(10,585)	Short-Term Creditors	(7,014)	15
(11)	Short Term Leases	(12)	29
(769)	Provisions	(940)	16
<b>(11,365)</b>	<b>Current Liabilities</b>	<b>(7,966)</b>	
(100)	Provisions	(100)	16
(1,581)	Pension Liabilities	(770)	30
(33)	Long Term Creditors	(20)	12
(2,070)	Grants Receipts in Advance - Capital	(1,632)	33
<b>(3,784)</b>	<b>Long-term Liabilities</b>	<b>(2,522)</b>	
<b>50,799</b>	<b>Net Assets</b>	<b>53,719</b>	
(14,400)	Total Usable Reserves	(16,853)	17
(36,399)	Total Unusable Reserves	(36,866)	18
<b>(50,799)</b>	<b>Total Reserves</b>	<b>(53,719)</b>	

\*\* This include Right of Use assets.

## Certification by the Chief Finance Officer

*I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2025 and its income and expenditure for the year ended 31 March 2025.*



**Ben Jay**

Chief Finance Officer and Section 151 Officer  
30th May 2025

## CASH FLOW STATEMENT

The **Cash Flow Statement** shows the changes in cash and cash equivalents of the Council during the reporting period.

The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council.

Investing activities represent the extent to which cash flows have been made from resources which are intended to contribute to the Council's future service delivery.

Financing activities summarises cash flows from where we have offered or received loans or finance leases during the year.

2023/24		2024/25	
£'000		£'000	Note
(480)	<b>Net (surplus) or deficit on the provision of services</b>	(1,597)	
348	Adjust to deficit on the provision of services for non-cash movements	2,477	23
(1,047)	Adjustments for items included in net deficit in the provision of services that are investing & financing activities	(3,478)	
(699)	<b>Total adjustments to operating activities</b>	(1,001)	
(1,179)	<b>Net cash outflow/(inflow) from operating activities</b>	(2,598)	
(978)	Investing Activities	3,806	24
3,010	Financing Activities	(1,119)	25
853	<b>Net (increase) or decrease in cash and cash equivalents</b>	89	
15,595	Cash and cash equivalents at the beginning of the reporting period	14,742	
14,742	<b>Cash and cash equivalents at the end of the reporting period</b>	14,653	

## SECTION – 3

## NOTES TO THE CORE ACCOUNTING STATEMENTS

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## NOTES TO THE CORE ACCOUNTING STATEMENTS

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## Notes to the Core Accounting Statements

### Note 1: Accounting Policies

#### a) General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31st March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and the Service Reporting Code of Practice 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

#### Going Concern

The Accounts are prepared on a going concern basis, i.e., on the assumption that the Council will continue to operate for the foreseeable future. Current cash levels and forecasts remain sound, and the Medium-Term Financial Strategy shows Council reserves to be sufficient for the foreseeable future.

#### b) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from sale of goods is recognised when the authority transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.
- Revenue from the provision of services is recognised when the authority can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- An exception to this policy is housing benefit transactions which are accounted for on a cash basis, that is, when the payment is made.
- Interest receivable on investments is accounted for respectively as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- In the case of periodic receipts and payments, where it does not materially affect the accounts and a full year's income and expenditure is recorded, an accrual does not need to be raised.

**Notes to the Core Accounting Statements (continued)****Note 1: Accounting Policies (continued)****c) Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

**d) Prior Period Adjustments**

Prior period adjustments may arise as a result of a change in accounting policies or the correction of a material error in the accounts.

Changes in accounting policies are only made when required by proper accounting practices or where the change provides more reliable or relevant information about the effect of the transactions, or other events and conditions on the council's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting policy no longer need to be material to result in a Prior Period Adjustment.

Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors discovered in prior period figures are corrected retrospectively, again by amending opening balances and comparative amounts for the prior period.

**Exceptional Items**

When items of income and expense are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

The Council had no Exceptional Items in 2024/25.

**e) Collection Fund Income and Expenditure Account**

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund is to isolate the income and expenditure relating to Council Tax and National Non-Domestic Business Rates.

**Council Tax and Non-Domestic Rates**

- Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.
- Collection Fund surpluses/deficits declared by the Billing Authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. For Maldon District Council, the Council Tax precepting bodies are Essex County Council and Police and Crime Commissioner. For Maldon District Council, the NDR precepting bodies are Central Government (50% share) Maldon District Council (40% share) and Essex County Council (10% share).
- Maldon District Council participates in a Business Rates pool with Essex County Council and West Essex District Council to minimise the levy payment due and thereby maximise the retention of locally generated business rates.

**Notes to the Core Accounting Statements (continued)****Note 1: Accounting Policies (continued)****Accounting for Council Tax and NDR**

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments, prepayments, and provision for appeals.

**Council Tax Reduction Scheme**

Prior to 2013/14 certain eligible taxpayers had some, or all, of their charge met by Council Tax Benefits. The amount of the benefit was credited to the Collection Fund and appeared as a charge in the billing authority's Central Services to the Public line in the Comprehensive Income and Expenditure Statement. From 2013/14 Council Tax Benefits has been replaced by a Council Tax Reduction Scheme which is applied directly to the Council Tax base.

**f) Employee Benefits**

- Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g., time off in lieu, flex-leave) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the service account, but then reversed out through the Movement in Reserves Statement so that holiday benefits accrual has no impact on Council Tax and holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

- Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

## Notes to the Core Accounting Statements (continued)

## Note 1: Accounting Policies (continued)

- **Post-Employment Benefits**

Employees of the Council are members of the Local Government Pension Scheme, administered by Essex County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government scheme is accounted for as a defined benefit scheme.

The pension fund liability or asset is calculated every three years by the funds actuary, with annual updates in the intervening years. Methods and assumptions consistent with IAS19 are used in the calculations. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 37. The estimate of the asset or liability is therefore subject to significant variances based on changes to the assumptions used. When the balance is an asset it becomes subject to an asset ceiling. IAS 19 allows for an asset ceiling which is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. It is considered unlikely that the Council will be in a position to reach the asset ceiling; where this does happen, direct reference would need to be made to IAS 19. The Council's Pension Fund balance has historically mainly been a liability but moved from liability to asset during 2024/25.

The liabilities of the Essex County Council pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings of current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on a high-quality corporate bond. The discount rates are based on the annualised yield on the iBoxx over 15-year AA rated corporate bond index.

The assets of the Essex County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value and include quoted securities at current bid price and property at market value.

The change in the net pension's liability is analysed into the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non- Distributed Costs.
- Net interest on the net defined benefit liability (asset) i.e., net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- The return on assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Essex pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

**Notes to the Core Accounting Statements (continued)****Note 1: Accounting Policies (continued)**

- **Discretionary Benefits**

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

**g) Events after the Reporting Period**

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

**h) Financial Instruments**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

- **Financial Assets**

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

The Council has financial assets comprising of long-term and short-term investments, long-term debtors, short-term debtors (excluding statutory debts such as Council Tax, Non-Domestic Rates, precepts, etc.) and cash & cash equivalents. These are assets that have fixed or determinable payments but are not quoted in an active market. They are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

## Notes to the Core Accounting Statements (continued)

## Note 1: Accounting Policies (continued)

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- **Available-for-Sale Assets**

The Council has available for sale financial assets in the form of a UK Gilt and short-term Certificates of Deposit. Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g., dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations
- The inputs to the measurement techniques are categorised in accordance with the following three levels:
  - Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date
  - Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
  - Level 3 inputs – unobservable inputs for the asset

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

**Notes to the Core Accounting Statements (continued)****Note 1: Accounting Policies (continued)****i) Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve.

Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

**j) Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g., software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service area in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

**k) Interests in Companies and Other Entities**

The Council has no material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts.

**l) Inventories and Long-Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

**m) Investment Property**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

## Notes to the Core Accounting Statements (continued)

## Note 1: Accounting Policies (continued)

## m) Investment Property (continued)

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## n) Leases - Council as Lessee

From 1 April 2023, the Council has applied IFRS 16 Leases as adopted by the Code of Practice on Local Authority Accounting. The new accounting standard requires that the rights to use items acquired under all leases are recognised as assets on the Balance Sheet, together with a liability for the payments to be made for the acquisition. Previously this was only done for leases where the Council acquired substantially all the risks and rewards of ownership of the leased item (finance leases).

Under IFRS 16, right-of-use assets held under leases are recognised on the Balance Sheet at the commencement of the lease, measured at cost based on the present value of the lease payments plus any payments made before the commencement date. Initial direct costs of the Council are added to the carrying amount of the asset. The asset recognised is matched by a liability for the obligation to make the lease payments (measured at their present value).

Lease payments are apportioned between:

- a charge for the acquisition of the right to use the property, plant or equipment which is applied to write down the lease liability, and
- a finance charge which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life. The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the movement in reserves statement for the difference between the two.

Where leases are for items of low value, amounts paid under the lease are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).



**Notes to the Core Accounting Statements (continued)****Note 1: Accounting Policies (continued)****o) The Council as Lessor**

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

**p) Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible fixed assets attributable to the service

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are replaced by the contribution in the General Fund Balance Minimum Revenue Payment (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

**q) Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When applying the definition of fair value, non-financial assets and, non-current assets held for sale shall be measured at highest and best use.

**r) Property, Plant & Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

- **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

- **Measurement**

Assets are initially measured at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located if the cost is above the £10,000 de minimis threshold.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

- the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

## Notes to the Core Accounting Statements (continued)

## Note 1: Accounting Policies (continued)

## r) Property, Plant &amp; Equipment (continued)

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – (depreciated) historical cost.
- other land and buildings and operational assets where there is an active market – Current value determined as the amount that would be paid for the asset in its existing use (EUV).
- operational assets where there is an active market Operational assets where there is no market-based evidence of current value because of the specialist nature of the asset and/or the asset is rarely sold (i.e., EUV cannot be determined), depreciated replacement cost (DRC) using the 'instant build' approach as an estimate of current value.
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- Fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. At Maldon District Council this applies to our sports centres.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at current value are revalued regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits taken to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

At Maldon District Council, all property valuations are carried out by the Valuation Office Agency. The bases of valuations are undertaken in accordance with the Statement of Asset Valuation Practice and Guidance Notes, published by the Royal Institute of Chartered Surveyors (RICS).

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

- **Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## Notes to the Core Accounting Statements (continued)

## Note 1: Accounting Policies (continued)

## r) Property, Plant &amp; Equipment (continued)

## • Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant, furniture, and equipment – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer and/or Responsible Officer for that asset; and
- infrastructure – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer, and/or Responsible Officer and/or valuer for that asset.

Newly acquired assets and capital enhancements are depreciated from the year after acquisition unless the variation in change is considered material. In this respect only, the Council does not fully comply with the requirements of IAS16 Property, Plant & Equipment but this is not a material consideration for the Council.

Useful life of an asset is shown below for the relevant categories

- |                                |                    |
|--------------------------------|--------------------|
| • Infrastructure               | 10, 20 or 40 years |
| • Buildings                    | 10 to 60 years     |
| • Vehicles                     | 5, 6 or 7 years    |
| • Computer Equipment / systems | 3, 5 or 10 years   |
| • Other                        | 3, 5 or 7 years    |

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. All assets with a gross value over £50,000 are considered for componentisation. If on consideration a component is assessed to be greater than 20% of the total cost of the asset, it is componentised, and the separate components depreciated using appropriate useful lives. Components that are individually less than 20% of the total cost of the asset are not treated as separate components for accounting purposes. They are valued and depreciated as part of the building structure.

The Council has a de minimis limit of £10,000 for capital expenditure purposes which results in the capitalisation of expenditure above that limit as an asset in the balance sheet. Items below this limit are charged to revenue.

The following five components have been identified:

- Land
- Structure of Building;
- Roof;
- Electrical & Mechanical (inc. Plant & Equipment); and Other / specialist.
- Other / specialist.

Each component is considered to depreciate on a straight line basis. The useful life of a component will vary according to the type of property in which it is located and the amount of use to which it is put. The useful life of a component will be determined by the valuer when a component part is identified.

Where a component is replaced or restored, the carrying amount of the old component shall be derecognised to avoid double counting and the new component reflected at the cost or new carrying value.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

## Notes to the Core Accounting Statements (continued)

## Note 1: Accounting Policies (continued)

## s) Infrastructure Assets

Infrastructure assets include Footways and cycle tracks, structures (e.g., bridges), street furniture and land which together form a single integrated network.

## t) Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

## u) Measurement

Infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

## v) Depreciation

Depreciation is provided on the parts of the infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis. Annual depreciation is the depreciation amount allocated each year.

Useful lives of the infrastructure assets are determined by using industry standards where applicable as follows:

	Useful Life
Coastal Defences (Sea Wall)	Environment Agency Responsibility (Indefinite Lifetime)
Footways and Cycle Tracks	25 Years
Street Furniture	Bus shelters 25 years and other assets 40 years
Water Supply and Drainage (Public Spaces)	50 Years

## w) Disposals and derecognition

When an infrastructure asset is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of noncurrent assets is fully provided for under separate arrangements for capital financing.

Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

- Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

## Notes to the Core Accounting Statements (continued)

## Note 1: Accounting Policies (continued)

## w) Disposals and derecognition (continued)

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale and are kept under their original category.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings and 50% for land, net of statutory deductions and allowances) are payable to the Government, under the Right to Buy scheme. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## x) Heritage Assets

## • Heritage Assets – Measurement and Valuation

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant, and equipment. However, some of the measurement rules are relaxed in relation to heritage assets. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated on an annual basis.

There is an annual programme of valuations and items are valued by an external valuer. The assets within the art collection are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by the external valuers and with reference to appropriate insurance values and commercial markets using the most relevant and recent information from sales at auctions.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, for example, where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. The trustees of the Council's Museum will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant, and equipment.

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

## y) Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Notes to the Core Accounting Statements (continued)****Note 1: Accounting Policies (continued)****y) Fair Value Measurement (continued)**

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

**z) Minimum Revenue Provision**

The Council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation on non-current assets. However, it is required to make an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the Minimum Revenue Provision in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

**aa) Provisions, Contingent Liabilities and Contingent Assets****Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g., from an insurance claim) this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

**Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

**Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement, and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.



**Notes to the Core Accounting Statements (continued)****Note 1: Accounting Policies (continued)****aa) Provisions, Contingent Liabilities and Contingent Assets (continued)****Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

**VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income. The amount of VAT irrecoverable is negligible.

**Notes to the Core Accounting Statements (continued)****Note 2: Accounting Standards Issued, Not Adopted****Indexation of Property, Plant and Equipment valuations**

From 1 April 2025, the Accounting Code will change the arrangements for the valuation of Property, Plant and Equipment. For 2024/25, there has been a general requirement that assets are revalued sufficiently regularly so that their carrying amount at 31 March does not differ materially from their current value at that date. This will be replaced by an option to revalue assets every five years, subject to annual reviews for impairment and the updating of carrying amounts by the application of relevant indices.

No adjustments to carrying amounts will be required at 1 April 2025. As indices for 2025/26 will not be available until after 31 March 2026, it is not possible to project what the impact of indexation will be.

