

08 July 2026



Princes Road
Maldon
Essex CM9 5DL

www.maldon.gov.uk



APOLOGIES: Committee Services
Email: Committee.clerk@maldon.gov.uk

CHIEF EXECUTIVE
Doug Wilkinson

Dear Councillor

You are summoned to attend the meeting of the;

PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE

on **THURSDAY 16 JULY 2026 at 7.30 pm**

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

Please Note: All meetings will continue to be live streamed on the [Council's YouTube channel](#) for those wishing to observe remotely. Public participants wishing to speak remotely at a meeting can continue to do so via Microsoft Teams.

To register your request to speak / attend in person please complete a [Public Access form](#) (to be submitted by 12noon on the working day before the Committee meeting). All requests will be considered on a first-come, first-served basis.

A copy of the agenda is attached.

Yours faithfully

Chief Executive

COMMITTEE MEMBERSHIP:

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

Please note: Electronic copies of this agenda and its related papers are available via the Council's website www.maldon.gov.uk.





AGENDA
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
THURSDAY 16 JULY 2026

1. **Chairperson's Notices**

2. **Apologies for Absence**

3. **Minutes of the last meeting** (Pages 5 - 16)

To confirm the Minutes of the Performance, Governance and Audit Committee held on 4 June 2026 (copy enclosed).

4. **Matters Arising** (Pages 17 - 18)

To note the matters arising from the last meeting of the Committee (copy enclosed).

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.

7. **Internal Audit Reports** (Pages 19 - 20)

To consider the report of the Director of Finance (copy enclosed).

a) **Internal Audit Progress Report (July 2026)** (Pages 21 - 28)

b) **Follow Up of Recommendations Report (July 2026)** (Pages 29 - 40)

c) **IT Governance - Final Report (April 2026)** (Pages 41 - 56)

d) **Medium Term Financial Strategy - Final report (May 2026)** (Pages 57 - 76)

e) **Accounts Payable - Final Report (June 2026)** (Pages 77 - 92)

f) **Annual Report and Opinion - Draft (July 2026)** (Pages 93 - 110)

8. **UK Shared and Rural England Prosperity Funds** (Pages 111 - 118)
To consider the report of the Director of Strategy and Improvement, (copy enclosed).
 9. **Review of Financial Regulations** (Pages 119 - 188)
To consider the report of the Director of Finance (copy enclosed).
 10. **Pre-Audit Statement Of Accounts, 2025/26** (Pages 189 - 334)
To consider the report of the Director of Finance (copy enclosed).
 11. **Any other items of business that the Chairperson of the Committee decides are urgent**
-

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

We do not have any fire alarm testing scheduled for this meeting. In the event of a fire, a siren will sound. Please use either of the two marked fire escape routes. Once out of the building please proceed to the designated muster point located on the grass verge by the police station entrance. Please gather there and await further instruction. If you feel you may need assistance to evacuate the building, please make a member of Maldon District Council staff aware.

Health and Safety

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

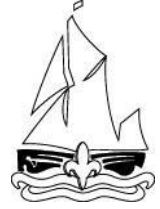
Closed-Circuit Televisions (CCTV)

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.

This page is intentionally left blank



**MINUTES of
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
4 JUNE 2026**

PRESENT

Chairperson	Councillor W Stamp, CC
Vice-Chairperson	Councillor M G Neall
Councillors	S Dodsley, J C Hughes, R G Pratt, U G C Siddall-Norman, N D Spenceley and M E Thompson
In attendance	Councillor(s) S J N Morgan
Independent Person	Mr Derek Smith

60. CHAIRPERSON'S NOTICES

The Chairperson welcomed everyone to the meeting and went through some general housekeeping arrangements for the meeting. She welcomed all Members, Officers, members of the public and the internal and external auditors that were present and introductions were made at this point.

New Member Councillor S Dodsley was welcome to the Committee and the Chairperson thanked Councillor N D Spenceley who had served as an excellent vice-chairperson over the past year. She then introduced Councillor M G Neall, the newly appointed Vice-Chairperson of the Committee and asks him to introduce himself. Councillor Neall thanked Members for the opportunity to serve as Vice-Chairperson of the Committee and reassured them that he would work for the best outcomes of the Committee while supporting the Chairperson as required. He noted that his professional audit background equipped him to provide transparent, accountable and objective scrutiny, and that he looked forward to working with all members to strengthen the Committee's governance for the future.

61. APOLOGIES FOR ABSENCE

An apology for absence had been received from Councillor R H Siddall.

Councillor S J N Morgan advised that he was attending as a substitute for Councillor D O Bown. However, after clarification with the Monitoring Officer, the Chairperson informed Councillor Morgan he was unable to act as a substitute as the appropriate notification had not been received. She advised that he was welcome to remain for the meeting but would not be permitted to vote.

62. MINUTES OF THE LAST MEETING

RESOLVED that the Minutes of the meeting of the Committee held on 12 March 2026 be approved and confirmed.

63. MATTERS ARISING

The Committee noted the matters arising from the last meeting.

It was confirmed that all Members of the Committee had received an update on the Local Development Plan sent by the Director of Place, Planning and Growth via email.

64. DISCLOSURE OF INTEREST

There were none.

65. PUBLIC PARTICIPATION

No requests had been received.

66. 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 2026 / 27.

The Chairperson proposed that Mr Derek Smith be reappointed for the Municipal Year 2026 / 27. This was duly seconded and agreed.

In response, Mr Smith thanked Members for his reappointment. He suggested that consideration be given to the Committee receiving a summary of major Key Performance Indicators (KPIs) rather than the level of detail currently presented. In response the Chairperson explained that the Committee had previously requested this level of detail. The Chief Executive referred to the progress made in the last 12 months and suggested that covering reports could summarise if a KPI was in a positive or negative position. The Chairperson advised that this could be investigated and if appropriate she would then propose a change from the chair at a future meeting.

RESOLVED that Mr Derek Smith be reappointed as Independent Person to the Performance, Governance and Audit Committee for the Municipal Year 2026 / 27.

67. PLAN FOR THE AUDIT OF THE ACCOUNTS FOR THE FINANCIAL YEAR 2025 / 26

The Chairperson drew Members' attention to a replacement report that had been circulated and replaced the version circulated when the agenda was printed.

The Committee considered the report of the Director of Finance, which presented KPMG's (the appointed external auditor) draft External Audit Plan and Strategy for the year 2025 / 26 (attached as Appendix 1). Members noted that the audit findings and recommendations would be reported later in the year, with the final audit opinion expected by the statutory backstop date of 31 January 2027. The estimated audit fee of £219,000 was also highlighted.

The Director of Finance took Members through his report and commented that the performance of the Council throughout the 2024/25 accounts had been strong and

there were a number of positives to be taken from this. The Committee was informed of the wider context of local government audit, including significant increases in audit fees since the end of the Audit Commission regime and a marked decline in unmodified audit opinions across Greater Essex. Members noted that audit contracts continued to be managed nationally by Public Sector Audit Appointments (PSAA), and that the International Financial Reporting Standards (IFRS)-based accounting framework remained in place, adapted through the Chartered Institute of Public Finance and Accountancy (CIPFA) Code for local government needs.

It was also reported that a new Local Audit Office would replace the current PSAA-led arrangements from 2028/29, with expectations of improved engagement with councils. The Committee acknowledged that the audit supported the Council's governance objectives and that the associated financial implications had been accounted for within the budget.

The Director handed over to Emma Larcombe, Director of KPMG to present her draft plan for the audit review of the accounts 2025/26. Ms Larcombe highlighted how it was essential to look ahead to the work planned as part of the audit and drew Members' attention to specific areas including:

- Audit materiality – highlighting performance materiality and how this level had been increased as a result of the work carried out in the previous year, moving the threshold up to 75%.
- Key audit risks were consistent with what had been seen the previous year.
- A Value for Money (VFM) risk assessment had not been presented and would be reported at the next meeting. Members were advised that there were no VFM concerns in the previous year.
- Audit timeline – this had been developed based on management's financial reporting timetable with an absolute backstop being the end of January 2027.
- Fees – It was noted that these were set by the Public Sector Audit Appointments and considered reasonable for the statutory audit and VFM work required. Ms Larcombe informed the Committee that there were a number of different assumptions but KPMG had provided an estimate of the maximum fees.
- Build back Assurance – Build Back Assurance had experienced several periods of disclaimed audit opinions, but the Committee was advised that the Council had now begun to make progress through the 'rebuilding assurance' process started last year. Members noted that significant work had already been completed on the 2024/25 audit, and that KPMG aimed to complete all risk assessment work in time to determine whether the Council could move away from a disclaimed opinion at the point of signing. This would be presented at the next meeting of the Committee and shared with the Ministry of Housing Communities and Local Government who would give the Council a grading.

In response to a query Ms Larcombe provided further details regarding the scale of fees. The Director of Finance advised that the PSAA website contained some further information regarding fee transparency, and the Council did not have the opportunity to disagree or argue with the fees. There was some discussion regarding the fees and in response the Director agreed to produce a briefing note for Members setting out the basis of the fee scale, charges and the way in which additional charges were added. In relation to the rate card included in the KPMG position for the likely fees he agreed to also provide some breakdown of the basis behind the chart.

The Chairperson then put the recommendation set out in the report. This was duly seconded and agreed.

RESOLVED that Members considered and commented on the DRAFT – KPMG External Audit Plan and Strategy for the year ended 31 March 2026 (attached at Appendix 1 to the report).

68. INTERNAL AUDIT REPORT

The Committee considered the report of the Director of Finance and associated Internal Audit report from BDP LLP – Internal Audit Plan 2026/27/

Internal Audit Plan 2026 / 27

The Director of Finance referred to the Internal Audit Plan (the Plan) as a positive report and commented on the extensive engagement that had taken place across the Senior Leadership Team alongside the current Chairperson and previous Vice-Chairperson of this Committee.

Mr Aaron Winter (BDO LLP) presented the report and highlighted how an update to Global International Audit standards from 1 April 2025 required a number of additional documents which was why the Internal Audit Strategy and Quality Assurance Improvement Plan were attached to the annual plan.

The annual plan for 2026 / 27 had been collated following the extensive annual planning process, building on previous work done with the Council and consideration by the Council's Senior Leadership Team. It was also forward thinking, looking across other authorities and took into consideration Local Government Reorganisation. It was noted that the Plan would be reviewed to ensure it prioritised the risks that the Council faced, and any changes would be reported to this Committee.

Mr Winter drew Members' attention to Appendix 2 to the Plan, which was a charter and formal contract between BDO, management and the Committee.

The Chairperson commented that this was a very good report and this was echoed by other members of the Committee.

In response to a question regarding the strategic risk 'failure to maintain a Five-Year Housing Land Supply' (5YHLS), the Director of Place, Planning and Growth explained that, following the Government's change to housing figures calculation method, the Council no longer had a 5YHLS. He confirmed that this risk related to the tilted balance, increasing the likelihood of losing planning appeals and reducing the Council's control over development sites as a result. It was noted that each planning application was assessed on its individual planning merits and the specific facts of the case.

At this point the Chairperson thanked Councillor S Dodsley who this week was attending an appeal hearing in the chamber on behalf of the Council.

Internal Audit reports continued

The Chairperson then moved the recommendation set out in the report, taking into consideration the earlier discussions. This was duly seconded and approved.

RESOLVED that Members considered, commented and approved the Internal Audit (BDO) internal audit plan for the current year; the Internal Audit strategy for the period 2026-27; and the Quality Assurance Improvement Plan (at 9a).

69. COUNCIL CONSTITUTION - SCHEME OF DELEGATION TO OFFICERS - ENVIRONMENTAL HEALTH POWERS AND DUTIES - UPDATE

The Committee considered the report of the Director of Legal and Governance seeking Members' agreement to update the Council's Constitution to include new legislative powers and duties.

The Scheme of Delegation within the Council's Constitution contained a list of functions including the exercise of powers and duties under various legislative and statutory provisions relating to Environmental Health matters. Members were advised of the Renters' Rights Acts which had come into force from 1 May 2026 and contained various powers and duties exercisable by a local authority and set out in the report. As there was a range of these powers falling to the Council it was appropriate that they be included within the Environmental Health list set out in the Scheme of Delegation and operated by the Director of Neighbourhood Services and Communities.

The Chairperson put the recommendation set out in the report to the Committee. This was duly seconded and agreed.

RECOMMENDED that the Renters' Rights Act 2026 be included within the list of legislation and statutory provisions in the Scheme of Delegation and delegated to the Director of Neighbourhood Services and Communities together with the ability of the Director to authorise appropriate Officers to undertake the new powers and duties on behalf of the Council.

70. 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 to 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 U G C Siddall-Norman 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 S Dodsley, M G Neall, U C G Siddall-Norman, 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;

Outside Body	2026 / 27 Representative(s)
Chairs of Audit Committee Forum	Chairperson of the Performance, Governance and Audit Committee (PGA) <i>Substitute: Vice-Chairperson of the PGA</i>
Town and Parish Engagement Forum	Chairperson of the PGA <i>Substitute: Vice-Chairperson of the PGA</i>
Process Improvement Champions	Councillors U G C Siddall-Norman and M E Thompson

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

Working Groups	2026 / 27 Representative(s)
Performance, Governance and Audit Working Group	Councillors S Dodsley, M G Neall, U G C Siddall-Norman, W Stamp and M E Thompson

71. BALANCED SCORECARD EXCEPTIONS REPORT

The Committee considered the report of the Chief Executive reporting exceptions to operational service and provided visibility of any identified Balance Scorecard Key Performance Indicators (KPIs) that had met their threshold, supported by an action plan to ensure targets were met.

The Chairperson introduced the report and deferred to the Head of Performance, Improvement and LGR to present the detail. It was noted that the report covered the period July 2025 to March 2026 and section 3.3 highlighted areas of overperformance and section 3.4 areas of underperformance as well as an update on the action being taken. It was noted that the Senior Management and Leadership Teams regularly reviewed this data prior to it being reported on a six-monthly basis to this Committee to provide Members assurance that operational performance was being managed effectively. Appendix 1 to the report provided further performance data.

The Chief Executive reported that sickness levels were above target but noted that new reporting processes and proactive management work were underway. He advised that greater stability following the restructure was expected to produce a more positive picture in the next quarter and reassured the Committee that measures were in place to better manage absence and support staff returning to work.

The Director of Place, Planning and Growth provided some further information regarding the major planning appeal data Key Performance Indicator, listed in section 3.5 of the report. It was noted that although this figure was on a two-year rolling figure it was not reported until nine months after it had happened. Members were reassured by the Director of the close review undertaken by Officers to ensure the Council stayed below the 'less than 10%' target and this was reported through the Planning Policy Working Group. Members were informed that at the request of the Director of Place, Planning and Growth an external peer review of the development management service had recently been undertaken and an action plan would be developed from the findings.

The Chairperson referred to the appeal decisions detailed in Appendix 1 to the report and questioned whether the related costs were available. In response, Members were informed that Officers were reviewing the costs awarded against the Council at appeal as well as the costs to the Council in supporting appeals. It was agreed that further information regarding these costs would be provided to Members before the end of the financial year.

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

RESOLVED

- (i) That the Committee reviewed and commented on exceptions to service reporting provided in the report;

- (ii) That Members noted the additional performance detailed in Appendix 1 to the report;
- (iii) That Members confirmed they were assured through this review, that operational performance was being managed effectively.

72. ANNUAL GOVERNANCE STATEMENT ACTIONS UPDATE

The Committee considered the report of the Chief Executive providing Members with an update on the actions identified in the Annual Governance Statement (AGS). The Chairperson introduced the report and deferred to the Head of Performance, Improvement and LGR, to present the detail.

The Head of Performance, Improvement and LGR took the Committee through the report that covered the best practice governance actions identified in the 2023 / 24 AGS and an update on progress against these. It was noted that the AGS was in line with the Chartered Institute of Public Finance and Accountancy best practice, reflective of governance matters and forward looking about where the Council could make improvements.

Section 3.5 of the report provided a table of actions, and it was noted that all actions were now marked as complete. A commentary for Quarter Four was also provided for the Committee's review. The Head of Performance, Improvement and LGR advised that Officers were tracking and reporting back on further actions identified in the 2025 / 26 AGS.

In response to a question regarding Local Government Reorganisation (LGR), the Head of Performance, Improvement and LGR explained that there were LGR actions for 2025 / 26 which would come forward to the Committee once these are reported on.

The Chairperson proposed that the recommendation as set out in the report be agreed. This proposal was duly seconded and agreed.

RESOLVED that the Committee reviewed the Annual Governance Statement table at paragraph 3.5 to the report and the updates within the report and challenged where necessary.

73. 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 Head of Performance, Improvement and LGR presented her report for quarter four (Q4) (January – March 2026) and advised that since quarter three there had been no changes to existing risks.

In response to a request to provide further information in the risk tables within Appendix 1, Members were advised that Officers were working to include inherent risk ratings for Quarter One reporting.

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.

74. CORPORATE PERFORMANCE - QUARTER 4

The Committee considered the report of the Chief Executive that required the Committee to undertake a quarterly review of the Corporate Performance, as assurance that performance was being managed effectively to achieve the corporate outcomes as set out in the Council's Corporate Plan 2025 - 2028. Appendix 1 to the report provided an overview of performance as at the end of Quarter 4 (Q4) (December 2025 to March 2026).

The Head of Performance, Improvement and LGR took the Committee through the report which provided an update on the measures used to validate progress against the corporate plan. Of the 57 indicators, 47 met their targets, eight were not met and two were under review, with overall performance considered strong given the scale of operational demand. Officers were undertaking a review of indicators and targets ahead of the Quarter 1 2026 / 27 reset, and any changes would be reported in the next update to the Committee.

Referring to the earlier query raised by Mr Smith (Independent Person), the Head of Performance, Improvement and LGR drew Members' attention to the header page for each corporate priority which provided a summary of Key Performance Indicators under that priority. The Chairperson asked the Independent Person if he was happy with the summary and in response, Mr Smith advised that he was, referred to a number of positive items and questioned how the information was shared with residents and other people. The Chairperson highlighted the excellent work of the Council's Communications Team and the Director of Strategy and Improvement referred to a video, due to be shown at a later point in the meeting, which highlighted some of the delivery in respect of the Council's work supporting communities.

In response to a question regarding the indicator 'delivering good quality services', the Head of Performance, Improvement and LGR highlighted that 94% of the indicators within this area had been marked as complete for the year.

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

RESOLVED

- (i) That Members reviewed the information as set out in this report and Appendix 1 to the report, with priority focus given to the Strategic Priority level performance;

- (ii) That Members confirmed they are assured through this review that corporate performance was being managed effectively.

75. HEALTH AND SAFETY UPDATE - QUARTER FOUR 2025 / 26

The Committee considered the report of the Director of Neighbourhood Services and Communities that provided an update on Health and Safety statistics and activity during Q4 (1 January to 31 March 2026).

The Corporate Health and Safety Manager took the Committee through the report advising on the numbers of accidents / incidents and near misses and incidents of unacceptable behaviour during this quarter. In addition, the report set out a number of health and safety actions and provided an update on their progress. Members were informed that the standalone Senior Manager Group meetings for health and safety had been incorporated into the Senior Management Team agenda. The report also provided further update in respect of system resources, training, fire risk assessments, policies and procedures, health and safety inspections, Legionella, training and accident / near miss reporting. It was noted that the two audit actions for this period had been completed and closed. The priorities for the next quarter were set out in the report and noted by Members.

The Officer gave thanks to the Parks Team for its diligent reporting of incidents and proactive approach. It was reported that the new lone working devices should shortly be deployed with relevant officers. Thanks were also given to the Head of Assets, Countryside and Coast for his work on the actions assigned to him.

The Chairperson thanked the Officer for an excellent report and then 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.

76. 2026 BIODIVERSITY DUTY REPORT

The Committee considered the report the Director of Place, Planning and Growth seeking Members' approval of the 2026 Maldon District Biodiversity Duty report (BDR) (attached as Appendix 1 to the report) and prepared to comply with duties in the Environment Act 2021 (the Act).

It was noted that the Act introduced a requirement for Local Authorities to publish a BDR, including information on the outcomes of the mandatory Biodiversity Net Gain (BNG) regime delivered through the planning system. Further details of the requirements of the Act were set out in the report. The Council's first BDR had been approved by this Committee on 18 June 2024. The 2026 report covered the period 2 January 2024 to 1 January 2026 and summarised the Council's biodiversity-related policies and actions along with proposed future actions and reported on Biodiversity Net Gain Plans approved through the planning process.

The Chairperson welcomed the Principal Policy Planner to the meeting and deferred to her. The Principal Policy Planner then introduced the report and took Members through the BDR which had been structured into three sections.

During the debate that ensued and in response to questions raised by Members, the following information was provided:

- The work done by the voluntary service was highlighted and it was questioned whether this information was monitored. Members were advised that this information was not captured by the BDR, as this only reported on Maldon District Council owned land and the requirement under BDR was to report on the Council's own actions.
- BNG had its own monitoring regime, but no habitat improvement was being reported at this time due to the newness of the system. The Council, however, would be monitoring this.
- The future installation of a butterfly green roof at Riverside Park, Burnham-on-Crouch referred to a green roof planted to encourage butterflies and their caterpillars. This would be installed and managed by the Council's Parks Team. The Chairperson asked to be notified once this was operational.
- The replacement of lawns with wildflower mixes was raised and in response the Officer explained the difficulty in managing the 28 areas of the Council's land assets for biodiversity because of their multi-functional nature. The report highlighted the work being undertaken by the Parks team, which included work to rewild certain areas and mowing paths through meadows. The Chairperson asked that biodiversity within the Council's land asset areas be looked at and in response Members were advised that their comments would be taken back to the relevant team for consideration.
- The Officer provided some further details regarding habitat banks and the benefit of having them throughout the District. It was noted that these were landowner led, a commercial enterprise between them and the developers, with developers buying BNG habitat units that the Habitat Banks grow / manage. They are registered nationally and monitored through that.

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

RESOLVED that the 2026 Maldon District Biodiversity Duty Report (Appendix 1 to the report) be approved.

77. UK SHARED AND RURAL ENGLAND PROSPERITY FUNDS

The Committee considered the report of the Director of Strategy and Improvement providing an update on progress of the UK Shared and Rural England Prosperity Funds (UKSPF) for the allocation period 2025 / 26.

Members were reminded that the Chancellor had confirmed the continuation of UKSPF for a further year, allowing local authorities to invest in local growth, in advance of wider funding reforms. The Council on 3 April 2025 had approved the proposed projects to be delivered and granted delegated authority to the Chief Executive, in consultation with the Leader of the Council, Chairperson of the Strategy and Resources Committee and Ward Members to identify projects for delivery.

The Council had submitted its forecast spend, outputs and outcomes for 2025 / 26 to the Ministry of Housing, Communities and Local Government (MHCLG) who had confirmed acceptance of the submission. It was noted that of the £738,369 funding £670,407.25 actual spend had been incurred and Appendix 1 to the report provided a progress update on the individual projects.

The final programme report for the North Essex Economic Board Business Support delivery was attached at Appendix 2 to the report.

Members were advised that Officers would continue to deliver the projects over the funding period, submitting the required MHCLG returns, as required. Further progress updates would be reported to the Performance, Governance and Audit Committee throughout the municipal year.

Following her presentation of the report the Director of Strategy and Improvement gave a presentation which provided details regarding the Her Place, Burnham-on-Crouch project (a copy of the presentation was appended to the report). Finally, the Committee were shown a video which highlighted how the One Maldon District Partnership Thriving Places Grant had helped a number of projects within the District. The Director thanked the Head of Health Integration and Communities for driving forward this work.

The Chairperson put the recommendation as detailed in the report. This was duly seconded and agreed.

RESOLVED that the Committee acknowledged the update provided on Maldon District's UK Shared and Rural England Prosperity fund allocations for 25 / 26 and continues to monitor the delivery.

78. OFFICER MEMBER PROTOCOL

The Committee considered the report of the Performance, Governance and Audit Committee Working Group (the Working Group) seeking approval of an updated Officer Member Protocol (the Protocol) and attached as Appendix A to the report. It was noted that the draft revised Protocol had been prepared by the Monitoring Officer prior to consideration by the Working Group.

The Monitoring Officer presented the report and advised how the Protocol supported effective decision-making by setting out clear expectations about roles, responsibilities and standards of behaviour for Officers and Members. The updated Protocol refreshed wording, clarified routes for raising concerns, reflected current committee and governance structures and referenced contemporary working practices.

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

RESOLVED that the Officer Member Protocol (attached at Appendix A to the report) be approved for adoption with immediate effect, replacing the existing protocol.

There being no other items of business the Chairperson closed the meeting at 9.30 pm.

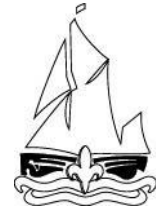
W STAMP, CC
CHAIRPERSON

This page is intentionally left blank

Matters Arising from previous meetings of the Performance, Governance and Audit Committee

Meeting Date	Minute No.	Item (Title of Report)	Action	Lead Officer	Response / Update
4 June 2026		Reappointment of Independent Person to the Performance, Governance and Audit Committee	In response to a comment from the Independent Person regarding receiving a summary of major Key Performance Indicators (KPIs), the Chief Executive referred to the progress made in the last 12 months and suggested that covering reports could summarise if a KPI was in a positive or negative position. The Chairperson advised that this could be investigated, and if appropriate she would then propose a change from the chair at a future meeting.	Chief Executive	Prior to the next meeting Officers will email all Members to remind them of the detailed Member dashboard that they all have access to and how to use it. An amendment is also going to be made to the header order in future reports that come forward to the Committee so that controls are shown first.
4 June 2026		Plan for the Audit of the Accounts for the Financial Year 2025 / 26	There was some discussion regarding the fees and in response the Director agreed to produce a briefing note for Members setting out the basis of the fee scale, charges and the way in which additional charges were added. In relation to the rate card included in the KPMG position for the likely fees he agreed to also provide some breakdown of the basis behind the chart	Director of Finance	Briefing note emailed to Committee Members on 30/06/26
4 June 2026		2026 Biodiversity Duty Report	The future installation of a butterfly green roof at Riverside Park, Burnham-on-Crouch referred to a green roof planted to encourage butterflies and their caterpillars. This would be installed and managed by the Council's Parks Team. The Chairperson asked to be notified once this was operational.	Director of Neighbourhood Services and Communities	
4 June 2026		2026 Biodiversity Duty Report	The Chairperson asked that biodiversity within the Council's land asset areas be looked at and in response Members were advised that their comments would be taken back to the relevant team for consideration.	Director of Neighbourhood Services and Communities	Members' comments were noted by Officers.

This page is intentionally left blank



REPORT of DIRECTOR OF FINANCE

**to
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
16 JULY 2026**

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:

- Internal Audit Progress Report (July 2026) – at 7a;
- Follow-Up of Recommendations Report (July 2026) – at 7b;
- IT Governance - Final Report (April 2026) at 7c;
- Medium Term Financial Strategy - Final Report (May 2026) – at 7d;
- Accounts Payable - Final Report (June 2026) - at 7e;
- Annual Report and Opinion - Draft Report (July 2026) – at 7f.

2. RECOMMENDATIONS

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

- (i) Internal Audit Progress Report (July 2026) – at 7a;
- (ii) Follow-Up of Recommendations Report (July 2026) – at 7b;
- (iii) IT Governance - Final Report (April 2026) at 7c;
- (iv) Medium Term Financial Strategy - Final Report (May 2026) – at 7d;
- (v) Accounts Payable - Final Report (June 2026) - at 7e;
- (vi) Annual Report and Opinion - Draft Report (July 2026) – at 7f.

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 Chartered Institute of Public Finance and Accountancy (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)

Maldon District Council
Internal Audit Progress Report
July 2026



IDEAS | PEOPLE | TRUST

CONTENTS

SUMMARY OF 2025/26 WORK 2

REVIEW OF 2025/26 WORK..... 3

KEY PERFORMANCE INDICATORS 4

APPENDIX 1..... 5

Summary of 2025/26 Work

Internal Audit

This report is intended to inform the Performance, Governance and Audit Committee of progress made against the 2025/26 internal audit plan. 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 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' opinion. 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.



Internal Audit plan 2025/26

Since our last report on 12 March 2026, we have completed reviews on the following and include copies of the final reports separately to the progress report:

- ▶ IT Governance
- ▶ Medium Term Financial Strategy
- ▶ Main Financial Systems - Accounts Payable

We have now concluded our work for the year and this informs our Annual Report and Head of Internal Audit Opinion for 2025/26, which is presented in a separate paper.

Changes to the 2025/26 internal audit plan

The **Local Government Review** audit was deferred from the 2025/26 plan at the request of management, given the status of Local Government Reorganisation and the value a review would add now. This was replaced with a review of the **Medium-Term Financial Strategy**.

Internal Audit plan 2026/27

We have started planning the delivery of the 2026/27 audit plan following its approval by the Committee on 4 June 2026. Completed reports will be presented at future Committee meetings.

Review of 2025/26 Work

AUDIT	AUDIT COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Waste and Recycling	November 2025	✓	✓	✓	S	M
Corporate Governance	November 2025	✓	✓	✓	S	M
HR System Review	March 2026	✓	✓	✓	L	M
Safeguarding	March 2026	✓	✓	✓	M	M
Management of Property	March 2026	✓	✓	✓	M	M
Food Safety	March 2026	✓	✓	✓	S	S
IT Governance	July 2026	✓	✓	✓	M	M
Medium Term Financial Strategy	July 2026	✓	✓	✓	M	S
Main Financial Systems	July 2026	✓	✓	✓	M	S

Key Performance Indicators

QUALITY ASSURANCE	KPI	RAG RATING
1. Annual Audit Plan delivered in line with timetable	The audit plan was delivered in line with the timetable.	
2. Actual days are in accordance with Annual Audit Plan	Actual audit days were delivered in line with the Audit Plan.	
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.	
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	This target has been met for 2025/26.	
6. Issue of draft report within three weeks of fieldwork closing meeting	This KPI has been met for the nine completed audits for 2025/26.	
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 2025/26.	
8. 90% of recommendations to be accepted by management	This KPI has been met for the nine completed audits for 2025/26.	
9. Information is presented in the format requested by the customer	This KPI has been met for the nine completed audits for 2025/26.	
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 2025/26.	
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. A new EQA will be completed in 2026.	

Appendix 1

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
Substantial 	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.
Moderate 	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.
Limited 	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.
No 	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	
High 	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.
Medium 	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.
Low 	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

Aaron.Winter@bdo.co.uk

Freedom of Information

In the event you are required to disclose any information contained in this report by virtue of the Freedom of Information Act 2000 ("the Act"), you must notify BDO LLP promptly prior to any disclosure. You agree to pay due regard to any representations which BDO LLP makes in connection with such disclosure, and you shall apply any relevant exemptions which may exist under the Act. If, following consultation with BDO LLP, you disclose this report in whole or in part, you shall ensure that any disclaimer which BDO LLP has included, or may subsequently wish to include, is reproduced in full in any copies.

Disclaimer

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained in this publication without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any responsibility or duty of care in respect of any use of or reliance on this publication and will deny any liability for any loss arising from any action taken or not taken or decision made by anyone in reliance on this publication or any part of it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against BDO LLP or any of its partners, employees or agents.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO member firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

The matters raised in this report are only those which came to our attention during 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.

Copyright © 2026 BDO LLP. All rights reserved. Published in the UK.

www.bdo.co.uk

This page is intentionally left blank

INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

Maldon District Council

July 2026

Page 29



CONTENTS

SUMMARY 2

RECOMMENDATIONS: COMPLETE..... 4

RECOMMENDATIONS: IN PROGRESS..... 8

RECOMMENDATIONS: OVERDUE 10



SUMMARY

2024/25	Total Recs	H	M	L	To follow up	Previously Completed	Complete	In Progress	Overdue	Not Due
						H M	H M	H M	H M	H M
Health and Safety	6	2	3	1	5	2 2	1 -	- -	- -	- -
Contract Management	2	-	1	1	1	- -	- 1	- -	- -	- -
Building Control	5	2	2	1	4	- 1	1 1	- -	1 -	- -
GDPR	4	-	3	1	3	- 2	- -	- 1	- -	- -
Asset Management	4	-	1	3	1	- -	- -	- -	- -	- 1
Sub Total	21	4	10	7	14	2 5	2 2	- 1	1 -	- 1

2025/26	Total Recs	H	M	L	To follow up	Previously Completed	Complete	In Progress	Overdue	Not Due
						H M	H M	H M	H M	H M
Corporate Governance	4	-	2	2	2	- 1	- -	- 1	- -	- -
HR System Review	3	1	1	1	2	- -	1 1	- -	- -	- -
Safeguarding	2	-	1	1	1	- -	- -	- -	- -	- 1
Management of Property	4	1	1	2	2	- -	1 1	- -	- -	- -
Sub Total	13	2	5	6	7	- 1	2 2	- 1	- -	- 1
Total	34	6	15	13	21	2 6	4 4	- 2	1 -	- 2

Please note that 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

2024/2025

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

- ▶ One High priority rated recommendation for both Health and Safety and Building Control have been implemented along with one Medium priority rated recommendation each for Contract Management and Building Control.
- ▶ One High priority rated recommendation for Building Control has become overdue.
- ▶ One Medium priority rated recommendation for GDPR remains in progress.

2025/2026

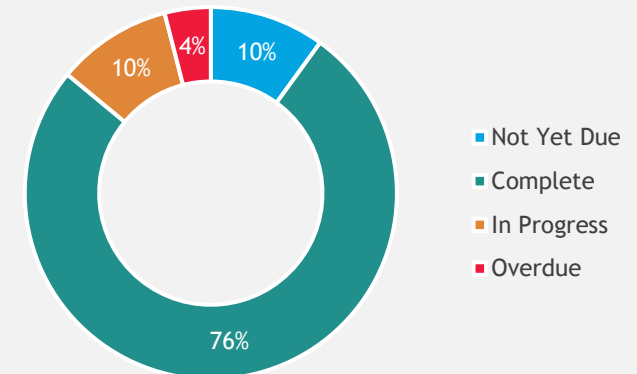
Please find below a summary of the status of implementation of recommendations arising from reports issued in 2025/26.

- ▶ Recommendations have been implemented for the following audits:
 - One High and One Medium priority rated recommendation for Management of Property.
 - One High and One Medium priority rated recommendation for HR System Review.
- ▶ One Medium priority rated recommendation for Corporate Governance remains a work in progress. This will be followed up again ahead of the next Performance, Governance and Audit Committee meeting.

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
2024/25 Health and Safety	Rec 3 3.1 The draft Health and Safety policy should be ratified and approved by the appropriate governing committee. 3.2 All the out-dated supporting guidance documents identified in the Health and Safety Policy/Procedure Index should be reviewed and updated, ensuring they align to current statutory requirements and the Council's procedures. 3.3 Once the supporting guidance documents have been reviewed and updated, they should replace the existing versions on the Council's intranet. Then advertised to staff to ensure they are fully aware of any updates/changes that have been made.	High	Paul Baccarini Corporate Health and Safety Manager	April 2026 Closed	<u>Management update:</u> 3.1 The new Health & Safety Policy was presented to the Strategy and Resources Committee on two occasions. It was approved, with requested amendments at full Council on the 25/09/2025. 3.2 All guidance documents have now been revised. 3.3 A system is in place where updated procedures and held in a central area. Old versions are saved in a superseded file for reference. Reviewed procedures have adopted a standardised naming format. <u>Internal audit comment:</u> Recommendation closed by Internal Audit following receipt of management confirmation and the provision of the stated information.
2024/25 Contract Management	Rec 1 1.1 As already planned by the Lead Specialist for Procurement as part of readiness for the Procurement Act, the Council should roll out training to all contract managers (if feedback indicated that the June 2024 training sessions were helpful, the Council may wish to rework and reuse these sessions in light of the Procurement Act). 1.2 Where staff and Members have not completed the mandatory Procurement e-learning, the Council should investigate reasons for non-completion (including any possible barriers to completion) and implement remedial actions as required (for example, explore whether training can be delivered in another format).	Medium	Debbie White Lead Specialist for Procurement	April 2026 Closed	<u>Management update:</u> 1.1 Contract manager training was delivered to contract managers. 1.2 Monthly reports are produced to highlight staff non-compliance. These are passed to the service lead to ensure staff complete training. 1.3 The Council has two high value contracts, both of which have been and are regularly audited. The contract managers are in regular contact with the suppliers, with best practises and any learning opportunities shared and endorsed via the procurement and contract management processes. Responsibilities were reinforced to contract managers in training. <u>Internal audit comment:</u>

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
	1.3 To assess understanding, compliance with expectations in practice and provide an opportunity for sharing lessons learnt, a quality assurance process should be established. Spot checks should be undertaken regularly for high value contracts (ie worth £5 million and above per the Procurement Act 2023). The Council should consider how it will test a sample of contracts, responsibilities for this and for following up with contract managers and providing opportunities to share learning wider (for example through one-to-ones, internal communications, team meetings, or training).				Recommendation closed by Internal Audit following receipt of management confirmation and the provision of the stated information.
2024/25 Building Control	Rec 2 2.1 Establish a system to ensure changes in Building Control fees are correctly communicated to the Building Control team, so they are implemented and correctly displayed on the Council website in a timely manner. 2.2 Consider introducing a quality control process to verify correct fees are charged and received throughout the year.	High	Ben Jay Director of Finance	April 2026 Closed	<u>Management update:</u> 2.1 The S&R finance report includes an update on the proposed timeline for preparation of the 26/27 budget, including fees and charges timings. 2.2 Undertaken as part of the budget setting and fees and charges process for 2026/27. <u>Internal audit comment:</u> Recommendation closed by Internal Audit following receipt of management confirmation and the provision of the stated information.
2024/25 Building Control	Rec 4 To ensure Building Control fees are set at the correct level, officers should compile a documented rationale for each of the fees based on the Building Control chargeable rate.	Medium	Mark Jaggard Director of Place, Planning & Growth	September 2025 October 2025 May 2026 Closed	<u>Management update:</u> 2026/27 fees and charges have been set, and in doing so the Council has indicated it was satisfied that the fees were set at the right rate. Following the minded to decision in March 2026, there will be a process of considering fees and charges across the new Unitary area for the 2027/28 financial year. <u>Internal audit comment:</u> Recommendation closed by Internal Audit following receipt of management confirmation of actions taken.

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2025/26 Management of Property	Rec 1	High	Frank Britt	March 2026	<u>Management update:</u> 1.1 A statutory inspection tracker report has now been implemented to identify and monitor all required inspection certificates for each property (if required). This will strengthen oversight of upcoming inspection and check completion, supported by RAG-rated monitoring and regular reporting to senior management to ensure ongoing compliance and effective governance. Budget capacity has been made for 2026/27. 1.2 The Assets Support Officer has put in place an Asset SharePoint site, providing a single centralised location to support improved record-keeping, transparency, and accessibility of information across the service. <u>Internal audit comment:</u> Recommendation closed by Internal Audit following receipt of management confirmation and the provision of the stated information.
	1.1 The Council should continue with the plans to clear the backlog of overdue fire risk assessments. The Council now has a tracker in place to identify and monitor the statutory inspection certificates required for each property, therefore oversight of the completion of inspections/checks should be enhanced and RAG rated, with regular reporting to senior management. 1.2 An arrangement to share or upload records of remedial works to a centralised location should be discussed between the Assets Support Officer and the Asset & Maintenance Team Leader.		Asset and Building Services manager	Closed	
2025/26 Management of Property	Rec 2	Medium	Frank Britt	May 2026	<u>Management update:</u> 2.1 We agree and continue to identify all pending rent reviews. The Council will undertake this exercise regularly and addresses as required. 2.2 Invoice data is now loaded on uniform and managed from one data source in collaboration with the assets team ensuring all increases are addressed. Regular live output is also available to support the process. 2.3 All records of rent reviews/leases are saved to a central location (Sharepoint). <u>Internal audit comment:</u> Recommendation closed by Internal Audit following receipt of management confirmation and the provision of the stated information.
	2.1 The Council should perform a reconciliation exercise to identify the rent reviews which remain outstanding and clear this backlog as soon as possible. The issue of backlogs in rent reviews should be reported to and overseen by senior management on a regular basis until cleared. 2.2 The Resources Caseworker and Assets Support Officer should liaise with each other and to refresh Finance's schedule for upcoming or overdue rent increases in line with CPI. 2.3 An arrangement to share or upload records of rent reviews to a centralised location should be discussed between the Assets Support Officer and the Casework Manager.		Asset & Building Services Manager	Closed	

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2025/26 HR System Review	Rec 1 The Council and the HR service provider should prioritise establishing a Service Level Agreement to set clear expectations and responsibilities	High	Helen Norrington Lead HR Specialist	April 2026 Closed	<u>Management update:</u> The Service Level Agreement was located and responsibilities reviewed. <u>Internal audit comment:</u> Recommendation closed by Internal Audit following receipt of management confirmation and the provision of the stated information.
2025/26 HR System Review	Rec 2 The Council should: a. Establish a formal schedule for regular permission reviews. b. Consider the use of the project group to embed system changes and set clear timescales for access reviews. c. Implement exception reporting and actively review audit logs, clarifying responsibility and frequency for HR and IT.	Medium	Helen Norrington Lead HR Specialist	April 2026 Closed	<u>Management update:</u> The HR system is in full use at the Council. With continuous improvements being dealt with and actioned when identified. The Select HR working group has now disbanded as the system is fully operation. <u>Internal audit comment:</u> Recommendation closed by Internal Audit following receipt of management confirmation and the provision of the stated information.

RECOMMENDATIONS: IN PROGRESS

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2024/25 GDPR	Rec 3 3.1 Where staff and Members have not completed the mandatory refresher Data Protection training, the Council should investigate reasons for non-completion (including any possible barriers to completion) and implement remedial actions as required (for example, explore whether training can be delivered in another format). 3.2 As Managers are required to follow up with staff in their teams who have not completed the mandatory training, Assistant Directors should follow up with managers to ensure that staff in their teams who have not completed the training do so as soon as possible. 3.3 While poor completion has been noted at ELT as part of management reporting KPIs in the Balance Scorecard, KPIs should be escalated to CLT and Performance, Governance and Audit Committee where they have failed targets for three or more months, with remedial actions identified. 3.4 The Council should ensure that Members complete the mandatory refresher Data Protection training, and that this is enforced and monitored going forward. 3.5 Management should review and, where necessary, update the Council's training module. 3.6 As part of the RoPA review, the Council should retrospectively review all data processing activities, to determine whether a DPIA may be required.	Medium	Emma Holmes Director of Legal and Governance	April 2026 August 2026	<u>Management update:</u> 3.1 Following notice on 06/01/2026 that learn and connect are withdrawing their services all member training has now been transferred to BoxPhish. This is a system more members are comfortable with and compliance is monitored by the PGA Committee on a quarterly basis with a member breakdown being requested. Staff compliance is monitored through SLT. 3.2 Due to the withdrawal of our current elearning provider monitoring is currently suspended as no staff can undertake the training at present. This will remain part of the balance scorecard and reportable to SLT once the new course is agreed. 3.3 SLT monitor compliance as part of balance score card review and where target are not met this is reported to PGA Committee. 3.4 Member Training Raised at Council's PGA Committee as a reminder. Main Online Training Provider has ceased to provide a service and all training has moved to BoxPhish. Members are familiar with BoxPhish and it is expected that this will improve compliance. However, officers have no ability to sanction Members who do not undertake the training. 3.5 The annual review was unable to take place as the provider notified us of ceasing to provide the service. This was not anticipated and as an initial workaround training was proposed to be moved to BoxPhish. The training programme was not transferred to the new platform and new training is currently being reviewed across the organisation for implementation. 3.6 Review carried out and additional column added to ROPA where DPIA required. <u>Internal audit comment:</u> This recommendation is a work in progress following the cessation of the Council's training provider. A new implementation date has been agreed to allow more time to address the identified actions.