**Note 3: Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

A critical judgement made in the Statement of Accounts is in relation to the high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

At the end of 2024/25 the Government had not pre-announced any financial settlement for future years, nor given any indication of future resource levels for local government via a Spending Review. This, coupled with an intended overhaul of the business rate retention scheme for funding and a review of funding allocations via the fair funding and the resources and needs review, means the levels of support from Government, in terms of funding, are very uncertain. The Council is in a good position to address this uncertainty via its sound financial management and planning, alongside prudent levels of reserves needed in times of uncertainty. The Council will be monitoring all announcements by Government with respect to its proposals and ensuring that the Council reply to all consultations to ensure the interests of the Council and our residents are strongly represented.



## Notes to the Core Accounting Statements (continued)

**Note 4: Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Impairment of Property, Plant & Equipment & Intangible Assets	<p>The Council assesses the impairment of property, plant and equipment and intangible assets (excluding goodwill) whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards</p> <p>Factors that are considered important and which could trigger an impairment review include the following</p> <ul style="list-style-type: none"> <li>• obsolescence or physical damage,</li> <li>• significant changes in technology and regulatory environments</li> <li>• significant underperformance relative to expected historical or projected future operating results,</li> <li>• significant changes in the use of its assets or the strategy of the overall business,</li> <li>• significant negative industry or economic trends, and</li> <li>• Significant decline in the market capitalisation relative to net book value for a sustained period.</li> </ul>	The identification of impairment indicators, the estimation of future cash flows and the determination of the recoverable amount for assets or cash generating units requires significant judgement which is determined by a qualified valuer.
Pensions	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, Barnett Waddingham, is engaged to provide expert advice regarding the assumptions applied in calculating the Council's net pension liability.</p>	<p>The effect on the net pension liability of changes in individual assumptions can be measured. For instance: A 0.1% increase in the discount rate assumption at 31 March 2025 would result in an increase in the Gross pension obligation, increasing this to £53,503 million.</p> <p>- a 1 year addition to the life expectancy assumption at 31 March 2025 would result in the Gross pension obligation increasing to £56,336 million.</p>
Provision for Business Rates Appeals	<p>At 31 March 2025, the Council has included in its accounts a provision for appeals on NDR rates of £0.826 million. However, appeals vary significantly in size and success rate, and therefore this may either be greatly insufficient or greatly overstated.</p>	<p>If the predicted success rate was to alter by just 10%, an additional £0.083 million would be required.</p>

**Note 5: Material Items of Income and Expense**

No material items of income or expense have occurred that are not already disclosed on the face of the CIES. However, the ongoing effects of the Cost of Living crisis were felt by the Council in 2024/25. These are noted where relevant, and implications included in the Statement of Accounts.

**Note 6: Events After the Balance Sheet Date**

There have been no other events occurring after the reporting date that would have a material impact on these financial statements.

## Notes to the Core Accounting Statements (continued)

**Note 7a: Expenditure and Funding Analysis**

The Expenditure and Funding Analysis is a note to the Financial Statements, however, it is positioned here as it provides a link from the figures reported in the Narrative by the Section 151 Officer to those in the Comprehensive Income and Expenditure Statement.

The objective of the Expenditure and Funding Analysis is to demonstrate to Council taxpayers how the funding available to the Council (i.e., government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in note 7c.

2023/24				2024/25		
Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
5,652	(225)	5,427	Strategy & Resources	5,855	483	6,338
6,161	1,629	7,790	Service Delivery	7,051	1,404	8,455
		-				-
		-				-
<b>11,813</b>	<b>1,404</b>	<b>13,217</b>	<b>Net Cost of Services</b>	<b>12,906</b>	<b>1,887</b>	<b>14,793</b>
(11,360)	(2,337)	(13,697)	Other Income and Expenditure	(15,920)	(470)	(16,390)
<b>453</b>	<b>(933)</b>	<b>(480)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>(3,014)</b>	<b>1,417</b>	<b>(1,597)</b>
(12,644)			Opening Combined General Fund Balance	(12,191)		
453			Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)	(3,014)		
<b>(12,192)</b>			<b>Closing Combined General Fund Balance</b>	<b>(15,206)</b>		

## Notes to the Core Accounting Statements (continued)

## Note 7b: Note to the Expenditure and Funding Analysis

2023/24					2024/25			
Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments		Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
268	(524)	31	(225)	Strategy & Resources	683	(140)	(60)	483
1,725	(96)	-	1,629	Service Delivery Directorate	1,707	(303)		1,404
								-
<b>1,993</b>	<b>(620)</b>	<b>31</b>	<b>1,404</b>	<b>Net Cost of Services</b>	<b>2,390</b>	<b>(443)</b>	<b>(60)</b>	<b>1,887</b>
(1,061)	(437)	(839)	(2,337)	Other Income & Expenditure from the Funding Analysis	(2,488)	(47)	2,065	(470)
<b>932</b>	<b>(1,057)</b>	<b>(808)</b>	<b>(933)</b>	<b>Difference between General Fund surplus or deficit and Comprehensive Income &amp; Expenditure Statements surplus or deficit</b>	<b>(98)</b>	<b>(490)</b>	<b>2,005</b>	<b>1,417</b>

## 1. Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The line is also credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

## 2. Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Council as allowed by state and the replacement with the current service costs and past service costs.
- For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

## 3. Other Difference

This includes other differences between amounts debited / credited to the Comprehensive Income and Expenditure Statement and amounts payable / receivable to be recognised under statute:

- The charge under Taxation and non-specific grant income and expenditure represents that difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.
- For financing and investment income and expenditure – the other non-statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in the fair values of investment properties.
- For taxation and non-specific grant income and expenditure – the other non-statutory adjustments column recognises adjustments to service segments, e.g. for un-ringfenced government grants.

## Notes to the Core Accounting Statements (continued)

## Note 7a: Note to the Expenditure and Funding Analysis (continued)

## 4. Other Non-Statutory Adjustments

Other non-statutory adjustments represent amounts debited / credited to service segments that need to be adjusted against the 'other income and expenditure from the expenditure and funding analysis' line to comply with the presentational requirements in the comprehensive income and expenditure statement:

- For financing and investment income and expenditure – the other non-statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in the fair values of investment properties.
- For taxation and non-specific grant income and expenditure – the other non-statutory adjustments column recognises adjustments to service segments, e.g. for un-ringfenced government grants.

## Note 7c: Expenditure &amp; Income Analysed by Nature

2023/24		2024/25
£'000		£'000
	<b>Expenditure</b>	
10,341	Employee benefits expenses	10,703
19,893	Other services expenses	21,206
1,416	Depreciation, amortisation and impairment	1,306
240	Revaluation loss	
1,665	Precepts and levies	1,794
-		0
-		-
<b>33,555</b>	<b>Total expenditure</b>	<b>35,009</b>
	<b>Income</b>	
(437)	Interest Income	(44)
(7,617)	Fees, charges and other service income	(7,430)
(1,445)	Interest and investment income	(1,487)
(11,356)	Income from council tax, non-domestic rates, district rate income	(12,774)
(197)	Revaluation Gain on long term Investment and Investment assets	(153)
(24)	Gain on the disposal of assets	(39)
(12,959)	Government grants and contributions	(14,679)
<b>(34,035)</b>	<b>Total income</b>	<b>(36,606)</b>
<b>(480)</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(1,597)</b>

**Note 7d: Revenue from Contracts with Service Recipients**

IFRS 15 is a standard drafted for the commercial entities, where the recognition of revenue is normally of paramount importance for the financial performance in the financial statements. Therefore the Council shall consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the various requirements and shall consider the concept of materiality set out in paragraph 2.7.1.1 of the Code for the users of local Council financial statements. A Council shall aggregate or disaggregate disclosures so that useful information is not obscured by either the inclusion of a large amount of insignificant detail or the aggregation of items that have substantially different characteristics.

The objective of the disclosure requirements is for an Council to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with service recipients.

Paragraph 2.7.4.7 of the Code requires an indication of how the figures relate to segmental reporting. The Council considers the disclosure of Note 7A on expenditure and income analysed by nature provides sufficient information for readers regarding the nature of such revenues.

**Note 7e: Other Operating Expenditure**

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2023/24		2024/25
£'000		£'000
1,665	Parish & Town Precepts	1,794
(24)	Net gains/losses on disposal of PPE	(39)
(87)	Other Capital Receipts	(9)
<b>1,554</b>	<b>Total</b>	<b>1,746</b>

**Note 7f: Financing and Investment Income & Expenditure**

2023/24		2024/25
£'000		£'000
(1,445)	Interest on investments	(1,340)
138	Revaluation Gain on Investment Assets	(69)
(437)	Net interest on the net defined benefit liability	(44)
102	Revaluation of Long Term Investment	(84)
(197)	Rental Income from Investment Assets	(147)
<b>(1,839)</b>	<b>Total</b>	<b>(1,684)</b>

## Notes to the Core Accounting Statements (continued)

**Note 7g: Taxation & Non-Specific Grant Income**

2023/24		2024/25
£'000		£'000
(7,509)	Council Tax Income	(7,947)
(1,194)	Government Grants (not attributable to specific services)	(1,321)
(3,847)	Non-Domestic Rates	(4,827)
(862)	Capital Grants and Contributions	(2,357)
<b>(13,412)</b>	<b>Total</b>	<b>(16,452)</b>

**Note 8: Adjustments between Accounting Basis and Funding****Basis Under Regulations**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

**General Fund Balance**

The general fund is the statutory fund into which all the receipts of an Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the general fund balance, which is not necessarily in accordance with proper accounting practice. The general fund balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

**Capital Receipts Reserve**

The capital receipts reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

**Capital Grants Unapplied**

The capital grants unapplied account (reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure.

The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

## Notes to the Core Accounting Statements (continued)

## Note 8: Adjustments between Accounting Basis and Funding (continued)

2024/25	Usable Reserves			Unusable Reserves	Corresponding Unusable Reserves
	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied		
	£'000	£'000	£'000	£'000	
Adjustment to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Amortisation of intangible fixed assets	(113)	-	-	113	Capital adjustment Account
Depreciation of non-current assets	(1,193)		-	1,193	Capital adjustment Account
Loss on Revaluation				-	Capital adjustment Account
Revaluation gain on non-current assets	4			(4)	Capital adjustment Account
Reversal of Capital Grants & Contributions Credited straight to services	2,467			(2,467)	Capital adjustment Account
Revenue expenditure funded from capital under statute	(1,088)			1,088	Capital adjustment Account
Reversal of NBV of non-current assets written off on disposal	(5)			5	Capital adjustment Account
Revaluation of investment assets	69			(69)	Capital adjustment Account
Transfer of Capital Contribution to Capital Grants Unapplied Account	(110)	-	110	-	Capital Grants Unapplied Account
Insertion of Items Not Debited or Credited to the Comprehensive Income & Expenditure Statement					
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	14	-	-	(14)	Capital adjustment Account
Adjustments relating to the Capital Receipts Reserve					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	53	(53)	-	-	
Capital receipts applied		506		(506)	Capital adjustment Account
Pension Adjustment					
Adjustments relating to the Pension Reserve	490			(490)	Pensions Reserve
Net charges made for retirement benefits in accordance with IAS19				-	
Employer’s contributions payable to the pension fund and retirement benefits payable direct to pensioners				-	
Adjustments Relating to the Collection Fund Adjustment Account					
Transfers to (from) Collection Fund Adjustment Accounts	(2,149)	-	-	2,149	Collection Fund Adj Account
Adjustments Relating to the Available for Sale Reserve					
Transfers to (from) Financial Instruments Revaluation Reserve	84	-	-	(84)	Financial Instru. Reval Reserve
Adjustments Relating to the Accumulated Absences Account					
Employee benefits accrued (prior year adjustment)	-	-	-	-	
Employee benefits accrued (current year adjustment)	60	-	-	(60)	Accumulated Absences Account
Total Adjustments Between Accounting Basis & Funding Basis Under Regulations	(1,417)	453	110	854	



## Notes to the Core Accounting Statements (continued)

## Note 8: Adjustments between Accounting Basis and Funding (continued)

2023/24	Usable Reserves			Unusable Reserves	Corresponding Unusable Reserves
	General Fund Balance	Capital Receipts Resaves	Capital Grants Unapplied		
	£'000	£'000	£'000	£'000	
Adjustment to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Amortisation of intangible fixed assets	(167)	-	-	167	Capital adjustment Account
Depreciation of fixed assets	(1,249)	-	-	1,249	Capital adjustment Account
Loss on Revaluation	64	-	-	(64)	Capital adjustment Account
Revaluation gain on non-current assets	-	-	-	-	Capital adjustment Account
Reversal of capital grants & contributions credited straight to services	679	-	-	(679)	Capital adjustment Account
Revenue expenditure funded from capital under statute	(641)	-	-	641	Capital adjustment Account
Reversal of NBV of non-current assets written off on disposal	(8)	-	-	8	
Revaluation of investment assets	(138)	-	-	138	Capital adjustment Account
Net gain / loss on sale of fixed assets	183	-	(183)	-	
Insertion of Items Not Debited or Credited to the Comprehensive Income & Expenditure Statement					
Statutory provision for financing	226	-	-	(226)	Capital adjustment Account
Investment Assets Fair Value Gain					
Adjustments relating to the Capital Receipts Reserve					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	119	(119)	-	-	
Capital receipts applied	-	194	-	(194)	Capital adjustment Account
Utilisation of Capital Grants Unapplied					
Pension Adjustment					
Adjustments relating to the Pension Reserve	1,057	-	-	(1,057)	Pensions Reserve
Net charges made for retirement benefits in accordance with IAS19	-	-	-	-	
Employer's contributions payable to the pension fund and retirement benefits payable direct to pensioners	-	-	-	-	Capital Receipts Received
Adjustments Relating to the Collection Fund Adjustment Account					
Transfers to (from) Collection Fund Adjustment Accounts	941	-	-	(941)	Collection Fund Adj Account
Adjustments Relating to the Available for Sale Reserve					
Transfers to (from) Financial Instruments Revaluation Reserve	(102)	-	-	102	Financial Instru. Reval Reserve
Adjustments Relating to the Accumulated Absences Account					
Employee benefits accrued (prior year adjustment)	-	-	-	-	Accumulated Absences Account
Employee benefits accrued (current year adjustment)	(31)	-	-	31	Accumulated Absences Account
Total Adjustments Between Accounting Basis & Funding Basis Under Regulations	933	75	(183)	(825)	

## Notes to the Core Accounting Statements (continued)

## Note 9a: Transfers to/from Earmarked Reserves

The following table details the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from the earmarked reserve to meet General Fund expenditure during 2024/25

Balances as at 31-March-2025	31-March-2024 (as previously stated)			31-March-2025			
	Balance	Transfers Out	Transfers (In)	Balance	Transfers Out	Transfers (In)	Total
	01-April-2023	2023/24	2023/24	31-March-2024	2024/25	2024/25	31-March-2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Business Continuity	(10)	-	-	(10)	10	-	-
Community grants	(1)	-	-	(1)	1	-	-
Community Housing Fund Grant	(116)	13	-	(104)	11	-	(93)
Community Infrastructure Levy & LDP review	(830)	368	(212)	(674)	168	-	(506)
Community Safety	(78)	-	-	(78)	3	-	(75)
Community Sports Network/Health & Wellbeing	(41)	26	-	(15)	15	-	-
Council Tax and Business Rates equalisation	-	-	(261)	(260)	-	(2,671)	(2,931)
Domestic Abuse Support reserve	-	-	(84)	(84)	-	-	(84)
Economic Development	(47)	9	-	(38)	8	-	(30)
Electoral Registration	(102)	-	(19)	(121)	-	-	(121)
FDO external funding from Plume	(1)	-	-	(1)	1	-	-
Feasibility Study reserve	(74)	57	-	(18)	18	-	(1)
Heritage projects	(8)	-	-	(8)	-	-	(8)
HMLR Project reserve	-	-	(153)	(153)	153	-	-
Homeless reduction Act Grant	(57)	-	-	(57)	-	-	(57)
Insurance liability	(51)	-	-	(51)	-	-	(51)
Neighbourhood Plan Applications	(29)	-	-	(29)	-	-	(29)
Income & Expenditure Budget Equalisation	(49)	-	(197)	(246)	246	-	-
Repairs & renewals fund	(222)	57	-	(165)	3	-	(162)
Revenue commitments	(1,183)	1,341	(816)	(659)	658	(132)	(133)
Revenues & Benefits Staffing reserve	-	-	(468)	(468)	-	-	(468)
Sports Development	(30)	-	-	(31)	-	-	(31)
Corporate Delivery Reserve	(128)	-	-	(127)	3	-	(124)
Transformation	(835)	40	-	(795)	360	(492)	(927)
Waste Contract Implementation	(15)	-	-	(15)	15	-	-
Triennial Pensions Payment	(1,040)	315	-	(725)	605	(120)	(240)
Local Government Reorganisation	0	0	0	0	0	(500)	(500)
<b>Total Specific Reserves</b>	<b>(4,948)</b>	<b>2,226</b>	<b>(2,210)</b>	<b>(4,933)</b>	<b>2,278</b>	<b>(3,915)</b>	<b>(6,570)</b>
General Fund balance	(7,696)	437	-	(7,260)	(873)	(503)	(8,636)
<b>Total Revenue Reserves</b>	<b>(12,644)</b>	<b>2,663</b>	<b>(2,210)</b>	<b>(12,193)</b>	<b>1,405</b>	<b>(4,418)</b>	<b>(15,206)</b>

**Notes to the Core Accounting Statements (continued)****Note 9b: Transfers to/from Earmarked Reserves**

**Business Continuity** – to provide funding for emergency requirements such as salt, sand bags or other business continuity requirements.