AUDIT	RECOMMENDATIONS MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2025/26 Corporate Governance	Rec 2 2.1 The Council should ensure terms of reference are up-to-date and version controlled so it is clear when the document was last reviewed and when it will be subsequently reviewed. 2.2 The Council should ensure where a Working Group reports to a committee the subsequent Working Group minutes note this and confirm the outcome for information purposes.	Medium	Cheryl Hughes Head of Performance, Improvement and LGR Strategy and Improvement	November 2025 June 2026	<u>Management update:</u> A note has been circulated to officers involved in working groups to highlight this recommendation. For the first meeting that takes place in the municipal year, we will ensure terms of reference are reviewed when each working group sits. In May, the first working group meetings will review / refresh and this will finalise the action <u>Internal audit comment:</u> The implementation date for this recommendation is 30/06/2026 and therefore was not due at the time of the follow up process although progress has been provided by management to confirm actions are being undertaken in line with recommendations made.

RECOMMENDATIONS: OVERDUE

These recommendations have been marked as overdue as they have previously revised their implementation date. Therefore, they have now missed at least two implementation dates.

AUDIT	ACTIONS AGREED	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2024/25 Building Control	Rec 1 1.1 Review the performance management requirements detailed within the Building Control Policy to see if they are still relevant and in line with the BSR statutory requirements. 1.2 Establish a process to best monitor and report on the performance of the Building Control service to ensure it is effective and efficient. 1.3 Regular reports based on the new performance management requirements should be presented to ELT Service Catch-Up, to enable exception reporting to senior management, so there is more adequate oversight of the performance of the Building Control service. 1.4 Further investigate the reporting functionality of IDOX Uniform to ensure it is fit for purpose to meet the requirements of the Building Safety Regulator. If required, arrange for additional training for officers so they can fully utilise Uniform. The service could also contact other local authorities who use Uniform, to establish how they are meeting the requirements.	High	Danielle Blake Head of Service Housing and Building Control	December 2025 April 2026 August 2026	<u>Management previous update:</u> The Building Control Policy has been reviewed and now incorporates the requirements of the Building Safety Regulator. The Building Control Policy & Procedures 2025-2028 was presented to Strategy & Resources Committee on 24 July 2025, with a recommendation for Council to adopt it. S&R Committee approved the Building Control Policy including all updated performance management requirements that align with the BSR requirements. Recommendation was made to Council in September 2025 to adopt the policy, however this has been deferred to Q4 to encompass enforcement elements. <u>Management most recent update:</u> 1.1 Previously completed. 1.2 A power bi dashboard is now built and linked to the system to allow regular review of service performance. 1.3 The data can now be extracted from Power BI and can be used and reported on if required. Review of Balance Scorecard Report and what needs to be included going forward. 1.4 Awaiting upgrade of IDOX and site inspection app to be able to provide information required. Training will also need to be rolled out. <u>Internal Audit comment:</u> Recommendation is now classed as Overdue as the revised implementation date has not been met. However, only part 1.4 of the recommendation is left to complete.

FOR MORE INFORMATION:**AARON WINTER**

Aaron.Winter@bdo.co.uk

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

© 2026 BDO LLP. All rights reserved.

www.bdo.co.uk

Maldon District Council

Internal Audit Report - Final

IT GOVERNANCE

APRIL 2026

Design Opinion	 Moderate
Effectiveness Opinion	 Moderate



IDEAS | PEOPLE | TRUST

CONTENTS

EXECUTIVE SUMMARY	2
DETAILED FINDINGS	6
APPENDIX I - DEFINITIONS.....	10
APPENDIX II - TERMS OF REFERENCE	11
APPENDIX III - RESPONSIBILITIES AND CONFORMANCE	13

DISTRIBUTION

Ben Jay	Director of Finance and s151 Officer
Grant Hulley	Head of ICT and Digital Strategy & Improvement Directorate

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 - Internal Audit Manager Antony Hadjirosos - Senior IT Audit Manager
Dates work performed:	4 December 2025 - 30 March 2026
Draft report issued:	1 April 2026
Management Response Received:	29 April 2026
Final report issued:	30 April 2026

Executive Summary

Design Opinion



Moderate

Effectiveness
Opinion

Moderate

Recommendations



SCOPE

Background

- ▶ Maldon District Council (the Council), like all other public sector organisations, is increasingly reliant on digital services, data and Information Technology (IT) to deliver statutory obligations, citizen-facing services and internal operations. In recent years, demand for digital transformation has accelerated due to service pressures, hybrid working models, security expectations and the need for resilient infrastructure.
- ▶ Effective IT governance is therefore essential to ensure that technology decisions are aligned to organisational objectives, risks are managed proactively, public funds are used efficiently, and cyber resilience is maintained.
- ▶ As the Council continues to modernise key systems, expand digital platforms and manage a complex portfolio of IT projects and suppliers, robust governance arrangements are critical in maintaining accountability, control and transparency. Weaknesses in governance structures, risk oversight, security controls or project delivery could impact service availability, financial stewardship, data protection and public trust.

Purpose

- ▶ The purpose of the audit was to provide assurance over the adequacy and effectiveness of the Council's IT governance arrangements. This included the Council's IT governance framework, decision-making structures, oversight mechanisms and supporting processes that are in place to enable the delivery of strategic priorities, manage risks and safeguard information assets.

Areas reviewed

- ▶ **Governance Structure and Strategic Alignment:** We reviewed the Council's IT strategy for alignment to corporate objectives, examined IT governance forums and their documentation, and assessed the clarity of ICT leadership roles and responsibilities.
- ▶ **IT Risk Management and Regulatory Compliance:** We reviewed the IT and digital risk registers, assessed procedures for regulatory and security compliance, and examined incident logs, root cause analyses and lessons learned.
- ▶ **Project and Change Portfolio Governance:** We reviewed the IT project portfolio and supporting documentation and examined change control processes and post-implementation reviews for the capture of benefits and lessons learned.
- ▶ **Information Security Oversight and Cyber Resilience:** We reviewed the Council's information security policies and governance documentation, assessed cyber and information governance training completion and awareness activity, and examined access governance arrangements for starters, movers, leavers and privileged accounts.



AREAS OF STRENGTH

- ▶ **IT Performance Management and Resource Capability:** We reviewed ICT performance reporting mechanisms, assessed ICT workforce skills and capacity arrangements, examined vendor and contract management controls, and reviewed resource risk and succession planning arrangements.

- ▶ The Council's ICT Strategy explicitly references the Corporate Plan's themes (supporting communities, investing in the district, growing the economy, protecting the environment and delivering good quality services) and sets out corresponding ICT priorities such as security management, cloud migration, digital process optimisation and data-driven decision making. ICT is therefore not being developed in isolation but is tightly connected to corporate aims, with investment and transformation projects embedded into the Technology Roadmap across 2024 to 2027.
- ▶ The Council maintains a portfolio of information security policies that are up to date, clearly formatted and accessible internally. These include the Information Security Policy, Acceptable Use Policy, Cyber Security Policy and Using Email & Digital Communications guidance, each with defined version control, defined review cycles, and wide circulation to staff. The policies provide detailed guidance on responsibilities, data handling, legal obligations, password and device usage, monitoring provisions, confidentiality requirements and secure communications.
- ▶ Cyber training completion rates are high across several service areas, with many users completing all assigned modules. Training has been rolled out widely across Members and staff, reflecting broad organisational coverage, and is delivered systematically with structured modules and defined completion tracking for each user. Cyber training obligations are also embedded within multiple governance documents, including the Cyber Security Policy and Acceptable Use Policy, reinforcing a strong institutional commitment to building cyber awareness.
- ▶ The Technology Roadmap provides a detailed breakdown of multi-year ICT programmes, including Dynamics rollout, ArcGIS integration, Azure migration, Windows 365 development and Intune deployment. Each initiative includes defined timelines spanning 2024 to 2027, reflecting a planned and sequenced approach to deploying major systems and infrastructure changes. Alongside system modernisation, the roadmap accounts for BAU activities and resilience improvements, demonstrating that transformation is being balanced with operational continuity.
- ▶ The Council operates structured project governance, including a central PMO, highlight reporting, scheduled project boards and well-defined agenda items. Project board meetings include updates from multiple project managers, cross-service engagement, risk and issue discussions, and follow-up actions assigned to named officers, demonstrating an organised and repeatable governance process for monitoring programmes and projects.
- ▶ The ICT Risk Register provides detailed descriptions of ICT operational risks, including infrastructure failures, cyber security exposures, cloud service risks, data privacy concerns, ransomware, supplier assurance issues and behavioural risks. Each risk includes clear impact and likelihood scoring, mitigating controls, risk direction and responsibility assignments, with many showing active control environments such as backups, MFA, dark-web scanning, SOC monitoring and failover infrastructure.

- ▶ Across the Corporate Plan and ICT Strategy, the Council sets out clear commitments to cloud-based platforms, hybrid working models, collaborative technologies and digital access for residents. Initiatives such as the shift to Microsoft Azure, use of Dynamics for process automation, adoption of Power BI for reporting and the integration of IoT and data-centric systems all indicate a strong orientation toward modern digital tools. Remote working enablement, multi-device access and flexible working practices are referenced throughout strategic documents, demonstrating that digital modernisation extends beyond infrastructure to working culture and service design.
- ▶ ICT is deeply integrated into change programmes across the organisation. Project board meetings show ICT involvement in system development, access control upgrades, Local Development Plan processes, digital replacements for manual systems and process improvement initiatives, with ICT dependencies, resource considerations and system integration challenges routinely discussed in governance forums. Standardised reporting, escalation routes and iterative development cycles demonstrate that change management is a coordinated cross-service activity in which ICT plays a formal and active role.



AREAS OF CONCERN

- ▶ The Council faces ICT capacity limitations without a formal workforce, skills or succession planning framework to mitigate the resulting risks (**Finding 1 - Medium**)
- ▶ Despite a strong suite of cyber policies, training and controls, phishing simulation data shows a persistent cohort of high-risk users whose behaviour continues to expose the organisation to cyber threats (**Finding 2 - Medium**).



CONCLUSION

We conclude Moderate assurance over both the design and operational effectiveness of the Council's IT governance arrangements and controls. The Council has in place a broad and established framework of ICT strategies, policies, risk management processes, security controls and project governance structures; however, further development is required in specific aspects of the control environment to strengthen overall maturity and alignment with good practice. The two findings identified, relating to ICT workforce and skills planning, and the management of persistent user-level cyber risk, affect both the design of controls and their practical application.

Control Design

- ▶ We have concluded Moderate assurance for control design due to identified gaps in the Council's ICT workforce and capability planning framework, and in the design of behaviour-focused cyber risk controls.
- ▶ Although the Council maintains a comprehensive ICT Strategy, Technology Roadmap and suite of information governance policies, the control framework does not currently include a formal ICT workforce plan, skills matrix, or succession model for key roles. In addition, while cyber training and phishing simulations are well established, there is no structured escalation pathway or defined intervention process for individuals repeatedly demonstrating high-risk cyber behaviour.
- ▶ These gaps limit the completeness and maturity of the design, despite strong strategic foundations and well-developed documentation in other areas.

Control Effectiveness

- ▶ We have concluded Moderate assurance for control effectiveness, as testing confirmed that many ICT governance activities are operating effectively in practice, such as cyber training delivery, use of project governance structures, and active monitoring of ICT risks.
- ▶ However, operational weaknesses remain in addressing persistent user-level cyber vulnerabilities and in managing ICT capacity constraints, which affect the timely and consistent execution of ICT responsibilities. While controls are functioning across most areas, these issues demonstrate that operational practices do not yet fully align with the intended governance framework.
- ▶ As a result, while day-to-day ICT processes are generally effective, further strengthening is needed to achieve greater consistency, resilience and behavioural control.

Detailed Findings

1 ICT Capacity Constraints and Absence of Formal Workforce and Succession Planning

TOR Risk:	Insufficient skills, vendor performance gaps and weak service measurement may reduce the ability of the IT Service to support wider Council services
Significance	 Medium



FINDING

Issue

The ICT Strategy notes that the ICT team operates with limited resources, and project board records further highlight delays caused by ICT capacity constraints and specialist skill shortages.

More specifically, the ICT Strategy also sets out a future requirement for broadening ICT capability in areas such as cloud management, project delivery, cyber security, data analytics and process automation, but no corresponding workforce plan or skills matrix is in place to demonstrate how these requirements will be met.

Similarly, although the ICT Risk Register documents “ICT skills & capacity” as a recognised risk, we found that the following are not in place:

- Any formal ICT workforce plan or capacity model aligned to the Technology Roadmap
- A skills matrix or competency assessment to identify capability gaps
- A succession plan for key technical leadership roles
- Formal resourcing forecasts for major digital transformation programmes.

Root cause

ICT workforce planning activities have not been formally developed or documented, likely due to competing operational priorities and limited capacity within the ICT team itself.

Implications

The Council remains at risk of project delays, service interruptions, increased reliance on single points of failure and an inability to meet the demands of digital transformation. Over time, this may result in higher costs, lower service quality and difficulty sustaining ICT capabilities.



RECOMMENDATION

- The Council should introduce a structured ICT workforce and capability planning process. This should include, but not be limited to:
 - A formal ICT workforce strategy aligned to the Technology Roadmap and organisational priorities
 - A skills matrix and gap analysis covering all key ICT roles.
 - A defined resourcing model that considers ongoing operations, project delivery and emerging technology requirements.
 - A succession plan for critical roles, with knowledge transfer activities embedded as standard.



MANAGEMENT RESPONSE

Following the completion of the phase 2 restructure, MDC ICT have opened four additional posts to build on the resources available within the ICT team. These posts are out for advertising as of April, with the intent to interview and then formally hire as of May / June

Responsible Officer:

- i. Grant C Hulley - Head of ICT and Digital Strategy & Improvement Directorate

Implementation Date:

- i. May 2026

2 Persistent User-Level Cyber Risk Despite Strong Cyber Governance Framework

TOR Risk:	Weak security governance could lead to data breaches, fraud or service outages, which could harm citizens and breach statutory obligations
Significance:	 Medium



FINDING

Issue

The Council has implemented a robust and modern cyber governance environment, including defined policies, procedures and guidance that collectively set clear behavioural and technical security expectations, and Council-wide cyber training and regular phishing simulations through Boxphish, which is recognised good practice.

However, we found that while many users achieve 100% training completion, the simulation results highlight repeat click-through behaviour among several users, including staff and Members, across multiple simulation cycles. Some individuals recorded 4-5 clicks in a single 24-hour simulation series, indicating a heightened vulnerability to phishing attacks.

This persistent behavioural risk means that human-factor vulnerabilities remain a material exposure despite the Council's strong policy frameworks, technical safeguards (such as MFA and monitoring), and extensive training programme.

Root cause

Current training and simulation programmes do not sufficiently target repeat high-risk users with tailored interventions. Behavioural risk management processes are not yet mature enough to escalate or mitigate persistent user-level vulnerabilities.

Implications

The Council remains at continued risk of phishing-related compromise, including credential theft, data breaches, malware infection and system disruption. This risk is particularly sensitive given the Council's reliance on cloud technologies and the wide access privileges held by some high-risk users.



RECOMMENDATION

- i. The Council should supplement its existing training and simulation activities with targeted, risk-based interventions for users who exhibit repeated high-risk behaviour. These interventions may include, but not be limited to:
 - Mandatory one-to-one remedial training for repeat clickers
 - Temporary restrictions or enhanced monitoring for high-risk accounts
 - Scenario-based or role-specific training modules focusing on decision-making under pressure
 - Escalation pathways for persistent non-compliance, particularly for users with privileged access or governance responsibilities.

Implementing a behaviourally-focused risk management programme will significantly reduce residual cyber exposure and strengthen the Council's cyber resilience.

**MANAGEMENT RESPONSE**

Maldon District Council (MDC) have implemented temporary restrictions on user accounts for repeat clickers or failed course learning, with an escalation path via SLT and staff disciplinarians in the event of multiple failures to pass cyber awareness courses.

Responsible Officer:

- i. Grant C Hulley - Head of ICT and Digital Strategy & Improvement Directorate

Implementation Date:

- i. April / May 2026

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
Substantial	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.
Moderate	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.
Limited	Several 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.	Several 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.
No	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

High	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.
Medium	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.
Low	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 (including those relevant to the IIA's Cyber Security Topical Requirement), are:

- ▶ **Risk 1:** IT strategy and governance roles may not align with the wider Council objectives, leading to poor prioritisation, inefficient resource allocation and failure to deliver statutory or essential services
- ▶ **Risk 2:** IT risks may not be identified or managed proactively, exposing the Council to service disruption and legal non-compliance
- ▶ **Risk 3:** Inconsistent project governance may cause delays, cost overruns and inefficient use of public funds, affecting wider service quality
- ▶ **Risk 4:** Weak security governance could lead to data breaches, fraud or service outages, which could harm citizens and breach statutory obligations
- ▶ **Risk 5:** Insufficient skills, vendor performance gaps and weak service measurement may reduce the ability of the IT Service to support wider Council services.



SCOPE & APPROACH

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

Governance Structure and Strategic Alignment (Risk 1):

- Reviewing the Council's IT strategy to determine whether it aligns with corporate objectives, service plans and strategic priorities
- Examining the governance forums responsible for IT decision-making by assessing their terms of reference, membership, meeting frequency and the quality of decision logs
- Assessing whether roles and responsibilities for IT leadership are clearly defined and understood across the organisation.

IT Risk Management and Regulatory Compliance (Risk 2):

- Evaluating the completeness and quality of IT and digital risk registers, including ownership, scoring and mitigation plans, and verifying the frequency and adequacy of risk monitoring and reporting to senior leadership
- Assessing procedures in place for ensuring compliance with regulations and security standards, such as the UK GDPR, PSN, Cyber Essential Plus and wider Local Government and NCSC guidance
- Analysing recent incident logs, root-cause analyses and lessons learned to assess whether the Council is effectively identifying, responding to, and preventing IT incidents.

Project and Change Portfolio Governance (Risk 3):

- Reviewing the Council's IT project portfolio register to assess prioritisation processes and the criteria used to approve new investments and whether business cases and project initiation documents are in place and include clear scopes, costs, benefits, dependencies and risk assessments

- Reviewing change control procedures and post-implementation review documentation to determine whether benefits realisation and lessons learned are captured and acted upon.

Information Security Oversight and Cyber Resilience (Risk 4):

- Reviewing information security policies, strategies and governance documentation to determine whether they are up to date, approved and communicated to members of staff
- Assessing completion rates for mandatory cyber and information governance training and, where applicable, reviewing the outcomes of phishing simulations and other campaigns for raising Cyber awareness
- Assessing whether access governance controls are in place for starters, movers and leavers to confirm that access is granted, amended or removed appropriately, as well as for the management of privileged user accounts.

IT Performance Management and Resource Capability (Risk 5):

- Reviewing performance reporting, including Service Level Agreements (SLAs) and Key Performance Indicators (KPIs) to assess whether the IT function is meeting agreed service standards
- Assessing the Council's IT workforce plan, skills matrix and capacity arrangements to determine whether resourcing is adequate to meet current and future demand
- Assessing whether there are vendor and contract management controls in place that include risk or issue escalation procedures
- Reviewing succession planning and resource risk assessments to determine whether the Council has effective plans in place for critical IT roles.

Sample sizes will be determined following the completion of our walkthroughs using our Internal Audit Methodology; for example, if a control is performed daily, we may select a sample of fifteen and if monthly a sample of two to three. Where possible, full population testing will be conducted utilising data analytics.

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.

A closing meeting will be held to discuss findings emerging from the review prior to issue of the draft report. Once the report and recommendations have been agreed following discussions with management, a summary of the findings will be presented to the Audit Committee at its next meeting. 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.

Appendix III - Responsibilities and conformance

Management responsibilities

The Global Internal Audit Standards (GIAS) refer to the 'board' as 'the highest-level body charged with governance, such as a board of directors, an Audit Committee, a board of governors or trustees, or a group of elected officials or political appointees.' For the Council, 'the board' is the Performance, Governance and Audit Committee (PGAC) acting on behalf of the Council.

The PGAC is responsible for determining the scope of internal audit work, and for deciding the action to be taken on the outcome of our findings from our work.

The PGAC is responsible for ensuring the internal audit function has:

- The support of the Council's management team.
- Direct access and freedom to report to senior management, including the Chair of the PGAC.
- The AC is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the Council.

Internal controls covers the whole system of controls, financial and otherwise, established by the Council in order to carry on the business of the Council in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

The PGAC is responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Council.

Limitations

The scope of the review is limited to the areas documented under Appendix V - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of the review. Our work and conclusion is subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate.

Conformance with the Global Internal Audit Standards in the UK Public Sector

This engagement has been conducted in accordance with Global Internal Audit Standards in the UK Public Sector, which encompass:

- ▶ The global Institute of Internal Auditors (IIA) *Global Internal Audit Standards* effective from January 2025
- ▶ The Internal Audit Standards Advisory Board (IASAB) *Application Note Global Internal Audit Standards in the UK Public Sector* effective from 1 April 2025.

FOR MORE INFORMATION:

Aaron Winter

Aaron.Winter@bdo.co.uk

Freedom of Information

In the event you are required to disclose any information contained in this report by virtue of the Freedom of Information Act 2000 ("the Act"), you must notify BDO LLP promptly prior to any disclosure. You agree to pay due regard to any representations which BDO LLP makes in connection with such disclosure, and you shall apply any relevant exemptions which may exist under the Act. If, following consultation with BDO LLP, you disclose this report in whole or in part, you shall ensure that any disclaimer which BDO LLP has included, or may subsequently wish to include, is reproduced in full in any copies.

Disclaimer

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained in this publication without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any responsibility or duty of care in respect of any use of or reliance on this publication, and will deny any liability for any loss arising from any action taken or not taken or decision made by anyone in reliance on this publication or any part of it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against BDO LLP or any of its partners, employees or agents.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO member firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

The matters raised in this report are only those which came to our attention during 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.

Copyright © 2026 BDO LLP. All rights reserved. Published in the UK.

www.bdo.co.uk

This page is intentionally left blank

Maldon District Council

Internal Audit Report - Final

MEDIUM TERM FINANCIAL STRATEGY

MAY 2026

Design Opinion	 Moderate
Effectiveness Opinion	 Substantial



IDEAS | PEOPLE | TRUST

CONTENTS

EXECUTIVE SUMMARY 2

DETAILED FINDINGS 7

APPENDIX I - COMPARATIVE ANALYSIS WITH OTHER COUNCILS..... 10

APPENDIX II - DEFINITIONS 14

APPENDIX III - TERMS OF REFERENCE..... 15

APPENDIX IV - RESPONSIBILITIES AND CONFORMANCE 17

DISTRIBUTION	
Ben Jay	Director of Finance (Section 151)
Victoria Lian	Deputy Section 151 Officer

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, Internal Audit Manager Ryo Ishida, Internal Auditor
Dates work performed:	12 January 2026 - 20 April 2026 (closing meeting)
Draft report issued:	28 April 2026
Management Response Received:	30 April 2026
Final report issued:	1 May 2026

Executive Summary

Design Opinion

Moderate

Effectiveness Opinion

Substantial

Recommendations

0

1

0

SCOPE

Background

▶ Medium-term financial planning in the public sector faces challenges due to political, economic, and resource uncertainties. Despite this, strategic planning is crucial for future policy and development, providing a framework for budgets and early issue identification.

▶ A Medium-Term Financial Strategy (MTFS) consolidates factors affecting financial sustainability, and balancing objectives with resource constraints. It should be a dynamic document guiding fiscal strategy.

▶ Effective MTFS development requires understanding the financial position through accruals-based budgeting. Success depends on inclusive ownership, especially by decision-makers. CIPFA advocates strategic financial planning for its benefits, engaging the workforce and encouraging long-term scenario planning by financial leaders.

▶ Maldon District Council’s (the “Council”) has decided on a 3-year strategy for 2025/26 to 2028/29 with the latest iteration presented to the Strategy and Resources (S&R) Committee on 23 January 2025.

▶ Planning for the next MTFS began in December 2025 and the Council hopes to use the outcome of this audit to provide assurance to Members that the process is robust.

Purpose

▶ The purpose of the audit was to provide assurance around the processes to prepare, monitor and report a robust MTFS. We also confirmed whether it is in line with CIPFA guidance.

Areas reviewed

▶ We reviewed the MTFS and confirmed whether it is clearly defined, approved, and communicated to key stakeholders. We ascertained how the strategy is reviewed and updated, and whether roles and responsibilities to prepare, monitor and amend it are clearly defined.

▶ We confirmed how the MTFS aligned with the Council’s corporate objectives.

▶ We reviewed the methodology used to prepare the MTFS to confirm whether it is consistent with the Councils objectives, and that standard templates are used.

▶ We confirmed how departmental budgets feed into the MTFS, and whether these have been approved. We verified whether the income and expenditure were clearly documented, along with supporting

rationale and assumptions, and assessed whether forecasts were based on reliable data and considered the Local Government Reform.

- ▶ We reviewed the three most recent monitoring reports brought to the Financial Working group, and two most recent minutes from the S&R Committee to confirm whether there are adequate monitoring mechanisms in place to inform the MTFS and supporting estimates. We confirmed whether regular monitoring of financial performance is completed by these governance forums to support decision making.
- ▶ We verified whether the Council has regularly completed gap analysis or self-assessments against CIPFA guidance. We also considered whether the Council's processes to prepare a robust MTFS align with CIPFA guidance and best practice, as outlined within the CIPFA Financial Management Code 2019.



AREAS OF STRENGTH

- ▶ **MTFS approval and content:** The Council's Medium Term Financial Strategy, covering 2025/26 to 2028/29, was prepared by the Interim Chief Financial Officer and presented to the S&R Committee on 23 January 2025. The report outlines the key risks and factors that may impact the delivery of the MTFS, such as economic factors and demographic changes. The MTFS and its most recent updates are publicly available on the Council's website.

The MTFS has since been updated in November 2025 to cover 2026/27 to 2028/29, taking into consideration the following:

- The Local Government Reorganisation (LGR) planned for April 2028. Budgets have been prepared on the basis that services to residents will be maintained without significant change in day-to-day services in the period before the LGR
- Growth in reserves
- Pay and non-pay pressures, along with growth bids.

The strategy was further updated in February 2026, considering:

- Four key strategic issues were outlined: the impact of the LGR, geopolitical events affecting national inflation or bank interest rates, digital challenges such as cybersecurity risks and the ineffective use of AI, local factors like the low investment in local assets in recent years, and a decrease in real terms funding in 2028/29
- Additional updates were made to budgeted funding, spending, capital investments, and forecasts up to 2028/29.

- ▶ **Alignment with corporate objectives:** The strategic priorities for the financial management of the Council were agreed with councillors in the Finance Working Group (FWG) and are set out in the 2026/27 MTFS update to the Strategy and Resources (S&R) Committee. These priorities include:

- Sufficient preparation for the LGR
- Ensuring delivery and efficiency
- Funding
- Use of reserves
- Budgetary transparency.

The impact of the MTFS on the priorities set out in the Council's Corporate Plan 2025-28 were also considered in the February 2026 MTFS update, where it was acknowledged that the strategy would support the alignment of resources in key areas, such as supporting the local communities and businesses, investing in necessary repairs and renewals projects, and protecting the environment.

- ▶ **Monitoring and oversight:** Budget monitoring reports are produced monthly and are presented to the Senior Leadership Team, these are brought up to the Finance Working Group (FWG) and the Strategy and Resources (S&R) Committee on a quarterly basis.

We received the FWG reports and meeting notes from August, December 2025, and January 2026 and observed the following:

- Year-end forecasted revenues, capital programme, capital funding, and reserve positions are compared against the original and revised budgets for each period. These are accompanied by commentaries on the significant variances
- Leading up to the February MTFS update for 2026/27, discussions were held in the FWG regarding asset management plans, strategies for the use of reserves
- During the meeting on 15 December 2025, members of the FWG received and reviewed information on the 2026/27 Capital, repair, and renewal bids for endorsement.

We received the S&R Committee meeting minutes for the periods ended September and November 2025, for which the meetings were held in November 2025 and January 2026 respectively, and observed the following:

- The budget information reported for the period ended November 2025 was used to determine the MTFS for 2026/27
- Budget and capital programme delivery positions are reported to the Committee and are accompanied by narratives explaining any significant variances against the expected positions
- Virements, budget amendments, and movements in reserves are approved by the Committee.

- ▶ **Following recognised good practices:** The Council has a subscription to a third-party training provider, LG Futures, from which a Medium-Term Revenue Resources planner is available, providing the Director of Finance with a detailed estimate of the resourcing/funding. This planner was used as an independent external check against the Council's own estimates in resourcing.

- ▶ **Alignment with CIPFA Financial Management Code 2019:** The CIPFA Financial Management Code 2019 outlines the following best practice requirements:

- The Medium Term Financial Plan (MTFP) is the mechanism or framework by which the annual budget process relates directly to the long-term strategy establishing the financial sustainability of the authority. While not prescriptive about time frame, the MTFP should support financially sustainable decision making

	- Performance against the plan will enable recent success and/or failures in delivering financial objectives to be considered in the annual budget process - The MTFP needs to be rolled forward annually to ensure that it reflects the latest detailed information. By taking this approach to medium-term financial planning the annual budget is aligned to longer-term goals - Importantly, financial and operational plans must be demonstratively aligned to the strategy at all levels. Without clear service plans it is impossible to place the forecast within the context of currently agreed policies and their implications for future demand and resources. We confirmed that the Council's practice of updating the MTFS, and therefore the MTFP, on at least an annual basis was in line with the guidance and requirements above. ▶ Self-assessments and benchmarking: We were advised by the Director of Finance (s151) that the Council have tried to self-assess against the CIPFA resilience index, however, due to the large amount of usable reserves, the advice provided was not applicable. In place of this, the Council used the comparisons of core spending power and usable reserves per person between Essex Councils to demonstrate the Council's strong position and convince Councillors to approve the release of reserve funds ahead of the LGR. The Ministry of Housing, Communities, and Local Government (MHCLG) have also published metrics on the core spending power and funding for Councils on a per-person basis. We were advised by the Director of Finance that these metrics will be compared and brought to the next Performance, Governance, & Audit Committee, and used to define 'excess' reserves.
--	---

 AREAS OF CONCERN	▶ Lack of documentation for the methodology to develop the MTFS: We identified that the methodology followed when preparing the MTFS, which includes the gathering of departmental budget information, applying adjustments and accounting for repairs, renewals and other capital expenditures, and forecasting for future years, has not been formally documented. (Finding 1, Medium)
--	---

 ADDED VALUE	▶ We have provided a comparative analysis of the practices observed in our audits completed with two other Councils to identify any instances of good practice which the Council may wish to consider. (Appendix I) ▶ Practices observed in other Councils were largely similar, with the lack of documentation for the MTFS development methodology outlined in Finding 1 being a consistent issue across all the audits we have completed. ▶ The main difference observed between the Council and the other two Councils was the approach to performing self-assessment exercises. The other Councils mention identifying areas of improvement and developing risk-rated action plans for areas needing further development. While the CIPFA resiliency index may not be applicable to the Council due to the high amount of reserves, the practice of
---	--

identifying and risk-rating improvement actions should be regularly considered.



- ▶ We have provided moderate assurance over the design and substantial assurance over the operational effectiveness of the Council's processes for preparing, monitoring and reporting a robust MTFS in line with CIPFA guidance.

Control Design

- ▶ The MTFS and its subsequent updates for 2026/27 were appropriately reviewed and approved at the S&R Committee. The strategic priorities for the financial management of the Council directly referenced the priorities set out in the Council's Corporate Plan 2025-28. The Council's subscription to LG Futures is used as an independent external check against the Finance Director's (s151) resourcing estimates.
- ▶ However, one medium priority recommendation was raised regarding the lack of documented guidance or procedure notes for the methodology for preparing the MTFS.

Control Effectiveness

- ▶ We confirmed that the FWG and S&R Committee meet on a regular basis, and variances in forecasted or expected positions are adequately explained. The Council's practice of updating the MTFS on at least an annual basis was in line with the guidance and requirements set out by the CIPFA Financial Management Code 2019.

Detailed Findings

1 Lack of documentation for the methodology to develop the MTFS	
TOR Risk:	Without a clear, standardised documented methodology, different assumptions or approaches may be used each year, resulting in inaccurate projections or unexpected outcomes.
Significance	 Medium



FINDING

Issue

The process for the review and update of the MTFS involved:

- Working through key priorities and identifying the headline strategy with Councillors in the Finance Member Working Group (FWG)
- Gathering budget information from the Finance team, collaborating with officers across the organisation. This involved discussions between the Finance team and department heads to make line-by-line adjustments to the budgets for the 2026/27 year and compiling the information into a single corporate summary document
- Factoring in the changes in fees and charges, savings, and funding resources for the Council
- Forecasting to later years by applying the Council Tax charge figures and the increase in the Council Tax base.

We received an example of the workbook containing the workings and tables used in the MTFS report and an example of the standardised templates brought up by the Service Delivery Directorate and a capital proposal/bid for investments into the Council's Dengie100 facility. We performed a walkthrough to demonstrate how these elements were used to update the MTFS to confirm the operation of above process.

However, through discussion with the Director of Finance (s151), we identified that the methodology to be followed when producing the MTFS, and the roles and responsibilities of key officers involved in the process have not been formally documented in a guidance document or Standard Operating Procedure (SOP).

Root cause

Knowledge regarding the development of the MTFS is maintained by the officers involved in its annual and in-year preparation and review so it has not been a priority to formally document and capture these processes.

Implication

Without a clear, standardised and documented methodology, different assumptions or approaches may be used each year, resulting in inaccurate projections or unexpected outcomes. With an increased risk during a transition phase, that will occur under Local Government Reorganisation.



RECOMMENDATION

1a. The Council should define and agree the methodology for developing the MTFS. The steps followed for each annual, and in-year, MTFS should be documented in a procedure note. This could include:

- Which supporting documents or approved sources to use/include
- Requirements for individual service submissions
- Who to interview and how to document interview outputs
- Requirements for documenting forecast models.



MANAGEMENT RESPONSE

1a. Accepted. It is recognised that the MTFS is often developed over a long period of time (June-Feb) with final adjustments being applied late on in the process. To have a method statement set out would help officers understand the required inputs and overall objective. This will also facilitate discussion with Mid-Essex LGR partners.

Responsible Officer:

1a. Director of Finance (s151)/ Head of Finance (dep 151)

Implementation Date:

1a. 31 March 2027, with actions applied progressively through 2026/27 financial year.



Appendix I - Comparative Analysis with other Councils

As part of this audit, we have performed a comparative analysis of the practices observed in Maldon District Council (MDC) against the audits performed with our network of similar Councils to identify any further instances of best practice on the MTFS.

Area of Risk	Council A - MTFS audit performed in 2025/26	Council B - MTFS Audit performed in 2025/26	Comparison with Maldon's current practices
MTFS development and review	The 2026-29 MTFS was formally reviewed and approved by the Strategy, Finance & Policy Committee and Full Council in February 2026, as recorded by the relevant group minutes. A review of the Guidelines for Budget Setting 2026/27 document, which was shared throughout the Council in September 2025, found that this included a formal timetable to review expenditure for both the prior and current financial years with each directorate, supported by clear communications issued to Directors and Corporate Managers which set out the process with key dates. Departmental budgets are consolidated into a standardised working paper which is reviewed by Directors and Corporate Managers for accuracy, with all significant pressures or savings subject to further review by the Strategic Director of Finance and established governance forums.	The MTFS is clearly defined for the period 2026-30, acknowledging the severity of the challenges faced. It includes a clear audit trail documenting consultation/review from key individuals, such as the Interim and Corporate Directors of Finance and Leader of the Council. The MTFS is regularly reviewed and updated to reflect changes in organisational priorities or external conditions. Reviews are completed in February, July and December of each year and presented to Cabinet for discussion and approval.	MDC sits between Councils A and B in terms of the bi-annual frequency of MTFS reviews performed. Similar processes are observed for the review and approval of the MTFS at established governance forums.

Methodology, and roles and responsibilities	The Council did not have a formally documented methodology or Standard Operating Procedure (SOP) for setting out the processes to develop the MTFS. This included the absence of documented evidence detailing the source documents, meetings with key personnel, information inputs, risk assessments, and the independent management review required to produce the MTFS. The process is currently reliant on organisation knowledge held by officers at the Council to carry out these duties in an effective manner. The evaluation of budgets and the MTFS takes place through established governance arrangements, such as Finance team Catch Ups, Member Finance Updates and CLT meetings, however, these arrangements are not currently outlined within a single documented methodology that clearly sets out the roles, responsibilities and escalation routes available.	The published MTFS is produced on a standard Council template and the main document which outlines the content and workings/figures behind the MTFS is an Excel working paper. However, through discussion with the Group Manager Strategic Finance, it was determined that the methodology to be followed when creating the MTFS had not been documented in a guidance document or Standard Operating Procedure (SOP). Furthermore, whilst the Strategy has been aligned to the overall vision for the Council B, this requirement for alignment with the Council's objectives is also not documented within any guidance document or SOP for creating the MTFS.	Like Councils A and B, MDC does not have a formally documented methodology or SOP for preparing the MTFS. As outlined in Finding 1, a document should be produced to address the risk of inappropriate assumptions or approaches used to prepare the MTFS.
Alignment with corporate objectives	The 2026-29 MTFS was presented to the Council alongside the Council's Corporate Plan in February 2026. This demonstrated clear alignment between financial planning and the Council's agreed corporate objectives. The MTFS reflects the Council's strategic priorities for ensuring that	Risk area not covered in this audit.	MDC has followed similar practices to Council A regarding the alignment with the Corporate Plan.

	resource allocation supports the delivery of key commitments and ambitions. The Corporate Plan is subject to annual review alongside the annual budget setting process, further supporting ongoing alignment between strategic objectives and financial planning.		
Monitoring and oversight	Regular budget meetings were held, including monthly finance reviews and quarterly sessions involving Directors and HR, provide detailed oversight of budget monitoring, forecasts and staffing impacts, with outputs informing quarterly reports and monthly Corporate Leadership Team (CLT) dashboards. Budget updates are also routinely presented through Finance Update meetings and reported to the CLT and Council Members, supporting visibility and challenge of the Council's financial position. Budgetary updates are used to monitor progress against the approved MTFS and assess whether its assumptions remain appropriate. The updates review current financial performance against the MTFS and provide revised projections for future years, reflecting emerging pressures, potential savings and growth items.	Whilst each service area regularly completes budget monitoring, different templates are used in each of the three sample directorates reviewed. This means that alignment to, and documentation of actions regarding the required MTFS Savings is inconsistent.	MDC follows similar monitoring and oversight practices to Council A, with routine budget updates and discussions held in multiple governance forums. Council B mentions a difference in budget monitoring templates used by directorates; however, this issue is not observed in MDC as standardised templates are used, and the information is compiled into the single corporate summary document.
Following recognised good practice	The Council conducted a self-assessment exercise in January 2026	The Council most recently completed a self-assessment against the CIPFA	Both Councils mention the annual completion of a self-assessment and

	and found that the preparation of the 2026/27 Budget and MTFS complies with relevant CIPFA guidance and good practice. The assessment results were delivered to the Council in February 2026 and highlights suitable management overestimates, ongoing monitoring and alignment with strategic priorities. However, this is not an exercise that has been conducted regularly as part of the budget setting process. Hence, there is less documented assurance available to demonstrate, on an ongoing basis, that the Council's MTFS processes remain aligned with recognised good practice, such as the CIPFA Financial Management Code. Additionally, the most recent assessment was only presented as a high level summary, limiting the level of detail and evidence available to demonstrate compliance with the requirements of the CIPFA Financial Management Code. Benchmarking against another local authority found that that the organisation completed a self-assessment of compliance with the CIPFA Financial Management Code as part of the annual budget setting process and had plans to develop a risk-rated action plan for areas needing further development.	Financial Management Code in September 2024, which was presented to the Corporate Committee. There were three criteria (A, K1 and S1) where areas of improvement were identified related to the MTFS and it was found that all three had been acted on during 2025/26. Evidencing regular and ongoing review of the Code, a project has been commissioned to re-complete the assessment independently in January 2026.	identifying areas of improvement to action for further development. While, as mentioned above, the CIFPA resiliency index may not be applicable to MDC due to the high amount of reserves, the practice of identifying areas of improvement and monitoring the completion of development actions should be considered.
--	---	---	--

Appendix II - Definitions

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial	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.
Moderate	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.
Limited	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.
No	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	
High	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.
Medium	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.
Low	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 III - 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 (including those relevant to the IIA's [name] Topical Requirement), are:

- ▶ Risk 1: Without a robust financial strategy, the Council may fail to identify future funding gaps or pressures, leading to unplanned deficits or emergency cuts. Without a clear MTFS, decisions on service delivery, investments or savings may be short-term, reactive, or misaligned with strategic goals impacting the Council's delivery of services to its residents.
- ▶ Risk 2: The financial strategy may not align with organisational objectives, which could lead to ineffective resource allocation and missed opportunities.
- ▶ Risk 3: Without a clear, standardised documented methodology, different assumptions or approaches may be used each year, resulting in inaccurate projections or unexpected outcomes.
- ▶ Risk 4: Without clear budgeting guidelines, there is a risk of inconsistent budget preparation and the impact it has on the MTFS, which could result in financial discrepancies and resource misallocation.
- ▶ Risk 5: Without adequate monitoring mechanisms, financial forecasts may be based on outdated or inaccurate data, leading to unrealistic or unachievable MTFS assumptions.
- ▶ Risk 6: Without following recognised good practice, the Council's MTFS may fail to anticipate and mitigate future financial pressures, exposing the Council to financial instability.