**Community Grants** – the time limits on these grants exceed the financial year in which the budget provision was made, necessitating a reserve to cover the outstanding liabilities.

**Community Housing Fund Grant** – reserve to support community led housing delivery. Objective is to help deliver affordable housing aimed at first time buyers in response to the problem second homes can cause in reducing supply.

**Community Infrastructure Levy & LDP Review** – following the adoption of the Local Development Plan, this reserve will now fund the work to enable implementation of the CIL, and also to meet the regulations to ensure that the LDP is reviewed regularly.

**Community Safety** – reserve set aside to fund community safety activities.

**Community Sports Network / Health & Wellbeing** – a grant was received from the government in 2011/12 to support sports networks; this is being utilised year by year as necessary.

**Council Tax & Business Rates Equalisation** – this reserve is to counter the timing differences seen in business rates funding.

**Economic Development** – reserve set aside to support economic development activities in the District.

**Electoral Registration** – reserve set aside to support electoral works.

**Feasibility Study Reserve** – Monies to be utilised in the one off costs incurred during a commercial projects feasibility assessment. The scale of the project will quantify what level of feasibility and/or viability assessments are required to enable robust council decision making and risk management

**Heritage Projects: Environmental Imps** – the Council gives grants in support of environmental initiatives and historic buildings. The time limits on these grants exceed the financial year in which budget provision is made, necessitating a reserve to cover outstanding liabilities.

**Homeless Reduction Act Grant** – reserve set up to use three years of grant funding for Homelessness Reduction Officer.

**Insurance Liability** – the Council maintains external insurance policies to cover major risks. In many cases the policies have excess clauses that require the Council to meet the first part of each claim. The Council has established this reserve to cover its liabilities under policy excesses and finance any claims for small risks not insured externally.

**Local Government Reorganisation - LGR and other related costs**

**Neighbourhood Plan Applications** – funding to be utilised in supporting the preparation of neighbourhood plans.

**Notes to the Core Accounting Statements (continued)****Note 9b: Transfers to/from Earmarked Reserves (continued)**

**Pensions Reserve** – to provide a reserve to enable the Council to forward fund the pension deficit.

**Repairs & Renewals Fund** – to provide funds to support additional revenue / capital costs arising from the need to maintain the Council's asset base.

**Revenue Commitments** – this reserve exists to smooth out the timing differences between monies being earmarked to expenditure from the Annual Revenue Budget and the expenditure actually occurring.

**Sports Development** - reserve set aside to fund sports development activities.

**FDO External Funding from the Plume** – specific external funding towards the post of Football Development Officer.

**Strategic Priorities Reserve** – The Council had some surplus funds after the Bradwell Power Station project was put on hold earlier this year. Corporate Leadership Team decided to put these funds in a reserve to fund projects towards delivering its strategic priorities.

**Transformation** – to provide funds to meet the one-off investment costs of efficiency savings or service reductions to be realised in future years. Also to enable the upfront costs of potential income generating projects.

**Waste Contract Implementation** – contributions towards the procurement and mobilisation of the new Waste Contract.

## Notes to the Core Accounting Statements (continued)

**Note 10: Property, Plant and Equipment****Note 10A: Property, Plant and Equipment**

Movements to 31-March-2025	Land and Buildings	Vehicles, plant and equipment	Right of use assets	Community assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation at 01-April-2024</b>	<b>28,984</b>	<b>5,883</b>	<b>1,897</b>	<b>624</b>	-	<b>37,388</b>
Additions	689	4,613		202	-	5,504
Disposals					-	-
Reclassifications					-	-
Revaluation increases recognised in the revaluation reserve	950				-	950
Revaluation decreases recognised in the revaluation reserve	(569)				-	(569)
Revaluation increases recognised in the surplus/deficit on the provision of services	80				-	80
Revaluation decreases recognised in the surplus/deficit on the provision of services	(125)				-	(125)
<b>At 31-March-2025</b>	<b>30,009</b>	<b>10,496</b>	<b>1,897</b>	<b>826</b>	-	<b>43,228</b>
<b>Accumulated Depreciation and Impairment at 01-April-2024</b>	<b>(641)</b>	<b>(4,982)</b>	<b>(1,632)</b>		-	<b>(7,255)</b>
Depreciation for year	(680)	(169)	(210)	-	-	(1,060)
Reclassifications				-	-	-
Restatement of Depreciation upon Revaluation Upward to Revaluation Reserve	603			-	-	603
Restatement of Depreciation upon Revaluation Upward to I&E	27			-	-	27
Restatement of Depreciation upon Revaluation Downward to Revaluation Reserve	17			-	-	17
Restatement of Depreciation upon Revaluation Downward to I&E	23			-	-	23
<b>At 31-March-2025</b>	<b>(652)</b>	<b>(5,151)</b>	<b>(1,842)</b>	-	-	<b>(7,645)</b>
<b>Net Book Value</b>						
<b>At 31-March-2025</b>	<b>29,357</b>	<b>5,345</b>	<b>55</b>	<b>826</b>	-	<b>35,582</b>
<b>At 31-March-2024</b>	<b>28,516</b>	<b>1,355</b>	<b>367</b>	<b>628</b>	-	<b>30,866</b>

## Notes to the Core Accounting Statements (continued)

## Note 10a: Property, Plant and Equipment (continued)

Movements to 31-March-2024	Land and Buildings	Vehicles, plant and equipment	Right of use assets	Community assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation at 01-April-2023</b>	<b>29,043</b>	<b>5,752</b>	<b>1,810</b>	<b>624</b>	-	<b>37,229</b>
Additions	38	162	87	-	-	287
Disposals	-	(7)	-	-	-	(7)
Reclassifications from Infrastructure	-	-	-	-	-	-
Revaluation increases recognised in the revaluation reserve	424	-	-	-	-	424
Revaluation decreases recognised in the revaluation reserve	(531)	-	-	-	-	(531)
Revaluation increases recognised in the surplus/deficit on the provision of services	29	-	-	-	-	29
Revaluation decreases recognised in the surplus/deficit on the provision of services	(7)	-	-	-	-	(7)
<b>At 31-March-2024</b>	<b>28,996</b>	<b>5,907</b>	<b>1,897</b>	<b>624</b>	-	<b>37,424</b>
<b>Accumulated Depreciation and Impairment at 01-April-2023</b>	<b>(527)</b>	<b>(4,763)</b>	<b>(1,443)</b>	-	-	<b>(6,733)</b>
Reclassification of Depreciation from Infrastructure	(660)	(237)	(189)	-	-	(1,086)
Depreciation for year	-	-	-	-	-	-
Depreciation on disposals	-	-	-	-	-	-
Restatement of Depreciation upon Revaluation Upward to Revaluation Reserve	442	-	-	-	-	442
Restatement of Depreciation upon Revaluation Downward to Revaluation Reserve	62	-	-	-	-	62
Restatement of Depreciation upon Revaluation Upward to I&E	41	-	-	-	-	41
Restatement of Depreciation upon Revaluation Downward to Revaluation Reserve	1	-	-	-	-	1
<b>At 31-March-2024</b>	<b>(641)</b>	<b>(5,000)</b>	<b>(1,632)</b>	-	-	<b>(7,273)</b>
<b>Net Book Value</b>						
<b>At 31-March 2024</b>	<b>28,355</b>	<b>907</b>	<b>265</b>	<b>624</b>	-	<b>30,151</b>
At 31 March 2023	28,516	989	367	622	-	30,494

## Notes to the Core Accounting Statements (continued)

## Note 10: Property, Plant and Equipment (continued)

## Note 10b: Infrastructure Assets

2023/24	Description	2024/25
£'000		£'000
2,260	Net book value (modified historical cost) at 1 April	2,097
-	Additions	276
(163)	Depreciation	(155)
<b>2,097</b>	<b>Net book value at 31 March</b>	<b>2,217</b>

## Note 10c: Capital Commitments

At 31 March 2025 the Council has the following outstanding contracts for the construction or enhancement of Property, Plant and Equipment.

2023/24	Description	2024/25
£'000		£'000
-	Prom park - Amphitheatre Strengthening works	18
-	Scout hut Brickhouse farm flooring works	26
-	Riverside Park - skate park and equipment	186
-	Skate Park Prom park	617
-	<b>Total</b>	<b>847</b>

## Notes to the Core Accounting Statements (continued)

## Note 10: Property, Plant and Equipment (continued)

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years with the remainder indexed where possible. Valuation office undertook valuations on behalf of the Council in 2024/25 for operational property and investment property. The valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on cost prices.

## Note 10d Property, Plant and Equipment Revaluations

Balances as at 31-March-2025	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets	Community assets	Total
	£'000	£'000	£'000	£'000	£'000
Carried at historical cost		5,411	2,217	826	8,454
Valued at current value as at:					
31-Mar-25	20,680				20,680
31-Mar-24	2,430				2,430
31-Mar-23	1,047				1,047
31-Mar-22	2,600				2,600
31-Mar-21	2,600				2,600
<b>Total cost or valuation</b>	<b>29,357</b>	<b>5,411</b>	<b>2,217</b>	<b>826</b>	<b>37,811</b>

## Non-operational property, plant and equipment (surplus assets)

The Council does not have material surplus assets.



## Notes to the Core Accounting Statements (continued)

**Note 11: Investment Properties**

The following items of income and expense have been accounted for in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

2023/24	Investment Property Income and Expenditure	2024/25
£'000		£'000
(197)	Rental income from investment property	(147)
(197)	<b>Net (gain)/loss</b>	<b>(147)</b>

The Council's ability to realise the values inherent in investment property are restricted by tenants security under the Landlords and Tenant Act 1954 and long lease terms with commercial tenants. The Council also has obligations to maintain the fabric of the buildings along with road ways and drainage on two investment properties.

All investment properties are subject to operating leases and rental income is received as above.

The value of a leased investment is determined based on the Fair Value which is reviewed each year.

The following table summarises the fair value of investment properties over the year:

**Movement in the fair value of investment properties over the year:**

2023/24	Investment Property Movements in Year	2024/25
£'000		£'000
3,957	Balance at start of year	3,819
(138)	Net gains/losses from fair value adjustments	69
-	Reclassification of Assets	
<b>3,819</b>	<b>Balance at the end of the year</b>	<b>3,888</b>

## Notes to the Core Accounting Statements (continued)

## Note 11: Investment Properties (continued)

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2025 are as follows:

## Fair value measurement

The fair value for the commercial properties (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local Council area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

Fair values are measured annually at each reporting date. The valuations were carried out by a Senior Surveyor being an RICS Registered Valuer employed by DVS East, Property Specialists for the Public Sector, a commercial arm of the Valuation Office Agency.

## Fair value hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2025 and 2024 are as follows:

## Fair value as at 31-March-2025

Recurring fair value measuring usage:	Other significant observable inputs (Level 2)	Fair value as at 31-March-2025
	£'000	£'000
Commercial Units	3,888	3,888
	<b>3,888</b>	<b>3,888</b>

## Fair value as at 31-March-2024

Recurring fair value measuring usage:	Other significant observable inputs (Level 2)	Fair value as at 31-March-2024
	£'000	£'000
Commercial Units	3,819	3,819
	<b>3,819</b>	<b>3,819</b>

**Notes to the Core Accounting Statements (continued)****Note 11: Investment Properties (continued)****Transfers between Levels of the Fair Value Hierarchy**

There were no transfers between Levels during the year.

**Valuation Techniques used to Determine Level 2 Fair Values for Investment Properties****Significant Observable Inputs – Level 2**

The fair value for the commercial units located in the local Council area (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local Council area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

**Highest and Best Use of Investment Properties**

In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use.

**Valuation Techniques**

There has been no change in the valuation techniques used during the year for investment properties.

**Reconciliation of fair value measurements**

There has been no transfer between levels of the fair value hierarchy during the year.

**Gains or losses**

Gains or losses arising from changes in the fair value of the investment property are recognised in the surplus or deficit on the provision of services – financing and investment income and expenditure line

**Valuation Process for Investment Properties**

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out by an external independent valuer - Valuation Office Agency, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

**Note 12: Financial Instruments**

Where an instrument will mature within the next 12 months the carrying amount is assumed to be approximate to fair value.

For all other financial assets and liabilities the carrying amount is considered to be an appropriate measure of fair value.

**Classifications**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

## Notes to the Core Accounting Statements (continued)

**Financial Liabilities**

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the Council.

The Council's non-derivative financial liabilities held during the year are measured at amortised cost and comprised:

- trade payables for goods and services received
- finance leases

**Financial Assets**

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or equity and other instruments or a contractual right to receive cash or another financial asset or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are held under the following classifications.

Amortised cost where cash flows are solely payments of principal and interest and the Council's strategy is to collect those cash flows comprising:

Loans and receivables (financial assets that have fixed or determinable payments and are not quoted in an active market) comprising:

- cash in hand
- bank current and deposit accounts with NatWest bank
- fixed term deposits with banks
- loans to divested organisations
- trade receivables for goods and services delivered

Fair value through profit and loss (all other financial assets) comprising

- money market funds managed by fund managers
- certificates of deposit and covered bonds issued by banks and building societies
- pooled property funds managed by CCLA fund managers

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

## Notes to the Core Accounting Statements (continued)

## Note 12: Financial Instruments (continued)

## (a) Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

2023/24			Financial Assets	2024/25		
Non-Current	Current	Total		Non-Current	Current	Total
£'000	£'000	£'000		£'000	£'000	£'000
			<b>Investments, Cash and Cash Equivalents</b>			
4,430	20,742	25,172	Financial Assets at Amortised Cost	4,512	14,653	19,165
<b>4,430</b>	<b>20,742</b>	<b>25,172</b>	<b>Total Investments</b>	<b>4,512</b>	<b>14,653</b>	<b>19,165</b>
-	-	-				
-	-	-	<b>Debtors</b>			
-	1,611	1,611	Financial Assets at Amortised Cost	-	1,162	1,162
24	-	24	Loans and Receivables at Amortised Cost	24	-	24
<b>24</b>	<b>1,611</b>	<b>1,635</b>	<b>Total Debtors</b>	<b>24</b>	<b>1,162</b>	<b>1,185</b>

2023/24			Financial Liabilities	2024/25		
Non-Current	Current	Total		Non-Current	Current	Total
£'000	£'000	£'000		£'000	£'000	£'000
			<b>Creditors</b>			
33	1,869	1,902	Financial Liabilities at Amortised Cost	20	2,263	2,283
<b>33</b>	<b>1,869</b>	<b>1,902</b>	<b>Total Creditors</b>	<b>20</b>	<b>2,263</b>	<b>2,283</b>

## Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and its intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Council had no other financial assets or liabilities subject to an enforceable master netting arrangement or similar agreement.

## Notes to the Core Accounting Statements (continued)

**Note 12: Financial Instruments (continued)**

**(b) Financial Instruments – Gains & Losses**

The income & expenditure recognised in the surplus or deficit on the provision of services in relation to financial instruments consists of the following items:

2023/24		2024/25
Financial Assets Measured at Amortised Cost		Financial Assets Measured at Amortised Cost
£'000		£'000
1,445	Interest Revenue	1,340
<b>1,445</b>	<b>Total Interest Revenue</b>	<b>1,340</b>

The fair values of financial assets and financial liabilities that are not measured at fair value (but for which fair value disclosures are required)

Except for the financial assets carried at fair value disclosed elsewhere in the Statement of Accounts, all other financial liabilities and financial assets held by the Council are carried in the balance sheet at amortised cost. The fair values calculated are as follows:

The fair value of the financial assets is lower than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the balance sheet date.

This shows a notional future loss (based on economic conditions at 31 March 2025) attributable to the commitment to receive interest below current market rates.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

2023/24		Financial Liabilities held at Amortised Cost	2024/25	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
33	33	Long Term Creditors – Embedded Leases	20	20
1,869	1,869	Short Term Creditors	2,263	2,263
<b>1,902</b>	<b>1,902</b>	<b>Total</b>	<b>2,283</b>	<b>2,283</b>

2023/24		Financial Assets held at Amortised Cost	2024/25	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
4,430	4,430	Long-term Investments	4,512	4,512
24	24	Long-term Debtors	24	24
1,611	1,611	Short-term Debtors	1,162	1,162
14,742	14,742	Cash & Cash Equivalents	14,653	14,653
6,000	6,000	Short-term Investments	-	-
<b>26,807</b>	<b>26,807</b>	<b>Total</b>	<b>20,351</b>	<b>20,351</b>

## Notes to the Core Accounting Statements (continued)

## Note 12: Financial Instruments (continued)

## (c) Financial Instruments – Fair Values and Carry Amounts

Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2025, using the following methods and assumptions:

- The fair value of long term loans and investments would have been discounted at the market rates for similar instruments with similar remaining terms to maturity.
- No early repayment or impairment is recognised for any financial instrument.
- Where an instrument will mature in the next 12 months, the carry amount is assumed to be fair value.
- Finance lease liabilities are measured at their present value discounted using the interest rate implicit within the lease agreement.
- The fair value of short term instruments, including trade payables and receivables is assumed to approximate to the carrying value (the invoiced or billed amount)

2023/24		Financial Assets	2024/25	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
		Long Term Investments	4,512	4,512
		Available for Sale	-	-
19,500	19,775	Short-term Investments	12,000	12,051
<b>19,500</b>	<b>19,775</b>		<b>16,512</b>	<b>16,563</b>

## (d) Nature and Extent of Risks arising from Financial Instruments

The Council has adopted CIPFA's Code of Practice on Treasury Management and complies with The Prudential Code of Capital Finance for Local Authorities.

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Government's Investment Guidance to local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

The Council's activities in financial instruments expose it to a variety of risks:

- Credit Risk: The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.
- Liquidity Risk: The possibility that a party will be unable to raise funds to meet the commitments associated with Financial Instruments.
- Market Risk: The possibility that the value of an instrument will fluctuate because of changes in interest rates, market prices etc.

The Council's overall risk management procedures focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on resources available to fund services. Risk Management is carried out by the exchequer team under the direction of the Director of Resources

## Notes to the Core Accounting Statements (continued)

## Note 12: Financial Instruments (continued)

## Credit Risk: Investments

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long term credit rating of A-, UK government, other Local authorities and organisations without credit ratings upon which the Council has received independent investment advice

The table below summarises the fair value of the Council's investment portfolio at the end of each financial year:

As at 31-March-2024				As at 31-March-2025		
Credit Rating	Short Term Balance	Long Term Balance Invested		Credit Rating	Short Term Balance	Long Term Balance Invested
	£'000	£'000			£'000	£'000
			<b>Long Term Investments</b>			
Unrated	-	1,870	Local Authorities Property Fund	Unrated		1,748
Unrated	-	2,560	Investec Diversified Income Fund	Unrated		2,764
			<b>Short Term Investments</b>			
Unrated	2,036	-	Wirral Council	Unrated	-	
Unrated	2,036	-	Cheshire East Council	Unrated	-	
Unrated	2,036	-	Telford and Wrekin Council	Unrated	-	
Unrated	-	-	Denbighshire County Council	Unrated	-	
Unrated	-	-	Aberdeen City Council	Unrated	-	
Unrated	-	-	Surrey County Council	Unrated	-	
Unrated	-	-	South Somerset Council	Unrated	-	
Unrated	-	-	Eastleigh Borough Council – Eastleigh	Unrated	-	
Unrated	-	-	Blackpool Council	Unrated	-	
Unrated	-	-	Royal Borough Of Windsor And Maidenhead	Unrated	-	
AAA	4,520	-	Deutsche Money Market Fund	AAA	5,010	
AAA	-	-	Goldman Sachs MMF	AAA	4	
AAA	5,022	-	Federated Money Market Fund	AAA	3,015	
			<b>Building Society</b>			
A-	2,026	-	Nationwide	A	2,022	
			<b>Banks</b>			
A-	2,099	-	Barclays	A+	2,244	
	<b>19,775</b>	<b>4,430</b>	<b>Total Investments</b>		<b>12,295</b>	<b>4,512</b>



## Notes to the Core Accounting Statements (continued)

## Note 12: Financial Instruments (continued)

A limit of £2m is placed on the amount of money that can be invested with a single counterparty (other than the UK government or Money Market Funds) The Council also sets limits on investments in certain sectors. No more than £5m in total can be invested for a period longer than one year.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £2m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all of the Councils deposits, but there was no evidence at the 31 March 2025 that this was likely to crystallise.

The table below summarises the credit risk exposure of the Council's investment portfolio by credit rating.

2023/24		Credit Rating	2024/25	
Short Term	Long Term		Short Term	Long Term
£'000	£'000		£'000	£'000
4,125	-	A-	-	-
-	-	A	2,022	-
-	-	A+	2,244	-
9,542	-	AAA	8,029	-
6,108	4,430	Unrated Funds	-	4,512
<b>19,775</b>	<b>4,430</b>	<b>Total Investments</b>	<b>12,295</b>	<b>4,512</b>

The Council has no historical experience of counterparty default.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

## Liquidity

Liquidity risk is managed by cash flow forecasting of the current financial year, combined with limits on fixed investments for periods of more than a year and an authorised borrowing limit for unforeseen emergencies. Both are specified annually in accordance with the prudential indicator requirements.

The Council does not currently have any borrowing, but should it be needed can access funds from the Public Works Loan Board (PWLb). There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

## Market Risk

## (1) Interest Rate Risk:

The Council is exposed to risk in terms of its exposure to investment interest rate movements. Most investments are made for fixed periods and therefore changes in market rates during the investment period can lead to the fair value of an investment being higher or lower than its carrying value. Investment decisions through Treasury Management activity seek to manage this risk as much as possible by taking a view on investment interest rate trends. Investment deposits are committed only for short term thus minimising this risk.

**Notes to the Core Accounting Statements (continued)****Note 12: Financial Instruments (continued)****(2) Price Risk:**

The Council does not invest in equity shares or gilts and therefore is not subject to any price risk (i.e., the risk that the Council will suffer loss as a result of adverse movements in the price of financial instruments).

**(3) Foreign Exchange Risk:**

The Council has no financial asset or liabilities denominated in a foreign currency. It therefore has no exposure to loss arising as a result of adverse movements in exchange rates.

**Note 13: Debtors**

An analysis of the debtors balance is shown below

2023/24		31-March-2025
£'000		£'000
4,217	Trade Receivables	2,950
684	Prepayments	408
587	Other receivable amounts	961
(1,030)	Impairment Allowance	(1,181)
<b>4,458</b>	<b>Total</b>	<b>3,138</b>
562	Central government bodies	1,251
585	Other local authorities	387
-	<b>- Other entities and individuals:</b>	-
2,328	Council tax and NDR	801
741	Housing benefit recoveries	511
684	Prepayments	408
552	Service debtors	919
35	Other debtors	42
(1,030)	Impairment Allowance	(1,181)
<b>4,458</b>	<b>Total</b>	<b>3,138</b>

**Note 14: Cash and Cash Equivalents**

The balance of Cash and Cash Equivalents is made up of the following elements:

2023/24		2024/25
£'000		£'000
933	Cash and Bank Balances	2,358
13,809	Short Term Investments	12,295
14,742	<b>Total Cash and Cash Equivalents</b>	<b>14,653</b>



## Notes to the Core Accounting Statements (continued)

## Note 15: Creditors

The table below provides details on the level of creditor balances set out in the Balance Sheet:

31-March-2024		31-March-2025
£'000		£'000
(8,923)	Trade Payables	(6,936)
(1,662)	Other Payables	(7,092)
<b>(10,585)</b>	<b>Total Creditors</b>	<b>(14,028)</b>
(6,895)	Central government bodies	(3,811)
(2,028)	Other local authorities	(1,567)
-	<b>Other entities and individuals:</b>	-
(160)	Supplier creditors	(436)
(1,355)	Receipts in advance	(1,122)
(147)	Other creditors	(78)
<b>(10,585)</b>		<b>(7,014)</b>

## Notes to the Core Accounting Statements (continued)

**Note 16: Provisions**

Description	2023/24	Additional provision	Amounts Utilised	Amounts Released	2024/25
	£'000	£'000	£'000	£'000	£'000
<b>Short Term: &lt;1 year</b>					
Planning Appeals	(7)	(22)	8	-	(20)
Tree Root Damage Appeals	(111)	-	4	12	(94)
Business Rate Appeals	(652)	(252)	78	-	(826)
<b>Total Short Term</b>	<b>(769)</b>	<b>(274)</b>	<b>90</b>	<b>12</b>	<b>(940)</b>
<b>Long Term: &lt;1 year</b>					
Insurance	(100)	-	-	-	(100)
<b>Total Long Term</b>	<b>(100)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(100)</b>
<b>Total Provisions</b>	<b>(869)</b>	<b>(274)</b>	<b>90</b>	<b>12</b>	<b>(1,040)</b>

- **Insurance**

This provision is for the coverage of probable insurance claims under the Municipal Mutual Insurance Scheme

- **Planning Appeals**

See also above, provision is made where there is a probable obligation.

- **Business Rates Appeals**

Provision is made for outstanding rating appeals based on information supplied by the Valuation Office, as well as for appeals which are as yet unlogged.

- **Tree Root Damage Appeals**

Compensation for refusal to approve consent for felling of tree.

**Note 17: Usable Reserves**

Movements in the Council's usable reserves are detailed in the movement in reserves statement.

## Notes to the Core Accounting Statements (continued)

**Note 18: Unusable Reserves**

Opening and closing balances for all the Unusable Reserves detailed below are disclosed on the face of the Balance Sheet while full movements for the year are detailed in the Movement in Reserves Statement.

31-March-2024		31-March-2025
£'000		£'000
(15,711)	Revaluation Reserve	(16,367)
572	Financial Instruments Revaluation Reserve	488
(20,687)	Capital Adjustment Account	(21,692)
1,581	Pension Reserve	770
(2,325)	Collection Fund Adjustment Account	(176)
172	Accumulated Absences Account	112
<b>(36,398)</b>	<b>Total</b>	<b>(36,865)</b>

**Revaluation Reserve**

The revaluation reserve holds individual balances for each asset where an increase in value has occurred. These balances are reduced when the assets are revalued downwards, impaired, used in the provision of services or disposed of and the balance realised. The revaluation reserve only contains gains accumulated since 1 April 2007, the date it was created. Gains before this date are consolidated into the Capital Adjustment Account. This reserve is not available to support spending.

31-March-2024		31-March-2025
£'000		£'000
<b>(15,645)</b>	<b>Balance 1 April</b>	<b>(15,711)</b>
(928)	Upward revaluation of assets	(1,569)
531	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	569
<b>(397)</b>	<b>Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services</b>	<b>(1,000)</b>
331	Difference between fair value depreciation and historical cost depreciation	344
-	Accumulated gains on assets sold or scrapped	
<b>331</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>344</b>
<b>(15,711)</b>	<b>Balance at 31 March</b>	<b>(16,367)</b>

## Notes to the Core Accounting Statements (continued)

## Note 18: Unusable Reserves (continued)

## Capital Adjustment Account

The Capital adjustment account contains the difference between amounts provided for depreciation and impairment of assets and the capital expenditure financed from capital receipts. It also contains revaluation gains accumulated prior to 1 April 2007, the date the revaluation reserve was created. The Capital Adjustment Account is not available to support spending.

The movements on the Capital Adjustment Account for the year are:

31-March-2024		31-March-2025
£'000		£'000
(21,396)	<b>Balance 1 April</b>	<b>(20,687)</b>
1,249	Charges for depreciation and impairment of non-current assets	1,193
(64)	Revaluation losses on non-current assets	(4)
167	Amortisation of intangible assets	113
641	Revenue expenditure funded from capital under statute	1,088
8	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	5
-	Other Adjustments	-
<b>2,001</b>	<b>Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>	<b>2,395</b>
(331)	Adjusting Amounts written out of the Revaluation Reserve	(344)
<b>1,670</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>2,051</b>
(194)	Use of Capital Receipts Reserve to finance new capital expenditure	(506)
(679)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(2,467)
(226)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(14)
-	Capital expenditure charged against the General Fund	
<b>(1,099)</b>	<b>Capital financing applied in year:</b>	<b>(2,987)</b>
138	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(69)
-	Other movements	
<b>(20,687)</b>	<b>Balance at 31 March</b>	<b>(21,692)</b>



## Notes to the Core Accounting Statements (continued)

## Note 18: Unusable Reserves (continued)

## Collection Fund Adjustment Account

Replaces the collection fund surplus balance attributable to this Council and reflects the adjustment needed to allow accounting requirements to be reconciled to statutory requirements.