SCOPE & APPROACH

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

- ▶ Review the financial strategy and confirm whether this is clearly defined, approved and communicated to key stakeholders. We will ascertain how the strategy is reviewed and updated, and whether roles and responsibilities to prepare, monitor and amend it are clearly defined. We will also confirm how the strategy aligns with the corporate objectives. (Risks 1 and 2)
- ▶ Review the methodology used to prepare the MTFS and confirm that it is consistent with the Council's objectives, and that standardised templates are used. (Risk 3)
- ▶ Confirm how departmental budgets feed into the MTFS, and whether these have been approved. We will verify that income and expenditure are clearly documented, along with supporting rationale and assumptions, and assess whether forecasts are based on reliable data and consider Local Government Reform. (Risk 4)
- ▶ Review whether there are adequate monitoring mechanisms in place to inform the MTFS and supporting estimates, and that regular monitoring of financial performance is completed via appropriate governance forums to support decision making. (Risk 5)
- ▶ Verify whether the Council has regularly completed gap analysis or self-assessment against CIPFA guidance. (Risk 6)
- ▶ Consider whether the Council's processes to prepare a robust MTFS align with CIPFA guidance/best practice, as documented within CIPFA Financial Management Code 2019. (Risk 6)

Sample sizes will be determined following the completion of our walkthroughs using our Internal Audit Methodology; for example, if a control is performed daily, we may select a sample of fifteen and if monthly a sample of two to three. Where possible, full population testing will be conducted utilising data analytics.

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.

A closing meeting will be held to discuss findings emerging from the review prior to issue of the draft report. Once the report and recommendations have been agreed following discussions with management, a summary of the findings will be presented to the Audit Committee]at its next meeting. 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:

- ▶ Benchmark the Council against our network of similar Councils to establish whether we can provide best practice on the Medium-Term Financial Strategy.

Appendix IV - Responsibilities and conformance

Management responsibilities

The Global Internal Audit Standards (GIAS) refer to the 'board' as 'the highest-level body charged with governance, such as a board of directors, an Audit Committee, a board of governors or trustees, or a group of elected officials or political appointees.' For the Council, 'the board' is the Performance, Governance and Audit Committee (PGAC) acting on behalf of the Council.

The PGAC is responsible for determining the scope of internal audit work, and for deciding the action to be taken on the outcome of our findings from our work.

The PGAC is responsible for ensuring the internal audit function has:

- The support of the Council's management team.
- Direct access and freedom to report to senior management, including the Chair of the PGAC.
- The AC is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the Council.

Internal controls covers the whole system of controls, financial and otherwise, established by the Council in order to carry on the business of the Council in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

The PGAC is responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Council.

Limitations

The scope of the review is limited to the areas documented under Appendix III - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of the review. Our work and conclusion is subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate.

Conformance with the Global Internal Audit Standards in the UK Public Sector

This engagement has been conducted in accordance with Global Internal Audit Standards in the UK Public Sector, which encompass:

-
- ▶ The global Institute of Internal Auditors (IIA) *Global Internal Audit Standards* effective from January 2025
 - ▶ The Internal Audit Standards Advisory Board (IASAB) *Application Note Global Internal Audit Standards in the UK Public Sector* effective from 1 April 2025.

FOR MORE INFORMATION:

Aaron Winter

Aaron.Winter@bdo.co.uk

Freedom of Information

In the event you are required to disclose any information contained in this report by virtue of the Freedom of Information Act 2000 ("the Act"), you must notify BDO LLP promptly prior to any disclosure. You agree to pay due regard to any representations which BDO LLP makes in connection with such disclosure, and you shall apply any relevant exemptions which may exist under the Act. If, following consultation with BDO LLP, you disclose this report in whole or in part, you shall ensure that any disclaimer which BDO LLP has included, or may subsequently wish to include, is reproduced in full in any copies.

Disclaimer

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained in this publication without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any responsibility or duty of care in respect of any use of or reliance on this publication, and will deny any liability for any loss arising from any action taken or not taken or decision made by anyone in reliance on this publication or any part of it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against BDO LLP or any of its partners, employees or agents.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO member firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

The matters raised in this report are only those which came to our attention during 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.

Copyright © 2026 BDO LLP. All rights reserved. Published in the UK.

www.bdo.co.uk

Maldon District Council

Internal Audit Report - Final

Accounts Payable

June 2026

Design Opinion	 Moderate
Effectiveness Opinion	 Substantial



IDEAS | PEOPLE | TRUST

CONTENTS

EXECUTIVE SUMMARY	2
DETAILED FINDINGS	6
OBSERVATIONS	8
APPENDIX I - DEFINITIONS.....	9
APPENDIX II - TERMS OF REFERENCE	10
APPENDIX III - RESPONSIBILITIES AND CONFORMANCE	12

DISTRIBUTION

Ben Jay	Director of Finance (Section 151)
Victoria Lian	Deputy Section 151 Officer
Simon Walker	Finance Business Partner Manager
Elliott Harris	Finance Business Advisor
Leah Sanders	Finance Business Advisor

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, Internal Audit Manager Emily White, Internal Auditor
Dates work performed:	February 2026 - May 2026
Draft report issued:	4 June 2026
Management responses received:	15 June 2026
Final report issued:	15 June 2026

Executive Summary

CRR REFERENCE: R15: FAILURE TO PLAN AND DELIVER BALANCED BUDGETS OVER THE MEDIUM TERM

Design Opinion



Moderate

Effectiveness
Opinion

Substantial

Recommendations

0

1

0



SCOPE

Background

- ▶ Maldon District Council (“the Council”) is tasked with ensuring robust controls are in place within its financial systems to prevent and detect errors and fraud. This responsibility is crucial for maintaining the integrity and reliability of the Council's financial operations. The finance team, under the leadership of the Director of Finance, is charged with overseeing the financial management controls and processes. This team plays a pivotal role in safeguarding the Council's financial interests by implementing and monitoring effective control measures.
- ▶ The Council's main financial system is Sage and this records accounts payable transactions. A purchase order is raised on the ordering system (a branch of Sage) and this is matched to received invoices. Before payment is made, confirmation the goods have been received is required.
- ▶ A new supplier can only be set up on Sage once a supplier form is completed. The form is then checked to ensure details are correct by searching the VAT number, companies house and bank wizard. If any discrepancies are found during these checks, they are addressed directly with the supplier using contact information sourced from the supplier's official website. This ensures that all supplier information is accurate and reliable, reducing the risk of errors or fraudulent activities.
- ▶ Payments runs are completed every Thursday. The BACs file is created and audited to ensure details are correct and then payment is approved by the Director of Finance.

Purpose

- ▶ The purpose of the audit was to provide assurance around the adequacy of the design and operational effectiveness of internal controls managing accounts payable processes.

Areas reviewed

- ▶ We sought to confirm the Council have policies and procedures in place for approving, processing, and recording accounts payable transactions, which provide staff with a clear view of roles and responsibilities within the team.
- ▶ We obtained a sample of staff who can make amendments to entries on the system to confirm their roles are appropriate and access had been granted by a senior member of the team.

- ▶ We confirmed, for a sample of new vendors, whether controls are in place to manage due diligence checks and relevant documentation is retained.
- ▶ We selected a sample of suppliers whose details have been amended to confirm adequate controls are in place throughout this process.
- ▶ We reviewed a sample of payments to confirm purchase orders are raised and approved prior to payment, with sufficient monitoring and documentation to support this.
- ▶ We sought to confirm timeliness of supplier payments, and for those which are not paid within 30 days are followed up on and reported to senior management.
- ▶ We reviewed direct payments to ensure there is suitable rationale and they are appropriately authorised with adequate segregation of duties.



AREAS OF STRENGTH

- ▶ We reviewed the finance system procedure notes and confirmed roles and responsibilities are clearly outlined. The procedure notes are easily accessible on the Council intranet, they have digital version control, and we confirmed they were last updated in January 2026. We have reviewed the Council's Constitution financial procedures to confirm expectations and responsibilities are aligned.
- ▶ Our testing of a sample of five members of staff confirmed they had appropriate finance-related roles to support their need for access onto the main financial system, SAGE.
- ▶ The Council has established a comprehensive and detailed process for adding new suppliers to the Sage system, ensuring accuracy and compliance with procurement guidelines. The procedure begins with the submission of a supplier registration form and involves multiple verification steps, including VAT number checks, Companies House searches, and bank detail confirmations.
- ▶ Sample testing of 15 new suppliers confirmed adherence to the documented procedures, with all suppliers undergoing necessary checks and receiving approval from designated Coordinators. This approach ensures that supplier information is accurate and up to date, safeguarding the Council's financial operations and supporting its commitment to transparency and accountability. Independent verification is carried out, to confirm accurate bank account details, address, telephone and email, prior to adding the supplier to the system.
- ▶ We were advised by the Finance Business Partner Manager that Finance Business Advisors (previously Resource Caseworkers) can make amendments to supplier accounts. From our sample of three supplier accounts amended since April 2025, we confirmed they had all been input by Finance Business Advisors and approved by a Finance Business Partner, as per the procedure documents. Account amendments are confirmed by contacting the supplier using existing details, and our samples show sufficient document requests and supporting evidence has been retained, to ensure accurate amendments.
- ▶ We traced the process for a sample of 15 supplier payments, from PO form to payment, to confirm appropriate supporting documentation has been retained on the system to confirm compliance with the WAP policies in place. We confirmed purchase orders were raised where

necessary, and for those above £5000, they were approved by the authoritative budget holder. The PO forms were also approved prior to goods receipt, as per the WAP policy, and evidence of approval was retained.

- ▶ From our walkthrough of the WAP system and review of five direct payments, we confirm these are usually documented using Payment Certificates (known as 'Pink Slips'). In other instances, such as car park refunds, tickets are raised on Fresh Service Ticket. Once these have been raised, sufficient supplier/customer checks are carried out using details provided, which is then documented on the system for confirmation.
- ▶ From our review of 15 payments, we confirmed all samples had been paid within the period of 30 days, as per best payment practice. There is also ongoing internal monitoring of payments to ensure timeliness.



ADDED VALUE

Per the agreed audit terms of reference, we completed a series of data analytics tests to assess the effectiveness of the Accounts Payable arrangements at the Council. This included extracting:

1. Duplicate Payments
2. Vendors with same vendor name or address but different bank details indicating potential set up incorrectly and payments go to the wrong account
3. Duplicate vendor numbers or bank accounts, which would identify vendor set up issues and potentially leads to the wrong vendor receiving payment

We did not carry out data analytics on payments made over 30 days, as the Council can already extract this information.

Our key findings were as follows:

- From a list of payments dating from April 2025 to February 2026, we confirmed there are 79 payments which are duplicated across account number, account name, transaction number, date and net value. We were advised by the Finance Business Advisor that this is due to suppliers issuing more than one invoice for duplicate orders. The list of duplications has been issued to the client for further investigation.
- From a list of suppliers shared by the Finance Business Advisor, we confirmed there were 1,994 duplications of account names, with varying account names and payment references. We were advised this is due to suppliers being added for alternate payments, such as Covid 19 business relief grants or DFG. The list of duplicates has been shared with the Council, and it is recommended that suppliers accounts are cleared when they are no longer in use.

From the report of supplier accounts, we identified 23 duplications in supplier account names with different sort codes and account numbers. It is recommended that these are further investigated. (**See Finding 1, Medium**)



CONCLUSION

We have provided moderate assurance over control design of the Accounts Payable control framework and substantial assurance over its operational effectiveness.

Control Design:

- ▶ The control design has been assessed as moderate, due to the comprehensive Accounts Payable procedure notes, outlining clear requirements including access controls, supplier verification, and expenditure processes. However, there is a lack of control surrounding the review of the supplier master sheet to maintain an up-to-date record of active suppliers.

Control Effectiveness:

- ▶ The control effectiveness has been assessed as substantial, as we found no exceptions in our sample testing, confirming sound effectiveness of the Council's existing controls.

Detailed Findings

1 Data Analytics		
TOR Risk	N/A	
Significance		Medium



FINDING

We reviewed a list of 3,461 supplier payments dating from April 2025 to February 2026 to identify 79 payments with a combined value of £237,118.38 which are duplicated across account number, account name, transaction number, date and net value. We were advised by the Finance Business Advisor that this is due to suppliers issuing more than one invoice for duplicate orders, however we it is not possible for us to confirm that these are false positives. This list of payments should be reviewed by the Council for further investigation, to ensure these payments are appropriately separated.

We also reviewed a list of 10,480 suppliers taken from the Sage system to identify 70 accounts have the phrase 'Do Not Use' in the name and have not been removed from the system. Additionally, 1,924 suppliers were identified as duplications of account names corresponding to multiple payment references. We were advised possible reasonings for duplications could include previous Covid 19 Business Relief grants or Disabled Facility Grants. It is likely that these accounts are no longer in use and have also not been removed from the system.

Finally, there are 23 accounts which have a duplicated name with varying sort code and account numbers. These accounts must also be investigated to remove old bank details and avoid paying to the incorrect account.

Root cause

The Council are unsure whether it would be possible to delete duplications of old accounts off the Sage system.

Implication

If the Council do not delete unused and duplicate supplier accounts, there is a risk of confusion with information and inaccurate details and an inability to accurately identify duplicate payments.



RECOMMENDATION

2a. The Council should conduct periodic reviews of the supplier accounts and payments to remove inactive or duplicate entries from the system.



MANAGEMENT RESPONSE

2a. Management agrees with the recommendation. A review of the supplier master file will be undertaken to identify inactive, duplicate and obsolete supplier records, including accounts marked 'Do Not Use' and duplicate supplier names with differing bank details. Where appropriate, records will be removed, deactivated or otherwise clearly controlled to reduce the risk of confusion, duplicate payments and use of outdated bank

information. Management will also introduce a periodic housekeeping review of the supplier master file going forward.

Responsible Officer:	2a. Simon Walker, Finance Business Partner Manager
Implementation Date:	2a. 31 October 2026

OBSERVATIONS

ACCESS REQUEST FORMS

Through our review of user access on the main finance system, we confirmed that all five staff members in our sample had job roles that matched their level of access. Access is requested via email, where staff inform the Finance Business Partner Manager of their role and access needs. The Manager then decides if the access is suitable. To enhance the existing process and ensure requests are consistent, access requests could be formally documented on a request form.



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
Substantial	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.
Moderate	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.
Limited	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.
No	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	
High	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.
Medium	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.
Low	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:

- ▶ Risk 1: There are insufficient policies and procedures to provide guidance to staff in recording, approving, and processing accounts payable transactions, meaning no clear direction, a lack of accountability regarding roles and responsibilities and potentially inconsistent practices.
- ▶ Risk 2: Access to accounts payable systems and data is not effectively controlled and managed, extending the risk that data may be amended or deleted without appropriate approval.
- ▶ Risk 3: Adequate due diligence is not carried out when dealing with new vendors to assess their credibility and legitimacy, leading to payments being made to fraudulent suppliers.
- ▶ Risk 4: Vendor change controls are inadequate to safeguard against bank mandate fraud.
- ▶ Risk 5: Purchase orders are not raised and approved prior to the commitment of expenditure or receipt of the invoice. Where there are occurrences of this, adequate monitoring has not been undertaken and the invoices paid are not supported by sufficient documents. This may lead to unnecessary payments being made for goods which or services which are not required.
- ▶ Risk 6: Supplier invoices are not paid within 30 days, in line with best practice. Where there are delays, reasons are not determined, recorded, and reported to senior management. Late payments may lead to additional charges accruing in interest and termination of services. In such an instance the Council may struggle to replace suppliers to fulfil its needs and deliver its own services.
- ▶ Risk 7: Direct payments (non-purchase orders) are not appropriately authorised with adequate segregation of duties leading to inappropriate purchases being made and financial loss for the Council.



SCOPE & APPROACH

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

- ▶ Review the policies and procedures in place for approving, processing, and recording accounts payable transactions, to assess whether they provide sufficient guidance to staff, including roles and responsibilities. We will also determine whether they are up-to-date and record the current processes in place.
- ▶ Obtain a list of staff who can raise, change and/or authorise entries on the accounts payable system and select a sample of users to assess whether an access request form is in place and their access rights are appropriate to their role. (Risk 2)
- ▶ Review a sample of new vendors set up since 1 April 2025 to assess whether controls in place were operating as expected, adequate due diligence checks were completed and relevant documentation has been retained. (Risk 3)
- ▶ Obtain a list of vendors whose bank account details have been amended since 1 April 2025 and select a sample to assess whether appropriate evidence has been retained around relevant checks that have been made with the vendor using the contact

details held by the Council confirming the legitimacy of the requested changes. (Risk 4)

- ▶ Obtain a list of all vendor payment transactions, since 1 April 2025 and select a sample of payments to assess whether a purchase order was raised, approved appropriately, raised before the receipt of an invoice and the payment made was accurate. We will also assess whether reporting and monitoring is being undertaken of instances where retrospective purchase orders have been raised. (Risk 5)
- ▶ For the same sample selected in (4) above, we will assess whether the supplier invoices have been paid within 30 days, in line with best practice. For the invoices that have not been paid within 30 days, we will assess whether the reason for a delay has been determined and recorded. We will review the monitoring, communications and escalation processes and controls in respect of the timeliness of payments. (Risk 6)
- ▶ Select a sample of direct payments (which do not involve a purchase order) and assess whether these have been appropriately authorised and are for a clear business reason. (Risk 7)

Sample sizes will be determined following the completion of our walkthroughs using our Internal Audit Methodology; for example, if a control is performed daily, we may select a sample of fifteen and if monthly a sample of two to three. Where possible, full population testing will be conducted utilising data analytics.

A closing meeting will be held to discuss findings emerging from the review prior to issue of the draft report. Once the report and recommendations have been agreed following discussions with management, a summary of the findings will be presented to the Performance, Governance and Audit Committee at its next meeting. 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.



ADDED VALUE

We have considered the use of data analytics as part of this audit and the following tests will be performed. This work will be reliant upon management providing the data to allow these data sets to be extracted. Where anomalies are identified, these will be reported to management to resolve and provide a response as part of the finalisation of the audit.

- ▶ Duplicate Payments
- ▶ Vendors with same vendor name or address but different bank details indicating potential set up incorrectly and payments go to the wrong account
- ▶ Duplicate vendor numbers or bank accounts, which would identify vendor set up issues and potentially leads to the wrong vendor receiving payment
- ▶ Payments are not made to vendors within 30 days of the invoice date.

In respect of the data analytics work, we will discuss the reports available from the system to ensure that all required fields are extracted.

Appendix III - Responsibilities and conformance

Management responsibilities

The Global Internal Audit Standards (GIAS) refer to the ‘board’ as ‘the highest-level body charged with governance, such as a board of directors, an Audit Committee, a board of governors or trustees, or a group of elected officials or political appointees.’ For the Council, ‘the board’ is the Performance, Governance and Audit Committee (PGAC) acting on behalf of the Council.

The PGAC is responsible for determining the scope of internal audit work, and for deciding the action to be taken on the outcome of our findings from our work.

The PGAC is responsible for ensuring the internal audit function has:

- The support of the Council’s management team
- Direct access and freedom to report to senior management, including the Chair of the PGAC.

The PGAC is also responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the Council.

Internal controls cover the whole system of controls, financial and otherwise, established by the Council to carry on the business of the Council in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as ‘controls’ or ‘internal controls’.

The AC is responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Council.

Limitations

The scope of the review is limited to the areas documented under Appendix III - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of the review. Our work and conclusion is subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate.

Conformance with the Global Internal Audit Standards in the UK Public Sector

This engagement has been conducted in accordance with Global Internal Audit Standards in the UK Public Sector, which encompass:

- The global Institute of Internal Auditors (IIA) *Global Internal Audit Standards* effective from January 2025

- The Internal Audit Standards Advisory Board (IASAB) *Application Note Global Internal Audit Standards in the UK Public Sector* effective from 1 April 2025.

FOR MORE INFORMATION:

Aaron Winter

Aaron.Winter@bdo.co.uk

Freedom of Information

In the event you are required to disclose any information contained in this report by virtue of the Freedom of Information Act 2000 ("the Act"), you must notify BDO LLP promptly prior to any disclosure. You agree to pay due regard to any representations which BDO LLP makes in connection with such disclosure, and you shall apply any relevant exemptions which may exist under the Act. If, following consultation with BDO LLP, you disclose this report in whole or in part, you shall ensure that any disclaimer which BDO LLP has included, or may subsequently wish to include, is reproduced in full in any copies.

Disclaimer

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained in this publication without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any responsibility or duty of care in respect of any use of or reliance on this publication, and will deny any liability for any loss arising from any action taken or not taken or decision made by anyone in reliance on this publication or any part of it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against BDO LLP or any of its partners, employees or agents.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO member firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

The matters raised in this report are only those which came to our attention during 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.

Copyright © 2026 BDO LLP. All rights reserved. Published in the UK.

www.bdo.co.uk

This page is intentionally left blank

Maldon District Council
Internal Audit - Annual Report & Opinion
Draft
July 2026

Contents

1. Executive summary	3
2. Thematic reporting	6
3. Summary of results	8
4. Quality assurance	10
5. Quality assurance improvement programme	11
5. Annual attestation of independence	12
6. Appendix I: Definitions	13
7. Appendix II: Link to Strategic Objectives	15

Restrictions of Use

The matters raised in this report are only those which came to our attention during 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.

Distribution list

For information	Ben Jay	Finance Director and S151 Officer
	Performance, Governance and Audit Committee Members	

1.Executive summary

Introduction

Role of Internal Audit

Internal auditing strengthens the organisation’s ability to create, protect, and sustain value by providing the Council board* and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The primary responsibility of the internal audit service is to provide the Board with assurance on the adequacy and effectiveness of risk management, control and governance arrangements.

Responsibility for these arrangements remains fully with management, who should recognise that internal audit can only provide a reasonable level of assurance and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management improve risk management control and governance, so reducing the effects of any significant risks faced by the organisation.

The Council Board is ultimately responsible for the system of internal control and the management of risk, including reviewing the effectiveness of internal control. Management is responsible for implementing board policies on risk and control, achieved by designing, operating and monitoring a suitable system of internal control and risk management. All employees have some responsibility for internal control, in that they are all accountable for achieving objectives and should also understand the risk implications of the activities they perform.

**The Global Internal Audit Standards (GIAS) refer to the ‘board’ as ‘the highest-level body charged with governance.’ For Maldon District Council, ‘the board’ is the [Performance, Governance and Audit Committee (PGA)] acting on behalf of the Council Board*

Planned coverage

Our internal audit work for Maldon District Council covered the period April 2025 to March 2026 and was carried out in accordance with the Internal Audit Plan approved by the PGA and in line with the recognised Global Internal Audit Standards (GIAS) from the Institute of Internal Auditors.

The internal audit programme is risk-based and our work is designed to align to key risks over the life cycle of the internal audit plan. The approved internal audit annual plan for 2025/26 comprised the following assignments:

▶ Waste and Recycling	▶ Food Safety
▶ Corporate Governance	▶ IT Governance
▶ HR System Review	▶ Medium Term Financial Strategy
▶ Safeguarding	▶ Main Financial Systems
▶ Management of Property	

Changes to the plan

The Local Government Review was deferred at the request of management and replaced with a review of the Medium Term Financial Strategy. This change was approved by the Performance , Governance and Audit Committee.

Audit outcomes

The conclusions from our reports are summarised on page 9. Key themes are summarised on page 7.

Background to the Annual Opinion

Internal Audit is required to provide an opinion to the Council and the Board, through the PGA, 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 us as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

1. Executive summary

Opinion

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of Maldon District Council’s risk management, control and governance processes.

Opinion

Our opinion is as follows:

- ➔ Good
- ➔ Generally satisfactory with improvements required in some areas
- ➔ Improvements required
- ➔ Significant improvements required

Overall, the controls in the areas we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements and value for money. However, there are some areas where weaknesses and/or non-compliance were identified and, therefore, may put the achievement of objectives at risk. No audits received “no assurance” ratings although we would draw attention to the HR System Review which was the only limited Design assurance this year, however there were no Limited effectiveness assurance opinions. Where weaknesses have been identified, improvements are required to enhance the design and/or effectiveness of risk management, control and governance arrangements.

The number of limited assurance opinions issued in 2025/26 is less than 2024/25, where we issued one Limited design and one Limited operational effectiveness opinions.

High significance findings raised during the year were in relation to the HR System Review (1) where the service level agreement could not be located and Management of Property (1) where there were overdue or incomplete statutory inspections.

Basis of opinion

As the provider of internal audit services to Maldon District Council, we are required to provide the Performance, Governance and Audit Committee with an opinion on the adequacy and effectiveness of the risk management, control and governance processes.

In giving our opinion, it should be noted that the assurance can never be absolute. The most that Internal Audit can provide to the Board is reasonable assurance that there are no major weaknesses in Maldon District Council’s risk management, control and governance processes.

In assessing the level of assurance to be given, we have considered:

- ▶ Our assessment of the design and operation of the underpinning risk management framework and supporting processes, including whether risk appetite has been established and embedded within the activities, limits and reporting of the organisation.
- ▶ The range of individual opinions arising from risk-based audit assignments that have been reported throughout the year; including the relative materiality of these areas
- ▶ Any significant recommendations not accepted by management and the consequent risks (if any) Management’s progress in respect of addressing control weaknesses and implementing recommendations
- ▶ Any limitations which may have been placed on the scope of internal audit - there were no restrictions
- ▶ Reliance placed upon other assurance providers
- ▶ The effects of any significant changes in the organisational objectives or systems
- ▶ What proportion of Maldon District Council’s audit need has been covered to date.

This opinion is based on information provided between April 2025 and March 2026, 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.

1. Executive summary

Recommendation follow up

Management action on implementing recommendations

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 has generally 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.

Internal Audit performed follow up reviews periodically throughout the year, aligned to the Performance, Governance and Audit Committee meeting dates, to verify the status of the open internal audit actions.

Overall, out of 13 Medium and High actions, which have been raised in 2025/26 Maldon District Council had:

- Implemented seven
- Partially implemented one
- Not implemented five as they were not yet due to be followed up.



2. Thematic reporting

Throughout the 2025/26 internal audit plan, we have considered key findings against six core themes. Broadly, these themes were considering the following key questions:

Area	Principle
 Strategic Alignment and Reporting	▶ Is the area under review coherent with the overall strategic objectives, and is reporting sufficient and appropriate to enable effective oversight at a strategic level?
 Controls & Assurance	▶ What first/second line controls are in place, and are these offering adequate comfort? Does the business obtain assurance from other sources? ▶ Is the overall control framework fit for purpose?
 Documentation	▶ What is the quality of the documentation? Is it user friendly, accessible, and easily understood? ▶ Where are documents stored? Are policies up to date?
 Systems & Data Quality	▶ Is there good quality of data and a 'single version of the truth'? Which systems are used to maintain data integrity? Do the right people have access? ▶ Have relevant performance metrics been calculated and can these be accurately compared to source data and in line with regulatory guidance?
 Resources	▶ Where does responsibility sit? Do they have sufficient capacity? ▶ Are people appropriately skilled and trained? Are there any cultural issues to note? ▶ Are controls in place to reduce the risk of fraud, or to highlight instances where there may be higher risk of fraud within processes?
 Innovation and Efficiency	▶ How is Maldon District Council continually developing and are lessons learned exercises undertaken and acted upon? ▶ Are there future looking strategies and improvement plans?

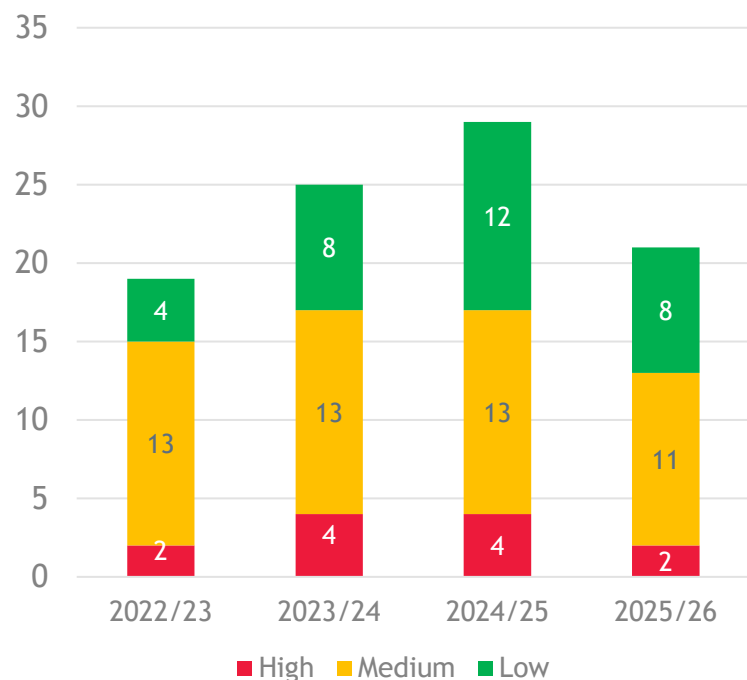
2. Thematic reporting

Looking across the work we have completed, the themes across the Council where more recommendations have focused include on Documentation and Controls & Assurance. There is opportunity to develop processes and controls in these areas which is reflective of the recommendations and actions raised in each internal audit report.

Area	Principle
 Strategic Alignment and Reporting	▶ Generally, there are appropriate levels of reporting at operational and strategic levels across the areas audited. For example, our Food Safety review confirmed that Central Government returns were regularly completed on a timely basis. ▶ Reporting includes performance against defined KPIs alongside other pertinent information to allow management to discharge their responsibilities. This was clearly evidenced in the Food Safety and Medium Term Financial Strategy reviews.
 Controls & Assurance	▶ First line controls were identified across the organisation in all reviews undertaken, including preventative and detective controls, although these could be developed further in places. ▶ Management routines are in place to confirm compliance with approved procedures and the accuracy of data; although in some instances, such as the Management of Property audit, we identified that control improvements were required as statutory compliance inspections and rent reviews were overdue.
 Documentation	▶ Relevant systems were used wherever possible to maintain centralised and contemporaneous records. ▶ Relevant policies and procedures were in place for the areas reviewed and these were accessible to relevant personnel as needed however the Safeguarding Policy required updating as it was last reviewed in 2020. The Council was also unable to initially locate the Service Level Agreement it had with its HR Service provider at the time of the audit, and some Working Group terms of reference were identified as out of date in the Corporate Governance audit.
 Systems & Data Quality	▶ The Council make use of several systems for the management of key processes and functions and no material issues were identified during our reviews.
 Resources	▶ Across all areas reviewed, resources appear to be generally well structured. Evidence of training and communication routines were available for all areas reviewed apart from Corporate Governance, where mandatory training completion for Members was not 100%. ▶ Resource allocation was adequate to enable segregation of duties, as appropriate.
 Innovation and Efficiency	▶ Examples of improvements to efficiency were noted in most of areas reviewed. ▶ These initiatives aim to streamline operations, reduce manual processes, and enhance overall efficiency.

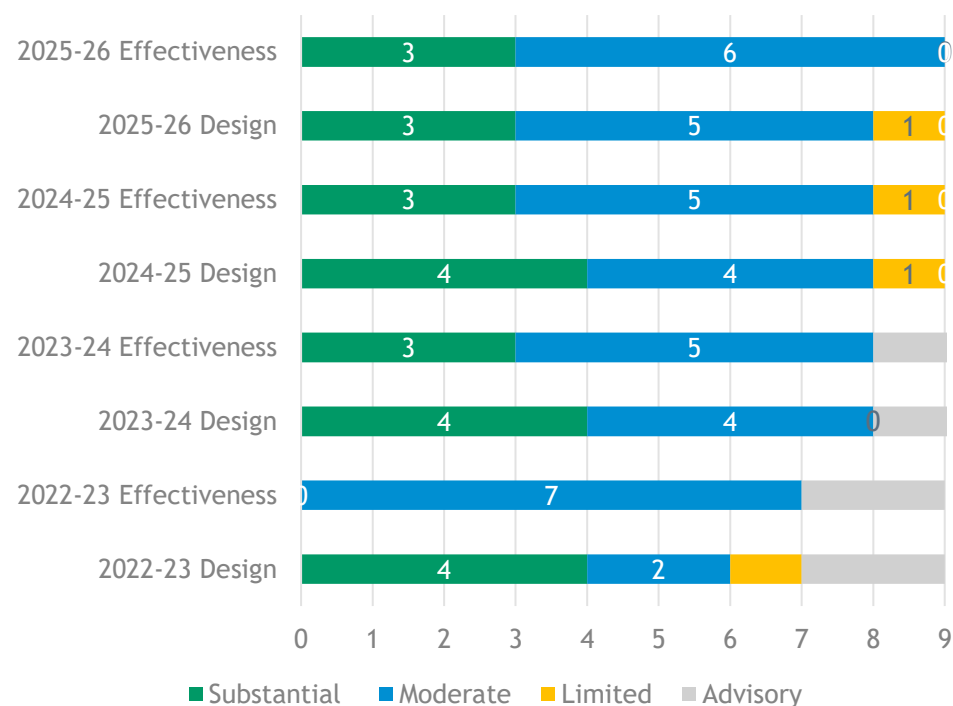
3. Summary of results

Recommendations by significance



Year	2022/23	2023/24	2024/25	2025/26
Audits completed	9	11	9	9
Recommendations raised	19	25	29	21
Average per audit	2.1	2.3	3.2	2.3

Assurance opinions



Comparison to prior year

- ▶ The total number of recommendations raised has decreased from 29 in 2024/25 to 21 in 2025/26. The average number of recommendations per audit has also decreased from 3.2 in 2024/25 to 2.3 in 2025/26.
- ▶ The total proportion of positive design (substantial and moderate) opinions provided in 2025/25 has remained consistent with the previous year.
- ▶ The proportion of positive operational effectiveness opinions rose from eight in 2024/25 to nine in 2025/26.

3. Summary of results

Within the year, we produced nine audit reports. We set out below our summary of the audits completed, the significance of recommendations raised, our opinions on control design and operational effectiveness, a comparison against the original IA plan and the link to the relevant strategic risk/objective.

The definitions of recommendation significance and report conclusions are set out in the tables in Appendix I. The Audit Plan is mapped to the strategic objectives in Appendix II.

Audit	Type of review	Recommendations and significance			Overall report opinion		Link to internal audit plan
		High	Medium	Low	Control design	Operational effectiveness	
Waste and Recycling	Assurance	0	2	2	Substantial	Moderate	Y
Corporate Governance	Assurance	0	2	2	Substantial	Moderate	Y
HR Systems Review	Assurance	1	1	1	Limited	Moderate	Y
Safeguarding	Assurance	0	1	1	Moderate	Moderate	Y
Management of Property	Assurance	1	1	2	Moderate	Moderate	Y
Food Safety	Assurance	0	0	0	Substantial	Substantial	Y
IT Governance	Assurance	0	2	0	Moderate	Moderate	Y
Medium Term Financial Strategy	Assurance	0	1	0	Moderate	Substantial	Additional review - replaced Local Government Review which was deferred to 2027
Main Financial Systems	Assurance	0	1	0	Moderate	Substantial	

4. Quality assurance

As a firm we are committed to continual improvement. To achieve this, we apply the latest internal quality standards, which are designed to ensure that the work we perform meets the requirements of the regulatory environment within which each of our clients operates. The provision of Internal Audit services rests with a team of dedicated internal audit professionals who form part of a national Risk and Advisory Services (RAS) team.

Qualifications, Training And Development

It is our policy that staff engaged in the provision of a specialist service be qualified in the relevant professional discipline. In Internal Audit, staff are qualified or are studying for the exams by the Chartered Institute of Internal Auditors, or for a professional accountancy body.

Qualified staff are required to retain commitment to their professional body after their qualification and the firm is committed to continuing professional education and provide staff access to quality training programmes.

Quality assurance processes

We adopt the following processes in order to ensure that the internal audit work we perform meets our required quality standards:

- ▶ **Documented standards** - the fundamentals of our auditing standards are set out within our audit manual and related documentation. Our audit methodology complies with current best practice, Global Internal Audit Standards
- ▶ **Annual plan** - A risk-based approach is taken to determine the annual plan.
- ▶ **Planning** - each assignment is planned based upon a thorough understanding of the business area being audited and the risks that are associated with that area. All assignments are supported by briefing documents agreed in advance with the client.
- ▶ **Quality assurance** - the work conducted to meet the requirements of each assignment brief is subject to a full client debrief and to manager review within the audit team before a final draft report is issued. All finalised reports are approved and signed off by a licence holder (Partner or Director).
- ▶ **Cold reviews** - we also adopt a cold review process where samples of the work performed by the internal audit team are reviewed to ensure that they meet our own internal standards. These reviews are conducted by professionals outside of the team which conducted the work. The work of cold review is subject to our National Quality Review processes, aimed at ensuring consistency of standards adopted within the firm.

Continuous Improvement

The results of the various review processes that are outlined opposite are used to inform the development needs of staff through our appraisal process and by the development of relevant training courses for the staff involved in internal audit work. The appraisal process adds to the structured training that each member of our RAS team receives on a firm wide basis. At the moment each of our team members is required to attend at least two RAS training days annually with additional training being provided in response to changes in the environment in which we operate.

Compliance with the Global Internal Audit Standards (GIAS)

Based on the results of our internal assessments, we can confirm that our Internal Audit services are aligned and have been delivered in accordance with the Global Internal Audit Standards during the year. It should be noted that as the GIAS became effective on 9 January 2025 [and GIAS in the UK public sector] on 1 April 2025), there has been a transition period during the year.

We confirm there have been no deviations from the GIAS during the year.

External Quality Assessment

The Global Internal Audit Standards of the Institute of Internal Auditors (IIA) requires every internal audit function that aims to comply with its standards to be reviewed, externally, every five years. At BDO we recognise the importance of independent quality assurance and so submit our RAS team to an External Quality Assurance (EQA) review every five years, most recently in April 2021. We engaged the Chartered Institute of Internal Auditors (CIIA) to carry out the EQA and, in summary, their conclusion was that BDO generally conforms to the International Professional Practices Framework (IPPF). This is the highest of the three gradings awarded by the CIIA.

RAS is committed to continuous improvement and has agreed a Quality Assurance Improvement Programme with the CIIA to respond to the recommendations and suggestions raised through the EQA exercise. A copy of the EQA report is available to our clients in order they may obtain comfort regarding our working practices.

Our next EQA is due in late 2026.

5. Quality assurance improvement programme

An update on our specific improvement actions included as part of our Quality Assurance Improvement Programme is below:

Initiative	Benefit	Due date	Status
Align Internal Audit's focus to the strategic objectives of the organisation	Until now, IA's focus has been on a balance between strategic and operational areas. We will place greater emphasis on strategic priorities, outlined in the updated IA Strategy.	Ongoing throughout delivery of the remaining 2025/26 IA plan and as we move into the delivery of the 2026/27 plan	Complete for 2025/26
Building on the feedback we have received from clients where we have used data analytics effectively to gain insights and drive improvements, enhance the use of data analytics in all audits where relevant	Allow the analysis of 100% of the population and provide meaningful insights to the business	Ongoing throughout delivery of the remaining 2025/26 IA plan and as we move into the delivery of the 2026/27 plan	Complete for 2025/26
As Audit Committees have indicated that they find the benchmarking that we carry out in our audits insightful, ensure that we include benchmarking results in each Internal Audit report (where relevant).	Allows management to gain insights into what other similar organisations are doing	Ongoing throughout delivery of the remaining 2025/26 IA plan and as we move into the delivery of the 2026/27 plan	Complete for 2025/26
Implement any actions arising from stakeholder feedback surveys	Meet stakeholder's expectations	Ongoing throughout delivery of the remaining 2025/26 IA plan and as we move into the delivery of the 2026/27 plan	Complete for 2025/26
Continue to proactively seek a thorough understanding of the root causes of identified control failures or gaps and ensure that recommendations raised include actions to address these underlying causes	Recommendations that address the root causes of control weaknesses are more likely to lead to and embed improvements in overall control environments	Ongoing throughout delivery of the remaining 2025/26 IA plan and as we move into the delivery of the 2026/27 plan (where applicable)	Complete for 2025/26
As we are doing for the IIA's Topical Requirements on Cyber-Security and Third Parties, ensure that the Topical Requirements on Organisational Behaviour and Organisation Resilience (when published) are fully considered when scoping individual audits, where applicable	Internal audits that fully consider the risks relating to organisational behaviour and resilience, to ensure that the risks are adequately managed	Ongoing throughout delivery of the remaining 2025/26 IA plan and as we move into the delivery of the 2026/27 plan	Complete for 2025/26

6. Annual attestation of independence

Independence

The Internal Audit function is independent and objective and we undertake our work with an impartial, unbiased attitude, avoid conflicts of interest and perform engagements in such a manner that there are no quality compromises.

During the year we have not acted in any management capacity, taken on any responsibility for the operations of your organisation or provided any services that would compromise our independence.

In the year BDO was engaged by management to carry out the following additional services outside of the Internal Audit contract:

- Housing Benefit Claim - this was conducted by a separate BDO team and engaged separately. This does not create any independence concerns.

If the independence or objectivity of the Internal Audit service is ever impaired, details of the impairment will be disclosed to either the CE/their delegate, or the Chair of the Performance, Governance and Audit Committee, dependent upon the nature of the impairment.

Relationship with external audit

All of our final reports are available to the external auditors through the Performance, Governance and Audit Committee papers and are available on request.

Appendix I: Definitions

Annual Opinion Definitions

Opinion		Definition
	Good	The controls in the areas which we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements.
	Generally satisfactory with improvements required in some areas	The controls in the areas which we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements. However, there are some areas where weaknesses and/or non-compliance were identified and therefore may put the achievement of objectives at risk.. Where weaknesses have been identified, improvements are required to enhance the design and/or effectiveness of risk management, control and governance arrangements arrangements.
	Improvements required	Significant weaknesses were identified in [both the design and/or operational effectiveness] of the controls in [all/the majority] of the areas which we examined and weaken the risk management, governance and control arrangements.. Significant improvements are required to enhance the design and/or effectiveness of risk management, control and governance arrangements and value for money arrangements.
	Unsatisfactory	The framework of governance, risk management and control arrangements is poor. Immediate action is required to improve the design and/or operational effectiveness]of the governance, risk management and control arrangements.

Appendix I: Definitions

Audit Report Definitions

Level of assurance	Design of internal control framework		Operational effectiveness of controls	
	Findings from review	Design opinion	Findings from review	Effectiveness opinion
Substantial	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.
Moderate	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.
Limited	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.
No	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	
High	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.
Medium	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.
Low	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: Link to strategic objectives

We have mapped the Internal Audit Plan to the organisation’s strategic objectives to show coverage across the year.

Audit	Type of review	Link to risk strategic priorities				Delivering good quality services
		Supporting our communities	Investing in our district	Growing our economy	Protecting our environment	
Waste and Recycling	Assurance	✓	✓	✓	✓	✓
Corporate Governance	Assurance	✓	-	-	-	✓
HR System Review	Assurance	-	-	-	-	✓
Safeguarding	Assurance	✓	✓	-	✓	✓
Management of Property	Assurance	✓	✓	-	-	✓

Appendix II: Link to strategic objectives

We have mapped the Internal Audit Plan to the organisation’s strategic priorities to show coverage across the year.