31-March-2024		31-March-2025
£'000		£'000
(1,384)	Balance at 1 April	(2,325)
(941)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	2,149
(2,325)	Balance at 31 March	(176)

## Pensions Reserve

The Pensions Reserve is an adjustment account that manages the effects of IAS19 charges made to the Comprehensive Income and Expenditure Statement against the statutory requirements for meeting the cost of retirement benefits from local taxes, as well as absorbing the impact of actuarial gains and losses.

31-March-2024		31-March-2025
£'000		£'000
(8,179)	Balance at 1 April	1,581
10,817	Remeasurements of the net defined benefit liability/(asset)	(321)
-	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement	-
885	Net charges made for retirement benefits in accordance with IAS19	1,201
(1,942)	Employer's contributions payable to the pension fund and retirement benefits payable direct to pensioners	(1,691)
1,581	Balance at 31 March	770

## Notes to the Core Accounting Statements (continued)

## Note 18: Unusable Reserves (continued)

## Financial Instruments Revaluation Reserve

Changes in the Fair Value of Available for Sale Assets are balanced by an entry in the Available for Sale Reserve.

31-March-2024		31-March-2025
£'000		£'000
470	Balance at 1 April	572
102	(Upward) / Downward revaluation of investment	(84)
572	Balance at 31 March	488

## Accumulated Absences Account

This account holds the balance of leave/lieu time earned by employees but not taken at 31 March 2025. Accounting arrangements require leave due to employees to be charged to the Comprehensive Income and Expenditure Statement but not the General Fund.

31-March-2024		31-March-2025
£'000		£'000
141	Balance at 1 April	172
(141)	Employee Benefits Accrued (prior year adjustment)	(172)
172	Employee Benefits Accrued (current year adjustment)	112
172	Balance at 31 March	112

## Notes to the Core Accounting Statements (continued)

## Note 19: Cash Flow Statement – Cash Flow Adjustments to Net Deficit On The Provision Of Services

2023/24		2024/25
£'000		£'000
	<b>Cash Flow Adjustments to Net Deficit on the Provision of Services</b>	
(1,249)	Depreciation of non current assets	(1,193)
64	Impairment of non current assets	4
(167)	Amortisation of intangible fixed assets	(113)
-	Revaluation gains on the value of non-current assets	
1,057	Pension Fund adjustments	490
(2)	Increase / (Decrease) in Inventories	2
(3,835)	Increase / (Decrease) in Debtors	4,711
4,361	(Increase)/ Decrease in Creditors	(1,906)
-	Capital Grants credited to Surplus or deficit on the provision of services	
119	Other non-cash movement	484
<b>348</b>	<b>Total adjustments to net deficit on the provision of services</b>	<b>2,479</b>

2023/24		2024/25
£'000		£'000
(2,028)	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(6,000)
32	Proceeds from the sale of property, plant and equipment, investment property and intangible assets.	44
949	Any other items for which the cash effects are investing or financing cash flows	2,478
<b>(1,047)</b>		<b>(3,478)</b>

The cash flows for operating activities include the following items:

2023/24		2024/25
£'000		£'000
	<b>Cash Flow from Operating Activities includes the following</b>	
(320)	Interest (received)/paid	(574)
<b>(320)</b>	<b>Total adjustments to net deficit on the provision of services</b>	<b>(574)</b>

**Note 20: Cash Flow Statement – Investing Activities**

2023/24		2024/25
£'000		£'000
	<b>Cash Flow Statement – Investing Activities</b>	
232	Purchase of PP&E, investment property and intangible assets	5,780
(32)	Proceeds from the sale of PP&E, investment property and intangible assets	(44)
(1,178)	Other receipts from investing activities	(1,930)
-		-
(978)	<b>Net cash flows from investing activities</b>	<b>3,806</b>

**Note 21: Cash Flow Statement – Financing Activities**

2023/24		2024/25
£'000		£'000
	<b>Cash receipts of short and long-term borrowing</b>	
237	Cash payments for the reduction of outstanding liabilities relating to finance leases and on balance sheet PFI contracts	12
2,773	Other receipts for financing activities	(1,131)
-		-
3,010	<b>Net cash flows from investing activities</b>	<b>(1,119)</b>

Note 22:   Members’ Allowances

31-March-2024		31-March-2025
£'000		£'000
226	Allowances	245
7	Other Allowance	7
2	Expenses	4
235	Total Members' Allowances	256



## Notes to the Core Accounting Statements (continued)

## Note 23: Remuneration of Senior Staff

The following table shows the remuneration for the Council's Senior Officers:

2024/25	Total Remuneration excluding Pension costs	Pension Contributions	Total Remuneration including Pension Contributions
	£'000	£'000	£'000
<b>Post holder information</b>			
Doug Wilkinson - Chief Executive	65	13	78
Richard Holmes - Director of Service Delivery	140	16	156
Director of Strategy, Performance and Governance / Director of Service Delivery & Deputy Chief Executive	102	21	124

2023/24	Total Remuneration excluding Pension costs	Pension Contributions	Total Remuneration including Pension Contributions
	£'000	£'000	£'000
<b>Post holder information</b>			
Richard Holmes - Director of Service Delivery	100	21	121
Paul Dodson - Director of Strategy, Performance and Governance	100	21	121
Director of Resources	29	5	34

The number of employees - other than senior officers shown in the table above - whose remuneration was in excess of £50,000 was as follows:

Remuneration band	Number of employees	
	2023/24	2024/25
£ 50,000 - £ 54,999	9	17
£ 55,000 - £ 59,999	5	4
£ 60,000 - £ 64,999	6	3
£ 65,000 - £ 69,999	4	8
£ 70,000 - £ 74,999	2	4
£ 75,000 - £ 79,999	3	5
£ 80,000 - £ 84,999	-	1
£ 85,000 - £ 89,999	-	-
£ 90,000 - £ 94,999	-	-
£ 95,000 - £ 99,999	2	-
£ 100,000 - £ 104,999	-	1
£ 130,000 - £ 140,000	-	1
<b>Total</b>	<b>31</b>	<b>44</b>

For this purpose 'remuneration' means all amounts paid to or receivable by an employee excluding employer pension contributions and including sums due by way of expenses allowance (so far as those sums are chargeable to UK income tax) and the estimated money value of any other benefits received by an employee other than in cash. Part time or temporary posts would be included at annualised cost.

## Notes to the Core Accounting Statements (continued)

**Note 24: Termination Benefits**

Termination benefits are amounts payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

There were termination packages totalling £110,913 in 2024/25. There were no termination payments made in 2023/24.

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

(a)		(b)		(c)		(d)		(e)	
Exit Package costs band (including special payments)		Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band (b + c)		Total cost of exit packages in each band	
		2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
£ 0	- £ 20,000	-	1	-	-	-	-	-	1,612
£ 20,001	- £ 40,000	-	-	-	-	-	-	-	-
£ 100,000	- £ 150,000	-	1	-	-	-	-	-	109,301
<b>Total cost included in bandings and in the CIES</b>		-	<b>2</b>	-	-	-	-	-	<b>110,913</b>

**Note 25: External Audit Costs**

The Council has incurred the following costs in relation to the audit of the statement of accounts. The appointed auditors were KPMG LLP.

2023/24		2024/25
£'000		£'000
144	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	158
39	Fees payable in respect of other services provided by external auditors during the year	
<b>183</b>	<b>Total</b>	<b>158</b>

## Notes to the Core Accounting Statements (continued)

**Note 26: Grant Income**

The Council credited the following Capital grants and contributions to the Comprehensive Income and Expenditure Statement - Taxation and Non Specific Grant Income:

The authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows

2023/24		2024/25
£'000		£'000
-		
	<b>Note 32b Credited to services</b>	
(96)	NNDR Administration Grant	(96)
(496)	ECC Contribution to Food Waste	(520)
(107)	Housing Benefit Admin Grant	(106)
(8,992)	Housing Benefits	(8,918)
(60)	COVID 19 Grants	(207)
(136)	Council Tax & NNDR Specific grants	-
(235)	DLUHC Homelessness Grant	(242)
(781)	Other	(903)
<b>(10,903)</b>		<b>(10,991)</b>
	<b>Note 32c Revenue Grants Credited to Taxation and Non-Specific Grant Income</b>	
(474)	New Homes Bonus	(495)
(78)	Lower Tier Services Grant	(11)
(642)	Other Grants Credited to Taxation and Non-Specific Grant Income	(816)
<b>(1,194)</b>	<b>Total Revenue Grants Credited to Taxation and Non-Specific Grant Income</b>	<b>(1,321)</b>
	<b>Note 32d Capital Grants and Contribution Credited to Taxation and Non-Specific Grant Income</b>	
(862)	Capital Grants and Contributions	(2,366)
<b>(862)</b>	<b>Total Capital Grants Credited to Taxation and Non-Specific Grant Income</b>	<b>(2,366)</b>



Notes to the Core Accounting Statements (continued)

Note 26: Grant Income (continued)

2023/24		2024/25
£'000		£'000
	<b>Note 32d Receipts in Advance (Revenue Grants)</b>	
(90)	Homelessness grant	(92)
-	- Domestic Abuse grant	(29)
(170)	Test and Trace Grant	-
(42)	Essex Public Health Accelerator Bid	-
-	- Cyber Support grant	(35)
(129)	Air Quality Grant	-
(127)	Other Grants	(249)
(70)	Health and Wellbeing post grant	(110)
(628)	<b>Total Receipts in Advance (Revenue Grants)</b>	<b>(516)</b>



**Notes to the Core Accounting Statements (continued)****Note 27: Related Party Transactions**

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or be controlled or influenced by the Council

The most significant related party transactions with these bodies are disclosed in the precepting bodies in the Collection Fund. Details of financial transactions with these bodies are disclosed in the Comprehensive Income and Expenditure Statement and associated notes.

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in Note 23.

Senior managers have control over Council's operation. Their salaries are disclosed in Note 24.

There were no related party transactions in 2024/25 from the returns received.

A Register of Members Interests is held by the Council; in this document members set out details of their interests, as required by the Localism Act 2011 and also by the Council's Code of Conduct.

This information is published on the Council's website (see link below), using the search term 'Register of Interests'.

<http://www.maldon.gov.uk>

## Notes to the Core Accounting Statements (continued)

**Note 28: Capital Expenditure**

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

2023/24		2024/25
£'000		£'000
226	<b>Opening capital financing requirement</b>	<b>55</b>
	<b>Capital investment</b>	
287	Property, plant and equipment	5,492
-	Infrastructure	276
641	Revenue expenditure funded from capital under statute	1,145
<b>928</b>	<b>Total Capital investment</b>	<b>6,913</b>
	<b>Sources of finance</b>	
(194)	Capital receipts	(506)
(38)	Capital Grants and Contributions	(1,322)
(641)	REFCUS	(1,145)
(226)	Minimum Revenue Payment (MRP)	(14)
<b>(1,099)</b>	<b>Total internal financing</b>	<b>(2,987)</b>
<b>55</b>	<b>Closing capital financing requirement</b>	<b>3,981</b>

Significant increase came from Waste vehicle and funded by internal borrowing, the rest of the increase came from capital program and things are picking up after Covid 19. The rest funded from Capital Receipts, Capital grants and contributions.

## Notes to the Core Accounting Statements (continued)

## Note 29: Leases

## Council as Lessee - Right of Use Assets

The Council has limited involvement in arrangements that are required to be accounted for as leases. The Council effectively leased refuse vehicles indirectly through its contract with Suex as they used their own vehicles solely on the Council's behalf. The contract ended in 2023/24. During 2023/24 the Council entered into a lease for the use of a tractor.

The following amounts have been included in the Property, Plant and Equipment balance for the right-of-use assets acquired under these leases:

	31-March-2024	31-March-2025
	£'000	£'000
Amounts recognised upon implementation of new accounting policies at 1 April 2024	226	45
Additions	45	
Principal repaid in year	(226)	(11)
<b>Carrying amount at 31 March 2025</b>	<b>45</b>	<b>34</b>

The interest charged to the Surplus/Deficit on the Provision of Services for these leases in 2024/25 was £2k.

At 31 March 2025, the outstanding payments under the leases were:

	31-March-2024		31-March-2025
	£'000		£'000
11	Not later than one year		11
34	Later than one year and not later than five years		23
<b>45</b>			<b>34</b>

The Council also leases photocopiers and printers, but no right-of-use assets or liabilities are recognised for these items are deemed to be of low value. The rents charged to the Surplus/Deficit on the Provision of Services for these leases in 2024/25 was £126k.

## Notes to the Core Accounting Statements (continued)

## Note 29: Leases (continued)

## Operating Leases

The Council has acquired plant and equipment and its IT and Telecommunications System by entering into operating leases, with lives of 2 to 5 years.

## Authority as Lessee - Operating Leases

The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

31-March-2024		31-March-2025
£'000		£'000
84	Not later than one year	126
326	Later than one year and not later than five years	227
-	Later than five years	
410	Total	353

The expenditure charged to the business change line in the comprehensive income and expenditure statement.

The expenditure charged to services in the CIES during the year in relation to these leases was:

31-March-2024		31-March-2025
£'000		£'000
410	Minimum lease payments	353
410	Total	353

The Council has no finance leases as lessor

## Notes to the Core Accounting Statements (continued)

## Note 29: Leases (continued)

Council as lessor

## Operating Leases

The Council leases out property and equipment under operating leasing for the following purposes:

- For economic development purposes to provide suitable affordable accommodation for local businesses
- For the provision of community services such as river leases

Income the Council is expecting to receive from minimum lease rental payments is analysed as:

31-March-2024 £'000		31-March-2025 £'000
547	Not later than one year	594
1,899	Later than one year and not later than five years	2,011
10,471	Later than five years	8,845
<b>12,917</b>	<b>Total</b>	<b>11,449</b>

**Notes to the Core Accounting Statements (continued)****Note 30: Defined Benefit Pension Scheme****Participation in Pension Schemes**

As part of the terms and conditions of employment of its officers and other employees, the Council makes contributions to the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments, which needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered by Essex County Council. This is a funded defined benefits final salary/career average scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

**Transactions Relating to Post-employment Benefits**

The cost of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required against Council Tax is based on the cash contributions payable to the Pension Fund in the year, so the real cost of employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

## Notes to the Core Accounting Statements (continued)

## Note 30: Defined Benefit Pension Scheme (continued)

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2023/24	2024/25
	£'000	£'000
<b>Comprehensive Income &amp; Expenditure Statement</b>		
<b>Cost of Services:</b>		
Current Service Cost	1,221	1,199
Past Service Cost/(Gain) – Including Curtailments	101	43
Administration Expense		46
<b>Financing and Investment Income and Expenditure:</b>	-	
Net Interest Expense	(437)	(44)
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>885</b>	<b>1,244</b>
<b>Other Comprehensive Income &amp; Expenditure:</b>		
Return on Plan Assets (excluding amounts included in net interest expense)	5,162	25
Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	851	161
Actuarial (Gains) & Losses Arising on Changes in Financial Assumptions	525	8,628
Experience (Gains) & Losses on Defined benefit obligations	(185)	169
Impact of asset ceiling	(17,170)	(8,662)
<b>Total remeasurements recognised in the Comprehensive Income &amp; Expenditure Statement</b>	<b>(10,817)</b>	<b>321</b>
<b>Expenditure Statement</b>	<b>(9,932)</b>	<b>1,565</b>
<b>Movement in Reserves Statement:</b>		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in accordance with the Code	(885)	(1,201)
Employer's Contributions Payable to the Pension Scheme	1,942	1,691
<b>Total</b>	<b>1,057</b>	<b>490</b>

Future Employer contributions will be subject to the triennial review that is currently underway.