Audit	Type of review	Link to risk strategic objectives				Delivering good quality services
		Supporting our communities	Investing in our district	Growing our economy	Protecting our environment	
Food Safety	Assurance	✓	✓	-	✓	✓
IT Governance	Assurance	✓	-	-	-	✓
Medium Term Financial Strategy	Assurance	✓	-	✓	-	✓
Main Financial Systems	Assurance	✓	-	✓	-	✓

For more information:

Aaron Winter, Partner

Aaron.Winter@bdo.co.uk

Freedom of Information

In the event you are required to disclose any information contained in this report by virtue of the Freedom of Information Act 2000 ("the Act"), you must notify BDO LLP promptly prior to any disclosure. You agree to pay due regard to any representations which BDO LLP makes in connection with such disclosure, and you shall apply any relevant exemptions which may exist under the Act. If, following consultation with BDO LLP, you disclose this report in whole or in part, you shall ensure that any disclaimer which BDO LLP has included, or may subsequently wish to include, is reproduced in full in any copies.]

Disclaimer

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained in this publication without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any responsibility or duty of care in respect of any use of or reliance on this publication, and will deny any liability for any loss arising from any action taken or not taken or decision made by anyone in reliance on this publication or any part of it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against BDO LLP or any of its partners, employees or agents.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO member firms.

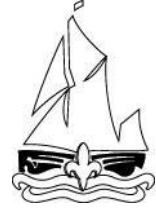
BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

The matters raised in this report are only those which came to our attention during our audits and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made organisation. 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.

Copyright © 2026 BDO LLP. All rights reserved. Published in the UK.

www.bdo.co.uk

This page is intentionally left blank



**REPORT of
DIRECTOR OF STRATEGY AND IMPROVEMENT**

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

UK SHARED AND RURAL ENGLAND PROSPERITY FUNDS

1. PURPOSE OF THE REPORT

- 1.1 To update Members on the progress of the UK Shared and Rural England Prosperity Funds (UKSPF) for the allocation period 2025 / 26.

2. RECOMMENDATION

That the Committee acknowledges the update provided on Maldon District Council's UK Shared and Rural England Prosperity fund allocations for 25 / 26 and continues to monitor the delivery.

3. SUMMARY OF KEY ISSUES

- 3.1 In the Autumn Budget 2024, the Chancellor confirmed the continuation of UKSPF for a further year, which will allow local authorities to invest in local growth, in advance of wider funding reforms.
- 3.2 A report was brought to the Strategy and Resources Committee on 23 January 2025, which granted delegated authority to the Corporate Leadership Team (now Senior Leadership Team (SLT)) to identify projects for delivery in consultation with the Leader of the Council and the Chairperson of the Strategy and Resources Committee, under UKSPF.
- 3.3 That report also recommended to the Council that 100% match funding of the UKSPF 2025 / 26 allocation be provided from the Council's Reserves. This recommendation was approved by the Council on 13 February 2025 (Minute No. 537 refers), meaning there is a total delivery fund of £654,292.
- 3.4 At the Council meeting on 3 April 2025, Members approved the proposed projects to be delivered detailed were presented in the report. At the same meeting, an [Addendum](#) paper was presented outlining Maldon District Council's allocation for Rural England Prosperity Fund (REPF) 2025 / 26 (£129,077). Members granted delegated authority to the Chief Executive, in consultation with the Leader of the Council, Chairperson of the Strategy and Resources Committee, and Ward Members, to identify projects for delivery via REPF funding.
- 3.5 As required by the Ministry of Housing, Communities and Local Government (MHCLG), the Council submitted its forecast spend, outputs and outcomes for 25 / 26. MHCLG confirmed the submission had been accepted.

- 3.6 Of the £783,369 available budget, from UKSPF (£327,146), REPF (£129,077) and the Council's match fund (£327,146), £751,221.35 of actual spend has been incurred. This represents 96% of funding spent. Updates on the individual project progress is contained within **APPENDIX 1**.

UK Shared Prosperity Fund	£327,146
Rural England Prosperity Fund	£129,077
Maldon District Council Match Funding	£327,146
Total Funding	£783,369
Spent To Date	£751,221.35
Remaining (allocated to projects)	£32,147.65

- 3.7 In January 2026, MHCLG issued notification to confirm UKSPF and REPF 2025/2026 delivery can now continue to 30 September 2026. This is an extension of the spend eligibility deadline, which was previously 31 March 2026. All the projects are still proposed to complete by the original deadline, however, where it is prudent to do so, for value for money, or further robustness of delivery can be obtained, the end dates will be amended. The Council will be expected to continue reporting up to 30 September regardless of whether all projects have completed.
- 3.8 Officers across the authority will continue delivery of the projects over the funding period, submitting the required MHCLG returns as required. Further progress updates shall be brought to the Performance, Governance and Audit Committee throughout the municipal year.

4. CONCLUSION

- 4.1 UKSPF and REPF continues to present a significant opportunity for the Maldon District to support, through direct investment, in our economy, businesses and communities.

5. IMPACT ON PRIORITIES AS SET OUT IN THE CORPORATE PLAN 2025 - 28

5.1 Supporting our communities

- 5.1.1 The UKSPF and REPF investment priority of Communities and Place directly supports this through the theme of:

- Healthy, Safe and Inclusive Communities.

5.2 Investing in our district

- 5.2.1 The UKSPF and REPF investment priority of Communities and Place directly supports this through the theme of:

- Thriving places.

5.3 Growing our economy

- 5.3.1 The UKSPF and REPF investment priority of Supporting Local Business directly supports this through the theme of:

- Supporting local business.

5.4 Protecting our environment

- 5.4.1 Projects delivered under UKSPF will aim to directly support the authority's Climate Action Strategy and Climate Action Plan.

6. IMPLICATIONS

- (i) **Impact on Customers** – Any project delivered will be designed to benefit residents / businesses and ensure there is significant customer benefit from its outputs.
- (ii) **Impact on Equalities** – Projects will be delivered in accordance with the Public Sector Equality Duty.
- (iii) **Impact on Risk (including Fraud implications)** – Delivery will be reported through the Council's Project Management Office monthly, which records and reports risk. A separate Fraud Risk Assessment, issued by MHCLG, is maintained. The Council faces increased reputation risk if it fails to deliver to the expectations of stakeholders.
- (iv) **Impact on Resources (financial)** – The authority has agreement to use 6% of its allocation to support the management and administration of the UKSPF programme. However, with the cost of doing business and supply chain pressures still being significant, it will be prudent to regularly assess projects to ensure viability and value for money. The Council has already committed to match 100% fund the UKSPF allocation and replenish REPF in 2026 / 27 from its own Reserves.
- (v) **Impact on Resources (human)** – The coordination work for UKSPF work will be undertaken by the Head of Economic Development. Project delivery will need to be well supported by resources drawn from the wider organisation. Project Managers have been identified and are required to report through the Project Management Office monthly.
- (vi) **Impact on Devolution / Local Government Reorganisation** – None, the funding is not affected by changes arising from Devolution and Local Government Reorganisation.

Background Papers:

APPENDIX 1 – UK Shared and Rural England Prosperity Funds 2025 / 26 Project Delivery
[UK Shared Prosperity Fund 2025-26: Technical note - GOV.UK](#)
[Rural England Prosperity Fund: prospectus updates for 2025 to 2026 - GOV.UK](#)
[UKSPF 2025-26 allocations - GOV.UK](#)
[Rural England Prosperity Fund: Allocations 2025 to 2026](#)

Enquiries to: Leanda Cable, Director of Strategy and Improvement.

This page is intentionally left blank

UK Shared and Rural England Prosperity Funds 2025/26 Project Delivery

Project	Budget	Spend to date	Funding Source	Estimated Completion Date	Project Update
Ufest 2025	£4,000.00	£3,595.66	UKSPF	Completed	Complete – as per 18 September 2025 report.
Saltmarsh Fest 2025	£10,000.00	£9,754.58	UKSPF	Completed	Complete – as per 29 2026 January report.
Increase tourism budget	£12,000.00	£11,283.84	UKSPF	Completed	Complete – as per 4 June 2026 report.
Culture and Heritage Strategy	£25,000.00	£25,000.00	UKSPF	Completed	Approved at Strategy and Resources Committee on 11 June 2026. Fully costed action plan to be presented at Committee in September 2026.
North Essex Economic Board Business Support	£26,675.00	£26,675.00	UKSPF	Completed	Complete – as per 4 June 2026 report.

UK Shared and Rural England Prosperity Funds 2025/26 Project Delivery

Page 116

Project	Budget	Spend to date	Funding Source	Estimated Completion Date	Project Update
One Maldon District Partnership - Thriving Places Grant scheme	£60,000.00	£56,079.00	UKSPF	30 September 2026	Seven projects have been approved by the One Maldon District Partnership Thriving Places Grant panel and are in delivery. These are: Dementia Friendly and Suicide Prevention coordination support, Youth Sector Strengthening, Winter Support Plan, Mental Health Support and Training, Community Asset Upgrade Youth Physical Activities
VE Day Event	£2,540.00	£2,540.00	UKSPF	Completed	Complete – as per 18 September report.
99 Wood Road Community Supermarket Location	£20,000.00	£20,000.00	UKSPF	Completed	Complete – as per 29 January report.
Management and Administration	£16,004.00	£14,474.46	UKSPF	30 September 2026	Part of the funding has been utilised to increase the Tourism and Marketing Officer's hours to full time. This allows for supporting the delivery of several projects. The remainder will be utilised to implement the required branding for both UKSPF and REPF.
Community Grants Scheme – Where Quality of Life Matters	£296,520.00	£272,576.81	MDC	On-going until budget allocated	34 applications have now received their grants and are beginning delivery. 8 applicants are receiving additional support to strengthen their submissions where the project has potential for funding. A further application window will open shortly with amendments to the guidance from lessons learnt in Phase 1.

UK Shared and Rural England Prosperity Funds 2025/26 Project Delivery

Project	Budget	Spend to date	Funding Source	Estimated Completion Date	Project Update
Community Grant Officer Post	£51,553.00	£50,165.00	UKSPF 25/26 Maldon District Council 26/27	30 September 2026	Officer completing role as expected.
Continued development of 'Secret Garden' at Promenade Park	£198,000.00	£198,000.00	UKSPF REPF	Completed	Complete – as per 29 January report. Small overspend to be offset by underspends from completed projects
Delivery of cultural event activities within the district	£25,000.00	£25,000.00	UKSPF Maldon District Council	30 September 2026	Further discussions to support local, established culture events are in progress.
Concession infrastructure Riverside Park	£18,038.00	£18,038.00	REPF	Completed	Complete – as per 12 March report.
Make Space for Girls BOC	£18,039.00	£18,039.00	REPF	30 September 2026	Scope of works is being agreed by the project team, taking into consideration feedback from Ward Members and the school consultation report.
	£783,369.00	£751,221.35			

UK Shared Prosperity Fund (UKSPF) Allocation	£327,146
Rural England Prosperity Fund (REPF)	£129,077
Maldon District Council Match Funding	£327,146
	£783,369

This page is intentionally left blank



REPORT of DIRECTOR OF FINANCE

to
PERFORMANCE GOVERNANCE AND AUDIT COMMITTEE
16 JULY 2026

REVIEW OF FINANCIAL REGULATIONS

1. PURPOSE OF THE REPORT

- 1.1 The Financial Regulations of the Council were last updated in October 2025 following approval of the Council's new senior management structure.
- 1.2 It is good practice to review Financial Regulations on a regular basis. This review is conducted ahead of the start of the new financial year as part of the preparation for the implementation of the 2026/27 budget.

2. RECOMMENDATIONS

To the Council:

- (i) That the recommended changes to the Financial Regulations set out in **APPENDIX 1** be considered and approved;
- (ii) That subject to (i) above, the Financial Regulations are revised and published on the Council's website.

3. SUMMARY OF KEY ISSUES

- 3.1 The Council's Financial Regulations were prepared in their current format in 2018. A number of subsequent changes have been made, principally to ensure that the titles of the responsible officers are maintained up to date.
- 3.2 The current review and recommended changes reflect both the 'phase 1' and 'phase 2' organisational structure changes as well as providing clarity on a number of key points.
- 3.3 A lack of clarity has arisen in some areas as a result of changes in postholders of the Section 151 / Chief Finance Officer (CFO) position. As different CFOs have approached financial management challenges encountered during their tenure in different ways, the organisation has heard a number of different approaches being set out. This review and revision of the Financial Regulations aims to remove some areas of confusion without changing the fundamental internal controls operated within the council by its staff.
- 3.4 The full list of proposed changes is attached to this report (**APPENDIX 1**). A number of the changes are minor and intended to improve the efficacy of the regulations. More significant changes are set out in items 8 and 13. These are:

3.5 **Item 8 – clarification of budget management order of priority.** These are set out as:

3.5.1 Actions to be taken by Directors are expected to follow the following escalation route in managing budget pressures:

- within a cost centre
- between across cost centres
- between services
- escalation to Senior Leadership Team (SLT)
- escalation to Director of Finance

3.5.2 This escalation process is to enable flexible management of budgets and agility in responding to unanticipated budget pressures. It allows directors to work within delegated budget totals. Where spending is expected to exceed budget delegations, this will be reported in the next monthly report to chief officers, facilitated by the Director of Finance and the finance team. It is expected to reduce the number of 'supplementary estimates' requested by officers without relaxing wider internal controls on spending.

3.6 **Item 12 – use of 'best estimates'**

3.6.1 The basis for preparing estimates for use in financial management is often confusing. There may be pressure to reflect wider risks (i.e. risk averse, pessimistic, or 'prudent' forecasting), alternatively to succumb to managerial or political pressure to be 'optimistic'. Neither is correct. Formal guidance indicates that all estimates should be prepared on the basis of a 'best estimate'. This can also be misleading, as it appears to favour 'optimism bias'. The correct interpretation is the 'most accurate' estimate – the estimate "from which least variation is expected". The recommended change set out as item 13 in **APPENDIX 1** aims to remove this ambiguity – all forecasts are to be prepared on the basis of identifying the value from which least change is expected.

3.7 **Item 16 – tolerance in capital schemes**

3.7.1 At present, the regulations allow for a variation of 'the greater of 5% or £10,000' in capital schemes on the basis that some capital schemes will always incur minor overspends. Given that the Leisure Services contract includes specific values for capital investment, this has been divided to deal separately with Maldon District Council controlled capital investment versus third party investment. It is recommended to revise the previous provision to 'the lesser of 10% or £10,000' for in-house delivered schemes, and not to allow application of the variation to externally delivered schemes (as they are subject to agreed contract provisions).

4. **CONCLUSION**

4.1 The recommended changes to the Financial Regulations will support increased efficiency and agility in the Council in delivery against agreed priorities without compromising on the effectiveness of financial controls.

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

5.1 Supporting our communities

- 5.1.1 The Financial Regulations provide a clear statement of expected good practice in financial management within the council. This supports delivery of agreed corporate objectives.

5.2 Investing in our District

- 5.2.1 As at 5.1.1.

5.3 Growing our economy

- 5.3.1 As at 5.1.1.

5.4 Protecting our environment

- 5.4.1 As at 5.1.1.

5.5 Delivering good quality services

- 5.5.1 As at 5.1.1.

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)** – None directly.
- (v) **Impact on Resources (human)** – Provides greater flexibility to work within the defined parameters of the approved budgets of the Council.
- (vi) **Impact on Devolution / Local Government Reorganisation** – Ensures that budget managers are experienced in good practice in financial management ahead of reorganisation.

Background Papers:

Current Financial Regulations: [Financial Regulations](#)

Enquiries to: Ben Jay, Director of Finance.

This page is intentionally left blank

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES



MALDON DISTRICT COUNCIL

Financial Regulations and Financial Procedures

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Changes log

Committee version	Change
C 2.1 changed to reflect audit committee responsibility as opposed to finance and corporate services.	June 2018
Throughout – Amend the references to Chief Executive and Directors titles in line with new structure.	October 2018
Appendix I reference to Deputy for Section 151 removed as this isn't a position.	January 2019
Amended wording relating to cheques as pre-signed cheques are now removed.	January 2019
Appendix G.9. Amended wording on BACS to reflect new BACS system of electronic signatures and gave delegation of authorisations of BACS to Director of Resources.	February 2019.
Combined B.1.3 and B.1.4 as no required distinctions.	February 2019
Updating to reflect new Committee Structure (SPJ)	February 2020
Updating to reflect new Senior Management Structure	October 2025
Updating to: • reflect the Phase 2 and Phase 2 organisational structure changes as well as providing clarity on a number of key points • remove some areas of confusion without changing the fundamental internal controls operated within the Council by its staff • improve the efficacy of the regulations • clarify of budget management order or priority • use of 'best estimates' • tolerance in capital schemes	June 2026

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Contents

		Page No.
1.	Status of Financial Regulations	1
2.	Financial Regulations	
	a) Financial Management	2
	b) Financial Planning	6
	c) Risk Management and Control of Resources	9
	d) Systems and Procedures	11
	e) External Arrangements	13
APPENDICES		
A	Financial Management Procedures	
	A.1 Financial Management Standards	14
	A.2 Managing Expenditure	15
	A.3 Accounting Policies	16
	A.4 Accounting Records and Returns	17
	A.5 The Annual Statement of Accounts	18
B	Financial Planning	
	B.1 Performance Plans	20
	B.2 Budgeting	20
	B.3 Maintenance Of Reserves	27
C	Risk Management and Control of Resources	
	C.1 Risk Management	28
	C.2 Internal Controls	29
	C.3 Audit Requirements	30
	C.4 Preventing Fraud and Corruption	33
	C.5 Assets	34
	C.6 Treasury Management	37
	C.7 Staffing	39
D	Financial Systems and Procedures	
	D.1 General	40
	D.2 Income and Expenditure	42
	D.3 Ordering and Paying for Work, Goods and Services	43
	D.4 Payments to Employees and Members	47
	D.5 Taxation	48
	D.6 Trading Accounts and Business Units	49
E	External Arrangements	
	E.1 Partnerships	51
	E.2 External funding	53
	E.3 Work for third parties	53
F	Financial Limits	55
G	Bank Mandate	57
H	Authorisation Arrangements	58
I	Delegations	59

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

1 STATUS OF FINANCIAL REGULATIONS

- 1.1 Financial regulations provide the framework for managing the Council's financial affairs. They apply to every member and officer of the Council and anyone acting on its behalf.
- 1.2 The regulations identify the financial responsibilities of the Council, the Committees, the Directors, and the Monitoring Officer. Directors should maintain a written record where decision making has been delegated to members of their staff, including seconded staff. Where decisions have been delegated or devolved to other responsible officers, references to the Director in the regulations should be read as referring to them. Actions may also be delegated, and again delegation should be documented, however the responsibility to ensure that these actions are happening remains with the person specified in these regulations. **(Appendix I)**
- 1.3 **All Council Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.**
- 1.4 The Director of Finance is responsible for maintaining a continuous review of the financial regulations and submitting any additions or changes necessary to the Council for approval. The Director of Finance is also responsible for reporting, where appropriate, breaches of the financial regulations to the Strategy and Resources Committee. Any non-compliance with the Regulations must be reported to the Director of Finance. Anyone wishing to act outside the provisions of these regulations, in a specific instance, must seek the prior written approval of the Director of Resources.
- 1.5 The Council's detailed financial procedures, setting out how the regulations will be implemented, are contained in the appendices to the financial regulations.
- 1.6 The Director of Finance is responsible for ensuring that all staff are aware of the existence and content of the Council's financial regulations and other internal regulatory documents and that they comply with them.
- 1.7 The Director of Finance is responsible for issuing advice and guidance to underpin the financial regulations that Members, Officers and others acting on behalf of the Council are required to follow. Notes and guidance may expand upon but not contradict the Regulations. Any consultation required under these Regulations must allow sufficient time for a proper consideration of any issues.
- 1.8 All financial and accounting procedures must be carried out in accordance with the Regulations.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

2 FINANCIAL REGULATIONS

a) Financial Management

1. INTRODUCTION

- 1.1 Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework and budget.

2. THE COUNCIL

- 2.1 The Council is responsible for adopting the corporate governance arrangements (Standing orders and Terms of Reference), for approving the annual budget and the policy framework within which the Committees operate. It is also responsible for approving and monitoring compliance with the Council's overall framework of accountability and control. The framework is set out in its corporate governance arrangements. The Council is also responsible for monitoring compliance with the agreed policy and related Committee decisions.

- 2.2 The Council is responsible for approving procedures for recording and reporting decisions taken. This includes those key decisions delegated by and decisions taken by the Council and its Committees.

3. THE COMMITTEES

- 3.1 The Strategy and Resources Committee is responsible for proposing the annual budget to the Council, and for discharging its own functions in accordance with that budget and framework.

- 3.2 Once approved, the Strategy and Resources ~~Services~~ Committee is responsible for the administration of the budget for the services set out in its Terms of Reference.

- 3.23.3 The Strategy and Resources Committee will ensure maintenance of the Medium-Term Financial Strategy (MTFS) with periodic updates during the year.

- 3.33.4 Committee decisions can be delegated to an officer or a sub-committee.

- 3.43.5 The Committees are responsible for establishing protocols to ensure that decisions take account of legal and financial liabilities and risk management issues that may arise from the decision.

- 3.6 The Performance, Governance and Audit Committee to seek assurance from the Director of Finance, Internal and External Auditors regarding the accuracy of the financial statements.

- 3.53.7 The Overview and Scrutiny Committee along with its major role in reviewing Best Value, has power to scrutinise decisions made, or action taken, in respect of any of the functions of the Council which have financial implications. It also has powers to make recommendations on future financial policy options and for reviewing the general financial policy and service delivery of the Council.

- 3.63.8 The Joint Standards Committee is established by the Council and is responsible for promoting and maintaining high standards of conduct amongst councillors. In

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

particular, it is responsible for advising the Council on the adoption and revision of the Members' code of conduct, and for monitoring the operation of the code.

4. THE STATUTORY OFFICERS

4.1 Head of Paid Service (Chief Executive)

4.1.1 He/she is responsible for the corporate and overall strategic management of the Council as a whole. He/she must report to and provide information for the Council, the Programme committees and other Committees. He/she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Head of Paid Service is also responsible, together with the Monitoring Officer (see 4.2 below), for the system of record keeping in relation to all the Council's decisions.

4.1.2 The Director of Legal and Governance is responsible for keeping the Council's corporate governance arrangements up to date.

4.2 Monitoring Officer (Director of Legal and Governance)

4.2.1 The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the Joint Standards Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the Council and/or to the Committees, and for ensuring that procedures for recording and reporting key decisions, as defined in the Constitution, are operating effectively.

4.2.2 The Monitoring Officer must ensure that Committees' decisions and the reasons for them are made public. He/she must also ensure that Council Members are aware of decisions made by Committees and of those made by officers who have delegated responsibility.

4.2.3 The Monitoring Officer is responsible for advising all Members and officers about who has authority to take a particular decision.

4.2.4 The Monitoring Officer is responsible for advising the Committees or Council about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.

4.2.5 The Monitoring Officer (together with the Section 151 Officer (see below)) is responsible for advising the Committees or Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:

- a) initiating a new policy;
- b) committing expenditure in future years to above the current budget level;
- c) incurring expenditure where no estimate or an inadequate estimate exists thereby giving rise to the necessity for supplementary estimates or virements above approved limits;
- d) causing the total expenditure financed from council tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

4.3 Section 151 Officer (Director of Finance)

4.3.1 The Director of Finance is the Section 151 Officer and has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. The statutory duties arise from:

- a) Section 151 of the Local Government Act 1972;
- b) The Local Government Finance Act 1988;
- c) The Local Government and Housing Act 1989;
- d) The Accounts and Audit Regulations 2015;
- e) The Localism Act 2011.

4.3.2 The Section 151 Officer is responsible for:

- a) the proper administration of the Council's financial affairs;
- b) setting and monitoring compliance with financial management standards;
- c) advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
- d) providing financial information;
- e) preparing the [revenue budget](#) and [capital programme](#);
- e)f) [the maintenance of appropriate financial records.](#)

Operational responsibility for these matters is assigned to the Director of Resources.

4.3.3 Section 114 of the Local Government Finance Act 1988 requires the Section 151 Officer to report to the Council, Committees and external auditor if the Council, Committees or one of its officers or members:

- a) has made, or is about to make, a decision which involves incurring unlawful expenditure;
- b) has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council;
- c) is about to make an unlawful entry in the Council's accounts.

Section 114 of the 1988 Act also requires:

- a) the Section 151 Officer to nominate a properly qualified member of staff to deputise should he/she be unable to perform the duties under section 114 personally;
- b) the Council to provide the Section 151 Officer with sufficient staff, accommodation and other resources, including legal advice where this is necessary, to carry out the duties under section 114.

5. DIRECTORS

5.1 Directors are responsible for ensuring that Committees are advised of the financial implications of all proposals and that the financial implications have been agreed by the Director of Finance;

5.2 The Directors and the Chief Executive are responsible for signing contracts on behalf of the Council.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

5.3 It is the responsibility of Directors and Committees to consult with the Director of Finance and seek approval on any matter liable to affect the Council's finances, before any commitments are incurred.

5.4 Directors are responsible for ensuring that services managers and Heads of Service appropriately plan and manage their budgets within approved limits (set within the February budget decisions of the Council).

5.5 That the Directors work with their service managers and Heads of Service to balance spending pressures across their directorate portfolios.

5.6 That Directors are required to pro-actively advise the Director of Finance of any significant financial plans in their areas of responsibility at the earliest opportunity.

6. OTHER FINANCIAL ACCOUNTABILITIES

6.1 Virement

6.1.1 The Council is responsible for agreeing procedures for revenue and capital virements of expenditure or income between budget headings.

6.1.2 Directors must consult the Director of Finance on all virements, (see [Appendix F](#))

6.2 Treatment of year-end balances

6.2.1 The Director of Finance is responsible for agreeing procedures for carrying forward under- or over-spending on budget headings.

6.3 Accounting policies

6.3.1 The Director of Finance is responsible for selecting accounting policies and ensuring that they are applied consistently.

6.4 Accounting records and returns

6.4.1 The Director of Finance is responsible for determining the accounting procedures and records for the Council.

6.5 The Annual Statement of Accounts

6.5.1 The Director of Finance is responsible for ensuring that the annual Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Local Authority Accounting in the United Kingdom and that the annual accounts are published by the deadline set out in the Accounts and Audit Regulations each year. The Performance, Governance and Audit Committee is responsible for approving the annual Statement of Accounts.

6.5.16.5.2 Accounts are to be prepared in line with published statutory deadlines and/or backstop dates.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

b) Financial Planning

1. INTRODUCTION

1.1 The Council is responsible for agreeing the Council's policy framework, in particular the Corporate Plan. It is also responsible for agreeing the budget, the main framework of which will be proposed by the Strategy and Resources Committee. In terms of financial planning, the key elements are:

- a) the revenue budget;
- b) the Medium-Term Financial Strategy (MTFS);
- c) the capital programme.

2. POLICY FRAMEWORK

2.1 The policy framework comprises a number of statutory plans and strategies, which are set out in the Councils corporate governance arrangements.

2.42.2 The policy framework of the Council includes the Corporate Plan, the Asset Management Plan (AMP) and the Human Resources Strategy.

2.22.3 The Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework. The Monitoring Officer or the Section 151 Officer, as appropriate, should refer decisions to the Council.

2.32.4 The Committees are responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Council.

2.42.5 Preparation of the Corporate Plan

2.4.12.5.1 The Director of Strategy and Improvement is responsible for proposing the Corporate Plan to the Council for approval.

3. BUDGETING

3.1 Budget format

3.1.1 The general format of the budget will be approved by the Strategy and Resources Committee and the Council on the advice of the Director of Finance. The draft budget should include current approvals updated for inflation and volume changes, proposals for growth and savings, together with the proposed taxation level.

3.2 Budget preparation

3.2.1 The Director of Finance is responsible for ensuring that a revenue budget and MTFS is prepared on an annual basis ~~and a MTFS at least on a three-yearly basis~~ for consideration by the Strategy and Resources Committee, before submission to the Council. The Council may amend the budget before approving it.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

3.3 Budget monitoring and control

3.3.1 The Director of Finance is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He/she must monitor and control expenditure against budget allocations and report to the Strategy and Resources Committee on the overall position on a quarterly basis.

3.3.2 It is the responsibility of Directors to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Director of Finance. They should also take any action necessary to avoid exceeding their budget allocation and alert the Director of Finance to any problems.

3.3.3 Actions to be taken by Directors are expected to follow the following escalation route in managing budget pressures:

- 1) within a cost centre
- 2) between across cost centres
- 3) between services
- 4) escalation to Senior Leadership Team (SLT)
- 5) escalation to Director of Finance

3.4 Resource allocation

3.4.1 The Director of Finance is responsible for developing and maintaining a resource allocation process that ensures due consideration of the Council's strategic and financial planning process.

3.5 Preparation of the Capital Strategy

3.5.1 The Director of Finance is responsible for ensuring that the Capital Strategy and Capital Programme are prepared on an annual basis for consideration by the Strategy and Resources Committee before submission to the Council.

3.6 Guidelines

3.6.1 Guidelines on budget policies are issued to Directors by the Director of Finance following approval of the Strategy and Resources Committee. The guidelines will take account of:

- a) legal requirements;
- b) medium-term financial strategy;
- c) the Corporate Plan;
- d) available resources;
- e) spending pressures;
- f) other relevant guidelines issued by government or external audit;
- g) other internal policy documents;
- h) cross-cutting issues (where relevant);
- i) external partnerships.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

4. MAINTENANCE OF RESERVES

4.1 It is the responsibility of the Director of Finance to advise the Strategy and Resources Committee on prudent levels of reserves for the Council.

4.2 Earmarked reserves and the prudent minimum level of general reserves should have clearly identified commitments or estimated use to justify them.

4.3 Reserves greater than the prudent minimum level of reserves which are not so committed can be applied to operational objectives.

4.4 Where uncommitted reserves exceed the Core Spending Power for the year, they may be regarded as 'excess' and possible application of them should be considered by the Strategy and Resources Committee.

4.5 Forecast levels of reserves must be reported quarterly to the Strategy and Resources Committee.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

c) Risk Management and Control of Resources

1. INTRODUCTION

- 1.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the Council. This should include the proactive participation of all those associated with planning and delivering services.

2. RISK MANAGEMENT

- 2.1 The Performance, Governance and Audit Committee is responsible for approving the Council's Risk Management Policy and for reviewing the effectiveness of risk management. The Strategy and Resources Committee is responsible for ensuring that proper insurance exists where appropriate.
- 2.2 The Director of Finance is responsible for preparing the Council's Risk Management Policy and for promoting it throughout the Council and is responsible for advising the Committees on proper insurance cover where appropriate.

3. INTERNAL CONTROL

- 3.1 Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- 3.2 The Director of Finance is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, effectively and in accordance with the statutory and other authorities that govern their use.
- 3.3 It is the responsibility of Directors to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

- 3.4 The Internal Audit function exists to provide Officers and Members assurance regarding the adequacy of the risk management environment of the Council and the effectiveness of the controls and policies implemented in different service areas.

4. AUDIT REQUIREMENTS

- 4.1 The Accounts and Audit Regulations require every local Council to maintain an adequate and effective internal audit.
- 4.2 The Secretary of State for Communities and Local Government, via the Local Government Association has delegated the appointment of external auditors to each local authority to a body called Public Sector Audit Appointments Ltd (PSAA). The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by the Local Audit and Accountability Act 2014.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

- 4.3 The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenues and Customs, which have statutory rights of access.

5. PREVENTING FRAUD AND CORRUPTION

- 5.1 The Director of Legal and Governance is responsible for the development and maintenance of an Anti-Fraud and Anti-Corruption Policy.

6. ASSETS

- 6.1 Directors should ensure that records of the Council's assets in excess of the limit set out in section 1.7 of **Appendix F** are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place. The Director of Finance should ensure that all assets above the specified value are properly recorded in the asset register.

7. TREASURY MANAGEMENT

- 7.1 The Council has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities.
- 7.2 The Strategy and Resources Committee is responsible for approving the treasury management policy and Treasury Management Practices (TMP's) setting out the matters detailed in CIPFA's Code of Practice for Treasury Management in Local Authorities. The Director of Finance has delegated responsibility for implementing and monitoring the TMP's.
- 7.3 All money in the hands of the Council is controlled by the officer designated for the purposes of section 151 of the Local Government Act 1972, referred to in the Code as the Director of Finance.
- 7.4 Subject to the Council setting the overall borrowing limits in accordance with the Prudential Code, the day-to-day decisions on borrowing, investment or financing shall be delegated to the Director of Finance, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.

8. STAFFING

- 8.1 The Chief Executive is responsible for providing overall management to staff. He/she is also responsible for ensuring that there is proper use of evaluation or other agreed systems for determining the remuneration of a job.
- 8.2 The Chief Executive, in consultation with the Director of Finance, are responsible for controlling total staff numbers by:
- a) advising the Council on the budget necessary in any given year to cover estimated staffing levels;
 - b) adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs;
 - c) the proper use of appointment procedures.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

d) Systems and Procedures

1. INTRODUCTION

- 1.1 Sound systems and procedures are essential to an effective framework of accountability and control.

2. GENERAL

- 2.1 The Director of Finance is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. The Director of Finance must determine any changes proposed by Directors to the existing financial systems or the establishment of new systems. However, Directors are responsible for the proper operation of financial processes in their own services.
- 2.2 Any changes to agreed procedures by Directors to meet their own specific service needs should be agreed with the Director of Finance.
- 2.3 The Director of Finance should ensure that all staff receive relevant financial training.
- 2.4 Directors must ensure that, where appropriate, computer and other systems are registered in accordance with Data Protection legislation. Directors must ensure that staff are aware of their responsibilities under freedom of information legislation.

3. INCOME AND EXPENDITURE

- 3.1 It is the responsibility of Directors to ensure that a proper scheme of internal authorisation has been established within their area and that it is operating effectively. The scheme of delegation should identify in writing staff authorised to act on the Directors' behalf, or on behalf of the Council, in respect of payments, income collection and placing orders, together with the limits of their authority. The Strategy and Resources Committee is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

3.13.2 The scheme of delegation originates from Council decision making. The approval of budget proposals in February delegates responsibility for delivery of services to Directors in line with the corporate plan and local service plans to Directors, within the constraints of the approved net budget limits. It is expected that Directors delegate routine budget decisions to service managers and Heads of Service.

4. PAYMENTS TO EMPLOYEES AND MEMBERS

- 4.1 The Director of Finance is responsible for all payments of salaries and allowances to all staff, including payments for overtime, and for payment of allowances to Members.

5. TAXATION

- 5.1 The Director of Finance is responsible for advising Directors, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Council.
- 5.2 The Director of Finance is responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

6. TRADING ACCOUNTS

- 6.1 It is the responsibility of the Director of Finance to advise on the establishment and operation of trading accounts.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

e) External Arrangements

1. INTRODUCTION

- 1.1 The Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social and environmental well-being of its area.

2. PARTNERSHIPS

- 2.1 The Committees are responsible for approving delegations, including frameworks for partnerships. The Committees are the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.
- 2.2 The Committees can delegate functions, including those relating to partnerships, to officers. These are set out in the scheme of delegation that forms part of the Council's corporate governance arrangements. Where functions are delegated, the Committees remain accountable for them to the Council.
- 2.3 The Director of Finance is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Council.
- 2.4 The Director of Finance, in consultation with the Council's designated legal advisor, must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are robust and comply with best practices. He/she must also consider the overall corporate governance arrangements and in consultation with the designated legal advisor, legal issues when arranging contracts with external bodies. He/she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- 2.5 Committees are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

3. EXTERNAL FUNDING

- 3.1 The Director of Finance is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix A

A. FINANCIAL MANAGEMENT PROCEDURES**A.1. FINANCIAL MANAGEMENT STANDARDS****1.1 Why is this important?**

- 1.1.1 All staff and Members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

A.1.2 Key controls

- 1.2.1 The key controls and control objectives for financial management standards are
- (a) their promotion throughout the Council;
 - (b) a monitoring system to review compliance with financial standards, and regular comparisons of performance indicators and benchmark standards that are reported to the Strategy and Resources and/or Performance, Governance and Audit Committees.

A.1.3 Responsibilities of the Director of Finance

- 1.3.1 To ensure the proper administration of the financial affairs of the Council.
- 1.3.2 To set the financial management standards and to monitor compliance with them.
- 1.3.3 To ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of finance staff throughout the Council.
- 1.3.4 To advise on the key strategic controls necessary to secure sound financial management.
- 1.3.5 To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

A.1.4 Responsibilities of Chief Executive and Directors

- 1.4.1 To promote the financial management standards set by the Director of Finance in their service and to monitor adherence to the standards and practices.
- 1.4.2 To promote sound financial practices in relation to the standards, performance and development of staff in their departments.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix A

A.2. MANAGING EXPENDITURE**2.1 Scheme of Virement****2.1.1 Why is this important?**

- 2.1.1.1 The scheme of virement is intended to enable the Strategy and Resources Committee, Directors and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Council, and therefore to optimise the use of resources.

A.2.2 Key controls**2.2.1 Key controls for the scheme of virement are:**

- (a) it is administered by the Director of Finance within guidelines set by the Council. Any variation from this scheme requires the approval of the Council;
- (b) the overall budget is proposed by the Strategy and Resources Committee and approved by the Council. Directors and budget holders are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement (i.e. switching resources between approved budget headings of expenditure or income). For the purposes of this scheme, a budget heading is considered to be a line in the Budget Summary of the Budget Book;
- (c) virement does not create additional overall budget liability. Directors are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Directors must plan to fund such commitments from within their own budgets.

A.2.3 Responsibilities of the Director of Finance

- 2.3.1 To prepare jointly with the Directors, a report to the Strategy and Resources Committee where revenue and capital virements, between different directorates, in excess of specified financial limits, are proposed (see **Appendix F**).

A.2.4 Responsibilities of Directors

- 2.4.1 A Director, in consultation with the Director of Resources may exercise virement within the same directorate under his/her control for any amount. Virements between different directorates must be reported to the Strategy and Resources Committee. The authorisation limits are set out in **Appendix F**.
- 2.4.2 Amounts that require the approval of the Strategy and Resources Committee must specify the proposed expenditure and the source of funding and must explain the implications in the current and future financial years.
- 2.4.3 Virement that is likely to impact on the level of service activity of another Director should be implemented only after agreement with the relevant Director.
- 2.4.4 No virement relating to a specific financial year should be made after 31 March in that year.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix A

2.4.5 Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that:

- a) the amount is used in accordance with the purposes for which it has been established;
- b) the Strategy and Resources Committee has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations in excess of the financial limits should be reported to the Strategy and Resources Committee.

2.4.6 Virements are not permitted in relation to asset charges or other budget headings which are outside the control of the Directors or where a proposal would adversely affect long term revenue commitments.

A.3. ACCOUNTING POLICIES

A.3.1 Why is this important?

3.1.1 The Director of Finance is responsible for the preparation of the Council's Statement of Accounts, in accordance with proper practices as set out in the format required by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom for each financial year ending 31 March.

A.3.2 Key controls

3.2.1 The key controls for accounting policies are:

- a) systems of internal control are in place which ensure that financial transactions are lawful;
- b) suitable accounting policies are selected and applied consistently;
- c) proper accounting records are maintained to support the financial statements and internal reporting;
- d) financial statements are prepared which present fairly the financial position of the Council and its expenditure and income.

A.3.3 Responsibilities of the Director of Finance

3.3.1 To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are informed by the CIPFA 'Code of Practice for Local Authority Accounting', and they are defined locally set-out in the Statement of Accounts. The accounts are prepared, which is prepared as at 31 March each year and published in May or June. The accounts, and covers such items as:

- a) income and expenditure;
- b) fixed assets;
- c) treatment of leasing;
- d) depreciation;
- e) charges to revenue;
- f) capital receipts;
- g) debtors and creditors;
- h) support services;
- i) pensions;
- j) government grants;

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix A

- k) investments;
- l) reserves.
- m) Stocks
- n) Payments to local businesses, staff, and elected members of the council.
- o) Receipts and payments made in respect of the Council's role in collecting council tax and business rates in the Maldon District area.

A.3.4 Responsibilities of Chief Executive and Directors

- 3.4.1 To adhere to the accounting policies and guidelines approved by the Director of Finance.

A.4. ACCOUNTING RECORDS AND RETURNS

A.4.1 Why is this important?

- 4.1.1 Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources. The Council has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the Council's resources.

A.4.2 Key controls

- 4.2.1 The key controls for accounting records and returns are:
 - a) all Committees, finance staff and budget managers operate within the required accounting standards and timetables;
 - b) all the Council's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis;
 - c) procedures are in place to enable accounting records to be reconstituted in the event of systems failure;
 - d) reconciliation procedures are carried out to ensure transactions are correctly recorded;
 - e) prime documents are retained in accordance with legislative and other requirements.

A.4.3 Responsibilities of the Director of Finance

- 4.3.1 To determine the accounting procedures and records for the Council. Where these are maintained outside his/her department, the Director of Finance should consult the Director concerned.
- 4.3.2 To arrange for the compilation of all accounts and accounting records under his/her direction.
- 4.3.3 To comply with the following principles when allocating accounting duties:
 - a) separating the duties of providing information about sums due to or from the Council and calculating, checking and recording these sums from the duty of collecting or disbursing them;

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix A

- b) employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- 4.3.4 To make proper arrangements for the audit of the Council's accounts in accordance with the Accounts and Audit Regulations 2015.
- 4.3.5 To ensure that all claims for funds including grants are made by the due date.
- 4.3.6 To prepare and publish the audited accounts of the Council for each financial year, in accordance with the statutory timetable and with the requirement for the Audit Committee to approve the Statement of Accounts.
- 4.3.7 To administer arrangements for under-spending to be carried forward to the following financial year.
- 4.3.8 To ensure the proper retention of financial documents in accordance with the requirements set out in the Council's document retention guidelines.

A.4.4 Responsibilities of Chief Executive and Directors

- 4.4.1 To consult and obtain the approval of the Director of Finance before making any changes to accounting records and procedures.
- 4.4.2 To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.
- 4.4.3 To supply information required to enable the Statement of Accounts to be completed in accordance with guidelines issued by the Director of Finance.

A.5. THE ANNUAL STATEMENT OF ACCOUNTS

A.5.1 Why is this important?

- 5.1.1 The Council has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. The Audit Committee is responsible for approving the statutory annual Statement of Accounts.

A.5.2 Key controls

- 5.2.1 The key controls for the annual Statement of Accounts are:
 - a) the Council is required to 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 these affairs. In this Council, that officer is the Director of Finance (Section 151 Officer);
 - b) the Council's Statement of Accounts must be prepared in accordance with proper practices as set out in the latest CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix A**A.5.3 Responsibilities of the Director of Finance**

- 5.3.1 To sign and date the Statement of Accounts, stating that it presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March.
- 5.3.2 To select suitable accounting policies and to apply them consistently.
- 5.3.3 To make judgements and estimates that are reasonable and prudent.
- 5.3.4 To comply with the latest accounting Code of Practice.
- 5.3.5 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

A.5.4 Responsibilities of Chief Executive and Directors

- 5.4.1 To comply with accounting guidance provided by the Director of Finance and to supply him/her with information when required.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix B

B. FINANCIAL PLANNING**B.1. PERFORMANCE PLANS****B.1.1 Why is this important?**

- 1.1.1 The purpose of performance plans is to explain overall priorities and objectives, current performance, and proposals for further improvement.