## Notes to the Core Accounting Statements (continued)

## Note 30: Defined Benefit Pension Scheme (continued)

## Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is as follows:

Pension Assets & Liabilities Recognised in the Balance Sheet	2023/24	2024/25
	£'000	£'000
Present value of the defined benefit obligation	(60,666)	(53,483)
Fair value of plan assets	77,162	80,184
<b>Sub-total</b>	<b>16,496</b>	<b>26,701</b>
Present value of unfunded liabilities	(907)	(770)
Impact of asset ceiling	(17,170)	(26,701)
<b>Net (liability)/asset arising from defined benefit obligation</b>	<b>(1,581)</b>	<b>(770)</b>

## Assets and Liabilities in relation to Retirement Benefits

Reconciliation of Present Value of Scheme Liabilities	2023/24	2024/25
	£'000	£'000
Liabilities as of the Beginning of the Period	60,650	61,573
Current Service Cost	1,221	1,156
Interest Cost	2,865	2,971
Contributions by Scheme Participants	481	498
Change in financial assumptions	(525)	(8,628)
Change in demographic assumptions	(851)	(161)
Other	185	(169)
Benefits Paid	(2,506)	(3,030)
Past Service Costs	53	43
<b>Liabilities as of the End of the Period</b>	<b>61,573</b>	<b>54,253</b>

## Notes to the Core Accounting Statements (continued)

## Note 30: Defined Benefit Pension Scheme (continued)

Reconciliation of Fair Value of Scheme Assets	2023/24	2024/25
	£'000	£'000
Assets as of the Beginning of the Period	68,829	77,162
Interest on Assets	3,302	3,884
Return assets less interest	5,162	25
Actuarial Gains/(Losses)	-	-
Administration expenses	(48)	(46)
Employer Contributions	1,942	1,691
Contributions by Scheme Participants	481	498
Benefits Paid	(2,506)	(3,030)
<b>Assets as of the End of the Period</b>	<b>77,162</b>	<b>80,184</b>

## Defined Benefit Pension Scheme Risks

In general, participating in a defined benefit pension scheme means that the Council is exposed to a number of risks:

Investment risk:

The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.

Interest rate risk:

The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.

Inflation risk:

All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.

Longevity risk:

On the event that the members live longer than the assumed a deficit will emerge on the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Essex Pension Fund, there is an orphan liability risk where employers leave the Fund with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the above may also benefit the Council e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

## Notes to the Core Accounting Statements (continued)

## Note 30: Defined Benefit Pension Scheme (continued)

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries, estimates for the Essex County Council Fund being based on the latest valuation of the scheme.

The principal assumptions used by the actuary have been:

Mortality assumptions:	LPFA	
	2023/24	2024/25
Long term expected rate of return on assets in the scheme:		
Longevity at 65 for current pensioners:		
Men	20.8 Years	20.7 Years
Women	23.3 Years	23.3 Years
Longevity at 65 for future pensioners:		
Men	22 Years	22 Years
Women	24.7 Years	24.7 Years
Financial assumptions:		
RPI increases	3.30%	3.20%
CPI increases	0.00%	2.60%
Rate of increase in salaries	4.00%	3.90%
Rate of increase in pensions	3.00%	2.90%
Rate for discounting scheme liabilities	4.90%	5.80%

The Discretionary Benefit arrangements have no assets to cover its liabilities.

The scheme's assets consist of the following categories, by proportion of the total assets held:

2023/24			2024/25	
£'000	%		£'000	%
39,353	51%	Equities	40,894	50%
1,389	2%	Gilts	1,604	2%
-	0%	Other Bonds	-	0%
5,324	7%	Property	7,217	9%
1,852	2%	Cash	1,604	2%
25,926	34%	Alternative Assets	26,461	33%
3,318	4%	Other	3,207	4%
<b>77,162</b>	<b>100%</b>	<b>Total</b>	<b>80,987</b>	<b>100%</b>

Based on the above, Maldon District Council's share of the assets of the total Essex Pension Fund is approximately 1%.

## Notes to the Core Accounting Statements (continued)

## Note 30: Defined Benefit Pension Scheme (continued)

## Sensitivity Analysis: present value of total obligation

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant.

The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

2023/24			Adjustment to:	2024/25		
£'000	£'000	£'000		£'000	£'000	£'000
+ 0.1%	0.0%	-0.1%	Discount Rate	+ 0.1%	0.0%	-0.1%
60,641	61,573	62,530		53,503	54,253	55,021
+ 0.1%	0.0%	-0.1%	Long Term Salary Increase	+ 0.1%	0.0%	-0.1%
61,651	61,573	61,496		54,316	54,253	54,190
+ 0.1%	0.0%	-0.1%	Pension Increases & Deferred Revaluation	+ 0.1%	0.0%	-0.1%
62,469	61,573	60,700		54,978	54,253	53,544
+ 1 Year	None	- 1 Year	Mortality Age Rating Assumption	+ 1 Year	None	- 1 Year
64,182	61,573	59,086		56,336	54,253	52,259

## Note 31: Contingent Liabilities

At 31 March 2025, the Council has one contingent liability:

There is a possible claim against the council regarding a noise abatement notice which has been issued. Estimate for this case is £10,000 but the outcome of the case is uncertain at this time.

## Note 32: Short Term Investments

31-March-2024		31-March-2025
£'000		£'000
6,000	Short Term Investments	-
6,000	Total Short Term Investments	-

This comprises non property investments and is treated as short-term investments. Where investments maturity date is more than three months of the year end date (31 March 2025) it will be treated as short-term investments. If the maturity date is less than three months it will be treated as cash and cash equivalent.

Note 33: Grants Receipts in Advance - Capital

	01-April-2024	Moved to EMR	Additions	Conditions Met	31-March-2025
	£000	£000	£000	£000	£000
Changing Places	(74)			74	-
S106 Receipts	(1,656)	(110)	(123)	543	(1,346)
Other	(341)		(1,148)	1,203	(286)
Total	(2,071)	(110)	(1,271)	1,820	(1,632)



SECTION – 4

SUPPLEMENTARY FINANCIAL STATEMENTS

Supplementary Financial Statements	Page Number
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## COLLECTION FUND STATEMENT

The Collection Fund statement reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing Council in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

31-March-2024				31-March-2025		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
			<b>INCOME</b>			
-	(54,756)	(54,756)	Council Tax Receivable	-	(58,399)	(58,399)
-	-	-	Transfer from General Fund	-	(10)	(10)
(15,898)	-	(15,898)	Business Rates Receivable	(16,527)	-	(16,527)
<b>(15,898)</b>	<b>(54,756)</b>	<b>(70,654)</b>	<b>Total income</b>	<b>(16,527)</b>	<b>(58,409)</b>	<b>(74,936)</b>
			<b>Expenditure</b>			
			<b>Precepts Demands &amp; Shares:</b>			
6,864	-	6,864	Central Government	7,505	-	7,505
1,236	37,548	38,784	Essex County Council	1,351	40,195	41,546
-	6,045	6,045	PFCC for Essex Policing & Community Safety****		6,506	6,506
137	2,079	2,216	Essex PFCC Fire & Rescue Council****	150	2,181	2,331
5,491	7,317	12,808	Maldon DC & Parishes	6,004	7,739	13,743
			<b>Redistributed Collection Fund Previous Year Surplus/(Deficit):</b>			
(952)	-	(952)	Central Government	2,994		2,994
(171)	905	734	Essex County Council	539	1,411	1,950
-	142	142	PFCC for Essex Policing & Community Safety****		227	227
(19)	48	29	Essex PFCC Fire & Rescue Council****	60	78	138
(761)	180	(581)	Maldon DC & Parishes	2,396	275	2,671
<b>11,825</b>	<b>54,264</b>	<b>66,089</b>	<b>Total expenditure</b>	<b>20,999</b>	<b>58,612</b>	<b>79,611</b>
			<b>Charges to Collection Fund:</b>			
79	369	448	Increase / Decrease (-) in Bad Debt Provision	46	268	314
39	-	39	Increase / Decrease (-) in Provision for Appeals	435	-	435
91	-	91	Costs of Collection	91	-	91
839	-	839	Disregarded Amounts	1,004	-	1,004
<b>1,048</b>	<b>369</b>	<b>1,417</b>	<b>(Surplus)/Deficit carried forward</b>	<b>1,576</b>	<b>268</b>	<b>1,844</b>
(3,025)	(123)	(3,148)	<b>(-) Surplus / Deficit Arising During the Year</b>	6,048	471	6,519
(2,705)	(2,207)	(4,912)	(-) Surplus / Deficit B/Fwd as at 01 April	(5,730)	(2,330)	(8,060)
<b>(5,730)</b>	<b>(2,330)</b>	<b>(8,060)</b>	<b>(-) Surplus / Deficit C/Fwd 31 March</b>	<b>318</b>	<b>(1,859)</b>	<b>(1,541)</b>

\*\*\*\*PFCC is the abbreviation for Police, Fire & Rescue Council and Crime Commissioner

## Notes to the Collection Fund

### COL - 1: General

This account represents the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Non-Domestic Rates, council tax and the distribution to the major preceptors and the General Fund. The account is consolidated with other accounts of the Council.

In 2013/14 there was a change to the method for distributing and accounting for business rates income. Prior to 1st April 2013 Non-Domestic Rates were collected by the Council and then completed paid over to the Government, who then redistributed these sums across the country in the form of the Non-Domestic rates grant.

From 1st April 2013 Business Rates Retention applies, whereby local authorities Maldon District Council (40%), Essex County Council (9%) and Essex County Fire & Rescue Service (1%) retain 50% of the business rates collected for the area and pay the remaining 50% to central government. In addition the government has set a level of business rates funding deemed to be applicable to each area and every Council receives a top-up (if business rates collected are below this deemed level of funding) or pays a tariff (if business rates collected are above this deemed level of funding).

With the introduction of business rates retention if a local authority increases its business rates base, and thereby increases its business rate income, it is allowed to retain a proportion of this increased income, whilst paying up to a maximum of 50% across to central government. This payment where it occurs is known as a levy payment. However, as Maldon District Council is part of a business rates pool, the levy is distributed to the members as per the pooling arrangements with 0.72% paid to central government as a levy payment.

### COL - 2: Business Rates

Business Rates is a local tax that is paid by the occupiers of all non-domestic/business property.

Business rates are calculated and collected by the Council. The Government specifies an amount (54.6p in 2024/25; 49.9p for small businesses) and, subject to the effects of transitional arrangements, local businesses pay NDR calculated by multiplying their rateable value by that amount. The income raised in Maldon is distributed between Maldon District Council, Essex County Council and Central Government in line with the distribution rules set out in Business Rates legislation.

NNDR income was £16.5m in 2024/25 (2023/24: £15.9m). The rateable value for the Council's area was £46.68m as at 31 March 2025 VOA valuation



## Notes to the Collection Fund (continued)

## COL - 4a: Council Tax Income

The average Band D Council Tax for the year 2024-25 was £2,076.84 excluding parish element (£1,982.67 in 2023-24).

## COL - 4b: Council Tax Base

The Council's tax base for 2024-25 i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of Band D dwellings, was calculated as follows:

The figures for 2024/25 are:

Valuation Band	Chargeable Dwellings	Estimated Properties After Discounts, Exemptions etc.	Ratio to Band D	Band D equivalent dwellings
A*	-	1.1	5/9	0.6
A	2,452.0	1,463.5	6/9	975.7
B	3,901.0	2,861.1	7/9	2,225.3
C	8,524.0	6,948.0	8/9	6,176.0
D	5,548	4,953.3	9/9	4,953.3
E	4,635.0	4,297.2	11/9	5,252.2
F	3,079.0	2,926.0	13/9	4,226.5
G	1,669.0	1,586.0	15/9	2,643.4
H	186.0	172.8	18/9	345.5
<b>Total</b>	<b>29,994.0</b>	<b>25,209.0</b>		<b>26,798.5</b>
Add Expected growth and rounding's				195.6
Less Adjustment for collection rate				(593.9)
<b>Council Tax Base</b>				<b>26,400.2</b>

The Council tax payable at each band is shown below. This does not include parishes.

Band	Multiplier	Maldon District	Essex County Council	Essex Police Fire and Crime Commissioner	Essex Fire	Total
A	6/9ths	150.18	1,015.02	164.28	55.08	<b>1,384.56</b>
B	7/9ths	175.21	1,184.19	191.66	64.26	<b>1,615.32</b>
C	8/9ths	200.24	1,353.36	219.04	73.44	<b>1,846.08</b>
D	9/9ths	225.27	1,522.53	246.42	82.62	<b>2,076.84</b>
E	11/9ths	275.33	1,860.87	301.18	100.98	<b>2,538.36</b>
F	13/9ths	325.39	2,199.21	355.94	119.34	<b>2,999.88</b>
G	15/9ths	375.45	2,537.55	410.70	137.70	<b>3,461.40</b>
H	18/9ths	450.54	3,045.06	492.84	165.24	<b>4,153.68</b>

## Notes to the Collection Fund (continued)

## COL - 4b: Council Tax Base (continued)

## Non Domestic Rates

	2023/24	2024/25
Multiplier: Business Rate Relief	51.2	54.6
Small Business Rate Relief	49.9	49.9

The multiplier is set by Central Government.

A Business Rates Retention Scheme was introduced in April 2013.

The Local Council retains 100% of NDR income for their Renewable Energy Sites then, after allowances and expenditure, retains 40%, with 50% being paid to Central Government, 9% to Essex County Council and 1% to Essex County Fire & Rescue Service.

## Collection Fund Balances

	31-March-2024		Movement	31-March-2025
	£'000		£'000	£'000
(Surplus) / Deficit (CT)	(2,330)		471	(1,859)
(Surplus) / Deficit (NNDR)	(5,730)		6,048	318

Attributable to:	NNDR		CT	
	%	£'000	%	£'000
Central Government	50.0%	159	0.0%	-
Maldon District Council	40.0%	127	13.6%	(253)
Essex County Council	9.0%	29	70.8%	(1,316)
PFCC for Essex Policing & Community Safety	0.0%	-	11.6%	(216)
Essex PFCC Fire & Rescue Council	1.0%	3	4.0%	(74)
	100.0%	318	100.0%	(1,859)

**SECTION – 5****Independent Auditors Report to Maldon District Council****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALDON DISTRICT COUNCIL ON THE AUTHORITY'S FINANCIAL STATEMENTS**









## SECTION – 6

## ANNUAL GOVERNANCE STATEMENT



Annual Governance Statement 2024/25, Maldon District Council

Achievements for 2024/25

Over the financial year, the following governance framework improvements have taken place:



- Improvement on volume of deferred decisions from 23/24 (possibly supported by the additional member briefings that have taken place in the year)
- Decision to implement a Chief executive post and Deputy Chief Executive, with agreement of associated constitutional updates allowing for transition of [delegated](#) power on the December 'go live' date
- New Corporate plan agreed in December 2024
- Completed delivery of majority of finance peer review actions
- Improvements to performance reporting to allow for greater accountability [with exceptions reported through Performance, Governance and Audit Committee](#) (PGA) (e.g. e-learning)

### Internal audit summary – supplied by BDO

The role of internal audit is to provide an opinion to the Council, through the Performance, Governance and Audit Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, internal control, and governance processes, within the scope of work undertaken by BDO LLP as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period. The basis for forming the opinion is as follows:

- An assessment of the design and operation of the underpinning Assurance Framework and supporting processes.
- An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year
- This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses; and any reliance that is being placed upon third party assurances.

Overall, at the time of drafting this statement, BDO LLP can provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently. In forming this view, they have considered that:

- In the last 12 months (including three audits that were at draft report stage from the 2024/25 internal audit plan), seven out of eight audits provided either Substantial or Moderate assurance over the design of controls (Substantial: five, Moderate: two). These figures include three audits from the 2023/24 internal audit plan and five from the 2024/25 internal audit plan.
- In the last 12 months (including three audits that were at draft report stage from the 2024/25 internal audit plan), six out of eight audits provided either Substantial or Moderate assurance over the operational effectiveness of controls (Substantial: two, Moderate: four).
- During 2024/25, one audit that focused on GDPR has provided a Limited assurance opinion for both the design and operational effectiveness of controls and a Health and Safety audit provided a Limited assurance opinion on the effectiveness of the controls. Furthermore, these reviews were specifically chosen to identify areas for improvement by management.
- Generally, these outcomes are consistent with outcomes for previous years where a Moderate assurance rating is provided.
- Furthermore, during the period we have undertaken one advisory Strategic Fraud review at the request of management. While findings were raised as part of this review, they are advisory in nature and offer actions to support the Council to enhance current controls.

Some areas of weakness have been identified through our reviews, including opportunities for improvement in areas of GDPR, specifically relating to the Record of Processing Activities and Third-Party Data Sharing as well as Health and Safety, with recommendations to address improvements relating to Risk Assessments and Inspection of Sites. However, the Council is already working to address the issues identified.

The Council have implemented most previously raised internal audit recommendations, with only one recommendation overdue from 2021/22 (this is based on our last follow up exercise conducted in December 2024). The recommendation outstanding is for Management of Property and has a revised implementation date of 31/03/2025 and work is on track to complete the actions by this date per current management updates. There are no other overdue recommendations.

There are currently four remaining reviews from the 2024/25 internal audit plan to complete (Business Continuity and Disaster Recovery, Building Control, Asset Management and Main Financial Systems). While fieldwork is yet to be complete, based on scoping and work completed to date, we do not expect to identify any significant issues, and it is unlikely that their outcomes will change the overall opinion outlined above

### Action plan for 2025/26

Based on the governance assessment in this report, the following actions will take place in 2025/ 26 to further strengthen our governance.

Action	Owner
Draw out and link all of our policies and their objectives through a review of the Local Development Plan (LDP) (e.g., corporate plan, climate change) *	MW
Build engagement and information sharing with Parish Councils as part of the Local Development Plan review work through the new Parish and Town Council Engagement Forum (Matt)*	MW
Communications and roll out of whistleblowing policy and procedure	AC



Delivery of finance peer review actions (tracked through SharePoint)	BC / CH
Review governance housekeeping matters through the Performance, Governance and Audit working group	PD
Build on member induction process and training plan in collaboration with the member training and development working group	CH
Include e-learning to balance scorecard reporting, so that completions for staff and members is clear, particularly around governance areas such as risk management.	EH / CH

### Background information

Our arrangements for Governance support



At Maldon District Council, our Governance arrangements are underpinned by a mix of business and operational management, oversight and support activities and independent assurance. The activity is fed into the PGA and then into full Council.

An analysis of this work and the plan for the following year is what forms the Annual Governance Statement.

### Progress made on last Annual Governance Statement (AGS) actions -

In the 23/24 AGS, although no significant issues were identified, we developed an action plan based on best practice for Governance arrangements. These actions have been tracked and reported to the PGA 9 Annual Governance Statement Actions Update.pdf

Some of these actions are captured in the action table above as they continue to be relevant.

CIPFA (the Chartered Institute of Public Finance and Accountancy) / SOLACE (The Society of Local Authority Chief Executives) 'Delivering Good Governance in Local Government framework - 2016 Edition' good practice guidance, highlights seven key areas for good corporate governance, as shown in the diagram below:



Page 246 Additionally, the Financial Management Code highlights a governance best practice that 'The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control' (Financial Management code Standard C). Later in the document, we will also comment on the Council's arrangements for this practice.

This year, the following activity has taken place within the Governance Framework:

#### A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

A committee structure as set out below has been in place in 2024/25

Membership of the Overview and Scrutiny Committee is separate from the programme committees to encourage robust scrutiny and separation. All Members are able to submit suggestions for scrutiny items. A Working Group of the committee considers these in detail and recommends back to the committee suggested workplan items and courses for scrutiny suggestions. All members of Committee sit on the Working Group, which is scheduled monthly.

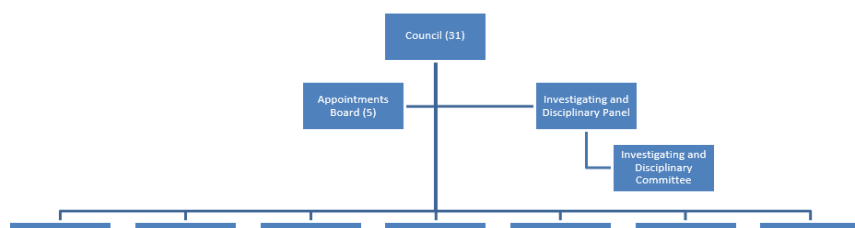
There were two direct member forms referral received (Cemeteries and Woodham Mortimer planning), and two items that rolled over (sensory garden and commercial land), as well as a referral made by the Corporate Leadership Team (CLT) (splash park Private and Confidential (P&C) action follow up). The annual report of Overview and Scrutiny activity will provide further detail on this.

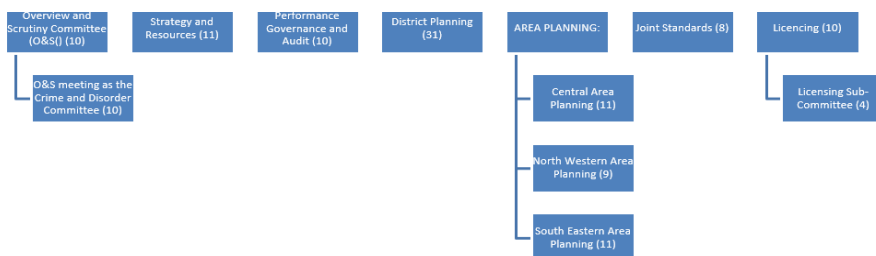
A Working Group of five members of PGA was established in March 2023 to complete detailed review work. In June 2024 this Working Group was appointed as part of the annual reset of Committees.

On 11 July 2024, an Independent Person of the PGA was appointed

Additionally in 2024/25, the Council has established a Boundary Commission Review working group, following engagement from the Boundary Commission who have commenced a review of Maldon's ward boundaries as this has not taken place since 2000. This working group also consider governance arrangements and future requirements as part of the response to the Boundary Commission.

#### 1. MALDON DISTRICT COUNCIL COMMITTEE STRUCTURE





Of the 2023/24 of the pending decisions highlighted in previous AGS, one was found to be a breach of the code of conduct which was reported to JSC in December. The other case is still ongoing.

In 2024/25 there have been 13 complaints received to date.

Two complaints were combined (with one from 2023/24) and a breach was found which was reported to the Joint Standards Committee (JSC) in December 2024.

One complaint was investigated with no breach found which was reported to JSC in December 2024.

Four complaints no breach was found.

Three complaints didn't engage the code of conduct

Two complaints are pending. one of which looks at two complaints.

Committee meetings continued to run with a live YouTube stream, in 24/25. All previous and live streams can be viewed at Maldon District Council - YouTube.

Across all Committees, the live stream averaged around 129 views, with the public also able to view from the chamber should they wish. (This is an increase from an average of 90 views in 2023/24).

The Council has a Whistle Blowing Policy, which was refreshed and accepted by the Strategy and Resources Committee in November 2023. It sets out the arrangements for employees to disclose allegations of malpractice internally, in relation to staff, Members, contractors, suppliers or consultants in the course of their work for the Council, without fear of victimisation, discrimination or disadvantage.

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The Council launched an Annual Staff survey in December 2019, and ran this for the fifth time in November 2024, with a response rate of 65%, this is a decrease of 1% on the previous year. The survey gives honest areas of staff feedback for management to address and allows the organisation to review areas of improvement or reduction in satisfaction between years. As part of the launch of the 2024 survey, we also highlighted the specific actions that have been put in place off the back of previous year's feedback.

The Council has adopted a number of codes and protocols which set out the parameters for the way in which it operates, in particular a Member / Officer Relations Protocol intended to clarify roles and promote effective communication. As part of the May 2023 all member Onboarding process, we included digital copies of these codes in the induction pack and covered them as part of the member onboarding day. The induction pack has been added to all member desktops in 2023/24, as a reference guide.

The Council's Financial Regulations provide the framework for managing the Council's financial affairs. They identify the financial responsibilities of the Council, the Committees, and key officers. The Section 151 Officer (S151) (under the Local Government Act 1972) is responsible for ensuring that sound financial management systems are maintained, and expenditure is lawful and appropriate. On 28 May 2024 the Council agreed to a Corporate Structure review, with a Chief Executive, Deputy Chief Executive and Chief Finance Officer/ S151 in place instead of previously listed Director posts.

On Thursday 30 July 2024 the Council agreed appointment of a Chief Executive, and on Thursday 14 November 2024 the Constitutional delegations were updated at the Council meeting, allowing the new structure to go live in December.

The Council's constitutional arrangements include a Code of Conduct for elected Members based on the Principles of Public Life (the Nolan Principles). The LGA model code of conduct was adopted by Maldon District Council (MDC) in June 2022.

Officers are subject to a Code of Conduct, the policy for which was adopted with effect from 18 November 2013 and last revised in April 2018.

Registers of gifts and hospitality are maintained for both Members and Officers. A statutory register of interests is maintained for Members, and the staff Code of Conduct requires staff to disclose interests. Periodic reminders are issued about the need to avoid potential conflicts of interest and protocols for the acceptance of gifts and hospitality.

The Council has a series of approved policies and strategies relating to good governance, including, for example, the Code of Corporate Governance, anti-fraud and corruption, whistle-blowing, data quality, Freedom of Information, and corporate equality policies, all of which are accessible via the Council's SharePoint system.

BDO LLP under their remit of Internal Auditors consider fraud as part of their audit workplan. This ensures we conform to the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA 2014).

A set of corporate values are in place for staff which include to 'act ethically and with integrity'.



### B. Ensuring openness and comprehensive stakeholder engagement

We ran the annual residents survey in October, which was available online, and promoted through communications. Specific questions in the survey are used to measure the delivery of the corporate plan outcomes. A key concern in 2021/22 was the low response rate to this survey, we have built on this in the years since, with 350 the target for a representative sample, and in the 2024 survey we received 454 responses

The Council additionally ran the annual staff survey which gives internal stakeholder feedback and saw a response rate of 65% of staff.

Public are invited to speak at committee meetings, and with meetings held in a hybrid set up the Council has also had provision for online participation to improve access.

The Council has an internal audit plan, which reviews its controls and risk and provides opportunity for improvements to be identified and addressed. In 2024/25 two audits have been completed and a further three are at draft report stage in the areas of:

- Health and Safety
  - Capital and Commercial Project Management
  - Health and Wellbeing
  - Contract Management
  - General Data Protection Regulations (GDPR)
- Reviews are ongoing for
- Business Continuity and Disaster Recovery
  - Building Control
  - Asset Management
  - Main Financial Systems

The Council engages with the appropriate equality groups in order to ensure that it meets its obligations under the Equality Act 2010. The Council produces Equality Impact Assessments (EIA) in line with legislation. In March 2022, key officers were given refresher training around EIA documentation. All staff are required to complete mandatory Equality Diversity and Inclusion training within 3 months of induction and refresher training each year as part of the Council's commitment to equality.

An internal audit was commissioned during 2023/24 which found that the Council's EIAs were as required. Additional training on EIA's will be commissioned in 2025.26 for key managers where EIAs are required

In March 2022, a web area was developed to publish delegated decisions by officers and improve visibility both internally and externally for this area. There is an internal mechanism for officers to record decisions that are made and this area to be updated quarterly by the Programmes, Performance and Governance Team. The link to access this is [www.maldon.gov.uk/decisions](http://www.maldon.gov.uk/decisions)

### C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

The Council continues its quarterly corporate performance reporting which is reported to the PGA and that measures the delivery of the outcomes in the corporate plan.

Following all Member feedback and engagement work, a revised Corporate Plan was adopted by Council in December 2024 Our Corporate Plan | Corporate Plan 2025 - 2028 | Maldon District Council.



The Council's five priorities are:

- Supporting our communities
- Investing in our district
- Growing our economy
- Protecting our environment
- Delivering good quality services

Corporate performance reporting will be further revised in 2025 to align to the priorities, and developed with PGA Member feedback.

The latest quarterly performance (tracking the previous corporate plan due to timelines) can be seen at [democracy.maldon.gov.uk/documents/s37517/Appendix 1.pdf](https://democracy.maldon.gov.uk/documents/s37517/Appendix%201.pdf)

The Corporate Plan details the vision, goals, and objectives that guide the direction, work and achievements of the authority. It is the Council's core internal strategic planning document, from which supporting strategies can be developed and published, including the Medium-Term Financial Strategy (MTFS), ICT Strategy and Workforce Development Plan, all of which underpin the Council's ambition to transform the way it delivers its services in the future.

The Committee report template has been updated in 2024/25, to ensure that the Council reflects on the impact to its corporate priorities in each report.

At an operational level, each service produces a service plan. These are not submitted to Committee but facilitate effective performance and risk management within the Directorates including the setting of individual staff objectives and completion of performance reviews. The service plans are kept in a central internal SharePoint system, and actions have monthly owner updates, and the service manager provides a monthly highlight report with exceptions for CLT, as a way to manage service plan performance issues dynamically. Exceptions to delivery are reported to the Performance Governance and Audit Committee through the Balance Scorecard exceptions report.

#### **D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

In 2023/24, the LGA completed a finance peer review. Findings were reported to members and an associated action plan accepted which delivery continued against in 2024/25. Of the 42 actions identified, five currently remain open.

The PGA is provided with a quarterly performance report for delivery of the Corporate priorities. They are invited to challenge and focus delivery of these.

The CLT is committed to regular review and updating of the Corporate Risk Register to identify areas of risk to service delivery, and Risk Reporting is also quarterly reviewed and challenged by the PGA

In 2019/20, the Council established a PMO (Project Management Office) in the Council restructure, to standardise project reporting and support good quality project delivery. The Council has a monthly project board and monthly CLT steering board (which reviews project sign off and closure). There is monthly oversight and reporting of projects, and where appropriate, risks and issues can either be addressed or escalated further to Members as part of wider Risk and performance reporting. In 2024/25 further developments have been made to the Council's PMO processes and the support and guidance available to project managers, as part of its continual improvement programme. The process improvement team also produce monthly performance reporting to show the areas that have been supported, and improvements in efficiency and customer experience. As part of this, a review of the customer feedback on the Council's online forms which receive low satisfaction ratings is used to drive further improvement work and ideas

In 2024, an ICT strategy for 24-27 was adopted Appendix 2.pdf this also drives a vision for the Council's technology and processes for the next three years. In 2024/25 work continues to take place to profile the Council's IT systems and their plan for long term usage, support and data management. This will help inform a revision for the IT strategy due for revision in 2026/27

#### **E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

In 2020/21, the Council put in place a new process for linking the Corporate Plan objectives, through to delivery right down to the individual staff. Now that the Corporate Plan has been refreshed, the diagram below shows how this then links down to team service plans, and individual staff objectives. In January 2023, a refreshed service plan template was issued to the management team to reflect Corporate changes, as previously set out in section C.