B.1.2 Key controls

- 1.2.1 The key controls for performance plans are:

- (a) to meet the timetables set;
- (b) to ensure that all performance information is accurate, complete and up to date;
- (c) to provide improvement targets which are meaningful, realistic and challenging.

B.1.3 Responsibilities of Chief Executive and Directors

- 1.4.1 To contribute to the development of performance plans in line with statutory requirements.
- 1.4.2 To contribute to the development of corporate and service targets and objectives and performance information.
- 1.4.3 To ensure that systems are in place to measure activity and collect accurate information for use as performance indicators.
- 1.4.4 To ensure that performance information is collected and monitored sufficiently frequently to allow corrective action to be taken if targets are not likely to be met.

B.2. BUDGETING**B.2.1 Format of the budget****2.1.1 Why is this important?**

- 2.1.1.1 The structure of the budget determines the level of detail to which financial control and management will be exercised. The structure shapes how the rules around virement operate, the operation of financial limits and sets the level at which funds may be reallocated within budgets.

B.2.2 Key controls

- 2.2.1 The key controls for the budget structure are:

- a) the structure complies with all legal requirements;
- b) the structure reflects the accountabilities of service delivery.

B.2.3 Responsibilities of Chief Executive and Directors

- 2.3.1 To comply with accounting guidance provided by the Director of Finance.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix B

B.2.4 Revenue budget preparation, monitoring and control**2.4.1 Why is this important?**

2.4.1.1 Budget management ensures that once the budget has been approved by the Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account, managers responsible for defined elements of the budget.

2.4.1.2 By continuously identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity. The Council itself operates within an annual financial limit, approved when setting the overall budget. To ensure that the Council in total does not overspend, each service is required to manage its own expenditure within the budget allocated to it.

2.4.1.3 For the purposes of budgetary control by managers, a budget will normally be the planned income and expenditure for a service or policy area. However, budgetary control may take place at a more detailed level if this is required by the Directors scheme of delegation or by the Council.

B.2.5 Key controls

2.5.1 The key controls for managing and controlling the revenue budget are:

- a) budget managers should be responsible only for income and expenditure that they can influence;
- b) there is only one nominated budget manager for each budget area;
- c) budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities;
- d) budget managers follow an approved certification process for all expenditure;
- e) income and expenditure are properly recorded and accounted for;
- f) performance levels/levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget;
- g) Managers should supervise the financial management of those reporting to them.

2.5.2 The monthly forecast of budget performance to the end of the year (for Officers) and the publication of quarterly reports of expected budget performance to year end (for Members) is based upon estimates of expected income and expenditure. All such estimates are to be based upon latest information and are to reflect a 'best estimate'. The 'best estimate' is defined as being the 'most likely' outcome.

2.5.3 A 'best' estimate is therefore not a preferred, feared, best-case or worst-case estimate, but the estimate 'from which the least change is expected'. This is consistent with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code definitions, which recommend use of 'best estimates' in preparing accounts where actual values are not available.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix B

B.2.6 Responsibilities of the Director of Finance

- 2.6.1 To establish an appropriate framework of budgetary management and control that ensures that:
- a) budget management is exercised within annual financial limits unless the Council agrees otherwise;
 - b) each Manager has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities;
 - c) all officers responsible for committing expenditure comply with relevant guidance, and the financial regulations;
 - d) each directly controllable cost centre has a single named manager, determined by the relevant Director. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making process that commits expenditure;
 - e) significant variances from approved budgets are investigated and reported by budget managers regularly using best estimates (as described above).
- 2.6.2 To administer the Council's scheme of virement.
- 2.6.3 To submit reports to the Strategy and Resources Committee and to the Council, in consultation with the relevant Director, where a Director is unable to balance expenditure and resources within existing approved budgets under his/her control.
- 2.6.4 To prepare and submit reports on the Council's projected income and expenditure compared with the budget on a quarterly basis.
- 2.6.5 To approve fees and charges where the budgeted income is less than or equal to £2,000.

B.2.7 Responsibilities of Directors

- 2.7.1 To maintain budgetary control within their services, in adherence to the principles in 2.6.1, and to ensure that all income and expenditure is properly recorded and accounted for.
- 2.7.2 To ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the Director. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.
- 2.7.3 To ensure that spending remains within the service's overall financial limit, and that individual budget headings are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.
- 2.7.4 To ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and that it is operating effectively.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix B

2.7.5 To ensure prior approval by the Council or Committees (as appropriate) for new proposals, of whatever amount, that:

- a) create financial commitments in the current or future years;
- b) change existing policies, initiate new policies or cease existing policies;
- c) materially extend or reduce the Council's services.

2.7.6 To ensure compliance with the scheme of virement.

2.7.7 To agree with the relevant Director where it appears that a budget proposal, including a virement proposal, may impact materially on another service area or another Director's level of service activity.

B.2.8 Budgets and the Medium-Term Financial Strategy (MTFS)

2.8.1 Why is this important?

2.8.1.1 The Council is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable ~~scarce-limited~~ resources to be allocated in accordance with ~~carefully weighed political~~ priorities and legal requirements. The budget is the financial expression of the Council's plans and policies.

2.8.1.2 A report on new proposals should explain the full financial implications, following consultation with the Director of Finance. Unless the Council or Strategy and Resources Committee has agreed otherwise, Directors must plan to contain the financial implications of such proposals within the relevant financial limit.

2.8.1.3 The revenue budget must be constructed so as to ensure that resource allocation properly reflects the business plans and priorities of the Council. Budgets (spending plans) are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for a Council to budget for a deficit.

2.8.1.4 The annual strategic ~~and~~ financial planning process involves a cycle in which Directors develop their own plans for submission to the relevant Committee. ~~As each year passes, another future year will be added to the MTFS. Forward planning is therefore a key element of the council approach to risk management. This ensures that the Council is always preparing for events in advance.~~

B.2.9 Key controls

2.9.1 The key controls for budgets and the MTFS are:

- a) specific budget approval for all expenditure;
- b) budget managers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Council for their budgets and the level of service to be delivered;
- c) a monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix B

B.2.10 Responsibilities of the Director of Finance

- 2.10.1 To prepare and submit reports on ~~budget prospects to~~ estimated future resource levels to the Strategy and Resources Committee including resource constraints set by the Government. Reports should take account of medium-term ~~prospects~~ variations, where appropriate.
- 2.10.2 To determine the detailed form of revenue estimates and the methods for their preparation.
- 2.10.3 To advise on the medium-term implications of spending decisions.
- 2.10.4 To encourage the best use of resources and value for money by working with Directors to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.
- 2.10.5 To advise the Council on proposals in accordance with his/her responsibilities under section 151 of the Local Government Act 1972.

B.2.11 Responsibilities of Directors

- 2.11.1 To prepare estimates of income and expenditure, in consultation with the Director of Finance.
- 2.11.2 To prepare budgets that are consistent with any relevant financial limits, with the Council's annual budget cycle and with guidelines issued by the Director of Finance.
- 2.11.3 To integrate financial and budget plans into business planning, so that budget plans can be supported by financial and non-financial performance measures.
- 2.11.4 In consultation with the Director of Finance and in accordance with the laid-down guidance and timetable, to prepare detailed draft revenue and capital budgets for consideration by the Strategy and Resources Committee.
- 2.11.5 When drawing up draft budget requirements, to have regard to:
 - a) spending patterns and pressures revealed through the budget monitoring process;
 - b) legal requirements;
 - c) requirements as defined by the Council in the Strategic and Financial Policy Process;
 - d) initiatives already under way and any new service requirements that are likely to require funding within the financial year in question.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix B

B.2.12 Resource allocation**2.12.1 Why is this important?**

2.12.1.1 ~~In the short term, a~~ mismatch often exists between available resources and ~~desirable required~~ resources. ~~By planning for more than one year (medium term planning) costs and investments can be planned across a longer period of time, spreading costs where otherwise they may become concentrated. A common scenario is that available resources are not adequate to fulfil need/desire.~~ It is therefore imperative that ~~needs/desires~~ objectives are carefully prioritised, taking account of the Council's legal responsibilities and that resources are allocated to meet the urgent priorities. Resources may include staff, money, equipment, goods and materials.

B.2.13 Key controls

2.13.1 The key controls for resource allocation are:

- a) resources are acquired in accordance with the law and allocated using an approved authorisation process;
- b) resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for;
- c) resources are securely held for use when required;
- d) resources are used in the most efficient manner.

B.2.14 Responsibilities of the Director of Finance

2.14.1 To coordinate the Strategic and Financial Planning process to ensure that resources are devoted to the Council's stated priorities.

2.14.2 To advise on methods available for the funding of expenditure plans.

B.2.15 Responsibilities of Chief Executive and Directors

2.15.1 To deliver the Council's key objectives within budget limits and to utilise resources allocated, and further allocate resources, in the most efficient, effective and economic way.

2.15.2 To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

B.2.16 Capital programmes**2.16.1 Why is this important?**

2.16.1.1 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Council, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix B

2.16.1.2 The Government controls the financing capacity of the Council through the CIPFA Prudential Code. This means that capital expenditure should be integrated into the Council's Treasury Management Strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

B.2.17 Key controls

2.17.1 The key controls for capital programmes are:

- a) the development and implementation of asset management plans;
- b) specific approval by the Council for the programme of capital expenditure;
- c) a scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project, for approval by the Strategy and Resources Committee;
- d) proposals for improvements and alterations to buildings must be approved by the relevant Director;
- e) accountability for each capital project is accepted by a named manager;
- f) monitoring of progress in conjunction with expenditure and comparison with approved budget;
- g) capital spending plans are to be in line with the approved Capital Strategy.

B.2.18 Responsibilities of the Director of Finance

- 2.18.1 To prepare the capital programme and estimates jointly with Directors and to report them to the Strategy and Resources Committee for approval. The Strategy and Resources Committee will make recommendations on the capital programme and on any associated financing requirements to the Council.
- 2.18.2 To prepare and submit reports jointly with the officers defined as accountable for capital projects to the Strategy and Resources Committee on the progress of the capital programme compared with the approved estimates.
- 2.18.3 Having regard to regulations determine the definition of 'capital'.

B.2.19 Responsibilities of Chief Executive and Directors

- 2.19.1 To comply with guidance concerning capital schemes and controls issued by the Director of Finance.
- 2.19.2 To prepare and submit quarterly reports jointly with the Director of Resources to the Strategy and Resources Committee on the the progress of the capital programme compared with the approved estimates.
- 2.19.3 To prepare regular reports reviewing the capital programme provisions for their services. In consultation with the Director of Resources, to obtain authorisation from the Strategy and Resources Committee and/or the Council for individual schemes where the estimated expenditure exceeds the capital programme provision by more than a specified amount (see **Appendix F**).
- 2.19.4 To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Director of Finance.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix B

- 2.19.5 To ensure that adequate records are maintained for all capital contracts.
- 2.19.6 To proceed with projects only when there is adequate provision in the capital programme.
- 2.19.7 To prepare and submit reports, jointly with the Director of Finance, to the Strategy and Resources committees, of any increase in contract costs in excess of the approved scheme and estimate, unless the excess can be met by virement from elsewhere within the capital programme. The authorisation limits for capital virements are set out in **Appendix F**.
- 2.19.8 To prepare and submit reports, jointly with the Director of Finance, to the Strategy and Resources Committee, where it appears that the final cost of a revenue or capital contract will exceed the approved contract sum by more than a specified financial limit (see **Appendix F**).
- 2.19.9 No leasing arrangements as defined by the Director of Finance shall be entered into without prior approval.

B.3. MAINTENANCE OF RESERVES

B.3.1 Why is this important?

- 3.1.1 The Council must decide the level of general reserves it wishes to maintain before it can decide the level of council tax. Reserves are maintained as a matter of prudence. They enable the Council to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.

B.3.2 Key controls

- 3.2.1 To maintain reserves in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and agreed accounting policies.
- 3.2.2 For each reserve established, the purpose, usage and basis of transactions should be clearly identified and approved by the Strategy and Resources Committee.

3.2.3 To report quarterly to the Strategy and Resources Committee the likely level of uncommitted reserves (general and earmarked) expected to be held at the end of the financial year.

B.3.3 Responsibilities of the Director of Finance

- 3.3.1 To advise the Strategy and Resources Committee and/or the Council on prudent levels of reserves for the Council.

B.3.4 Responsibilities of Chief Executive and Directors

- 3.4.1 To ensure that resources are used only for the purposes for which they were intended.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix C

C. RISK MANAGEMENT AND CONTROL OF RESOURCES**C.1. RISK MANAGEMENT****C.1.1 Why is this important?**

- 1.1.1 All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued financial and organisational well-being of the organisation. In essence it is, therefore, an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.
- 1.1.2 It is the overall responsibility of the Council to approve the Council's risk management strategy, and to promote a culture of risk management awareness throughout the Council.

C.1.2 Key controls

- 1.2.1 The key controls for risk management are:
- a) procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the Council;
 - b) a monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls;
 - c) managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives;
 - d) provision is made for losses that might result from the risks that remain;
 - e) procedures are in place to investigate claims within required timescales
 - f) acceptable levels of risk are determined and insured against where appropriate;
 - g) the Council has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

C.1.3 Responsibilities of the Director of Strategy and Improvement

- 1.3.1 To prepare and promote the Council's Risk Management Policy.
- 1.3.2 To develop risk management controls in conjunction with Directors.

C.1.4 Responsibilities of the Director of Finance

- 1.4.1 To include all appropriate employees of the Council in a suitable fidelity guarantee insurance.
- 1.4.2 To effect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix C

C.1.5 Responsibilities of Chief Executive and Directors

- 1.5.1 To notify the Director of Finance immediately of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation required by the Council's insurers.
- 1.5.2 To take responsibility for risk management, having regard to advice from the Director of Finance and other specialist officers (e.g. fire prevention, health and safety).
- 1.5.3 To ensure that there are regular reviews of risk within their Service.
- 1.5.4 To notify the Director of Finance promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- 1.5.5 To consult the Director of Finance and the Council's legal advisors on the terms of any indemnity that the authority is requested to give.
- 1.5.6 To ensure those employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

C.2. INTERNAL CONTROLS**C.2.1 Why is this important?**

- 2.1.1 The Council is complex and beyond the direct control of a single individual. It therefore requires internal controls to manage and monitor progress towards strategic objectives.
- 2.1.2 The Council has statutory obligations, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.
- 2.1.3 The Council faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.
- 2.1.4 The system of internal controls is established in order to provide measurable achievement of:
 - a) efficient and effective operations;
 - b) reliable financial information and reporting;
 - c) compliance with laws and regulations;
 - d) risk management.

C.2.2 Key controls

- 2.2.1 The key controls and control objectives for internal control systems are:
 - a) key controls should be reviewed on a regular basis;

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix C

- b) managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities;
- c) financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems;
- d) an effective internal audit function that is properly resourced. It should operate in accordance with the principles contained in the Auditing Practices Board's auditing guideline Guidance for Internal Auditors, CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom and with any other statutory obligations and regulations.

C.2.3 Responsibilities of the Director of Finance

- 2.3.1 To assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

C.2.4 Responsibilities of Chief Executive and Directors

- 2.4.1 To manage processes to check that established controls are understood and being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
- 2.4.2 To review existing controls in the light of changes affecting the Council and to establish and implement new ones in line with guidance from the Director of Finance. Directors should also be responsible, after consultation with the Director of Finance, for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.

C.3. AUDIT REQUIREMENTS

C.3.1 Internal audit

3.1.1 Why is this important?

- 3.1.1.1 The Accounts and Audit Regulations 2015 (para 5) require that a "relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".
- 3.1.1.2 Internal Audit must be seen as independent. This is achieved through operating within a framework that allows unrestricted access to senior management, reporting in its own name and segregation as far as practical from line operations. The function reports directly to the Director of Finance (also the officer designated under Section 151 of the Local Government Act 1972 as responsible for ensuring the proper administration of the Authority's financial affairs). Internal Audit also reports directly to the Performance, Governance and Audit Committee.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix C

C.3.2 Key controls

3.2.1 The key controls for internal audit are:

- a) that it is independent in its planning and operation;
- b) the Audit Manager has direct access to the Director of Finance, all levels of management and directly to elected Members;
- c) Internal Auditors work towards complying with the UK Public Sector Internal Audit Standards (PSIAS), and effort is made to preserve objectivity by ensuring staff are free from conflicts of interest. Therefore as far as is practical, Internal Audit will not participate in the day to day operation of any systems of internal financial control.

C.3.3 Responsibilities of the Director of Finance

3.3.1 To ensure that internal auditors have the authority to:

- a) access Council premises at reasonable times;
- b) access all assets, records, documents, correspondence and control systems ;
- c) receive any information and explanation considered necessary concerning any matter under consideration;
- d) require any employee of the Council to account for cash, materials or any other asset under his/her control;
- e) access records belonging to third parties, such as contractors, when required;
- f) obtain direct access to the Strategy and Resources Committee and the Performance, Governance and Audit Committee.

3.3.2 To approve the annual audit plans, prepared by the Audit Manager, and present to the Performance, Governance and Audit Committee for their approval.

3.3.3 To prepare terms of reference for the internal audit function, for approval by the Performance, Governance and Audit Committee.

3.3.4 To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

C.3.4 Responsibilities of Chief Executive and Directors

3.4.1 To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.

3.4.2 To ensure that auditors are provided with any information and explanations that they seek in the course of their work.

3.4.3 To respond to internal and external audit reports in writing, within a timescale agreed by the appropriate Director and the Director of Finance or External Auditor, detailing the action intended to address any recommendations.

3.4.4 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix C

- 3.4.5 To ensure that their staff report any suspicion of fraud, corruption or other financial irregularity in respect of Council funds, either directly, or via the Directors to the Director of Finance for investigation.
- 3.4.6 The Director of Finance must then arrange for appropriate investigation of the matter. The relevant Director must agree any further investigative action with the Director of Finance before proceeding.
- 3.4.7 The Director of Finance, in consultation with the relevant Director and the Monitoring Officer will advise whether any matter should be referred to the police for further investigation.
- 3.4.8 To ensure that the Director of Finance is given an opportunity, in a timely manner before live operation, to evaluate the adequacy of new systems for maintaining financial records, or records of assets, or changes to such systems.

C.3.5 External audit

3.5.1 Why is this important?

- 3.5.1.1 Under Schedule 1 of the Local Audit and Accountability Act 2014 all contracts for audit and related services, previously let by the Audit Commission, were transferred to Public Sector Audit Appointments Ltd on 1 April 2015. The external auditor has rights of access to all documents and information necessary for audit purposes (para 22 2014 Act).
- 3.5.1.2 The general duties of the external auditor are defined in the Local Audit and Accountability Act 2014 (para 20) and the Local Government Act 1999. In particular, Schedule 6 of the 2014 Act sets out that the Comptroller & Auditor General is responsible for preparing a code of audit practice, which external auditors follow when carrying out their duties. Schedule 1 of the code of audit practice sets out the auditor's statutory responsibilities across 3 main headings:
 - a) Audit Scope;
 - b) Reporting;
 - c) Additional powers and duties.
- 3.5.1.3 The Council's accounts are scrutinised by external auditors, who must be satisfied that the Statement of Accounts 'presents a true and fair view' (Para 20 2014 Act) of the financial position of the Council and its income and expenditure for the year in question and complies with the legal requirements.

C.3.6 Key controls

- 3.6.1 External auditors were initially appointed by Public Sector Audit Appointments Ltd, however subsequent appointments are to be made by the Local Authority for a maximum period of five years. The Comptroller & Auditor General (National Audit Office) prepares the code of audit practice, which external auditors follow when carrying out their audits.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix C

C.3.7 Responsibilities of the Director of Finance

- 3.7.1 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.
- 3.7.2 To work with the external auditor and advise the Council, and Directors on their responsibilities in relation to external audit.
- 3.7.3 To ensure there is effective liaison between external and internal audit.

C.3.8 Responsibilities of Chief Executive and Directors

- 3.8.1 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.
- 3.8.2 To ensure that all records and systems are up to date and available for inspection.

C.4. PREVENTING FRAUD AND CORRUPTION**C.4.1 Why is it this important?**

- 4.1.1 The Council will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Council.
- 4.1.2 The Council's expectation of propriety and accountability is that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 4.1.3 The Council also expects that individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act towards the Council with integrity and without thought of or actions involving fraud and corruption. It must guard against the possibility that these expectations will not be fulfilled in all respects.

C.4.2 Key controls

- 4.2.1 The key controls regarding the prevention of financial irregularities are that:
 - a) the Council has an effective Anti-Fraud and Anti-Corruption Policy and maintains a culture that will not tolerate fraud or corruption;
 - b) all Members and staff act with integrity and lead by example as per the relevant Code of Conduct;
 - c) Managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Council or who are corrupt;
 - d) high standards of conduct are promoted amongst Members by the standards committee;
 - e) the maintenance of a register of interests in which any hospitality or gifts accepted must be recorded;
 - f) "whistle blowing" procedures are in place and operate effectively;

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix C

- g) legislation including the Public Interest Disclosure Act 1998 is adhered to.

C.4.3 Responsibilities of the Director of Legal and Governance.

- 4.3.1 To maintain and review an Anti-Fraud Policy.

C.4.4 Responsibilities of the Director of Finance

- 4.4.1 To maintain adequate and effective internal control arrangements.

- 4.4.3 To ensure that all suspected irregularities are investigated, and all proven irregularities reported to the Monitoring Officer and Section 151 Officer.

C.4.5 Responsibilities of Chief Executive and Directors

- 4.5.1 To ensure that all suspected irregularities are reported to the Director of Finance

- 4.5.2 To instigate the Council's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

- 4.5.3 To ensure that where financial impropriety is discovered, the Director of Finance is informed. Where sufficient evidence exists to believe that a criminal offence may have been committed, after consultation with the Director of Finance, the Chief Executive or relevant Director will ensure that the Police are called in.

C.4.6 Responsibility of the Monitoring Officer

- 4.6.1 To maintain a register of interests.

C.5. ASSETS

C.5.1 Security

5.1.1 Why is this important?

- 5.1.1.1 The Council holds assets in the form of property, vehicles, equipment, furniture and other items worth millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.

C.5.2 Key controls

- 5.2.1 The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:
- a) resources are used only for the purposes of the Council and are properly accounted for;
 - b) resources are available for use when required;
 - c) resources no longer required are disposed of in accordance with the law and the regulations of the Council so as to maximise benefits;

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix C

- d) an asset register and an asset management plan is maintained for the Council, assets are recorded when they are acquired by the Council and this record is updated as changes occur with respect to the location, value and condition of the asset;
- e) all staff are aware of their responsibilities with regard to safeguarding the Council's assets and information, including the requirements of the Data Protection Act and software copyright legislation;
- f) all staff are aware of their responsibilities with regard to safeguarding the security of the Council's Information Communication Technology (ICT) Systems, including maintaining restricted access to the information held on them and compliance with the Council's Information Communication Technology and internet security policies.

C.5.3 Responsibilities of the Director of Finance

- 5.3.1 To ensure that an asset register is maintained in accordance with good practice for all fixed assets with a value in excess of a specified financial limit (see **Appendix F**). The function of the asset register is to provide the Council with information about fixed assets so that they are:
 - a) safeguarded;
 - b) used efficiently and effectively;
 - c) adequately maintained.
- 5.3.2 To receive the information required for accounting, costing and financial records from each Director.
- 5.3.3 To ensure that assets are valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

C.5.4 Responsibilities of Directors

- 5.4.1 A property database shall be maintained by the Director of Finance for all properties, plant and machinery and moveable assets currently owned or used by the Council subject to the minimum values specified in **Appendix F**. Any use of property by a service other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of use.
- 5.4.2 To ensure that lessees and other prospective occupiers of council owned land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Council's legal advisor, has been established.
- 5.4.3 To ensure the proper security of all buildings and other assets under their control in accordance with laid down guidelines.
- 5.4.4 Where land or buildings are surplus to requirements, a recommendation for sale should be the subject of a joint report by the Director and the Director of Finance (see **Appendix F**).
- 5.4.5 To pass title deeds to the Monitoring Officer who is responsible for maintaining the central repository of all title deeds.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix C

- 5.4.6 To ensure that no Council asset is subject to personal use by a Member or employee without prior agreement of the relevant Director.
- 5.4.7 To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Council.
- 5.4.8 To ensure that an inventory is maintained of moveable assets (subject to limits in **Appendix F**) in accordance with arrangements defined by the Senior Leadership Team.
- 5.4.9 To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- 5.4.10 To consult the Chief Executive in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 5.4.11 To ensure cash holdings on premises are kept to a minimum.
- 5.4.12 To ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of any such keys must be reported to the Director of Neighbourhood Services and Communities as soon as possible.
- 5.4.13 To record all disposals or part exchange of assets that should normally be by competitive tender or public auction in accordance with **Contract Procedure Rules**, unless, the Strategy and Resources Committee agrees otherwise.
- 5.4.14 To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the Council in some way.
- 5.4.15 To maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery above a specified financial limit in value (see **Appendix F**).
- 5.4.16 To carry out an annual check of all items on the inventory in order to verify location and condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers and cameras should be identified with security markings as belonging to the Council.
- 5.4.17 To make sure that property is only used in the course of the Council's business, unless the Director concerned has given permission otherwise.

C.5.5 Asset disposal**5.5.1 Why is this important?**

- 5.5.1.1 It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and the regulations of the Council.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix C

C.5.6 Key controls

- 5.6.1 Assets for disposal are identified and are disposed of at the most appropriate time, and only when it is in the best interests of the Council, and best price is obtained in accordance with ***Contract Procedure Rules*** and bearing in mind other factors, such as environmental issues.
- 5.6.2 Procedures protect staff involved in the disposal from accusations of personal gain.

C.5.7 Responsibilities of the Director of Finance

- 5.7.1 To issue advice on disposal in accordance with ***Contract Procedure Rules***.
- 5.7.2 To ensure appropriate accounting entries are made to remove the value of disposed assets from the Council's records and to include the sale proceeds if appropriate.

C.6. TREASURY MANAGEMENT**C.6.1 Why is this important?**

- 6.1.1 Millions of pounds pass through the Council's accounts each year. This requires the establishment of codes of practice. These aim to provide assurances that the Council's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the Council's investment.

C.6.2 Key controls

- 6.2.1 That the Council's borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and with the Council's treasury management practices (TMP's).
- 6.2.2 That the Strategy and Resources Committee receives reports on Treasury activity at least twice a year in accordance with the code of practice and that the Treasury Management Strategy is subject to annual scrutiny before it is agreed.

C.6.3 Responsibilities of Director of Finance – treasury management and banking

- 6.3.1 To arrange the borrowing and investments of the Council in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the Council's treasury management practices and strategy.
- 6.3.2 To prepare reports for the consideration of the Strategy and Resources Committee and other Committees as required.
- 6.3.3 To operate bank accounts as are considered necessary – opening or closing any bank account shall require the written approval of the Director of Finance in accordance with the Banking Mandate (**Appendix G**).

C.6.4 Responsibilities of Chief Executive and Directors – treasury management and banking

- 6.4.1 To follow the instructions on banking issued by the Director of Finance.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix C

C.6.5 Responsibilities of Director of Finance – investments and borrowing

- 6.5.1 To ensure that all investments of money are made in the name of the Council.
- 6.5.2 To ensure that all securities that are the property of the Council and the title deeds of all property in the Council's ownership are held in the custody of the Monitoring Officer or under arrangements approved by the Director of Finance
- 6.5.3 To affect all borrowings in the name of the Council.
- 6.5.4 To maintain records of all borrowing of money by the Council.

C.6.6 Responsibilities of Directors – investments and borrowing

- 6.6.1 To ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Council.

C.6.7 Responsibilities of Directors – funds held for third parties

- 6.7.1 To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Director of Finance, and to maintain written records of all transactions.

C.6.8 Responsibilities of the Director of Finance – imprest accounts

- 6.8.1 To provide employees of the Council with cash imprest accounts to meet minor expenditure on behalf of the Council and to prescribe rules for operating these accounts. Minor items of expenditure should not exceed the prescribed amount.
- 6.8.2 To determine the petty cash limit and to maintain a record of all transactions and petty cash advances made, and periodically to review the arrangements for the safe custody and control of these advances.
- 6.8.3 To reimburse imprest holders, as often as necessary, to restore the imprests.

C.6.9 Responsibilities of Chief Executive and Directors – imprest accounts

- 6.9.1 To ensure that employees operating an imprest account:
 - a) obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained;
 - b) make adequate arrangements for the safe custody of the account;
 - c) produce upon demand by the Director of Finance cash and all vouchers to the total value of the imprest amount;
 - d) record transactions promptly;
 - e) reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder;
 - f) provide the Director of Finance with a certificate of the value of the account held at 31 March each year;
 - g) ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix C

reimbursement of the float and change relating to purchases where an advance has been made.

C.7. STAFFING**C.7.1 Why is this important?**

- 7.1.1 In order to provide the highest level of service, it is crucial that the Council recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.

C.7.2 Key controls

- 7.2.1 The key controls for staffing are:
- a) procedures are in place for forecasting staffing requirements and cost;
 - b) controls are implemented to ensure that staff time is used efficiently and to the benefit of the Council;
 - c) checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced, lawfully resident and trustworthy.

C.7.3 Responsibilities of the Director of Finance

- 7.3.1 To act as an advisor to Directors on areas such as Income Tax, National Insurance and pension contributions, as appropriate.
- 7.3.2 To ensure that staff costs are charged accurately to allow Directors to monitor staffing budgets effectively.

C.7.4 Responsibilities of Chief Executive and Directors

- 7.4.1 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.
- 7.4.2 To ensure that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided.
- 7.4.3 To ensure that the Director of Finance is immediately informed if the staffing budget is likely to be materially over- or under-spent.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix D

D. FINANCIAL SYSTEMS AND PROCEDURES**D.1. GENERAL****D.1.1 Why is this important?**

- 1.1.1 Services have systems and procedures relating to the control of the Council's assets. Services are reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
- 1.1.2 The Director of Finance is responsible for ensuring that the authority's financial systems are sound and should therefore be notified of any new developments or changes.

D.1.2 Key controls

- 1.2.1 The key controls for systems and procedures are:
- a) basic data exists to enable the Council's objectives, targets, budgets and plans to be formulated;
 - b) performance is communicated to the appropriate managers on an accurate, complete and timely basis;
 - c) early warning is provided of deviations from target, plans and budgets that require management attention;
 - d) operating systems and procedures are secure.

D.1.3 Responsibilities of the Director of Finance

- 1.3.1 To make arrangements for the proper administration of the Council's financial affairs, including to:
- a) issue advice, guidance and procedures for officers and others acting on the Council's behalf;
 - b) determine the accounting systems, form of accounts and supporting financial records;
 - c) establish arrangements for audit of the Council's financial affairs;
 - d) approve any new financial systems to be introduced;
 - e) approve any changes to be made to existing financial systems.
- 1.3.2 To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.
- 1.3.3 To ensure that, where appropriate, computer systems are registered in accordance with Data Protection legislation and that staff are aware of their responsibilities under the legislation.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix D

D.1.4 Responsibilities of Chief Executive and Directors

- 1.4.1 To ensure that accounting records are properly maintained and held securely.
- 1.4.2 To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Director of Finance.
- 1.4.3 To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.
- 1.4.4 To incorporate appropriate controls to ensure that, where relevant:
 - a) all input is genuine, complete, accurate, timely and not previously processed;
 - b) all processing is carried out in an accurate, complete and timely manner;
 - c) output from the system is complete, accurate and timely.
- 1.4.5 To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- 1.4.6 To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.
- 1.4.7 To ensure that systems are documented and staff trained in operations.
- 1.4.8 To consult with the Director of Finance before changing any existing system or introducing new systems.
- 1.4.9 In consultation with the Director of Finance to establish a scheme of delegation identifying officers authorised to act upon the Directors behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- 1.4.10 To supply lists of authorised officers, with specimen signatures and delegated limits, to the Director of Finance, together with any subsequent variations.
- 1.4.11 To ensure that relevant standards and guidelines for ICT systems issued by the Director of Finance or Lead Specialist ICT are observed.
- 1.4.12 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.
- 1.4.13 To comply with the copyright, designs and patents legislation and, in particular, to ensure that:
 - a) only software legally acquired and installed by the Council is used on its computers;
 - b) staff are aware of legislative provisions;
 - c) in developing systems, due regard is given to the issue of intellectual property rights.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix D

D.2. INCOME AND EXPENDITURE**D.2.1 Income****2.1.1 Why is this important?**

- 2.1.1.1 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Council's cash-flow and also avoids the time and cost of administering debts.

D.2.2 Key controls**2.2.1 The key controls for income are:**

- a) all income due to the Council is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed;
- b) all income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery;
- c) all money received by an employee on behalf of the Council is paid in without delay through the Council's payment facility, as the Director of Finance directs, to the Council's bank account, and properly recorded. The responsibility for cash collection should be separated from that:
 - i. for identifying the amount due
 - ii. for reconciling the amount due to the amount received
- d) effective action is taken to pursue non-payment within defined timescales;
- e) formal approval for debt write-off is obtained;
- f) appropriate write-off action is taken within defined timescales;
- g) appropriate accounting adjustments are made following write-off action;
- h) all appropriate income documents are retained and stored for the defined period in accordance with the document retention guidelines;
- i) money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

D.2.3 Responsibilities of the Director of Finance

- 2.3.1 To agree arrangements for the collection of all income due to the Council and to approve the procedures, systems and documentation for its collection.
- 2.3.2 To approve all debts to be written off in consultation with the relevant Director and to keep a record of all sums written off up to the approved limit and to adhere to the requirements of the Accounts and Audit Regulations 2015.
- 2.3.3 To obtain the approval of the Strategy and Resources Committee in consultation with the relevant Director for writing off debts in excess of a specified financial limit (see **Appendix F**)
- 2.3.4 To ensure that appropriate accounting adjustments are made following write-off action.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix D

- 2.3.5 To order and supply to services all receipt forms, books or tickets and similar items and to satisfy himself/herself regarding the arrangements for their control.

D.2.4 Responsibilities of Directors

- 2.4.1 To implement the charging policy for the supply of goods or services, including the appropriate charging of VAT (in consultation with the Director of Finance where appropriate), and to review it regularly, in line with corporate policies.
- 2.4.2 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- 2.4.3 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- 2.4.4 To issue official receipts or to maintain other documentation for income collection.
- 2.4.5 To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.
- 2.4.6 To hold securely receipts, tickets and other records of income for the appropriate period in accordance with the documentation retention policy.
- 2.4.7 To secure all income to safeguard against loss or theft, and to ensure the security of cash handling.
- 2.4.8 To ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received. Appropriate details should be recorded on paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis.
- 2.4.9 To ensure personal cheques or other payments are not en-cashed.
- 2.4.10 To supply the Director of Finance with details relating to work done, goods supplied, services rendered or other amounts due, to enable the Director of Finance to record correctly the sums due to the Council and to ensure accounts are sent out promptly. Directors have a responsibility to assist the Director of Finance in collecting debts that they have originated, by providing any further information requested about the debtor, and in pursuing the matter on the Council's behalf.
- 2.4.11 To notify the Director of Finance of outstanding income relating to the previous financial year as soon as possible after 31st March in line with the timetable determined by the Director of Finance and not later than 15th April.

D.3. ORDERING AND PAYING FOR WORK, GOODS AND SERVICES**D.3.1 Why is this important?**

- 3.1.1 Public money should be spent with demonstrable probity and in accordance with the Council's policies. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Council's ***Contract Procedure Rules***.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix D

D.3.2 General

- 3.2.1 Every Officer and Member of the Council has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council, in accordance with appropriate codes of conduct.
- 3.2.2 Official orders must be in a form approved by the Director of Finance. Official orders must be issued for all work, goods or services to be supplied to the Council, except for supplies of utilities, periodic payments, petty cash purchases or other exceptions specified by the Director of Finance.
- 3.3.3 Each order must conform to the guidelines approved by the Council on procurement Standard terms and conditions and must not be varied without the prior approval of the Director of Finance.
- 3.3.4 Apart from petty cash, the normal method of payment from the Council shall be by BACS drawn on the Council's bank account by the Director of Finance. The use of direct debit shall require the prior agreement of the Director of Finance. The use of Council procurement/business cards by non-card holders shall require the prior agreement of the Director of Finance.
- 3.3.5 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts, except where there is a specific Council policy to the contrary.
- 3.3.6 Detailed regulations relating to Procurement are set out in the Council's ***Contract Procedure Rules***.
- 3.3.7 Where an order is not appropriate as discussed in section 3.2.2, authorisation must be provided on the specified form and attached to the invoice for payment. Authorisation thresholds for Officers are set out in **Appendix H**.

D.3.3 Key controls

- 3.3.1 The key controls for ordering and paying for work, goods and services are:
- a) all goods and services are ordered only by authorised persons and are correctly recorded;
 - b) all goods and services shall be ordered in accordance with the Council's ***Contract Procedures Rules***;
 - c) goods and services received are checked to ensure they are in accordance with the order;
 - d) payments are not made unless goods have been received by the Council to the correct price, quantity and quality standards;
 - e) all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method;
 - f) all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention guidelines;
 - g) all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected by journal;

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix D

- h) in addition, e-commerce requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

D.3.4 Responsibilities of the Director of Finance

- 3.4.1 To ensure that all the Council's financial systems and procedures are sound and properly administered.
- 3.4.2 To approve any changes to existing financial systems and to approve any new systems before they are introduced.
- 3.4.3 To approve the form of official orders and associated terms and conditions in consultation with the Council's legal advisors.
- 3.4.4 To make payments from the Council's funds on the Chief Executive or Director's authorisation that the expenditure has been duly incurred in accordance with financial regulations.
- 3.4.5 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- 3.4.6 To make payments to contractors on the certificate of the appropriate Chief Executive or Director, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- 3.4.7 To provide advice and encouragement on making payments by the most economical means, in accordance with the Council's Procurement Strategy and associated guidance.
- 3.4.8 To ensure that payment is not made unless a proper VAT invoice, where appropriate, has been received, checked and coded, confirming:
- (a) that the invoice has not previously been paid;
 - (b) that expenditure has been properly incurred;
 - (c) that prices and arithmetic are correct;
 - (d) correct accounting treatment of tax;
 - (e) that discounts have been taken where available;
 - (f) that appropriate entries will be made in accounting records.
- 3.4.9 To ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice, except where the original invoice has been lost, in which case a check must be made to see if payment has been made and if it has not the copy annotated accordingly prior to payment.

D.3.5 Responsibilities of Chief Executive and Directors

- 3.5.1 To ensure that official orders are issued via the e-procurement system for all goods and services, other than the exceptions as specified in 3.2.2.
- 3.5.2 To ensure that orders are only used for goods and services provided to the service. Individuals must not use official orders to obtain goods or services for their private use (see 3.3.5).

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix D

- 3.5.3 To ensure that only staff authorised to raise orders (Buyers) via the e-procurements system have access to the system. To ensure that only staff authorised to approve orders above the specified limit have access to the system. Buyers and Approvers should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best Value principles should underpin the Council's approach to procurement. Value for money should always be achieved.
- 3.5.4 To ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different officer from the person who authorised the order. Appropriate entries should then be made in inventories if necessary.
- 3.5.5 To ensure that the e-payment system is updated to show the receipt of goods, immediately after the goods are received.
- 3.5.6 Wherever possible to ensure that two authorised members of staff are involved in the ordering and receiving process.
- 3.5.7 To encourage suppliers of goods and services to receive payment by the most economical means for the Council. It is essential, however, that payments made by direct debit have the prior approval of the Director of Finance.
- 3.5.8 To ensure that the service obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality. Due regard to be taken of the Council's procurement strategy and associated procurement guidance.
- 3.5.9 To ensure that employees are aware of the national code of conduct for local government employees specified in personnel policies.
- 3.5.10 To ensure that, loans, leasing or rental arrangements are not entered into without prior agreement from the Director of Finance.
- 3.5.11 To notify the Director of Finance of outstanding expenditure relating to the previous financial year as soon as possible after 31st March in line with the timetable determined by the Director of Resources.
- 3.5.12 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Director of Finance the systems and procedures to be adopted in relation to financial aspects. This includes certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status.
- 3.5.13 To notify the Director of Finance immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- 3.5.14 To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the document retention guidelines.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix D

D.4. PAYMENTS TO EMPLOYEES AND MEMBERS**D.4.1 Why is this important?**

- 4.1.1 Staff costs are the largest item of expenditure for most Council services. It is therefore important that payments are accurate, timely, made only where they are due for services to the Council and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are authorised in accordance with the scheme adopted by the Council.

D.4.2 Key controls

- 4.2.1 The key controls for payments to employees and Members are:

- (a) proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:
 - i. starters
 - ii. leavers
 - iii. variations
 - iv. enhancements
 - v. and that payments are made on the basis of timesheets or claims;
 - vi. frequent reconciliation of payroll expenditure against approved budget and bank account;
- (b) all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention guidelines;
- (c) that HM Revenues and Customs regulations are complied with.

D.4.3 Responsibilities of the Director of Finance

- 4.3.1 To arrange and control the secure and reliable payment of salaries, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him/her, on the due date.
- 4.3.2 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention guidelines.
- 4.3.3 To record and make arrangements for the accurate and timely payment of tax, pensions and other deductions.
- 4.3.4 To make arrangements for payment of all travel and subsistence claims.
- 4.3.5 To make arrangements for paying Members travel or other allowances upon receiving the prescribed form, duly completed and authorised.
- 4.3.6 To ensure that adequate and effective systems and procedures are operated, so that:
 - (a) payments are only authorised to bona fide employees;
 - (b) payments are only made where there is a valid entitlement;
 - (c) conditions and contracts of employment are correctly applied, employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix D

- 4.3.7 To ensure that the Director of Finance is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system (P11d).

D.4.4 Responsibilities of Chief Executive and Directors

- 4.4.1 To send an up-to-date list of the names of officers authorised to sign records to the Director of Finance, together with specimen signatures.
- 4.4.2 To ensure that payroll transactions are processed only through the payroll system. Directors should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. HM Revenues and Customs applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Director of Finance.
- 4.4.3 To certify travel and subsistence claims and other allowances. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and the Director of Finance is informed where appropriate.
- 4.4.4 To make, having regard to the particular circumstances of each case, ex gratia payments not exceeding a specified financial limit (see **Appendix F**) in any one case, subject to consultation with the Director of Finance. The circumstances of the proposed payment must not have the effect of circumventing other Council pay and allowance policies, tax rules or other legislation.
- 4.4.5 To notify the Director of Finance of all appointments, terminations or variations that may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Director of Finance.
- 4.4.6 To ensure appointments are made in accordance with the regulations of the Council and approved establishments, grades and scale of pay and that adequate budget provision is available.

D.4.5 Responsibilities of Members and Officers

- 4.5.1 To submit claims for travel and subsistence allowances on a monthly basis and, in any event, within one month of the year end.

D.5. TAXATION**D.5.1 Why is this important?**

- 5.1.1 Like all organisations, the Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix D**D.5.2 Key controls**

5.2.1 The key controls for taxation are:

- (a) Finance staff remain abreast of tax legislation, in particular that relating to PAYE, NICs, CIS and VAT.
- (b) budget managers are provided with relevant information and kept up to date on tax issues;
- (c) budget managers are instructed on required record keeping;
- (d) all taxable transactions are identified, properly carried out, accounted for within stipulated timescales and paid through appropriate financial systems;
- (e) records are maintained in accordance with instructions;
- (f) returns are made to the appropriate authorities within the stipulated timescale.

D.5.3 Responsibilities of the Director of Finance

- 5.3.1 To complete all HM Revenues and Customs returns regarding PAYE and NIC's.
- 5.3.2 To complete a monthly return of VAT inputs and outputs to HM Revenues and Customs.
- 5.3.3 To provide details to HM Revenues and Customs regarding the construction industry tax deduction scheme in accordance with their deadlines.
- 5.3.4 To provide guidance for Council employees on taxation issues (including VAT).

D.5.4 Responsibilities of Directors

- 5.4.1 To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenues and Customs regulations.
- 5.4.2 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- 5.4.3 To follow any guidance on taxation issued by the Director of Finance.

D.6. TRADING ACCOUNTS AND BUSINESS UNITS**D.6.1 Why is this important?**

- 6.1.1 Trading accounts have become more important as local authorities have developed a more commercial culture.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix D

D.6.2 General

- 6.2.1 Trading activities must operate within the Council's overall arrangements and rules for financial, personnel and resource management. Exceptionally, where it can be demonstrated that this would lead to a unit being uncompetitive and losing work, special arrangements can be considered. While the Programme committees have an overall responsibility for the operations of trading activities, clearly trading activities need freedom within this framework to operate on a commercial basis. Trading activities must adhere to Financial Regulations, unless alternative arrangements are explicitly identified and agreed in writing with the Director of Finance.

D.6.3 Responsibilities of the Director of Finance

- 6.3.1 To advise on the establishment and operation of trading accounts.

D.6.4 Responsibilities of Directors

- 6.4.1 To ensure that the control of the trading activity will be to the financial target (the 'bottom line') rather than to individual expenditure and income estimate headings.
- 6.4.2 To ensure that as a minimum, a break even position should be achieved.
- 6.4.3 To report to the Strategy and Resources Committee, where a trading activity plans a significant item of expenditure (e.g. a capital scheme, the purchase of a major item of computer software or the creation of a major ongoing revenue commitment), prior to the expenditure being committed, unless already in an approved capital programme.
- 6.4.4 To make a full report to the Strategy and Resources Committee, as soon as it is known that the trading activity may make a deficit.
- 6.4.5 To make a report to the Strategy and Resources Committee on the outturn of each trading activity compared to the financial plan.
- 6.4.6 To consult with the Director of Finance and the Council's legal advisors where a trading activity wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the Council. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix E**E. EXTERNAL ARRANGEMENTS****E.1. PARTNERSHIPS****E.1.1 Why is this important?**

1.1.1 Partnerships are likely to play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. Local authorities are working in partnership with others – public agencies, private companies, community groups and voluntary organisations. Local authorities still deliver some services, but their distinctive leadership role is to bring together the contributions of the various stakeholders. They therefore need to deliver a shared vision of services based on user wishes.

1.1.2 Local authorities usually act as an “enabler” and will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Local authorities will be measured by what they achieve in partnership with others.

E.1.2 General

1.2.1 The main reasons for entering into a partnership are:

- a) the desire to find new ways to share risk;
- b) the ability to access new resources;
- c) to provide new and better ways of delivering services;
- d) to forge new relationships.

1.2.2 A partner is defined as either:

- a) an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project or;
- b) a body whose nature or status give it a right or obligation to support the project.

1.2.3 Partners participate in projects by:

- a) acting as a project deliverer or sponsor, solely or in concert with others;
- b) acting as a project funder or part funder;
- c) being the beneficiary group of the activity undertaken in a project.

1.2.4 Partners have common responsibilities:

- a) to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation;
- b) to act in good faith at all times and in the best interests of the partnership’s aims and objectives;
- c) be open about any conflict of interests that might arise;
- d) to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors;
- e) to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature;

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix E

- f) to act wherever possible as ambassadors for the project.

E.1.3 Key controls

1.3.1 The key controls for Council partners are:

- a) if appropriate, to be aware of their responsibilities under the Council's financial regulations and procedures together with ***Contract Procedure Rules***;
- b) to ensure that risk management processes are in place to identify and assess all known risks;
- c) to ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise;
- d) to agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences;
- e) to communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

E.1.4 Responsibilities of the Director of Finance

1.4.1 To advise on effective controls that will ensure that resources are not wasted.

1.4.2 To advise on the key elements of funding a project. They include:

- a) a scheme appraisal for financial viability in both the current and future years;
- b) risk appraisal and management;
- c) resourcing, including taxation issues;
- d) audit, security and control requirements;
- e) carry-forward arrangements.

1.4.3 To ensure that the accounting arrangements are satisfactory.

1.4.4 To maintain a register of all contracts entered into with external bodies.

1.4.5 To ensure that spending has occurred in line with the terms and conditions and any eligibility criteria.

E.1.5 Responsibilities of Chief Executive and Directors

1.5.1 To ensure that, before entering into agreements with external bodies the Council's legal advisors are consulted.

1.5.2 To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared.

1.5.3 To ensure that such agreements and arrangements do not impact adversely upon the services provided by the Council.

1.5.4 To ensure that all agreements and arrangements are properly documented.

1.5.5 To provide appropriate information to the Director of Finance to enable a note to be entered into the Council's Statement of Accounts concerning material items.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix E

E.2. EXTERNAL FUNDING**E.2.1 Why is this important?**

- 2.1.1 External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council. Local authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. Funds from external agencies provide additional resources to enable the Council to deliver services to the local community. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Council's overall plan.

E.2.2 Key controls

- 2.2.1 The key controls for external funding are:
- a) to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood;
 - b) to ensure that funds are acquired only to meet the priorities approved in the policy framework by the Council;
 - c) to ensure that any match-funding requirements and future revenue implications are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements.

E.2.3 Responsibilities of the Director of Finance

- 2.3.1 To ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.
- 2.3.2 To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.
- 2.3.3 To ensure that audit requirements are met.

E.2.4 Responsibilities of Chief Executive and Directors

- 2.4.1 To ensure that all claims for funds are made by the due date.
- 2.4.2 To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.

E.3. WORK FOR THIRD PARTIES**E.3.1 Why is this important?**

- 3.1.1 Legislation enables the Council to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risk associated with this work is minimised and that such work is intra vires.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix E

E.3.2 Key controls

- 3.2.1 The key controls for working with third parties are:
- a) to ensure that proposals are costed properly in accordance with guidance provided by the Director of Resources;
 - b) to ensure that contracts are drawn up using guidance provided by the Director of Finance and that the formal approvals process is adhered to;
 - c) to issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

E.3.3 Responsibilities of Director of Finance

- 3.3.1 To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

E.3.4 Responsibilities of Chief Executive and Directors

- 3.4.1 To ensure that the approval of the relevant committee is obtained before any negotiations are concluded to work for third parties.
- 3.4.2 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Director of Finance
- 3.4.3 To ensure that appropriate insurance arrangements are made.
- 3.4.4 To ensure that the Council is not put at risk from any bad debts.
- 3.4.5 To ensure that no contract is subsidised by the Council.
- 3.4.6 To ensure that, wherever possible, payment is received in advance of the delivery of the service.
- 3.4.7 To ensure that the service has the appropriate expertise to undertake the contract.
- 3.4.8 To ensure that such contracts do not impact adversely upon the services provided for the Council.
- 3.4.9 To ensure that all contracts are properly documented.
- 3.4.10 To provide appropriate information to the Director of Finance to enable a note to be entered into the Statement of Accounts.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix F

F. FINANCIAL LIMITS**F.1. General**

F.1.1 Throughout these regulations, there are references to financial limits. These limits will need to be reviewed on a regular basis and, consequently, the latest figures have been consolidated in this appendix in order to facilitate any future changes. The regulations which contain financial limits are listed below:

F.1.2 Virements between Directorates require the approval of the Strategy and Resources Committee subject to the authorisation limits set out below. For the purpose of virements, salaries are to be considered as a Directorate in their own right and are under the control of the Chief Executive.

F.1.3 The use of reserves is to be approved through the same authorisation process as virements where not approved as part of the annual budget or accounts processes or have specific delegation.

F.1.4 The financial limits for approval of revenue virements and revenue supplementary estimates are set out below:

(a) Virements within same Directorate

Relevant Director and Director of Finance

(b) Virements between different Directorates

- (i) Up to **£20,000** – Director and Director of Finance and reported quarterly to members via email.
- (ii) Over **£20,000** up to **£50,000** - Director, Director of Finance in consultation with relevant Committee Chairperson; and reported to the next Strategy and Resources Committee meeting;
- (iii) Over **£50,000** - the Strategy and Resources Committee.

(c) Supplementary Estimates

- (i) Up to **£20,000** – Director and Director of Finance in consultation with the Chairperson of the Strategy and Resources Committee and the Leader and reported to the next Strategy and Resources Committee;
- (ii) Over **£20,000** – the Strategy and Resources Committee.

NB One of the Council's budget policies is to only agree supplementary estimates in exceptional circumstances.

F.1.5 A capital scheme (an identifiable project) is where expenditure exceeds **£10,000**.

F.1.6 The financial limits for approval of capital virements and capital supplementary estimates are the same as for revenue.

F.1.7 Any excess expenditure over the approved contract sum of more than **510%** or **£10,000** whichever is the greater-lesser must be reported to the relevant committee (Appendix B paragraph 2.19.8).

F.1.8 The asset register shall contain all assets with a value in excess of **£10,000** (Appendix C paragraph 5.3.1).

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix F

- F.1.9** All items with a value in excess of **£500** shall be included in inventories (Appendix C paragraph 5. 4.15). IT assets (laptops, monitors, printers etc but excluding IT peripherals) are an exception to this limit as are more desirable, and are all recorded on the IT inventory.
- F.1.10** Strategy and Resources Committee approval is required to declare land surplus to requirements where the value exceeds **£10,000** (Appendix C paragraph 5.4.4).
- F.1.11** Strategy and Resources Committee approval is required to write-off bad debts in excess of **£10,000** (Appendix D paragraph 2.3.3), in the case of Non-Domestic Rates Debts this is increased to **£20,000**.
- F.1.12** Strategy and Resources Committee approval is required to make ex-gratia payments in excess of **£2,000** (Appendix D paragraph 4.4.4).
- F.1.13** Finance limits relating to contracts are contained in the Council's ***Contract Procedure Rules***.

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix G**G. BANK MANDATE**

- G.1. Cheques are only to be issued in emergencies and will be from the contingency cheque book.
- G.2. Cheques above £10,000 shall be countersigned by the Director of Finance or, in his/her absence, the Chief Executive.
- G.3. Amendments to cheques can be countersigned by the above and additionally the Lead Finance Specialist for cheques up to £10,000.
- G.4. Manual CHAPS payments shall be signed by any of the following:
- a) Director of Finance
 - b) Chief Executive
- G.5. All arrangements with the Council's financial institutions shall be made by the Director of Finance who shall be authorised to operate such banking accounts/investments/financial instruments as he/she may consider necessary.
- G.6. All cheques shall be ordered only on the authority of the Director of Finance or under arrangements made by him/her.
- G.7. All cheques shall be ensured are kept in safe custody by the Director of Resources until issue.
- G.8. All instructions relating to the Council's banking accounts, shall be authorised by the Director of Finance or Officers authorised by him or her.
- G.9. Payments may be made by BACS or CHAPS electronic transmission subject to two electronic signatures; and submission by an authorised card holder authentication. Responsibility for the delegation of authorisation below Director level and limits applicable is set by the Director of Finance.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix H

H. AUTHORISATION ARRANGEMENTS

Total Value	Category	Authorisation Level
Up to £5,000	Electronic Orders	<i>Authorised buyer</i>
£5,001 to £50,000	Invoice Authorisations, Electronic Order Approvals, Mileage and Expenses Claims	<i>Line Manager</i>
Above £50,001*	Invoice Authorisations and Order/Contract Approvals	<i>Chief Executive or Director</i>

* Note requirement for written contracts above £50,000 – See Section 13.7 of Contract Procedure Rules.

Definitions (as per Contract Procedure Rules)

Approved Buyer.....An Officer designated by a Director who is authorised to generate electronic orders on behalf of the Council.

Line ManagerAn *Officer* designated by the *Director* to exercise the role reserved to the line manager by the contract procedure rules, this will be a Level 2 Manager.

Director..... *The Chief Executive or one of five Directors*

Authorisation arrangements are as follows:

1. Delegation originates from Council decision making. The approval of budget proposals in February delegates responsibility for delivery of services in line with the Corporate Plan and local service plans to Directors, within the constraints of the approved net budget limits.
2. Officers are not required to seek subsequent authorisation from Members where the revenue budget delegation has already been made.
3. It is expected that Directors delegate routine budget decisions to service managers and heads of service within the framework of the budget decision.
4. Authorisation for expenditure approved within the budget is then progressed based on the following table... delegation matrix
5. Where the Council has not yet approved expenditure, then the virements and supplementary estimate procedures will apply.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix I

I. DELEGATIONS**I.1.4 Introduction**

- 1.1.1. The Status of financial regulations section (Section one in this document) refer to Directors and Officers delegating their responsibilities per these financial regulations. Delegation should be given in writing, however there are instances where this isn't necessary or not possible due to sickness/leave. These delegations are only applicable where decisions/actions are required urgently, and the relevant officer is not available, and written delegation has not been made as not known required.
- 1.1.2. There are statutory delegations for statutory posts, the Monitoring Officer and Returning Officer, who have a Deputies. Written delegation is not required for these posts to act in the full capacity.

Finance Scheme of Delegation

- 1.1.3. This Finance Scheme of Delegation outlines officer delegation and details the power that council officers have to make decisions on spending and other finance issues across the council. The Scheme sets out approved financial limits within which authorised officers may conduct the council's business.
- 1.1.4. The scheme of delegation is one part of the Councils financial controls. Other key elements of financial controls include
- a) Councillor approval of the annual budget and financial strategy
 - b) regular financial reporting to Council to confirm that actual expenditure and income arising from Officers activities are following the plans set out in the budget approved by Councillors
 - c) the embedding of the authorization thresholds set out below in the Council's digital financial systems which, enable payments to be made, received and recorded
 - d) cyber security protecting the integrity of the Council's financial systems
 - e) separation between those allowed to proposed payments and those able to authorise those payments to be made
 - f) oversight and review of all payments and receipts to identify unusual items and investigate all relevant details of these

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix I

DELEGATION MATRIX

Where procurement is required, relevant advice should be followed.

Where pay costs are affected, Human Resources advice should be followed.

In the absence of the required service Director, the approval of another Director should be obtained. In the absence of the Director of Finance (Chief Finance Officer (CFO)/s151), the approval of the Deputy s151 should be obtained.

1. General Expenditure^o

<u>Financial Limit</u>	<u>Authorised Officer</u>	<u>Conditions</u>
<u>Up to £50</u>	<u>Requesting Officer</u>	<u>Officers may proceed with expenditures where they are below £50 and within approved budget and procurement rules</u>
<u>£50 to £30,000</u>	<u>Budget Holder</u>	<u>Budget Holders may proceed with expenditures where they are within approved budget availability and within procurement rules.</u>
<u>£30,001 to £50,000</u>	<u>Director</u>	<u>Directors may proceed with expenditures where they are within approved budget availability and within procurement rules.</u>
<u>Over £50,000 (planned expenditure)</u>	<u>Director plus section 151</u>	<u>Directors may proceed with expenditures over £50,000 where they are within approved budget availability and within procurement rules (e.g. part of a contract approved by Council), after consultation with the Section 151</u>
<u>Over £50,000 (unplanned expenditure)</u>	<u>Full Council (on recommendation of Strategy and Resources Committee)</u>	<u>Where expenditures over £50,000 are not included within approved budgets they require approval of Council.</u>

2. Re-profiling of Capital Scheme Payments Between Financial Years

<u>Financial Limit</u>	<u>Authorisation</u>
<u>Below £500,000</u>	<u>Section 151 with notification to Strategy and Resources Committee</u>
<u>£500,000 and above</u>	<u>Strategy and Resources Committee recommendation to Full Council</u>

3. Capital Programme – New Schemes or Increases (supplementary estimates)

<u>Financial Limit</u>	<u>Authorised Officer</u>	<u>Conditions</u>
<u>Below £50,000</u>	<u>Director</u>	<u>Approval of Section 151 Officer; Reported to Strategy and Resources Committee</u>
<u>£50,000 and above</u>	<u>NA</u>	<u>Formal Full Council approval</u>
<u>Prudential borrowing increase</u>	<u>Full Council</u>	<u>Council approval required</u>

^o "General expenditure" includes revenue pay and non-pay, capital, Officer and Member travel and expenses, and similar expenditure items routinely incurred by the Council, unless specifically set out in the paragraphs below.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix I

4. Submission of External Funding Bids

<u>Type</u>	<u>Authorised Officer</u>	<u>Conditions</u>
<u>Competitive bids</u>	<u>Director</u>	<u>Must follow governance and grant protocols</u>
<u>Direct grant allocations</u>	<u>Director</u>	<u>Approval of Section 151 Officer</u>

5. Asset Leasing

- 5.1 All proposed leasing arrangements must be appraised and approved by Corporate Finance prior to approval.

6. Treasury Management

- 6.1 Treasury management is the day-to-day management and forward planning of the council's cashflow. It is governed by the Treasury Management Strategy approved each February by Full Council, including selection of counterparties, maturities, and risk management. The Treasury Management Strategy is prepared with regard to sectoral advice on best practice (CIPFA).
- 6.2 The Section 151 Officer is responsible for treasury management. No other officers may borrow or invest funds unless formally delegated by the S151. There are no separate thresholds for treasury transactions as these are managed within the strategy through the definition of counterparties.
- 6.3 Treasury Management activity is also undertaken with the support of external, independent advisors who are able to support the S151 and provide relevant specialist advice.

7. Disposal of Assets (excluding Land and Property)

<u>Asset Value</u>	<u>Authorised Officer</u>	<u>Conditions</u>
<u>Up to £5,000</u>	<u>Head of Service</u>	<u>In accordance with disposal guidance and Asset Management Plan</u>
<u>£5,001–£50,000</u>	<u>Director</u>	<u>Consult as required</u>
<u>Over £50,000</u>	<u>Strategy and Resources Committee</u>	<u>Committee and Section 151 Officer</u>

8. Compensation Payments

<u>Payment Level</u>	<u>Authorised Officer</u>
<u>Up to £500</u>	<u>Head of Service</u>
<u>£500–£5,000</u>	<u>Director and Monitoring Officer</u>
<u>£5,000–£10,000</u>	<u>Chief Executive and Monitoring Officer</u>

9. Fees and Charges

- 9.1 All new fees and changes to existing fees must be approved through the Budget and Policy Framework. Officers may not vary fees outside this process.
- 9.2 Fees and Charges levels may be varied within the year with the agreement of Strategy and Resources Committee and the approval of full council, subject to provision of a clear rationale for doing so.

PART 4 – RULES OF PROCEDURE

FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix I

10. Write-off of Income

10.1 Authorisation levels for writing off income are also set out in the Corporate Debt Strategy. All written off debt should be allocated to one of the following categories:

1. Unrecoverable (bad) debt

1.1 The debtor has absconded and despite attempts to locate the debtor, their current address is unknown

1.2 The debtor resides outside the UK and is unlikely to return.

1.3 The debtor has been declared bankrupt/ insolvent and the debt in question forms part of the insolvency proceedings

1.4 A company that has ceased trading

1.5 The debtor has died and there is insufficient equity in the estate to cover the debt

2. Pursuit is not justified (uneconomic, inefficient)

2.1 A small balance outstanding (less than £50).

2.2 A balance outstanding where the expenses of recovery in terms of fees, staff time and other charges, balanced against the likelihood of recovery (including all additional expenses and charges) outweigh the prospect of full or partial success.

2.3 Where enforcement of the debt involves an arguable point of law and for that reason enforcement action could fail, with the imposition of costs or charges upon the Council.

3. Where the debtor is vulnerable or where pursuit of the debt would be seen as contrary to natural justice

<u>Write off Level</u>	<u>Authorised Officer</u>
<u>Sundry debt (incl. fees and charges)</u>	
<u>Up to £250</u>	<u>Head of Service</u>
<u>£500–£5,000</u>	<u>Director</u>
<u>£5,000–£10,000</u>	<u>Director and s151 and inclusion in the next finance report to Committee</u>
<u>Over £10,000</u>	<u>Strategy and Resources Committee</u>
<u>Council Tax debt</u>	
<u>Up to £10,000</u>	<u>Head of Service with inclusion in the next Committee report</u>
<u>Over £10,000 but below £20,000</u>	<u>CFO/s151 with inclusion in the next finance report to Committee</u>
<u>Over £20,000</u>	<u>Strategy and Resources Committee</u>
<u>Business Rates debt</u>	
<u>Up to £20,000</u>	<u>Head of Service with inclusion in the next Committee report</u>
<u>Over £20,000</u>	<u>Strategy and Resources Committee</u>

PART 4 – RULES OF PROCEDURE
FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Appendix I

11. Budget Virements

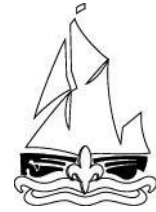
<u>Virement Level</u>	<u>Authorised Officer</u>
<u>Up to £25,000</u>	<u>Head of Service, notification to s151</u>
<u>£25,001–£50,000</u>	<u>Director, notification to s151</u>
<u>£50,000+</u>	<u>Strategy and Resources Committee</u>

12. Insurance Claims and Related Payments

<u>Claim Amount</u>	<u>Authorised Officer</u>
<u>Up to £500</u>	<u>Deputy s151</u>
<u>£500–£100,000</u>	<u>S151 + another director; to be reported to next Strategy and Resources Committee</u>

13. Emergency or Unplanned Urgent Payments

<u>Payment Level</u>	<u>Authorised Officer</u>
<u>Individual payments up to £10,000</u>	<u>Emergency planning team ('Bronze')</u>
<u>£10,000 to £50,000</u>	<u>Director ('Gold' command)</u>
<u>Over £50,000 (emergency response phase)</u>	<u>Director with 151 / Deputy 151 visibility (if 'Gold' director is Director of Finance, the visibility is to be with the Chief Executive or Director of Legal and Governance)</u>
<u>Over £50,000 (emergency recovery phase or other unplanned urgent payments)</u>	<u>Strategy and Resources Committee, or Director of Finance / Chief Executive in consultation with the Chairperson of the Strategy and Resources Committee</u>



REPORT of DIRECTOR OF FINANCE

**to
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
16 JULY 2026**

PRE-AUDIT STATEMENT OF ACCOUNTS, 2025/26

1. PURPOSE OF THE REPORT

- 1.1 This report presents the pre-audit accounts for the year 2025/26 (**APPENDIX 1**). The accounts were prepared and published on the Council's website by the deadline of 30 June. The report highlights key elements of the accounts and the robust overall financial position they reflect.

2. RECOMMENDATIONS

That Members:

- (i) consider the pre-audit accounts for 2025/26 (**APPENDIX 1**) and the purpose of that document;
- (ii) note the successful preparation of the pre-audit accounts for 2025/26 by officers ahead of the deadline;
- (iii) note the key values that the pre-audit accounts for 2025/26 include;
- (iv) review the key assumptions made by the actuary in their valuation of the net pension liability (**APPENDIX 2**).

3. SUMMARY OF KEY ISSUES

3.1 Timeliness

- 3.1.1 The ability of the Council to prepare its accounts to a high quality and to a defined timetable is a key test of the robustness of the overall financial management of the council. The Council has met this test.

3.2 Format

- 3.2.1 The format of the accounts is complex. The format reflects the complexity of the council itself, and the requirements of both International Financial Reporting Standards (IFRS) and their adaptation to meet the specific nature of local government finances through the Chartered Institute of Public Finance and Accountancy (CIPFA) / Local Authority (Scotland) Accounts Advisory Committee (LASAAC) 'Code of practice for local government accounting' (the Code). The accounts therefore meet the key elements of both commercial accounting practice (as set out in IFRS) as well as reflecting the specific tax raising and collecting power of local government (the adaptation of IFRS set out in the 'Code').

3.3 Supporting statements

- 3.3.1 The accounts themselves are supported by a range of supporting statements including the narrative forward (covering operating activities and overall performance), the statement of responsibilities (setting out the respective roles of Members and Officers), the primary and supplementary statements of account and the supporting notes (the accounts themselves), the independent auditor's report (which will be added at the conclusion of the audit, in January 2027), and the annual governance statement (confirming the Member and Officer governance and decision making processes in operation during the year).
- 3.4 Taken together, the accounts and the supporting statements provide a detailed record of the decision-making and financial activity of the Council during the year.
- 3.5 In addition, this report also includes details of the valuation of the pension scheme. Council staff are members of the Local Government Pension Scheme (LGPS) as Maldon District Council is an admitted body of the Essex LGPS, administered by Essex County Council. It is good practice to provide the Council audit Committee with information on the basis of the valuation of pension assets and liabilities. While these are included in disclosure note 30 (pages 84-89 of the accounts at **APPENDIX 1**), the document attached at **APPENDIX 2** from the actuary provides their valuation and assumptions for comparison. Officers have reviewed the assumptions made by the actuary and are content that they are reasonable, and they are recommended to be noted by the Committee.
- 3.6 The valuation of pension fund assets and liabilities is notoriously volatile. The valuation covers a 30 year forward projection of the future value of assets and liabilities. This estimate is heavily influenced by economic indicators such as inflation rates, interest rates, and the value of government bonds ('gilts'). As a Council, changes in the valuation of the pension deficit or liability will be taken to the pension reserve (shown in note 8, reflecting adjustments between the funding and accounting bases).

4. FINANCIAL PERFORMANCE

- 4.1 Financial performance for the year has previously been reported to Strategy and Resources Committee as the Outturn report for the year. The accounts have been prepared in line with external reporting requirements whereas the outturn report fulfils the internal management reporting requirement of officers and Members. The underlying data is the same.
- 4.2 Revenue performance reported an underspend against the budget; the capital programme reported investment of £5.5m against planned investment of £7.0m with some outstanding schemes seeing completion in the new financial year.
- 4.3 The Comprehensive Income and Expenditure Statement (CIES) shows that the council has 'turnover' of £35m each year. The cost of council services has remained comparable between 2025/26 and the preceding year at £15m-£16m, reflecting overall operational stability. There have been substantial changes in the valuation of Property, Plant and Equipment and in the net value of the Pension Fund. These values are technical changes in the estimation basis for the value of these assets – the effective value can only be known at the point of disposal in both cases.
- 4.4 The Movement in Reserves Statement (MIRS) sets out that usable reserves in April 2024 stood at £14.400m, rose to £17.030m by April 2025, and were reduced to

£12.131m by March 2026. The increase in the preceding year arose through better financial performance than was anticipated in that year. The reduction in 2025/26 is largely attributable to the use of reserves to support planned capital investment, notably into leisure facilities.

- 4.5 The Balance Sheet brings together the assets and liabilities of the council to calculate its overall net worth and then shows how these are represented. The council held £52.479m of long term¹ assets at 31 March 2026 and £14.710m of current¹ assets. Current liabilities amount to £10.663m and long-term liabilities amount to £1.945m. Taken together these mean that the net assets of the Council stand at £54.581m, an increase on the preceding year of £1.804m. Long term assets are primarily land and buildings of different types. Short term assets are largely cash holdings invested in line with the Treasury Management Strategy. Short term liabilities are largely trade creditors (invoices due but not yet paid to suppliers at the end of the year).

5. CONCLUSION

- 5.1 The Committee is invited to consider and comment on the pre-audit accounts for the year 2025/26.

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

6.1 Delivering good quality services

- 6.1.1 A key objective of the Council's Corporate Plan is to continue to have good governance arrangements in place. Timely preparation of the accounts ahead of the audit is a key indicator of these good arrangements.

7. IMPLICATIONS

- (i) **Impact on Customers** – The Statement of Accounts is the basis of financial transparency in the affairs of the council as a tax collecting authority.
- (ii) **Impact on Equalities** – None directly.
- (iii) **Impact on Risk (including Fraud implications)** – The Accounts help ensure clarity in financial planning and reporting, highlighting any risks in doing so.
- (iv) **Impact on Resources (financial)** – None directly.
- (v) **Impact on Resources (human)** – The process of preparing the accounts requires substantial effort throughout the year on the part of all officers of the council, who are required to adhere to financial and constitutional requirements in order that the council is properly governed. Work is ongoing to minimise the effort required to ensure that compliance.
- (vi) **Impact on Devolution / Local Government Reorganisation (LGR)** – The preparation of financial statements in line with a standard approach will enable comparison of financial positions between LGR councils in a consistent way.

Background papers: None.

Enquiries to: Ben Jay, Director of Finance.

¹ 'long-term' means lasting more than one year; 'current' means lasting less than one year.

This page is intentionally left blank

Draft Statement of Accounts

Maldon District Council 2025-26



This document can be made available on request in larger print, braille and audio and in languages other than English.

To request a copy in an alternative format please go to the online form at :

www.maldon.gov.uk/contact

MALDON DISTRICT COUNCIL

DRAFT STATEMENT OF ACCOUNTS 2025-26

CONTENTS

SECTION – 1	NARRATIVE STATEMENT	Page 003
SECTION – 2	STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS	Page 016
SECTION – 3	PRIMARY STATEMENTS • <i>Comprehensive Income and Expenditure Statement</i> • <i>Movement in Reserves Statement</i> • <i>Balance Sheet</i> • <i>Cash Flow Statement</i> • <i>Notes To The Core Accounting Statements</i>	Page 017 • <i>Page 018</i> • <i>Page 019</i> • <i>Page 020</i> • <i>Page 021</i> • <i>Page 024</i>
SECTION – 4	SUPPLEMENTARY FINANCIAL STATEMENTS • <i>Collection Fund Statement</i> • <i>Notes to the Collection Fund</i>	Page 092 • <i>Page 093</i> • <i>Page 094</i>
SECTION – 5	INDEPENDENT AUDITOR'S REPORT • <i>Independent Auditors Report to Maldon District Council</i>	Page • <i>Page 097</i>
SECTION – 6	ANNUAL GOVERNANCE STATEMENT 2025/26, MALDON DISTRICT COUNCIL	Page 101
SECTION – 7	GLOSSARY OF FINANCIAL TERMS	Page 114

SECTION – 1

NARRATIVE STATEMENT

Introduction

I am pleased to present the Statement of Accounts for Maldon District Council for 2025/26.

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 Councils objectives around supporting the demographic and ensuring that there is the relevant infrastructure for the growing demand.

Purpose of the Accounts

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 2025/26. 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 2026. 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.



NARRATIVE STATEMENT (continued)

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.

The Statement of Accounts

The Statement of accounts for the year ended 31 March 2026 consist of the following statements:

Statement of Responsibilities

The statement sets out the respective responsibilities of Maldon District Council (the Council) and the Director of Finance (S151), 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.

Annual Governance Statement

The Annual Governance Statement explains how the Authority has maintained an effective system of governance and internal control during the year and up to the date of approval of the Statement of Accounts. It outlines the arrangements in place to ensure that the Authority conducts its business in accordance with the law and proper standards, safeguards public funds, and secures value for money.

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.



NARRATIVE STATEMENT (continued)**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:

SUPPLEMENTARY FINANCIAL STATEMENTS

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 £1.8m (£1.9m surplus in 2024/25) comprising of the following:

2024/25		2025-26
£'000		£'000
(1,364)	(Surplus)/Deficit on Provision of Services	402
(612)	Other Comprehensive Income and Expenditure (Surplus)/Deficit	(2,206)
(1,976)	Total Comprehensive Income (Surplus)/Deficit	(1,804)

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.

2024/25		2025-26
£'000		£'000
(1,364)	(Surplus)/Deficit on Provision of Services	402
(1,265)	Adjustments between accounting basis and funding basis under regulations	4,497
(2,629)	(Increase)/Reduction in Usable Reserves of the Council	4,899
	<i>Comprising:</i>	
1,637	(Increase)/Reduction in Revenue Balances and Reserves	(3,727)
(4,266)	(Increase)/Reduction in Capital Balances and Reserves	8,626

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 £33.6m (£31.2m for 2024/25).

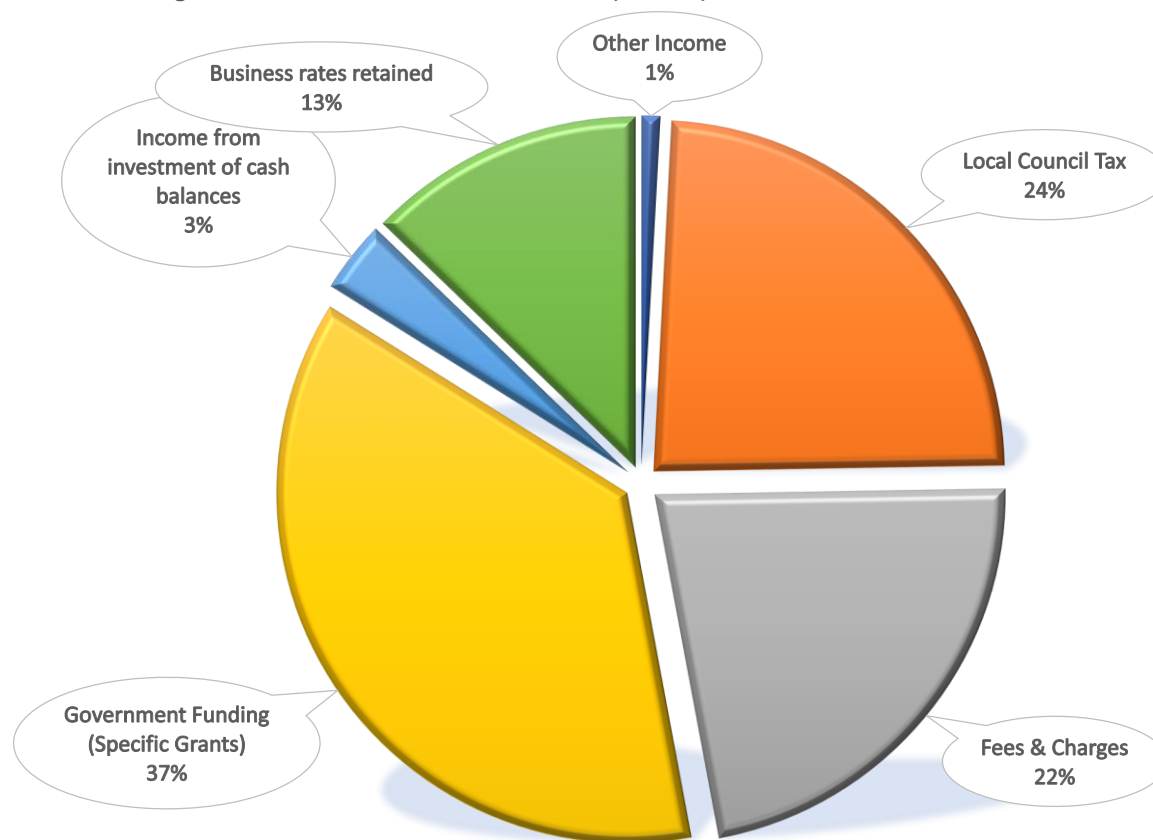
2024/25		Service	2025-26	
Gross Expenditure			Gross Expenditure	
£'000	%		£'000	%
-	-	Strategy & Resources Directorate	-	-
26,156	79	Service Delivery Directorate	25,022	75
7,093	21	Resources Directorate	8,566	25
33,249	100	Cost of Services	33,588	100

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 2025/26 was £15.354m. Actual net expenditure for the year was £14.816m resulting in a £538k underspend, a summary of which is shown in the table below. This is shown without the capital charges.

	2025-26	2025-26	2025-26
	Approved Budget	Actuals Expenditure	Variance
	£'000	£'000	£'000
Strategy & Resources Directorate	7,274	7,479	205
Service Delivery Directorate	8,080	7,421	(659)
Net Cost of Services	15,354	14,901	(453)
Investment & Rental Income	(664)	(1,171)	(507)
General Grants & Other Income	(1,703)	(1,838)	(135)
Council Tax Receipts	(6,275)	(6,444)	(169)
Business Rate Income	(4,693)	(4,717)	(24)
MRP Charge	496	14	(482)
Budgeted transfer (from) / to Earmarked Reserves	(1,456)	(799)	657
Budgeted transfer (from) / to General Fund	(1,059)	(1,716)	(657)
Budgeted transfer to General Fund	-	(1,197)	(1,770)
Net transfer (to) / from Earmarked Reserve	-	3,727	3,727

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 2025/26 was £5,476k (£6,913k in 2024/25)

A summary of the key capital schemes for 2025/26 is shown below:

Scheme	Budget	Actual spend to	Variance
	2025-26	31-March-2026	31-March-2026
	£'000	£'000	£'000
<u>Leisure centres</u>	3,966	2,508	(1,458)
New Leisure Centre Facilities (BW)	3,946	2,488	(1,458)
BLC Roof safety system	20	20	-
<u>Promenade Park, Maldon</u>	1,078	1,054	(24)
Skate Park Prom park	617	617	-
MDC Roads Resurfacing	180	186	6
New accessible play site (Sensory) (S106)	100	173	73
Secret Garden Project - Landscaping & Renovation	93	1	(92)
Amphitheatre rebuild works	78	77	(1)
Splash park elements	10	-	(10)
<u>Housing</u>	539	680	141
Disabled Facility Grants	539	680	141
<u>Playsites</u>	305	290	(15)
New Playsite Equipment - West Maldon Cllr Shaunagsse	139	143	4
Playsite Surfacing - Oaktree Meadow	115	114	(1)
Play Site Fencing	31	32	1
Fencing and Bollards - Parks (prom & riverside)	20	1	(19)
<u>Princes Road</u>	270	161	(109)
Fire system and Door access system	160	160	-
Princes Road replacement doors and windows	110	1	
<u>Car Parking</u>	250	228	(22)
Butt Lane Subsidence	138	121	(17)
White Horse Lane Resurfacing	112	107	(5)
<u>Riverside Park, Southminster</u>	193	193	-
Riverside Park - skate park and equipment	193	193	-
<u>Vehicle & Plant Replacement</u>	185	169	(16)
Tractor Side-Arm Flail	40	40	-
Maintenance Team Vehicle	39	38	(1)
Community Engagement vehicle	36	35	(1)
Ride on Mower	35	31	(4)
Parks Vehicle	35	25	(10)

Other Parks and Open Spaces	65	66	1
Longfields Pathway Resurfacing Works	65	66	1
I.T	47	42	(5)
IT PC Replacements	47	42	(5)
REPF	36	23	(13)
REPF concession infrastructure Riverside Park	18	21	
HER Space burnham on crouch	18	2	(16)
Community Centres	26	25	(1)
Scout Hut Brickhouse Farm Works	26	25	(1)
UKSPF	20	20	-
99 Wood road Community Supermarket location	20	20	-
Rivers	-	13	13
Demolition of Hythe Quay Classroom	-	13	13
Waste	-	5	5
Food Waste Bins - DEFRA	-	5	5
Total Capital Programme	6,980	5,476	(1,504)

Explanation for material variances:

Leisure centres - The overall investment programme remains unchanged at £5.8m, but the delivery of individual schemes has been profiled across 2 financial years to manage the impact on leisure centre users. The Council works with the contracted service provider (Places Leisure) with Places Leisure providing the management of scheme design and delivery, with accountability back to the Council.

Housing: The main variance is due to the number of Disabled Facility Grant applications which is funded by additional Disabled Facility Grant payments. DFG is a fully funded scheme whereby government provides grant funding to councils to make adaptations to residents homes in order that they can remain independent for as long as possible.

Princes Road: The overall scheme will be completed in early 2026/27, and the variation shown is due to operational and logistical arrangements necessary in completing the works while the offices remained in use.

Maldon Promenade: The main variance is due to planting still to be completed on the secret garden project at the prom, this will be completed in 2026/27

Car Parking: The main variance is due to ground conditions being worse than expected when work commenced. Initial surveys were undertaken, but an intervening period of bad weather and the necessary limitations of sampling meant that the full level of deteriorations was not clear. Works are ongoing and will be completed in 2026/27.

Vehicle & Plant Replacement: Vehicle replacement costs were less than estimated

Rivers: The variance relates to funding of the demolition of the Hythe Quay classroom, of which £13k is funded by capital receipts

Rural England Prosperity Fund: The project is grant funded from Rural England Prosperity Fund and this has now been given an extension so the works will be completed in the 2026/27 financial year. A year end adjustment will be done to carry the grant income into 26/27

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 £1.479m to net liability of £1.075m. An asset ceiling adjustment then resulted in a pension liability of £0.679m recognised in the Statement of Financial Position as of 31st March 2026. A further explanation can be found in note 30 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. The Fund Actuary had made a proper allowance for the minimum funding requirement.

Provisions/Contingencies

The Council makes provisions for Impaired Debts and for Business Rate Appeals that have been assessed as having a "probable" success. 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 2025/26

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 arising from reduced government funding levels (Core Spending Power) and ongoing inflationary pressures affecting pay and prices. In response to this, the Council is reviewing the ongoing cost of council services to ensure its future sustainability. It continues to hold robust levels of reserves.

As at 31 March 2026 the Council's provisional general fund balance stood at £8,362k. 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	2026/27	2027/28
	£'000	£'000
Project Title		
New Leisure Centre Facilities	4000*	-
Mandatory Disabled Facilities Grants	539	539
New Play site Equipment	125	125
New accessible play site (Sensory)	100	-
MDC Roads Resurfacing	98	-
Play site Surfacing - Oaktree Meadow	60	1,000
Play Site Fencing	60	125
PC and Printer Replacement Programme	47	47
Tractor Side-Arm Flail	40	-
Ride on Mower	35	-
Parks Vehicle Transit	35	-
Maintenance Team Vehicle	35	-
Fencing and Bollards - Parks	20	-
Community Engagement Team Vehicle	18	-
Plume school - Replacement Carpet Astro pitch	-	-
Total Capital Programme	5,212	1,836
Financed by:		
Internal Borrowing	4,000	1,000
Capital Receipts Applied	573	297
Government Grants	539	539
S.106 Contributions	100	-
Total Funding	5,212	1,836

The above table shows the capital spending plans of the Council in line with the medium term financial strategy approved on 12th February 2026.