In 2023/24, the Council started monthly highlight reporting processes, where the Assistant Directors are now responsible for delivery of a monthly tracker report and reporting highlights and lowlights to the CLT. Exceptions to these are reported to the PGA through the Balance Score Card exceptions.



To underpin objectives, and support staff and members in delivery of their role, the Council has also developed and delivered:

- Key strategies to define delivery that have been live in 2023/24 including a data and insight strategy, a procurement strategy, an asset management strategy, business continuity strategy and a comms, marketing and engagement plan.
- Digital access for refreshers to the full member onboarding programme following elections of our 31 Members in May 2023. Drop-in sessions for Members to address any technology queries ahead of full council meetings.
- Close work with the Member Training and Development Working Group to identify and respond to training needs.
- Member Chairperson and Vice-Chairperson training following the Annual Council meeting in May 2023.
- Regular briefings for Members, topics of which were covered in 2023/24 were: Local Government Review, Budget, commercial projects, Five-year Housing Land Supply, Local Development Plan Review and the Boundary Review.
- Structure review of the senior leadership, with new Chief Executive and Deputy Chief executive posts put into place and associated constitutional updates for transfer of powers.
- Lean Six Sigma (process improvement) training for staff.
- PMO support for project managers and the senior leadership team, including measuring project performance and outcome delivery.
- Key process support documents on our internal Freshservice system that define process steps and act as training and handover guides. A new officer exit process and sickness process put into place to strengthen business continuity.

#### **F. Managing risks and performance through robust internal control and strong public financial management**

Maldon District Council has a drive to be more performance-led. This year the Council has continued to develop its monthly internal Balance Scorecard report for Senior Management review and scrutiny, and started rebuild of Corporate performance reports which will be based on Member feedback, latest system developments and the revised Corporate Plan.

From January 2021, a six-monthly report of operational exceptions from the Balance Scorecard has been reported to the PGA. In 2024/25 this also has included e-learning statistics and compliance on corporate training has seen improvement accordingly.

The data and insight strategy was adopted in 2023, and an action plan to deliver this has been established and progressed in 2024/25. This includes actions such as:

- A review of the Council's IT systems and reporting capability.
- Close work with IT and development of revised IT strategy due in 2024.
- Development of PMO and using business improvement resource to support quantifying project delivery outcomes.
- Building resource within the Council's mapping (GIS system) to improve data access and automate processes (e.g. enforcement data access).
- Case studies and training sessions available for staff and members to improve understanding around data driven decisions.

This year the Council has worked to the Risk Management Policy that was adopted in September 2022, and will be due for revision in 2025/26.

A link to recorded risk training is provided for new staff onboarding and the Programmes, Performance and Governance team support staff with specific risk management queries and support. The team have also rolled out all staff and member e-learning.

A Quarterly Corporate Risk register review goes to the PGA

Risks are a regular item of discussion in the monthly Extended Leadership Team meetings and Service Management Meetings.

Risks to the Council's financial position could potentially arise from a number of factors including unplanned budget overspends, underachievement of income, contractual / legislative failure, a shortfall in forecast business rates growth or challenge and emergency events. Historically, the Council's outturn has been within budget; however, robust budget management, monitoring and reporting will be a key discipline for all budget managers and ensuring that savings and income assumed included within the budget are achieved, will remain an essential focus.

The level of risk posed by contractual or legislative failure and emergency events is difficult to predict, but General Balances are held to mitigate against this possibility. In addition, financial bonds / Parent Company Guarantees are being built into large contracts where appropriate.

It is important to recognise that under the Business Rates Retention Scheme, there is a considerable degree of uncertainty in the forecast for business rates growth as much of it depends on external factors including the impact of successful appeals. The Council's own economic development policies can have an impact on business rates growth and therefore it is important that the planning services, economic development services and the business rates service have a co-ordinated approach to inward investment policies.

The current cost of living crisis could affect households' and businesses' ability to pay Council Tax and National Non Domestic Rates (NNDR) respectively. This places a risk on local taxation collection rates.

The new Waste contract begins in February 2024, and will need to be in. Waste contract income is driven by recycling tonnage and prices, which are volatile; therefore, income assumed in the MTFS for this contract is based on best known estimates.

#### **G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**



There were a number of deferrals in Council and Committee decision making in 2023/24 and this was particularly high volume following the May 2023 election and outcome of no overall control politically. The original agenda for the Statutory Annual Council was dealt with across three meetings following the deferrals. There have also been a number of decision-making papers deferred several times at Council meetings.

The LGA has been facilitating and supporting key members and officers to support committee-based decision making in the circumstances of no overall control, as this has proved a governance challenge for Maldon in 2023/24.

The Council committed to continue to build on this in 2024/25, as Maldon has a four-year election cycle. In 2024/25 there were some deferrals again, such as with the Leisure Contract, but the volume of these has seen improvement since 2023/24.

All Committee meetings are open for the public to attend. In 2024/25 the Council also continued to live stream all committee meetings via Youtube <https://www.youtube.com/@maldondc/streams>. Since late 2021, the Council has been able to accept attendance via MS Teams and has been running hybrid meetings to support preferences of those involved. Updates to the Constitutional and procedural documents have been made to allow for these arrangements.

The Council publishes its delegated decisions, which are updated quarterly at [www.maldon.gov.uk/decisions](http://www.maldon.gov.uk/decisions)

This year the Council ran quarterly performance reporting to align it to the corporate outcomes defined in the Corporate Plan. In December 2024, a new Corporate Plan was approved, and work has started to realign Corporate Performance to the new Corporate Plan.

Members are invited to review the performance information and challenge where they feel delivery of the Corporate Plan outcomes is at risk. The internal process around producing this performance documentation also allows greater visibility for the senior managers around how staff are progressing agreed action plans.

An internal audit plan is defined according to areas of Corporate Risk. The Council has a quarterly update of internal audit progress, including audit actions due with officers, and this is reported to the PGA.

**'The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control' (Financial Management code Standard C)**

The CIPFA financial management code also highlights this point in addition to compliance with the 2016 delivering good governance in local government as set out above.

CIPFA believes that the strength of financial management within an organisation can be assessed by a hierarchy of three 'financial management (FM) styles'

- delivering accountability.
- supporting performance.
- enabling transformation.

Maldon has been working against this principle in the following ways

Delivering accountability	Supporting performance	Enabling transformation
<ul style="list-style-type: none"> <li>The introduction of Assistant Director posts in 2023/24, with clear areas of accountability linked to these.</li> <li>Additionally, a new Chief Executive and Deputy Chief executive post were agreed in 2024/25.</li> <li>Leadership development of key members and officers.</li> <li>Member training programme including specific Chairperson sessions, and close working with Member Training Working Group.</li> </ul>	<ul style="list-style-type: none"> <li>Service plan templates and monthly highlight / exceptions reporting mechanism.</li> <li>Quarterly performance reporting against corporate plan delivery.</li> <li>Monthly operational performance reporting through balance scorecard and six-monthly exceptions reports for Committee.</li> <li>Running an annual resident survey and using analysis to inform <u>Corporate</u> plan delivery.</li> <li>Running an annual staff survey to look at areas of organisational improvement.</li> </ul>	<ul style="list-style-type: none"> <li>Permanent process improvement resource to support improvement project delivery.</li> <li>Quarterly improvement reports to track progress.</li> <li>Robust project management office approach to support project delivery.</li> <li>Learning from best practice and adopting recommendations in internal audit and peer review work.</li> </ul>

CONCLUSION

The Council is satisfied that appropriate governance arrangements have been maintained in 2024/25. These have been successfully adapted and reviewed as a response to changes in circumstance and wider governance arrangements. The Council has also continued to build on good practice around governance and will move to develop this further in 2025/26.

The Council, recognises however that these arrangements are designed only to manage risk down to a reasonable level and cannot provide absolute assurance that the Council will successfully deliver all of its policies, aims and objectives, and will continually monitor and refresh performance and risk reporting throughout the year to address issues that arise.

The Council remains committed to maintaining and where possible improving these arrangements, by:

- Addressing issues identified by Internal Audit and the small number of actions remaining from the 2023/24 Finance peer review.
- Focussing on key risks and areas for improvement.
- Continuing regular, open and transparent engagement with local people.
- Training and enabling staff and Members to work within good governance frameworks.
- Updating key governance frameworks in the year e.g. Risk Management Framework.









Signed on behalf of Maldon District Council:

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**Councillor Richard H Siddal**  
Leader of Council

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**Doug Wilkinson**  
Chief Executive

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Date:

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Date:



SECTION – 7

GLOSSARY OF FINANCIAL TERMS



## GLOSSARY OF FINANCIAL TERMS

For the purposes of compiling the Statement of Accounts the following definitions have been adopted:

### ACCOUNTING POLICIES

These principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- recognising;
- selecting measurement bases for; and
- presenting assets, liabilities, gains, losses and changes to reserves

### ACCRUALS CONCEPT

Income and expenditure is recognised where it is earned or incurred, not when money is received or paid.

### ACCUMULATED ABSENCES

Holiday entitlements, or any other form of leave such as time off in lieu earned by employees, which has not been taken by the end of the financial year and can be carried forward to the next financial year.

### ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, actuarial gains and losses are the changes in the actuarial surplus/deficits which arise because either events have not coincided with previous actuarial assumptions or where actuarial assumptions have changed.

### ACTUARY

An expert who advises on the cost of pensions and determines whether the Pension Fund is adequate to meet its commitments.

### AMORTISATION

Spreading the cost of an intangible asset over the expected periods of its use and benefit to the Council.

### APPROPRIATIONS

The transfer of resources between revenue/capital accounts and the reserves held by the Council.

### ASSETS HELD FOR SALE

Non-current assets which are no longer required by the Council and are marketed for sale/disposal.

### BALANCE SHEET

This statement is fundamental to the understanding of an authority's financial position at year end. It shows:

- the balances and reserves at an authority's disposal
- long-term indebtedness (which is over one year)
- the long-term and net current assets employed in its operations
- summarised information on the long-term assets (items that are held for more than one year) by category

**GLOSSARY OF FINANCIAL TERM (continued)****CAPITAL ADJUSTMENT ACCOUNT (CAA)**

An account which reflects the timing difference between the charges to the CIES account for the use of non-current assets to provide services over a number of years, and actual funds set aside to pay for the original cost of assets.

**CAPITAL EXPENDITURE**

Expenditure relating to the acquisition or enhancements of property, plant & equipment assets, heritage assets, intangible assets and investment property and certain other items meeting the definition of capital expenditure under statute.

**CAPITAL FINANCING REQUIREMENT(CFR)**

This is a measure of the Council's need to borrow funds to pay for capital expenditure.

**CAPITAL RECEIPTS**

Proceeds from the sale of an asset. Sums received and not yet used for further capital expenditure are held in the Usable Capital Receipts reserve.

**CAPITAL PROGRAMME**

The Council's budget for capital expenditure and resources over the current and future years. Income generated from the sale of capital assets and the repayment of grants/loans given for capital purposes. The government prescribes the amount of the receipt which must be set aside to repay debt and the usable amount which may be used for finance capital expenditure.

**CASH AND EQUIVALENTS**

Cash available at immediate notice and short-term investments readily convertible to cash without risk to the principal sum.

**COLLECTION FUND**

A fund administered by the Council recording receipts from Council Tax and Business Rates, and payments to the General Fund and other public authorities, including Central Government.

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

A statement that reports the net cost for the year of all the functions for which the authority is responsible and demonstrates how that cost has been financed from general government grants and income from taxpayers. The most obvious difference from the Income and Expenditure Statement (which, under IFRS, it replaces) is that it now includes the Statement of Total Recognised Gains and Losses (STRGL).

**CONDITION**

With reference to grants, a condition typically means that the grant awarding body may ask for it back if it is not used for a stated purpose. This is not the same as a specific grant, which is given for a specific purpose but which may legally be spent on something else if the recipient sees fit.

Grants may either be "with conditions" or "without conditions" – the nearest equivalent terms previously used were "ring fenced" and "non-ring fenced."

**CONTINGENT ASSET AND LIABILITY**

A contingency is a condition which exists at the balance sheet date, the outcome of which depends on one or more uncertain future events and which cannot, therefore, be reliably or accurately estimated. Contingencies in the council's favour are called contingent assets; contingencies which, if realised, would incur a cost to the council are called contingent liabilities.



**GLOSSARY OF FINANCIAL TERM (continued)****DEPRECIATION**

The measure of wearing out, consuming, or other reduction in the useful economic life of a fixed asset, whether arising from use, passing of time or obsolescence. It means that, rather than the whole cost of an asset being charged to revenue in the year in which it is acquired, the cost is spread out over the life of the asset.

**FAIR VALUE**

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**GENERAL FUND (GF)**

The account that summarises the revenue cost of providing services that are met by the council's demand on the collection fund, specific government grants and other income.

**MATCHING**

The matching concept says that expenditure and income transactions, including accruals, are matched with one another so far as their relationship can be established, or justifiably assumed, and dealt with in the period to which they relate.

**MINIMUM REVENUE PROVISION (MRP)**

The minimum revenue provision (MRP) is the minimum amount that must be charged to an authority's revenue account each year and set aside as a provision for debt repayment or other credit liabilities.

**MOVEMENT IN RESERVES STATEMENT (MIRS)**

This replaces the Statement of Movement on the General Fund Balance (SMGFB), reconciling the Comprehensive Income and Expenditure Statement for the year with the authority's budget requirement, which is governed by statute and differs in certain key respects from accounting conventions.

**PROVISION**

Amounts set aside for any liability or loss that is likely to be incurred, but where the exact amount and date is uncertain.

**PRIVATE FINANCE INITIATIVE (PFI)**

PFI offers a form of Public-Private Partnership in which local authorities do not buy assets but rather pay for the use of assets held by the private sector.

**REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation or enhancement of Council Owned assets.

**RESERVES**

Funds set aside to meet future expenditure which falls outside the definition of provisions. Reserves can be for general contingencies and to provide working balances or earmarked for specific future expenditure.

Note that certain reserves are statutory in nature – for example, the council is obliged to hold a revaluation reserve and its use is closely prescribed under the IFRS as interpreted for use in local government. The council has no discretion in the existence or use of these reserves.

GLOSSARY OF FINANCIAL TERM (continued)

STATUTORY PROVISION FOR THE FINANCING OF CAPITAL INVESTMENT

Formerly known as the Minimum Revenue Provision (MRP), this is the minimum amount that must be charged to a local authority's revenue account each year and set aside to provide for debt repayment or other credit liabilities.

SUBSTANCE OVER FORM

The concept of substance over form requires that transactions and other events are accounted for and represented in financial statements with regard to their economic substance and financial reality rather than just their legal form.





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