*The 26/27 estimated programme will be adjusted for the outturn position on the old year as part of 26/27 financial reporting to Councillors

NARRATIVE STATEMENT (continued)**Risks**

The largest risk facing the council relates to Local Government Reorganisation. The Council will remain a 'going concern' in the respect that the functions of the council will transfer, in due course, to a successor organisation which will deliver those functions. There is no impact to be considered in terms of asset values and ongoing activity in that regard.

The national political outlook has become more volatile in recent months, with changes in overall national leadership as well as changes in local council control, affecting some of the Essex Councils. While this adds to the complexity of LGR overall, there is no indication at present that there will be any deviation from current plans, and councils across Essex continue to plan for reorganisation. In the event that reorganisation is delayed or even cancelled, this preparatory work will not be abortive – review of all financial and associated records, processes and systems are already identifying areas where councils could work more closely together whether LGR progresses or not. In addition, a process of 'deep-cleaning' council systems and processes is enabling opportunities for greater efficiency and effectiveness in council operations.

Other significant risks being faced include managing a higher-than-average level of planning applications through the planning team, and ongoing pressures on temporary accommodation. Building on the wider staffing restructure undertaken through 2025/26, the responsible director is leading further improvements in the planning area to maximise the effectiveness of that area. The Council is currently considering opportunities to reduce temporary accommodation costs through direct investment in accommodation units in the local area.

Financial planning for future years is considerably simpler now the government has published a multi-year settlement based on a revised approach to funding. This risk, identified in previous financial years, is now substantially mitigated as a result.

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 2025-26	Actual Collection 2025-26	Actual Collection 2024/25
Council Tax	97.9%	97.7%	97.9%
NNDR	98.3%	96.9%	98.3%

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 2026 stands at £8,636k as shown in the MIRS and related notes. 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.

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 2025/26 budget of £664k, achieving £1,047k (£1,338k in 2024/25). Interest rates continued to remain high throughout 2025/26.

Performance Information

Regular performance reports are received by PG&A committee and can also be found in section 6 in the outturn report.

Key Performance Indicator	2024/25		2025-26		2026/27
	Target	Actual	Target	Actual	Target
Percentage of Council Tax collected	98.01%	97.91%	97.90%	97.73%	97.90%
Percentage of Non-domestic Rates collected	99.03%	98.28%	98.30%	96.93%	98.30%
Time taken to process Housing Benefit/Council Tax Support - new claims (days)	16.0 Days	14.5 Days	16.0 Days	13.88 Days	16.0 days
Time taken to process Housing Benefit/Council Tax Support – change of circumstances (days)	8.5 Days	3 Days	8.5 Days	2.8 Days	8.5 Days
Percentage of major planning applications processed within 13 weeks	60.00%	81.00%	60.00%	82.00%	60.00%
Percentage of minor planning applications processed within 8 weeks	70.00%	84.00%	70.00%	89.00%	70.00%
Percentage of other planning applications processed within 8 weeks	70.00%	94.00%	70.00%	96.00%	70.00%
Total Kilogrammes of household waste arising per household (annual)	850kgs	830kgs	830kgs	616kgs	830kgs
Percentage of household waste sent for reuse, recycling and composting	58%	57.83%	58%	56.44%	58%
Total Kilogrammes of residual household waste per household	350kgs	350kgs	350kgs	262kgs	350kgs
Average number of working days lost due to sickness per FTE	8.0 Days	8.4 Days	8.0 Days	10.7 Days	8.0 Days

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

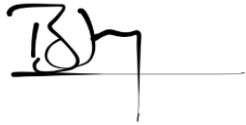
These are linked to the corporate goals and objectives. Monitoring the performance of these provides evidence of progress towards achieving our goals and outcomes.

NARRATIVE STATEMENT (continued)

Further Information

Further information about the audited accounts is available from the Section 151 Officer, Maldon District Council, Princes Road, Maldon, Essex. CM9 5DL and available in meeting papers and agendas detailed on our website - [here](#)

Transparency information concerning the Council's spend with suppliers is detailed on our website - [here](#)



Ben Jay

Director of Finance (S151)

Maldon District Council

30th June 2026

Date

SECTION – 2

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.

Director of Finance (S151) 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.

I certify that these accounts were considered and approved by the Committee at it's meeting held on 16th July 2026.

On behalf of Maldon District Council



Councillor W Stamp

Chair of the Performance, Governance and Audit Committee

30th June 2026

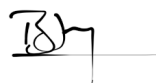
Date

Certification of the Director of Finance (S151)

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 2026 and its income and expenditure for the year then ended.



Ben Jay

Director of Finance (S151)

Maldon District Council

30th June 2026

Date



SECTION – 3

PRIMARY STATEMENTS

Core Financial Statements	Page Number
• <i>Comprehensive Income and Expenditure Statement</i>	18
• <i>Movement in Reserves Statement</i>	19
• <i>Balance Sheet</i>	20
• <i>Cash Flow Statement</i>	21
• <i>Notes To The Core Accounting Statements</i>	24

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2024/25				2025-26			Note
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
7,093	(769)	6,324	Strategy & Resources	8,566	(810)	7,756	
26,156	(17,622)	8,534	Service Delivery	25,022	(16,340)	8,682	
33,249	(18,391)	14,858	Cost of Services	33,588	(17,150)	16,438	
1,794	(48)	1,746	Other Operating Expenditure	2,046	(32)	2,014	7e
99	(1,615)	(1,516)	Financing and Investment Income and Expenditure	(102)	(1,308)	(1,410)	7f
-	(16,452)	(16,452)	Taxation and Non-Specific Grant Income	-	(16,640)	(16,640)	7g
35,142	(36,506)	(1,364)	(Surplus)/deficit on provision of services	35,532	(35,130)	402	
		(1,000)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			660	18
		388	Re-measurement of net defined liability for the pension fund			(2,866)	30
		(612)	Other Comprehensive income and expenditure			(2,206)	
		(1,976)	Total Comprehensive income and expenditure			(1,804)	

In October 2025, through a planned restructure process, the two former directorates (Strategy & Resources and Service Delivery) were split in to six new directorates. One of the aims of splitting directorates in this way was to help improve transparency and accountability within the Council.

The Comprehensive Income and Expenditure Statement is re-stated for 2025/26 under the six new directorate structure in the table below.

	Re-stated for 2025/26		
	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000
Neighbourhood Services & Communities	11,617	(5,585)	6,032
Legal and Governance	3,332	(257)	3,075
Place, Planning and Growth	4,876	(2,625)	2,251
Finance	10,988	(8,252)	2,736
Strategy and Improvement	2,143	(431)	1,712
Chief Executive	631	-	631
Cost of Services	33,588	(17,150)	16,438

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	(7,259)	(4,932)	(1,445)	(763)	(14,400)	(36,398)	(50,798)	
Movement in reserves during 2024/25								
Surplus or deficit on the provision of services	(1,364)	-	-	-	(1,364)	-	(1,364)	
Other Comprehensive Income / Expenditure	-	-	-	-	-	(612)	(612)	
Total Comprehensive Income and Expenditure	(1,364)	-	-	-	(1,364)	(612)	(1,976)	
Adjustments between accounting basis and funding basis under regulations	(1,828)	-	453	110	(1,265)	1,265	-	8
Net Increase or Decrease before Transfers to Earmarked Reserves	(3,192)	-	453	110	(2,629)	653	(1,976)	
Transfers to / from Earmarked Reserves	1,637	(1,637)	-	-	-	-	-	
Increase or Decrease in 2024/25	(1,555)	(1,637)	453	110	(2,629)	653	(1,976)	
Balance at 31-March-2025	(8,814)	(6,569)	(994)	(653)	(17,030)	(35,745)	(52,774)	

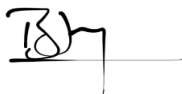
	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	Note
Balance at 31-March-2025	(8,814)	(6,569)	(994)	(653)	(17,030)	(35,745)	(52,774)	
Movement in reserves during 2025-26								
Surplus or deficit on the provision of services	402	-	-	-	402	-	402	
Other Comprehensive Income / Expenditure	-	-	-	-	-	(2,206)	(2,206)	
Total Comprehensive Income and Expenditure	402	-	-	-	402	(2,206)	(1,804)	
Adjustments between accounting basis and funding basis under regulations	4,522	-	(25)	-	4,497	(4,497)	-	8
Net Increase or Decrease before Transfers to Earmarked Reserves	4,924	-	(25)	-	4,899	(6,703)	(1,804)	
Transfers to / from Earmarked Reserves	(3,727)	3,727	-	-	-	-	-	
Increase or Decrease in 2025-26	1,197	3,727	(25)	-	4,899	(6,703)	(1,804)	
Balance at 31-March-2026	(7,617)	(2,842)	(1,019)	(653)	(12,131)	(42,448)	(54,578)	

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.

Certification by the Director of Finance (S151)

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2026 and its income and expenditure for the year ended 31 March 2026.



Ben Jay
Director of Finance (S151)
30th June 2026

APPENDIX 1

31-March-2025		31-March-2026	Note
£'000		£'000	
29,356	Land & Buildings	34,306	10a
5,401	Vehicles Plant & Equipment**	5,299	10a
2,218	Infrastructure	3,287	10b
826	Community Assets	1,082	10a
3,721	Investment Property	3,843	11
95	Heritage Assets	95	
14	Intangible Assets	7	
4,513	Long Term Investments	4,533	12
24	Long Term Debtors	24	
-	Asset Under Construction	3	
46,168	Total Long-term Assets	52,479	
-	Short Term Investments	-	
2	Inventories	5	
3,141	Short Term Debtors	2,811	13
14,663	Cash and Cash Equivalents	11,894	14
17,806	Current Assets	14,710	
(7,014)	Short Term Creditors	(9,421)	15
(12)	Short Term Leases	(11)	29
(940)	Provisions	(1,231)	16
(7,966)	Current Liabilities	(10,663)	
(100)	Provisions	(100)	16
(1,479)	Pension Liabilities	(1,075)	30
(20)	Long Term Creditors	(7)	12
(1,632)	Grants Received in Advance - Capital	(763)	33
(3,231)	Long-term Liabilities	(1,945)	
52,777	Net Assets	54,581	
(17,031)	Total Usable Reserves	(12,134)	17
(35,746)	Total Unusable Reserves	(42,447)	18
(52,777)	Total Reserves	(54,581)	

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.

31-March-2024		2025-26	Note
£'000		£'000	
(1,364)	Net (surplus) or deficit on the provision of services	(402)	
2,246	Adjust to deficit on the provision of services for non-cash movements	1,523	23
2,522	Adjustments for items included in net deficit in the provision of services that are investing & financing activities	(1,913)	
4,768	Total adjustments to operating activities	(792)	
3,404	Net cash outflow/(inflow) from operating activities	(1,194)	
3,794	Investing Activities	(4,213)	24
(1,119)	Financing Activities	2,236	25
6,079	Net (increase) or decrease in cash and cash equivalents	(2,769)	
20,742	Cash and cash equivalents at the beginning of the reporting period	14,663	
14,663	Cash and cash equivalents at the end of the reporting period	11,894	

SECTION – 3

NOTES TO THE CORE ACCOUNTING STATEMENTS

Note Reference	Description	Page Number
Note 1:	Accounting Policies	024
Note 2:	Accounting Standards Issued, Not Adopted	039
Note 3:	Critical Judgements in Applying Accounting Policies	039
Note 4:	Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty	040
Note 5:	Material Items of Income and Expense	041
Note 6:	Events After the Balance Sheet Date	041
Note 7a:	Expenditure and Funding Analysis	042
Note 7b:	Note to the Expenditure and Funding Analysis	043
Note 7c:	Expenditure & Income Analysed by Nature	044
Note 7d:	Revenue from Contracts with Service Recipients	045
Note 7e:	Other Operating Expenditure	045
Note 7f:	Financing and Investment Income & Expenditure	045
Note 7g:	Taxation & Non-Specific Grant Income	046
Note 8:	Adjustments between Accounting Basis and Funding	046
Note 9a:	Transfers to/from Earmarked Reserves	049
Note 9b:	Transfers to/from Earmarked Reserves	050
Note 10:	Property, Plant and Equipment	051
Note 11:	Investment Properties	055
Note 12:	Financial Instruments	057
Note 13:	Debtors	065
Note 14:	Cash and Cash Equivalents	065
Note 15:	Creditors	066
Note 16:	Provisions	067
Note 17:	Usable Reserves	067
Note 18:	Unusable Reserves	068
Note 19:	Cash Flow Statement – Cash Flow Adjustments to Net Deficit On The Provision Of Services	072
Note 20:	Cash Flow Statement – Investing Activities	073
Note 21:	Cash Flow Statement – Financing Activities	073
Note 22:	Members' Allowances	073
Note 23:	Remuneration of Senior Staff	074
Note 24:	Termination Benefits	076
Note 25:	External Audit Costs	076
Note 26:	Grant Income	077
Note 27:	Related Party Transactions	079
Note 28:	Capital Expenditure	080

SECTION – 3

NOTES TO THE CORE ACCOUNTING STATEMENTS

Note Reference	Description	Page Number
Note 29:	Leases	081
Note 30:	Defined Benefit Pension Scheme	084
Note 31:	Contingent Liabilities	089
Note 32:	Short Term Investments	089
Note 33:	Grants Receipts in Advance - Capital	090

Notes to the Core Accounting Statements

Note 1: Accounting Policies

a) General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31st March 2026. 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 2025/26 and the Service Reporting Code of Practice 2025/26, 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 recognised exceptional, non-recurring costs relating to a staffing restructure in 2025/26. Full details of the associated redundancy and termination benefits are disclosed in Note 24.

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 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 fund's 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 30. 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.

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, inflation for the financial year, 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. It's set using the yield curve determined by the Fund actuary.

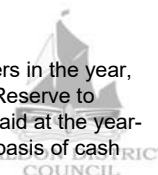
The assets of the Essex County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value and include quoted securities at current bid price and property at market value.

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.
 - Administration Expenses - Both accounting standards require the administration expenses to be recognised when the administration services are provided and to be reported as a separate item in the Profit and Loss (P&L) statement.
- 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.
 - Asset ceiling - A restriction placed on the amount of accounting surplus which can be recognised.

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. This 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 & 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 & 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.

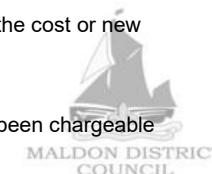
The following five components have been identified:

- 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**

At the balance sheet date, the following new or amended accounting standards and interpretations had been issued but were not yet effective for the 2025/26 financial year and have not been applied in preparing these financial statements:

IFRS 18 Presentation and Disclosure in Financial Statements; IFRS 19 Subsidiaries without Public Accountability: Disclosures; Amendments to IFRS 9 and IFRS 7 Financial Instruments; and Annual Improvements to IFRS Accounting Standards.

The Council is currently assessing the impact of IFRS 18, which is expected to result in changes to the presentation and disclosure of the financial statements. The remaining amendments are not expected to have a material impact on the Council's financial statements when they become effective.

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.

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 2026 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	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. A larger proportion of assets were valued at 31 March 2026, which should reduce this uncertainty. Factors that are considered important and which could trigger an impairment review include the following • obsolescence or physical damage, • significant changes in technology and regulatory environments • significant underperformance relative to expected historical or projected future operating results, • significant changes in the use of its assets or the strategy of the overall business, • significant negative industry or economic trends, and • Significant decline in the market capitalisation relative to net book value for a sustained period.	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. Changes in values are offset in the revaluation reserve and not charged to taxpayers.
Pensions	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 and mortality rates. 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.	The effect on the net pension liability of changes in individual assumptions can be measured. For instance: A 0.5% increase in the discount rate assumption at 31 March 2026 would result in an increase in the Gross pension obligation, increasing this to £55,279 million. Changes in asset values will be offset through the pension reserve and not charged to taxpayers - a 1 year addition to the life expectancy assumption at 31 March 2026 would result in the Gross pension obligation increasing to £61,322 million. - price inflation based on CPI/RPI for FY25/26.
Provision for Business Rates Appeals	At 31 March 2026, the Council has included in its accounts a provision for appeals on NDR rates of £0.996 million. However, appeals vary significantly in size and success rate, and therefore this may either be greatly insufficient or greatly overstated.	If the predicted success rate was to alter by 10%, an additional £1.00 million would be required.

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 inflationary pressures and the cost of living were felt by the Council in 2025/26. 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, designed to provide a link between the narrative report and the Comprehensive Income and Expenditure Statement

The framework for the Council's accounting policies are the International Financial Reporting Standards (IFRS). However, these are primarily designed to enable investors to compare different commercial organisations. To ensure that the IFRS framework complies with UK legislation, CIPFA provide the 'Code of Practice on Local Government Accounting'. For example, depreciation and amortisation are chargeable to shareholder equity (revenue) under IFRS, but under the Code are charged to the Capital Adjustment Account (see note 8).

2024/25				2025-26		
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
5,841	483	6,324	Strategy & Resources	7,479	277	7,756
7,050	1,484	8,534	Service Delivery	7,421	1,261	8,682
12,891	1,967	14,858	Net Cost of Services	14,901	1,538	16,438
(16,084)	(138)	(16,222)	Other Income and Expenditure	(9,981)	(6,054)	(16,035)
(3,192)	1,829	(1,364)	(Surplus) or Deficit on Provision of Services	4,919	(4,517)	402
(12,191)			Opening Fund Balance	(15,383)		
(3,192)			Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)	4,919		
(15,383)			Closing Combined General Fund Balance	(10,464)		

Notes to the Core Accounting Statements (continued)

Note 7b: Note to the Expenditure and Funding Analysis

2024/25					2025-26			
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
683	(140)	(60)	483	Strategy & Resources	469	(183)	(9)	277
1,787	(303)		1,484	Service Delivery Directorate	2,022	(761)		1,261
								-
2,470	(443)	(60)	1,967	Net Cost of Services	2,491	(945)	(9)	1,537
(2,156)	(47)	2,065	(138)	Other Income & Expenditure from the Funding Analysis	(5,949)	(119)	14	(6,054)
314	(490)	2,005	1,829	Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statements surplus or deficit	(3,458)	(1,064)	5	(4,517)

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 Differences

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 & Income Analysed by Nature

2024/25		2025-26
£'000		£'000
	Expenditure	
10,800	Employee benefits expenses	11,738
21,121	Other services expenses	20,264
1,328	Depreciation, amortisation and impairment	1,484
99	Revaluation loss	-
1,794	Precepts and levies	1,968
	Loss on the disposal of asset	78
35,142	Total expenditure	35,532
	Income	
(7,399)	Fees, charges and other service income	(7,853)
(1,487)	Interest and investment income	(1,171)
(44)	Net interest on the net defined benefit liability	(117)
(12,774)	Income from council tax, non-domestic rates, district rate income	(12,904)
(84)	Revaluation of Long Term Investment	(20)
-	Revaluation Gain on long term Investment and Investment assets	(102)
(39)	Gain on the disposal of assets	-
(14,679)	Government grants and contributions	(12,963)
(36,506)	Total income	(35,130)
(1,364)	(Surplus) or Deficit on the Provision of Services	402

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

2024/25		2025-26
£'000		£'000
1,794	Parish & Town Precepts	1,968
(39)	Net gains/losses on disposal of Property, Plant, and Equipment	71
(9)	Other Capital Receipts	(25)
1,746	Total	2,014

Note 7f: Financing and Investment Income & Expenditure

2024/25		2025-26
£'000		£'000
(1,340)	Interest on investments	(1,047)
99	Revaluation Gain on Investment Assets	(102)
(44)	Net interest on the net defined benefit liability	(117)
(84)	Revaluation of Long Term Investment	(20)
(147)	Rental Income from Investment Assets	(124)
(1,516)	Total	(1,410)

Notes to the Core Accounting Statements (continued)

Note 7g: Taxation & Non-Specific Grant Income

2024/25		2025-26
£'000		£'000
(7,947)	Council Tax Income	(8,412)
(1,321)	Government Grants (not attributable to specific services)	(1,838)
(4,827)	Non-Domestic Rates	(4,492)
(2,357)	Capital Grants and Contributions	(1,898)
(16,452)	Total	(16,640)

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)

2025-26	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	(7)	-	-	7	Capital Adjustment Account
Depreciation of non-current assets	(1,477)	-	-	1,477	Capital Adjustment Account
Direct Revenue financing	1,051	-	-	(1,051)	Capital Adjustment Account
Revaluation gain on non-current assets	(374)	-	-	374	Capital Adjustment Account
Reversal of Capital Grants & Contributions Credited straight to services	1,898	-	-	(1,898)	Capital Adjustment Account
Revenue expenditure funded from capital under statute	(628)	-	-	628	Capital Adjustment Account
Revenue Contribution to Capital Outlay	2,931	-	-	(2,931)	Capital Adjustment Account
Revaluation of investment assets	102	-	-	(102)	Capital Adjustment Account
Transfer of Capital Contribution to Capital Grants Unapplied Account	-	-	-	-	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	(47)	(25)	-	72	
Capital receipts applied	-	-	-	-	Capital adjustment Account
Pension Adjustment					
Adjustments relating to the Pension Reserve	1,064	-	-	(1,064)	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	(34)	-	-	34	Collection Fund Adj Account
Adjustments Relating to the Available for Sale Reserve					
Transfers to (from) Financial Instruments Revaluation Reserve	20	-	-	(20)	Financial Instru. Reval Reserve
Adjustments Relating to the Accumulated Absences Account					
Employee benefits accrued (prior year adjustment)	-	-	-	-	
Employee benefits accrued (current year adjustment)	9	-	-	(9)	Accumulated Absences Account
Total Adjustments Between Accounting Basis & Funding Basis Under Regulations	4,522	(25)	-	(4,497)	

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		
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	(1,215)	-	-	1,215	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	(1,145)	-	-	1,145	Capital adjustment Account
Reversal of NBV of non-current assets written off on disposal	(5)	-	-	5	Capital adjustment Account
Revaluation of investment assets	(99)	-	-	99	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)	(150)	-	-	150	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	(1,828)	453	110	1,265	

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 2025/26

	31-Mar-25				31-March-2026		
	Balance	Transfers Out	Transfers (In)	Total at 31-March-2025	Transfers Out	Transfers (In)	Total at 31-March-2026
	01-April-2024	2024/25	2024/25	31-March-2025	2025-26	2025-26	31-March-2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Business Continuity	(10)	10	-	-	-	-	-
Community grants	(1)	1	-	-	-	-	-
Community Housing Fund Grant	(104)	11	-	(93)	-	-	(93)
Community Infrastructure levy and LDP review	(674)	168	-	(506)	233	(127)	(400)
Community Safety	(78)	3	-	(75)	75	-	-
Community Sports Network/Health & Wellbeing	(15)	15	-	-	-	-	-
Council Tax and Business Rates equalisation	(260)	-	(2,671)	(2,931)	1,977	-	(954)
Local Government Re-organisation	-	-	(500)	(500)	30	(530)	(1,000)
Domestic Abuse Support reserve	(84)	-	-	(84)	-	-	(84)
Economic Development	(38)	8	-	(30)	20	-	(10)
Electoral Registration	(121)	-	-	(121)	-	-	(121)
FDO external funding from Plume	(1)	1	-	-	-	-	-
Feasibility Study reserve	(18)	18	-	-	-	-	-
Heritage projects	(8)	-	-	(8)	8	-	-
HMLR Project reserve	(153)	153	-	-	-	-	-
Homeless reduction Act Grant	(57)	-	-	(57)	-	-	(57)
Income & Expenditure Budget Equalisation	(246)	246	-	-	-	-	-
Insurance liability	(51)	-	-	(51)	51	-	-
Neighbourhood Plan Applications	(29)	-	-	(29)	29	-	-
Pensions Reserve	(725)	605	(120)	(240)	240	-	-
Repairs & renewals fund	(165)	3	-	(162)	39	-	(123)
Revenue commitments	(659)	659	(132)	(132)	132	-	-
Revenues & Benefits Staffing reserve	(468)	-	-	(468)	468	-	-
Sports Development	(31)	-	-	(31)	31	-	-
Corporate Delivery Reserve	(127)	3	-	(124)	124	-	-
Transformation	(795)	359	(492)	(928)	928	-	-
Waste Contract Implementation	(15)	15	-	-	-	-	-
Total Specific Reserves	(4,933)	2,277	(3,913)	(6,569)	4,385	(657)	(2,841)
General Fund balance	(7,260)	-	(1,555)	(8,815)	1,197	-	(7,618)
Total Revenue Reserves	(12,193)	2,277	(5,468)	(15,384)	5,582	(657)	(10,459)

Notes to the Core Accounting Statements (continued)

Note 9b: Transfers to/from Earmarked Reserves

Earmarked Reserve	Purpose
Business Continuity	To provide funding in the event of emergency and business continuity requirements.
Community Grants	To support the delivery of community grant funding.
Community Housing Fund Grant	To support community-led housing initiatives and affordable housing delivery.
Community Infrastructure Levy and Local Development Plan (LDP) Review	To support planning policy development and infrastructure-related work.
Community Safety	To fund community safety initiatives and activities.
Community Sports Network / Health & Wellbeing	To support health, wellbeing, and community sports initiatives.
Corporate Delivery Reserve	To provide funding for strategic and corporate priority projects.
Council Tax and Business Rates Equalisation	To smooth timing differences in local taxation funding.
Domestic Abuse Support Grant	To support services and initiatives for domestic abuse victims.
Economic Development	To support local economic development initiatives.
Electoral Registration	To support the costs associated with elections and electoral processes.
Football Development Officer External Funding from Plume	To support externally funded staffing or development roles.
Feasibility Studies	To fund the assessment and development of potential projects.
Heritage Projects	To support environmental and heritage-related initiatives and commitments.
HM Land Registry (HMLR) Project	To support project-related expenditure, with surplus funding redirected where appropriate.
Homeless Reduction Act Grant	To support homelessness prevention and related services.
Income & Expenditure Budget Equalisation	To smooth income and expenditure variations across financial periods.
Insurance Liability	To cover uninsured risks and policy excess costs.
Local Government Reorganisation	To support structural and organisational change costs.
Neighbourhood Plan Applications	To support the preparation of neighbourhood planning activities.
Repairs & Renewals Fund	To support maintenance and renewal of council assets.
Revenue Commitments	To manage timing differences between planned and actual expenditure.
Revenues & Benefits Staffing Reserve	To support staffing and service delivery within revenues and benefits.
Sports Development	To fund sports development initiatives and activities.
Transformation	To fund service transformation, efficiency initiatives, and invest-to-save projects.
Pensions Reserve	To support the management of pension-related funding commitments.
Waste Contract Implementation	To support the procurement and implementation of waste services.

Notes to the Core Accounting Statements (continued)

Note 10: Property, Plant and Equipment**Note 10A: Property, Plant and Equipment**

Movements to 31-March-2026	Land and Buildings	Vehicles, plant & equipment	Right of use assets	Community assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at 01-April-2025	30,008	10,433	1,897	826		43,164
Additions	3,162	592		256	3	4,013
Disposals	(79)	(7)				(86)
Reclassifications	26					26
Revaluation increases recognised in the revaluation reserve	2,966					2,966
Revaluation decreases recognised in the revaluation reserve	(1,053)					(1,053)
Revaluation increases recognised in the surplus/deficit on the provision of services	86					86
Revaluation decreases recognised in the surplus/deficit on the provision of services	(599)					(599)
At 31-March-2026	34,517	11,018	1,897	1,082	3	48,518
Accumulated Depreciation and Impairment at 01-April-2025	(652)	(5,093)	(1,832)	-	-	(7,576)
Reclassification of Depreciation from Infrastructure	(4)	-	-	-	-	(4)
Depreciation for year	(647)	(673)	(22)	-	-	(1,342)
Depreciation on disposals	-	-	-	-	-	-
Restatement of Depreciation upon Revaluation Upward to Revaluation Reserve	905	-	-	-	-	905
Restatement of Depreciation upon Revaluation Upward to I&E	69	-	-	-	-	69
Restatement of Depreciation upon Revaluation Downward to Revaluation Reserve	49	-	-	-	-	49
Restatement of Depreciation upon Revaluation Downward to I&E	70	-	-	-	-	70
At 31-March-2026	(210)	(5,765)	(1,854)	-	-	(7,829)
Net Book Value						
At 31-March-2026	34,307	5,253	44	1,082	3	40,688
At 31-March-2025	29,356	5,335	66	826	-	35,583

Notes to the Core Accounting Statements (continued)

Note 10a: Property, Plant and Equipment (continued)

Movements to 31-March-2025	Land and Buildings	Vehicles, plant & equipment	Right of use assets	Community assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at 01-April-2024	28,984	5,883	1,810	826	12	37,514
Additions	689	4,613	87	-	(12)	5,378
Disposals	-	(63)			-	(63)
Reclassifications from Infrastructure	-	(5)			-	(5)
Revaluation increases recognised in the revaluation reserve	949	-			-	949
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)
At 31-March-2025	30,008	10,428	1,897	826	-	43,158
Accumulated Depreciation and Impairment at 01-April-2024	(641)	(4,982)	(1,621)	-	-	(7,244)
Reclassification of Depreciation from Infrastructure	-	-	-	-	-	-
Depreciation for year	(680)	(169)	(210)	-	-	(1,060)
Depreciation on disposals	-	58		-	-	58
Restatement of Depreciation upon Revaluation Upward to Revaluation Reserve	603	-	-	-	-	603
Restatement of Depreciation upon Revaluation Downward to Revaluation Reserve	27	-	-	-	-	27
Restatement of Depreciation upon Revaluation Upward to I&E	17	-	-	-	-	17
Restatement of Depreciation upon Revaluation Downward to Revaluation Reserve	23	-	-	-	-	23
At 31-March-2025	(652)	(5,093)	(1,831)	-	-	(7,576)
Net Book Value						
At 31-March 2025	29,356	5,335	66	826	-	35,584

Notes to the Core Accounting Statements (continued)

Note 10: Property, Plant and Equipment (continued)

Note 10b: Infrastructure Assets

The below sets out the value of infrastructure assets which related to industrial units owned by the Council. Details of rental income relating to these units can be found in note 11.

2024/25	Description	2025-26
£'000		£'000
2,097	Net book value (modified historical cost) at 1 April	2,218
276	Additions	1,226
(155)	Depreciation	(135)
-	Reclassification	(22)
2,218	Net book value at 31 March	3,287

Note 10c: Capital Commitments

At 31 March 2026 the Council has the following outstanding contracts for the construction or enhancement of Property, Plant and Equipment.

2024/25	Description	2025-26
£'000		£'000
18	Prom park - Amphitheatre Strengthening works	-
26	Scout hut Brickhouse farm flooring works	-
186	Riverside Park - skate park and equipment	-
617	Skate Park Prom park	-
	Replacement windows and doors	80
	UKSPF/REPF SECRET GARDEN	24
	Refurbishment of the four brick kiosks on Promenade Park	30
	Recycling bins	45
	UKSPF Grant Funding/Her Space BOC	18
	Coronation Shelter	110
847	Total	307

Effects of changes in estimates: In 2025/26, the Council made no material changes to its accounting estimates for property, plant and equipment.

Revaluations: In 2025–26, the Council undertook the following revaluation work. Approximately 80% of the assets were fully revalued while the remaining 20% were valued using indexation methods. All freehold and leasehold properties which comprise the Council's property portfolio were valued as at 31 March 2025 by an external independent valuer - Valuation Office Agency in accordance with the RICS Appraisal and Valuation Manual as published by the Royal Institution of Chartered Surveyors.

Valuation office undertook valuations on behalf of the Council in 2025/26 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.

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 2025/26 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-2026	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets	Community assets	Total
	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	-	5,297	3,287	1,082	9,666
Valued at current value as at:	-	-	-	-	-
31-Mar-26	34,307	-	-	-	34,307
31-Mar-25	-	-	-	-	-
31-Mar-24	-	-	-	-	-
31-Mar-23	-	-	-	-	-
31-Mar-22	-	-	-	-	-
Total cost or valuation	34,307	5,297	3,287	1,082	43,973

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, as well as Note 10b.

2024/25	Investment Property Income and Expenditure	2025-26
£'000		£'000
(147)	Rental income from investment property	(124)
(147)	Net (gain)/loss	(124)

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:

2024/25	Investment Property Movements in Year	2025-26
£'000		£'000
3,819	Balance at start of year	3,721
(98)	Net gains/losses from fair value adjustments	102
-	Additions	20
3,721	Balance at the end of the year	3,842

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-2026

Recurring fair value measuring usage:	Other significant observable inputs (Level 2)	Fair value as at 31-March-2026
	£'000	£'000
Commercial Units	3,842	3,842
	3,842	3,842

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	3,721	3,721
	3,721	3,721

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 Councils' 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:

2024/25			Financial Assets	2025-26		
Non-Current	Current	Total		Non-Current	Current	Total
£'000	£'000	£'000		£'000	£'000	£'000
			Investments, Cash and Cash Equivalents			
4,513	14,653	19,166	Financial Assets at Amortised Cost	4,532	11,894	16,426
			ST Investments			
4,513	14,653	19,166	Total Investments	4,532	11,894	16,426
			Debtors			
-	1,162	1,162	Financial Assets at Amortised Cost	-	829	829
24	-	24	Loans and Receivables at Amortised Cost	24		24
24	1,162	1,186	Total Debtors	24	829	853

2024/25			Financial Liabilities	2025-26		
Non-Current	Current	Total		Non-Current	Current	Total
£'000	£'000	£'000		£'000	£'000	£'000
			Creditors			
20	2,259	2,279	Financial Liabilities at Amortised Cost	7	2,917	2,924
20	2,259	2,279	Total Creditors	7	2,917	2,924

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:

2024/25		2025-26
Financial Assets Measured at Amortised Cost		Financial Assets Measured at Amortised Cost
£'000		£'000
1,340	Interest Revenue	1,047
1,340	Total Interest Revenue	1,047

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 2026) 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.

2024/25		Financial Liabilities held at Amortised Cost	2025-26	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
20	20	Long Term Creditors – Embedded Leases	7	7
2,259	2,259	Short Term Creditors	2,917	2,917
2,279	2,279	Total	2,924	2,924

31-March-2024*		Financial Assets held at Amortised Cost	2025-26	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
4,512	4,512	Long-term Investments	4,532	4,532
24	24	Long-term Debtors	24	24
1,162	1,162	Short-term Debtors	829	829
14,663	14,663	Cash & Cash Equivalents	11,894	11,894
20,361	20,361	Total	17,279	17,279

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 2026, 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)

2024/25				Financial Assets	2025-26	
Carrying Amount	Fair Value	Carrying Amount Reinstated	Fair Value Reinstated		Carrying Amount	Fair Value
£'000	£'000				£'000	£'000
				Long Term Investments	4,532	4,532
-	-			Available for Sale	-	-
12,000	12,295			Short-term Investments	9,000	9,444
12,000	12,295	-	-	Total	13,532	13,976

(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-2025				As at 31-March-2026		
Credit Rating	Short Term Balance	Long Term Balance Invested		Credit Rating	Short Term Balance	Long Term Balance Invested
	£'000	£'000			£'000	£'000
			Long Term Investments			
Unrated	-	1,748	Local Authorities Property Fund	Unrated		1,768
Unrated	-	2,764	Investec Diversified Income Fund	Unrated		2,764
			Short Term Investments			
Unrated		-	Wirral Council	Unrated		
Unrated		-	Cheshire East Council	Unrated		
Unrated		-	Telford and Wrekin Council	Unrated		
AAA	5,010	-	Deutsche Money Market Fund	AAA	3,997	
AAA	4	-	Goldman Sachs MMF	AAA	1,085	
AAA	3,015	-	Federated Money Market Fund	AAA	17	
			Building Society			
A	2,022	-	Nationwide	A	2,018	
			Banks			
A+	2,244	-	Barclays	A+	2,328	
	12,295	4,512	Total Investments		9,444	4,532

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 Council's deposits, but there was no evidence at the 31 March 2026 that this was likely to crystallise.

The table below summarises the credit risk exposure of the Council's investment portfolio by credit rating.

2024/25		Credit Rating	2025-26	
Short Term	Long Term		Short Term	Long Term
£'000	£'000		£'000	£'000
	-	A-	-	-
2,022	-	A	2,018	-
2,244	-	A+	2,328	-
8,029	-	AAA	5,098	-
	4,512	Unrated Funds	-	4,532
12,295	4,512	Total Investments	9,444	4,532

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.

Notes to the Core Accounting Statements (continued)

Note 13: Debtors

An analysis of the debtors balance is shown below

2024/25		31-March-2026
£'000		£'000
	Debt Type:	
2,950	Trade Receivables	2,831
408	Prepayments	444
964	Other receivable amounts	597
(1,181)	Impairment Allowance	(1,061)
3,141	Total	2,811
	Debtor Type:	
1,251	Central government bodies	1,056
387	Other local authorities	351
-	Other entities and individuals:	
801	Council tax and NDR	985
511	Housing benefit recoveries	439
408	Prepayments	444
919	Service debtors	596
45	Other debtors	1
(1,181)	Impairment Allowance	(1,061)
3,141	Total	2,811

Note 14: Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31-March-2024*		2025-26
Reinstated £'000		£'000
2,368	Cash and Bank Balances	1,982
12,295	Short Term Investments	9,912
14,663	Total Cash and Cash Equivalents	11,894

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-2025		31-March-2026
£'000		£'000
(5,378)	Trade Payables	(7,541)
(1,636)	Other Payables	(1,880)
(7,014)	Total Creditors	(9,421)
(3,811)	Central government bodies	(4,681)
(1,567)	Other local authorities	(2,860)
-	Other entities and individuals:	
(436)	Supplier creditors	(753)
(1,122)	Receipts in advance	(1,052)
(78)	Other creditors	(75)
(7,014)		(9,421)

Notes to the Core Accounting Statements (continued)

Note 16: Provisions

Description	2024/25	Additional provision	Amounts Utilised	Amounts Released	2025-26
	£'000	£'000	£'000	£'000	£'000
Short Term: <1 year					
Planning Appeals	(20)	(140)	-	20	(140)
Tree Root Damage Appeals	(94)	-	-	-	(94)
Business Rate Appeals	(826)	(513)	342	-	(997)
Total Short Term	(940)	(653)	342	20	(1,231)
Long Term: <1 year					
Insurance	(100)	-	-	-	(100)
Total Long Term	(100)	-	-	-	(100)
Total Provisions	(1,040)	(653)	342	20	(1,332)

- **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 and note 9.

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-2025		31-March-2026
£'000		£'000
(16,368)	Revaluation Reserve	(18,889)
488	Financial Instruments Revaluation Reserve	468
(21,281)	Capital Adjustment Account	(25,065)
1,479	Pension Reserve	1,075
(176)	Collection Fund Adjustment Account	(141)
112	Accumulated Absences Account	104
(35,746)	Total	(42,448)

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-2025		31-March-2026
£'000		£'000
(15,711)	Balance 1 April	(16,368)
(1,569)	Upward revaluation of assets	(3,919)
569	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	1,053
(1,000)	Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	(2,866)
344	Difference between fair value depreciation and historical cost depreciation	346
	Accumulated gains on assets sold or scrapped	
344	Amount written off to the Capital Adjustment Account	346
(16,368)	Balance at 31 March	(18,889)

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-2025		31-March-2026
£'000		£'000
(20,687)	Balance 1 April	(21,281)
1,215	Charges for depreciation and impairment of non-current assets	1,477
(4)	Revaluation losses on non-current assets	374
113	Amortisation of intangible assets	7
1,145	Revenue expenditure funded from capital under statute	628
5	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	
-	Other Adjustments	-
2,474	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	2,486
(344)	Adjusting Amounts written out of the Revaluation Reserve	(346)
2,130	Net written out amount of the cost of non-current assets consumed in the year	2,140
(506)	Use of Capital Receipts Reserve to finance new capital expenditure	-
(2,467)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,898)
150	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(14)
-	Capital expenditure charged against the General Fund	(3,910)
(2,823)	Capital financing applied in year:	(5,822)
99	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(102)
-	Other movements	
(21,281)	Balance at 31 March	(25,065)

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-2025		31-March-2026
£'000		£'000
(2,325)	Balance at 1 April	(176)
2,149	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	35
(176)	Balance at 31 March	(141)

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-2025		31-March-2026
£'000		£'000
1,581	Balance at 1 April	1,479
388	Remeasurements of the net defined benefit liability/(asset)	660
-	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	-
1,201	Net charges made for retirement benefits in accordance with IAS19	1,091
(1,691)	Employer's contributions payable to the pension fund and retirement benefits payable direct to pensioners	(2,155)
1,479	Balance at 31 March	1,075

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-2025		31-March-2026
£'000		£'000
572	Balance at 1 April	488
(84)	(Upward) / Downward revaluation of investment	(20)
488	Balance at 31 March	468

Accumulated Absences Account

This account holds the balance of leave/lieu time earned by employees but not taken at 31 March 2026. Accounting arrangements require leave due to employees to be charged to the Comprehensive Income and Expenditure Statement but not the General Fund.

31-March-2025		31-March-2026
£'000		£'000
172	Balance at 1 April	112
(172)	Employee Benefits Accrued (prior year adjustment)	(112)
112	Employee Benefits Accrued (current year adjustment)	104
112	Balance at 31 March	104

Notes to the Core Accounting Statements (continued)

Note 19: Cash Flow Statement – Cash Flow Adjustments to Net Deficit On The Provision Of Services

2024/25		2025-26
£'000		£'000
	Cash Flow Adjustments to Net Deficit on the Provision of Services	
(1,215)	Depreciation of non current assets	(1,477)
(160)	Impairment of non current assets	(374)
(113)	Amortisation of intangible fixed assets	(7)
-	Revaluation gains on the value of non-current assets	(72)
490	Pension Fund adjustments	1,064
(2)	Increase / (Decrease) in Inventories	2
4,724	Increase / (Decrease) in Debtors	(988)
(1,906)	(Increase)/ Decrease in Creditors	28
-	Capital Grants credited to Surplus or deficit on the provision of services	-
428	Other non-cash movement	(189)
	Deferred revenue/ deferred payment agreements (IFRS 15)	491
2,246	Total adjustments to net deficit on the provision of services	(1,523)

2024/25		2025-26
£'000		£'000
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-
44	Proceeds from the sale of property, plant and equipment, investment property and intangible assets.	5
2,478	Any other items for which the cash effects are investing or financing cash flows	1,908
2,522		1,913

The cash flows for operating activities include the following items:

2024/25		2025-26
£'000		£'000
	Cash Flow from Operating Activities includes the following	
(574)	Interest (received)/paid	514
(574)	Total adjustments to net deficit on the provision of services	514

Notes to the Core Accounting Statements (continued)

Note 20: Cash Flow Statement – Investing Activities

31-March-2024*		2025-26
£'000		£'000
	Cash Flow Statement – Investing Activities	
5,768	Purchase of PP&E, investment property and intangible assets	5,252
(44)	Proceeds from the sale of PP&E, investment property and intangible assets	(5)
(1,930)	Other receipts from investing activities	(1,034)
	Proceeds from short-term and long-term investments	-
3,794	Net cash flows from investing activities	4,213

Note 21: Cash Flow Statement – Financing Activities

2024/25		2025-26
£'000		£'000
	Cash receipts of short and long-term borrowing	
12	Cash payments for the reduction of outstanding liabilities relating to finance leases and on balance sheet PFI contracts	13
(1,131)	Other receipts for financing activities	(2,249)
(1,119)	Net cash flows from investing activities	(2,236)

Note 22: Members' Allowances

31-March-2025		31-March-2026
£'000		£'000
245	Allowances	266
7	Other Allowance	7
4	Expenses	5
256	Total Members' Allowances	278

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:

2025-26	Total Remuneration excluding Pension costs	Pension Contributions	Total Remuneration including Pension Contributions
	£'000	£'000	£'000

Current post holder information:

Doug Wilkinson - Chief Executive (Head of Paid Service)	148	31	179
Ben Jay - Director of Finance / Section 151 Officer (started May 2025)	88	18	106
Emma Holmes - Director of Legal & Governance / Monitoring Officer (started this role October 2025)	79	16	95

Mark Jaggard started in October 2025 as interim Director of Place, Planning and Growth. The total cost excluding agency fee is £82k

2025/26 left:			
Paul Dodson - Deputy Chief Executive - Strategy & Resources Directorate (left September 2025)	134	11	145
Sue Green - Director of Neighbourhood Services and Communities (left March 2026)	139	18	157
Matt Winslow - Director of Place, Planning and Growth (left November 2025)	56	12	68
Georgina Button - Director of Strategy and Improvement (left February 2026)	86	17	103

2024/25	Total Remuneration excluding Pension costs	Pension Contributions	Total Remuneration including Pension Contributions
	£'000	£'000	£'000

Post holder information

Doug Wilkinson - Chief Executive (started October 2024)	65	13	78
Paul Dodson - Deputy Chief Executive - Strategy & Resources Directorate	72	15	87
Richard Holmes - Director of Service Delivery (left December 2024)	76	14	90

Ben Cookson started on October 2024 as interim S151 Officer and left on May 2025, the total cost excluding agency fee is £90k

Notes to the Core Accounting Statements (continued)

Note 23: Remuneration of Senior Staff (continued)

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	
	2024/25	2025-26
£ 50,000 - £ 54,999	10	10
£ 55,000 - £ 59,999	4	2
£ 60,000 - £ 64,999	3	3
£ 65,000 - £ 69,999	7	10
£ 70,000 - £ 74,999	4	4
£ 75,000 - £ 79,999	5	-
£ 80,000 - £ 84,999		1
£ 85,000 - £ 89,999	1	
£ 95,000 - £ 99,999		1
£ 110,000 - £ 120,000		1
Total	34	32

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.

The increase in senior officers in 25/26 compared to 24/25 is due to Transforming Together restructure which took place in October 2025.

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 £833,575 in 2025/26. The termination payments made in 2024/25 was £122,522.

The restructure of council staffing was undertaken in the year 2025/26, which has increased the payments made in respect of exit packages.

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	
			2024/25	2025-26	2024/25	2025-26	2024/25	2025-26	2024/25	2025-26
£ 0	-	£ 20,000	1	2	2	1	3	3	13,221	19,531
£ 20,001	-	£ 40,000	-	1	-	-	-	1	-	28,281
£ 40,001	-	£ 60,000	-	1	-	-	-	1	-	43,157
£ 80,001	-	£ 100,000	-	1	-	-	-	1	-	81,291
£ 100,001	-	£ 150,000	1	-	-	-	1	-	109,301	-
£ 150,001	-		-	2	-	-	-	2	-	661,315
Total cost included in bandings and in the CIES			2	7	2	1	4	8	122,522	833,575

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.

The fees for external auditors are set by the PSAA (Public SEctor Audit Appointments) and not the council. PSAA also manage the contract with KPMG.

2024/25		2025-26
£'000		£'000
158	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	200
	Fees payable in respect of other services provided by external auditors during the year	-
158	Total	200

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

2024/25		2025-26
£'000		£'000
	Note 26a Credited to services:	
(96)	NNDR Administration Grant	(97)
(106)	Housing Benefit Admin Grant	(113)
(8,918)	Housing Benefits	(7,379)
(207)	COVID 19 Grants	
(242)	Homelessness Prevention Grant	(330)
(520)	Essex County Council Contribution to Food Waste	(526)
(60)	Discretionary Housing Payments	(53)
(30)	Cyber grants	(35)
(25)	The HM Land Registry Project	
(788)	Other Specific Grants	(669)
(10,992)	Total Grants Credited to services	(9,202)
	Note 26b Revenue Grants Credited to Taxation and Non-Specific Grant Income:	
(495)	New Homes Bonus	(587)
(11)	Lower Tier Services Grant	-
(816)	Other Grants Credited to Taxation and Non-Specific Grant Income	(1,251)
(1,321)	Total Revenue Grants Credited to Taxation and Non-Specific Grant Income	(1,838)
	Note 26c Capital Grants and Contribution Credited to Taxation and Non-Specific Grant Income	
(673)	Disabled Facilities Grant	(628)
(73)	Changing Places Blackwater Leisure Centre	-
(585)	UK Shared Prosperity Fund	(101)
(409)	REPF - Supporting Rural Communities	(114)
(416)	S106 income - Highways and Recreation	(829)
(4)	Department for Environment Food and Rural Affairs	(5)
(191)	Afghan Resettlement Scheme	-
(5)	UKSPF Community Supermarket	-
(9)	Community Supermarket	-
-	- Safer Street	(88)
-	- South East Essex Partnership - Parking	(158)
-	-	
(2,366)	Total Capital Grants Credited to Taxation and Non-Specific Grant Income	(1,923)

Notes to the Core Accounting Statements (continued)

Note 26: Grant Income (continued)

2024/25		2025-26
£'000		£'000
	Note 26d Receipts in Advance (Revenue Grants)	
(92)	Homelessness grant	(93)
(78)	Health and Wellbeing post grant	(43)
(35)	Cyber Support grant	-
(29)	Domestic Abuse grant	(14)
(281)	Other Grants	(164)
(516)	Total Receipts in Advance (Revenue Grants)	(313)

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 2025/26 is shown in Note 22.

Senior managers have control over Council's operation. Their salaries are disclosed in Note 23.

There were no related party transactions in 2025/26 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 blink 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.

2024/25		2025-26
£'000		£'000
55	Opening capital financing requirement	3,982
	Capital investment	
5,492	Property, plant and equipment	4,026
276	Infrastructure	1,226
1,145	Revenue expenditure funded from capital under statute	628
6,913	Total Capital investment	5,880
	Sources of finance	
(506)	Capital receipts	
(2,467)	Capital Grants and Contributions	(1,898)
(14)	Minimum Revenue Payment (MRP)	(14)
	Reserves	(3,982)
(2,987)	Total internal financing	(5,894)
3,982	Closing capital financing requirement	3,968

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 Suez 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-2025	31-March-2026
	£'000	£'000
Amounts recognised upon implementation of new accounting policies at 1 April 2024	45	34
Additions		-
Principal repaid in year	(11)	(11)
Carrying amount at 31 March 2025	34	23

The interest charged to the Surplus/Deficit on the Provision of Services for these leases in 2025/26 was £1k.

At 31 March 2026, the outstanding payments under the leases were:

31-March-2025		31-March-2026
£'000		£'000
12	Not later than one year	12
22	Later than one year and not later than five years	11
34		23

The Council also leases photocopiers and printers, but no right-of-use assets or liabilities are recognised for these items as they deemed to be of low value. The rents charged to the Surplus/Deficit on the Provision of Services for these leases in 2025/26 was £128k.

Notes to the Core Accounting Statements (continued)

Note 29: Leases (continued)

Operating Leases

The Council has acquired the following by entering into operating leases; an administrative building, vehicles, plant and equipment, and a telecommunications and IT system. The typical life of these leases is 10 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-2025		31-March-2026
£'000		£'000
126	Not later than one year	128
227	Later than one year and not later than five years	604
-	Later than five years	-
353	Total	732

The expenditure charged to services in the CIES during the year in relation to these leases is set out below:

31-March-2025		31-March-2026
£'000		£'000
353	Minimum lease payments	732
353	Total	732

The Council has no finance leases as a 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-2025 £'000		31-March-2026 £'000
599	Not later than one year	632
2,244	Later than one year and not later than five years	2,243
7,060	Later than five years	6,959
9,903	Total	9,833

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 - [\(Essex Pension Fund website\)](#)

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:

	2024/25	2025-26
	£'000	£'000
Comprehensive Income & Expenditure Statement		
Cost of Services:		
Current Service Cost	1,156	880
Past Service Cost/(Gain) – Including Curtailments	43	296
Administration Expense	46	32
Financing and Investment Income and Expenditure:	-	
Net Interest Expense	(44)	(117)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	1,201	1,091
Other Comprehensive Income & Expenditure:		
Return on Plan Assets (excluding amounts included in net interest expense)	25	2,793
Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	161	(2,111)
Actuarial (Gains) & Losses Arising on Changes in Financial Assumptions	8,628	2,256
Experience (Gains) & Losses on Defined benefit obligations	169	(3,592)
Remeasurement of the asset ceiling	(9,371)	115
Other actuarial gains/(losses) on assets	-	(121)
Total remeasurements recognised in the Comprehensive Income & Expenditure Statement	(388)	(660)
Expenditure Statement	813	431
Movement in Reserves Statement:		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in accordance with the Code	(1,201)	(1,091)
Employer's Contributions Payable to the Pension Scheme	1,691	2,155
Total	490	1,064

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	2024/25	2025-26
	£'000	£'000
Present value of the defined benefit obligation	(53,483)	(58,360)
Fair value of plan assets	80,184	86,870
Sub-total	26,701	28,510
Present value of unfunded liabilities	(770)	(679)
Remeasurement of the asset ceiling	(27,410)	(28,905)
Net (liability)/asset arising from defined benefit obligation	(1,479)	(1,075)

Assets and Liabilities in relation to Retirement Benefits

Reconciliation of Present Value of Scheme Liabilities	2024/25	2025-26
	£'000	£'000
Liabilities as of the Beginning of the Period	61,573	54,253
Current Service Cost	1,156	880
Interest Cost	2,971	2,965
Contributions by Scheme Participants	498	505
Change in financial assumptions	(8,628)	(2,256)
Change in demographic assumptions	(161)	2,111
Other	(169)	3,592
Benefits Paid (include funded & unfunded pension payments)	(3,030)	(3,307)
Past Service Costs	43	296
Liabilities as of the End of the Period	54,253	59,039

Asset Ceiling

	2024/25	2025-26
	£'000	£'000
Asset Ceiling as of the Beginning of the Period	17,170	(27,410)
Current Service Cost	10,240	(1,496)
Asset Ceiling as of the End of the Period	27,410	(28,906)

Notes to the Core Accounting Statements (continued)

Note 30: Defined Benefit Pension Scheme (continued)

Reconciliation of Fair Value of Scheme Assets	2024/25	2025-26
	£'000	£'000
Assets as of the Beginning of the Period	77,162	80,184
Interest on Assets	3,884	4,693
Return assets less interest	25	2,793
Actuarial Gains/(Losses)	-	(121)
Administration expenses	(46)	(32)
Employer Contributions	1,691	2,155
Contributions by Scheme Participants	498	505
Benefits Paid	(3,030)	(3,307)
Assets as of the End of the Period	80,184	86,870

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	
	2024/25	2025-26
Longevity at 65 for current pensioners:		
Men	20.7 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	3.20%	3.30%
CPI increases	2.95%	3.60%
Rate of increase in salaries	3.90%	3.90%
Rate of increase in pensions	2.90%	2.50%
Rate for discounting scheme liabilities	5.80%	6.10%

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:

2024/25			2025-26	
£'000	%		£'000	%
40,573	51%	Equities	43,435	50%
1,203	2%	Gilts	869	1%
-	0%	Other Bonds	-	0%
6,495	8%	Property	7,818	9%
1,523	2%	Cash	1,737	2%
26,942	34%	Alternative Assets	29,536	34%
3,448	4%	Other	3,475	4%
80,184	101%	Total	86,870	100%

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.

2024/25			Adjustment to:	2025-26		
£'000	£'000	£'000		£'000	£'000	£'000
+ 0.1%	0.0%	-0.1%	Discount Rate	+ 0.1%	0.0%	-0.1%
53,503	54,253	55,021		58,252	59,039	59,844
+ 0.1%	0.0%	-0.1%	Long Term Salary Increase	+ 0.1%	0.0%	-0.1%
54,316	54,253	54,190		59,083	59,039	58,995
+ 0.1%	0.0%	-0.1%	Pension Increases & Deferred Revaluation	+ 0.1%	0.0%	-0.1%
54,978	54,253	53,544		59,848	59,039	58,433
+ 1 Year	None	- 1 Year	Mortality Age Rating Assumption	+ 1 Year	None	- 1 Year
56,336	54,253	52,259		61,332	59,039	56,851

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-2026
£'000		£'000
	- Short Term Investments	-
	- 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.

Notes to the Core Accounting Statements (continued)

Note 33: Grants Receipts in Advance - Capital

	01-April-2025	Moved to CGU	Additions	Conditions Met	31-March-2026
	£000	£000	£000	£000	£000
The UK Shared Prosperity Fund Capital	-	-	(124)	101	(24)
Rural England Prosperity Fund	-	-	(129)	114	(26)
Afghan Resettlement Scheme	(1)	-	-	1	-
Food Waste Collection Capital Grant	(8)	-	-	5	(3)
South East Essex Partnership	(159)	-	-	159	-
Safer Street	(118)	-	-	88	(30)
Developer Receipts (S106)	(1,346)	-	(161)	816	(691)
Total	(1,632)	-	(415)	1,283	(763)

APPENDIX 1



SECTION – 4

SUPPLEMENTARY FINANCIAL STATEMENTS

Supplementary Financial Statements	Page Number
• Collection Fund Statement	93
• Notes to the Collection Fund	94



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-2025				31-March-2026		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
			INCOME			
	(58,399)	(58,399)	Council Tax Receivable		(61,747)	(61,747)
	(10)	(10)	Transfer from General Fund		(9)	(9)
(16,527)		(16,527)	Business Rates Receivable	(17,088)		(17,088)
(16,527)	(58,409)	(74,936)	Total income	(17,088)	(61,756)	(78,844)
			Expenditure			
			Precepts Demands & Shares:			
7,505		7,505	Central Government	7,879		7,879
1,351	40,195	41,546	Essex County Council	1,418	42,419	43,837
	6,506	6,506	PFCC for Essex Policing & Community Safety****		6,992	6,992
150	2,181	2,331	Essex PFCC Fire & Rescue Council****	158	2,352	2,510
6,004	7,739	13,743	Maldon DC & Parishes	6,303	8,199	14,502
			Redistributed Collection Fund Previous Year Surplus/(Deficit):			
2,994		2,994	Central Government	(93)		(93)
539	1,411	1,950	Essex County Council	(17)	233	216
	227	227	PFCC for Essex Policing & Community Safety****		38	38
60	78	138	Essex PFCC Fire & Rescue Council****	(2)	13	11
2,396	275	2,671	Maldon DC & Parishes	(74)	45	(29)
20,999	58,612	79,611	Total expenditure	15,572	60,291	75,863
			Charges to Collection Fund:			
46	268	314	Increase / Decrease (-) in Bad Debt Provision	361	234	595
435		435	Increase / Decrease (-) in Provision for Appeals	427		427
91		91	Costs of Collection	92		92
1,004		1,004	Disregarded Amounts	1,024		1,024
1,576	268	1,844	(Surplus)/Deficit carried forward	1,904	234	2,138
6,048		6,048	(-) Surplus / Deficit Arising During the Year	388	(1,231)	(843)
		-	(-) Surplus / Deficit B/Fwd as at 01 April	6,048	-	6,048
6,048	-	6,048	(-) Surplus / Deficit C/Fwd 31 March	6,436	(1,231)	5,205

****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 (55.5p in 2025/26; 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 £17.09m in 2025/26 (2024/25: £16.5m). The rateable value for the Council's area was £47.35m 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 2025-26 was £ 2,159.54 excluding parish element (£2,076.84 in 2024-25).

COL - 4b: Council Tax Base

The Council's tax base for 2025-26 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 2025/26 are:

Valuation Band	Chargeable Dwellings	Estimated Properties After Discounts, Exemptions etc.	Ratio to Band D	Band D equivalent dwellings
A*		2.1	5/9	1.2
A	2,473.0	1,500.9	6/9	1,000.6
B	3,946.0	2,917.2	7/9	2,268.9
C	8,599.0	7,054.5	8/9	6,270.6
D	5,647	5,029.6	9/9	5,029.6
E	4,698.0	4,352.4	11/9	5,319.6
F	3,153.0	2,999.8	13/9	4,333.1
G	1,688.0	1,598.2	15/9	2,663.6
H	188.0	177.3	18/9	354.5
Total	30,392.0	25,631.9		27,241.7
Add Expected growth and rounding's				244.9
Less Adjustment for collection rate				(687.2)
Council Tax Base				26,799.4

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	154.67	1,053.06	173.58	58.38	1,439.69
B	7/9ths	180.45	1,228.57	202.51	68.11	1,679.64
C	8/9ths	206.23	1,404.08	231.44	77.84	1,919.59
D	9/9ths	232.01	1,579.59	260.37	87.57	2,159.54
E	11/9ths	283.57	1,930.61	318.23	107.03	2,639.44
F	13/9ths	335.13	2,281.63	376.09	126.49	3,119.34
G	15/9ths	386.68	2,632.65	433.95	145.95	3,599.23
H	18/9ths	464.02	3,159.18	520.74	175.14	4,319.08

Notes to the Collection Fund (continued)

COL - 4b: Council Tax Base (continued)

Non Domestic Rates

	2024/25	2025-26
Multiplier: Business Rate Relief	54.6	55.5
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-2025		Movement	31-March-2026
	£'000		£'000	£'000
(Surplus) / Deficit (CT)	(1,859)		(1,231)	(3,090)
(Surplus) / Deficit (NNDR)	318		388	706

Attributable to:	NNDR		CT	
	%	£'000	%	£'000
Central Government	50.0%	353	0.0%	-
Maldon District Council	40.0%	282	13.6%	(420)
Essex County Council	9.0%	64	70.8%	(2,188)
PFCC for Essex Policing & Community Safety	0.0%	-	11.6%	(358)
Essex PFCC Fire & Rescue Council	1.0%	7	4.0%	(124)
	100.0%	706	100.0%	(3,090)

SECTION – 5**Independent Auditors Report to Maldon District Council****INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF MALDON DISTRICT COUNCIL**







SECTION – 6**ANNUAL GOVERNANCE STATEMENT**

Achievements for 2025/26**Over the financial year, the following governance framework improvements have taken place:**

- Local Government Association (LGA) Decision Making Accountability review of the organisation and implementation of new senior leadership team and structure.
- Final finance peer review actions marked as completed and closed.
- Refreshed Risk Management Framework adopted through the Performance, Governance and Audit (PGA) Committee, with best practice updates included.
- Corporate Governance Audit and associated recommendations completed.
- Equality Impact Assessment Training (EQIA) provided to managers.
- Personal Resilience mapping across the whole organisation, and resilience training offered to all staff. The first local authority to do so across the whole organisation.
- The 2024/25 financial accounts were produced as required and to a high standard and we are now working with the external auditor to deliver further improvements as we report on the 2025/26 financial year.

Internal Audit Summary- Provided by BDO LLP

The role of internal audit is to provide an opinion to the Council, through the PGA 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 our 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 two audits that were at draft report stage from the 2025/26 internal audit plan), seven out of eight audits provided either Substantial or Moderate assurance over the design of controls (Substantial: three, Moderate: four). These figures include two audits from the 2024/25 internal audit plan and five from the 2025/26 internal audit plan.
- In the last 12 months (including two audits that were at draft report stage from the 2025/26 internal audit plan), eight out of eight audits provided either Substantial or Moderate assurance over the operational effectiveness of controls (Substantial: two, Moderate: six). These figures include two audits from the 2024/25 internal audit plan and six from the 2025/26 internal audit plan.
- During 2025/26, one audit that focused on the introduction of an enhanced HR System has provided a Limited assurance opinion for the design of the control environment.
- Generally, these outcomes are consistent with outcomes for previous years where a Moderate assurance rating is provided.

Some areas of weakness have been identified through our reviews, including introducing a service level agreement for the HR service provider, which was previously absent. However, the Council is already working to address the issues identified.

The Council has implemented most previously raised internal audit recommendations, with only four out of eleven recommendations classed as In Progress from 2024/25 and none classed as overdue (this is based on the last follow up exercise conducted in November 2025).

There are currently three remaining reviews from the 2025/26 internal audit plan to complete (IT Governance, Medium-Term Financial Strategy (MTFS) and Main Financial Systems). While fieldwork is yet to be complete, based on scoping and work completed to date, it is not expected that any significant issues will be identified, and it is unlikely that their outcomes will change the overall opinion outlined above.



Action plan for 2026/27

In 2026/27 we have identified the following actions to support best practice for governance.

Action	Owner
Ensure smooth transition for Local Government Reorganisation, and clarity on governance pre and post Vesting day	Chief Executive
Engage with networks and activities to support Local Government Reorganisation (LGR), to ensure 'safe and legal' operations for vesting day.	Head of Performance, Improvement and LGR
Look at ways to increase engagement for the staff survey, <u>in light of decreased response rate from 65% to 50%</u>	Head of HR
Review staff survey and identify actions to continue improvement, further to Decision Making Accountability work	Director of Strategy and Improvement
Review ICT strategy (due for 2027) <u>in light of LGR</u>	Lead Specialist ICT
Identify an Asset Management Plan for the organisation.	Director of Neighborhood services and communities
Develop a Corporate Enforcement Policy	Director of Place, Planning and Growth
Review developer contributions management process for the organisation	Director of Place, Planning and Growth



A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law



B Ensuring openness and comprehensive stakeholder engagement



C Defining outcomes in terms of sustainable economic, social and environmental benefits



D Determining the interventions necessary to optimise the achievement of the intended outcomes



E Developing the entity's capacity, including the capability of its leadership team and the individuals within it



F Managing risks and performance through robust internal control and strong public financial management



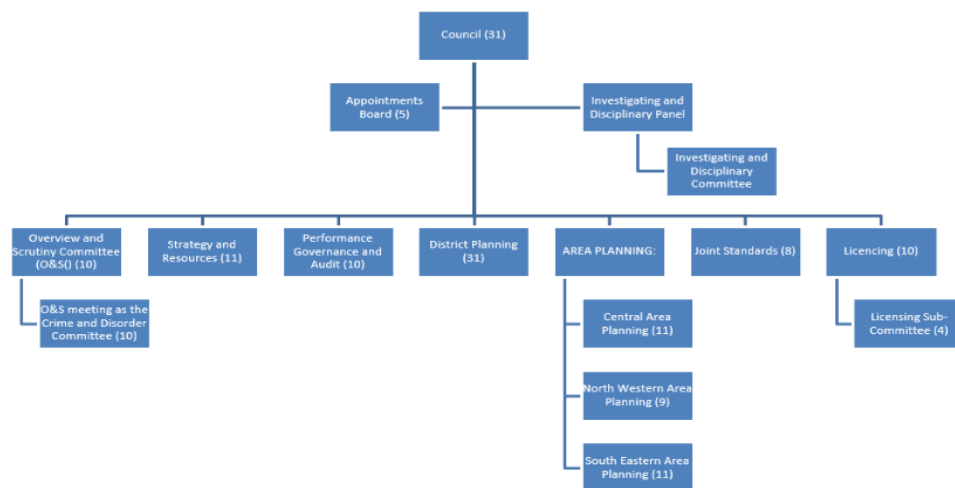
G Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The following section comments on what Maldon District Council has put in place to demonstrate these CIPFA principles of good governance.

A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Committee structure set out below has been in operation in 2025/26

1. MALDON DISTRICT COUNCIL COMMITTEE STRUCTURE



On 13 November 2025, the PGA Committee considered whether a review of the Planning committee arrangements, to be ahead of the Planning and Infrastructure Bill, which will remove Area Planning committees. The Committee decided not to recommend this to Council, but the bill is likely to come into force in 2026/27 and have an impact on our committee structure.

<https://democracy.maldon.gov.uk/ieListDocuments.aspx?CId=284&MId=4477&Ver=4>

Committee meetings continued to run with a live YouTube stream, in 2025/26. All previous and live streams can be viewed at Maldon District Council - YouTube. Public can also choose to observe meetings in the Council chamber.

Maldon chooses to operate an overview and scrutiny committee, although this is not required as the organisation operates a committee system. There were eight scrutiny requests made. Some of these were adopted as full workplan items which were:

- Planning appeal re. land at A414
- Planning appeal re. land at Church Road
- Leisure Contract- communications and messaging
- Leisure Contract – post implementation review

Additionally other items including Local Plan Housing Mix and Cemeteries Maintenance have had detailed working group review or been agreed as 'watching brief' items.

Lessons learned from overview and scrutiny items have been referred onto the PGA Committee and Council for further action during the year.

Since July 2024 an Independent Person has been appointed to the PGA Committee. The current postholder was reconfirmed June 2025.

The Council has a Whistle Blowing Policy, which was refreshed and approved 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.

The Council launched an Annual Staff survey in December 2019, and ran this for the Sixth time in November 2025, with a response rate of 50%, this is a decrease of 15% on the previous year. The survey gives 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 2025 survey, we also highlighted the specific actions, 'you said, we did', 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, 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.

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.

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 (Chartered Institute of Public Finance and Accountancy) 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 November - December 2025, 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 2025 survey we received 672 responses.

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. On average, across three months November- January, there were 135 views on each of the Youtube recordings of meetings.

The Council has an internal audit plan, which reviews its controls and risk and provides opportunity for improvements to be identified and addressed.

In 2025/26 four audits have been completed and a further two are at draft report stage in the areas of:

- HR System Review
- Waste and Recycling
- Safeguarding
- Corporate Governance
- Management of Property
- Food Safety.

Reviews are ongoing for:

- IT Governance
- Medium Term Financial Strategy
- Main Financial Systems.

C - Defining outcomes in terms of sustainable economic, social and environmental benefits

The Corporate Plan sets out our five priorities (Supporting our communities; Investing in our district; Growing our economy; Protecting our environment; Delivering good quality services) and the benefits that they will achieve.

Key performance indicators that measure delivery of these priorities are reported quarterly to the PGA Committee.

The latest quarterly performance (tracking the previous corporate plan due to timelines) can be seen at [democracy.maldon.gov.uk/documents/s40861/Appendix 1.pdf](https://democracy.maldon.gov.uk/documents/s40861/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 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.

LGR has also had an impact on strategy in 25/26, and this has been reflected on with an 'impacts of LGR' section now added to all Committee reports.

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 the Senior Leadership Team (SLT), as a way to manage service plan performance issues dynamically. Exceptions to delivery are reported to the PGA Committee through the Balance Scorecard exceptions report.

D - Determining the interventions necessary to optimise the achievement of the intended outcomes

An LGA Decision Making Accountability (DMA) review of the organisation took place in 2025/26, leading to implementation of a senior management restructure (complete October 2025), and review of all staff structure (due for completion March 2026)

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 following years. All of the 42 actions were marked as closed in 2025/26.

The PGA Committee is provided with a quarterly performance report for delivery of the Corporate priorities. The Committee is invited to challenge and focus delivery of these.

The new SLT 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.

An ICT strategy for 24-27 was adopted (Appendix 2.pdf), this also drives a vision for the Council's technology and processes. This will be further refined in light of LGR

E - Developing the entity's capacity, including the capability of its leadership team and the individuals within it

The diagram below shows how our Corporate Plan links down to team service plans, and individual staff objectives. In 25/26 we have continued to have a service plan template.

Heads of Service are responsible for delivery of a monthly tracker report and reporting highlights and lowlights on their service plans to SLT. Exceptions to these are reported to the PGA Committee 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:

- A whole organisation review of personal resilience levels has taken place in 25/26, and training offered for all staff to improve their personal resilience.
- All member external training has been held to support skills for Scrutiny, and Performance and Improvement
- Key strategies to define delivery that have been live including a data and insight strategy, a procurement strategy, an asset management strategy, business continuity strategy and a comms, marketing and engagement plan.
- 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 2025.
- Lean Six Sigma (process improvement) support for staff to review processes.
- Project Management Office (PMO) support for project managers and the senior leadership team, including measuring project performance and outcome delivery.

F - Managing risks and performance through robust internal control and strong public financial management

In June 2025 a new Risk Management Policy was adopted for the Council, and has been updated with best practice.

A Quarterly Corporate Risk register review goes to the PGA Committee. The latest reporting can be seen under agenda item 9 at this meeting Agenda for Performance, Governance and Audit Committee on Thursday 22nd January 2026, 7.30 pm : Maldon District Council

Risks are a regular item of discussion in the monthly Extended Leadership Team meetings and Service Management Meetings.

Led by the Finance Member Working Group, the Council is continuously reviewing and updating public financial reporting to ensure that finance reports cover all aspects of financial performance in a suitable way, and financial risk is managed accordingly.

Additionally, substantial effort has been put into improving the position regarding audited accounts, first by ensuring all required sets of accounts are published and second by working with the external auditor to rebuild assurance overall.

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 completed a rebuild of Corporate performance reports which will be based on Member feedback, latest system developments and the revised Corporate Plan.

A six-monthly report of operational exceptions from the Balance Scorecard has been reported to the PGA. In 2025/26 it has been agreed to add Member training statistics to this report.

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.

Local Government Reorganisation of Greater Essex was confirmed in 2025/26. Maldon District Council is supporting response and delivery as required and identifying delivery risks and mitigations as part of the ongoing programme of work.

G - Implementing good practices in transparency, reporting and audit to deliver effective accountability.

All Committee meetings are open for the public to attend. In 2025/26 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

This year the Council ran quarterly performance reporting to align it to the corporate outcomes defined in the Corporate Plan, the reporting has been reviewed in 2025/26 to align to the Corporate Plan adopted in December 2024.

Members in the PGA Committee 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 (FM) code Standard C)

The CIPFA FM 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 FM within an organisation can be assessed by a hierarchy of three ‘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
• The resetting of Senior Management Structure in 25/26 according to Decision Making Accountability approach • Leadership development of key members and officers. • Member training programme including specific Chairperson sessions, and close working with Member Training Working Group.	• Service plan templates and monthly highlight / exceptions reporting mechanism. • Quarterly performance reporting against corporate plan delivery. • Monthly operational performance reporting through balance scorecard and six-monthly exceptions reports for Committee. • Running an annual resident survey and using analysis to inform <u>Corporate</u> plan delivery. • Running an annual staff survey to look at areas of organisational improvement.	• Permanent process improvement resource to support improvement project delivery. • Quarterly improvement reports to track progress. • Key posts linked to LGR delivery for the organisation and engagement with the Essex-wide system. • Robust project management office approach to support project delivery. • Learning from best practice and adopting recommendations in internal audit and peer review work.









Signed on behalf of Maldon District Council:



Councillor Simon J N Morgan
Leader of Council



Doug Wilkinson
Chief Executive

30th June 2026

Date:

30th June 2026

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.



BARNETT
WADDINGHAM

Part of **HOWDEN**

Essex Pension Fund

Page 311

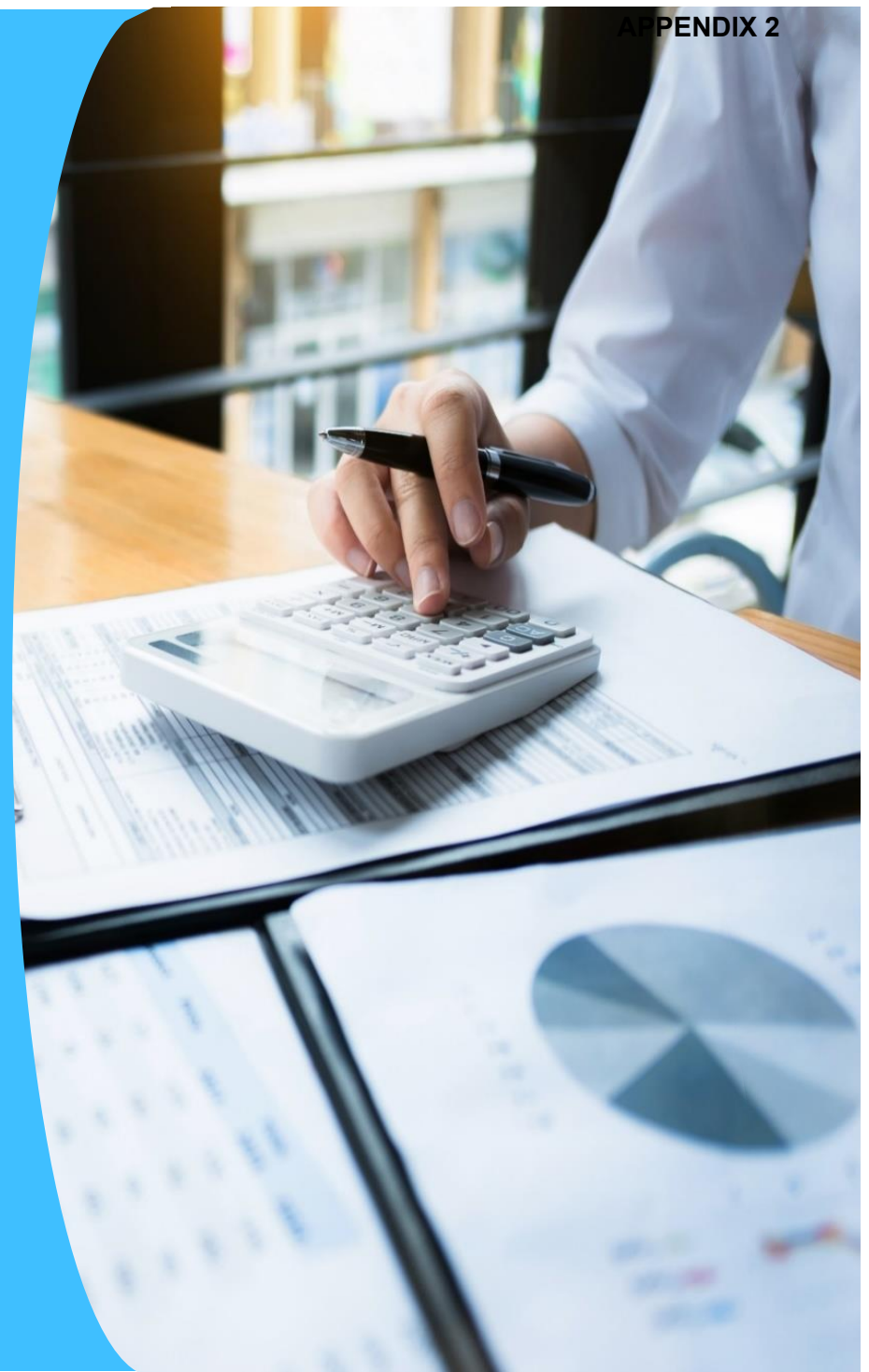
(10) Maldon District Council

IAS19 as at 31 March 2026

v1

7 May 2026

APPENDIX 2



Introduction

We have been instructed by Essex County Council, the administering authority to the Essex Pension Fund (the Fund), to undertake pension expense calculations in respect of pension benefits provided by the Local Government Pension Scheme (the LGPS). These benefits are provided to employees of Maldon District Council (the Employer) as at 31 March 2026. We have taken account of current LGPS Regulations, as amended, as at the date of this report.

This report should be read in conjunction with the 31 March 2026 accounting briefing note. The figures contained in this report are in respect of the Employer's pension obligations under the LGPS as at 31 March 2026. IAS19 also requires the disclosure of any other employer provided pension benefits which are not paid from the Fund itself. We have only valued such additional liabilities, which would not be covered in the formal LGPS valuation, to the extent that they have been notified to us and are as disclosed in the data section of this report.

[Please use this link to access the 31 March 2026 accounting briefing note if you have not obtained a copy.](#)

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. Full details of the benefits being valued are as set out in the Regulations and summarised on the LGPS website.

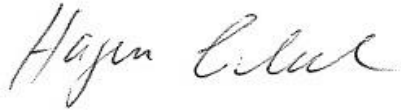
This report is addressed to the Fund, and is provided in our capacity as Fund Actuary to the Fund. The report may be shared with the Employer, provided that it is shared in its entirety, but it does not constitute advice to them. The Employer may also share the information contained in this report with their auditor, but BW neither assumes nor owes any duty or responsibility to any third party who relies on that information. Any liability to any third party is expressly disclaimed to the fullest extent permitted by law.

Barnett Waddingham does not provide, and shall not be responsible for, accounting or audit advice. From time to time, we may comment or otherwise give an opinion on any information, documentation, and/or guidance provided to us by or on behalf of the Fund. The Fund shall not rely on any such comment or opinion to make (or refrain from making) any decision or take (or refrain from taking) any action.

This report reflects our understanding of the relevant accounting and audit standards in force at the date of this report. It complies with Technical Actuarial Standard 100: General Actuarial Standards (TAS 100) as issued by the Financial Reporting Council (FRC).

Please note that we have incorporated an asset ceiling into the Employer's balance sheet. Further details of the approach taken are given later in this report.

We would be pleased to answer any questions arising from this report.



Hagen Eichel FFA
Senior Consulting Actuary
Barnett Waddingham

Additional notes

In this report, we have allowed for the results of the 2025 actuarial valuation of the Essex Pension Fund.

Where assumptions have differed from actual experience, this will lead to changes to the balance sheet position. There is a positive experience item in the reconciliation of the liabilities, which means that experience has been worse than assumed. Experience has been observed due to changes in the underlying member data as well as higher than expected salary increases and lower than expected mortality. Experience has also been observed in relation to the impact of changing the financial assumptions - there was a very significant change to discount rates following the UK mini budget event in September 2022 which led to significant changes to the balance sheet position, and the estimated impact of the change in assumptions was larger than implied when re-calibrating at the full actuarial valuation as at 31 March 2025.

There is also a small experience item in the reconciliation of the assets, which means that experience has been slightly different than assumed. However, this is within our margins of an acceptable roll-forward error.

Data used

We have used the following items of data which we received from the administering authority:

Results of the latest valuation as at	31 March 2025
Results of the previous IAS19 report (v2) as at	31 March 2025
Actual Fund returns to	31 March 2026
Fund asset statement as at	31 March 2026
Fund income and expenditure items to	31 March 2026
Employer income and expenditure items to	31 March 2026
Details of any new unreduced early retirement payments to	31 March 2026
Details of any settlements to/from the Employer for the period to	31 March 2026

The data has been checked for reasonableness, including consistency with previous valuation data where relevant, and the data is within tolerances for the purposes of this report.

Although some estimation of the data to the accounting date may be required, we do not believe it is likely to be significant to the results in this report.

We have not been notified of any significant changes or events since we received the data.

Employer membership statistics

The table below summarises the membership data at 31 March 2025 from the latest valuation for members receiving funded benefits, and as at 31 March 2022 for any members receiving unfunded benefits.

Member data summary	Number	Salaries/Pensions £000s	Average age (salary/pension weighted)
Actives	190	7,037	47
Deferred pensioners	199	872	51
Pensioners	284	2,563	74
Unfunded pensioners	47	117	81

Employer payroll

The total pensionable payroll and projected payroll for the Employer is set out below and is based on information provided to us by the administering authority. This has been used to calculate the service cost and projected service cost respectively.

Estimated payroll for the year to 31 March 2026	£7,201,000
Projected payroll for the year to 31 March 2027	£7,561,000

Scheduled contributions

The table below summarises the minimum employer contributions due from the Employer to the Fund over this inter-valuation period. The Employer may pay further amounts at any time. Future contributions may be adjusted on a basis approved by us.

	Primary rate	Secondary rate for period beginning:			Minimum employer contributions due for the period beginning:		
		1 Apr 2026	1 Apr 2027	1 Apr 2028	1 Apr 2026	1 Apr 2027	1 Apr 2028
Total percent of payroll	18.2%	3.1%	1.8%	0.6%	21.3%	20.0%	18.8%
plus monetary amount (£000s)		-	-	-	-	-	-

The Employer currently participates in a pool with other employers in order to share experience of risks in relation to ill health and death in service benefits.

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2026 is 9.4%.

The Employer's share of the assets of the Fund is approximately 0.69%.

The estimated asset allocation for the Employer at 31 March 2026 and 31 March 2025 is as follows (noting that due to rounding they may not total 100%):

Asset breakdown	31 Mar 2026		31 Mar 2025	
	£000s	%	£000s	%
Equities	47,030	54%	44,026	55%
Gilts	1,243	1%	1,215	2%
Property	7,848	9%	6,472	8%
Cash/temporary investments	1,755	2%	1,564	2%
Alternative Assets	13,757	16%	12,086	15%
Other managed funds	15,235	18%	14,821	18%
Total	86,868	100%	80,184	100%

The table below sets out the percentages of the Fund's assets held in each asset class at 31 March 2026 (split by those that have a quoted market price in an active market, and those that do not).

Asset breakdown		31 March 2026	
		% Quoted	% Unquoted
Fixed Interest Government Securities	UK	-	-
	Overseas	-	-
Index Linked Government Securities	UK	1%	-
	Overseas	-	-
Corporate Bonds	UK	-	-
	Overseas	-	-
Equities	UK	0%	-
	Overseas	50%	-
Property		3%	6%
Private Equity		-	4%
Infrastructure		-	10%
Timber		-	3%
Private Debt/Direct Lending		-	3%
Other Managed Funds (Active Bond Mandate - Multi Asset Credit - Investment Grade Credit)		-	18%
Cash/Temporary Investments		-	2%
Net Current Assets	Debtors	-	0%
	Creditors	-	-
Total		54%	46%

We do not have any further detail on the current asset allocation of the Fund; we suggest that if further information is required the administering authority is contacted in the first instance.

Financial Assumptions

Details of the actuarial methods and derivation of the assumptions used can be found in the 31 March 2026 briefing note issued alongside this report unless noted otherwise below. The key assumptions used are set out below.

Financial assumptions	31 Mar 2026	31 Mar 2025	31 Mar 2024
	p.a.	p.a.	p.a.
Discount rate	6.10%	5.80%	4.90%
Pension increases (CPI)	2.90%	2.90%	2.95%
RPI inflation	3.30%	3.20%	3.25%
Salary increases	3.90%	3.90%	3.95%

Projected unit method is used in our calculations.

In addition, we have allowed for actual ONS CPI inflation observed between March 2025 and March 2026. This is reflected in the Experience loss/(gain) on defined benefit obligation figure in the results.

Employer duration

The estimated Macaulay duration of the Employer's liabilities as at the accounting date using the assumptions set out above is 14 years.

Demographic Assumptions

Post retirement mortality	31 Mar 2026	31 Mar 2025
Base table	S4PA	S3PA
Multiplier (M/F)	100% / 100%	110% / 110%
Future improvements model	CMI_2025	CMI_2023
Long-term rate of improvement	1.50%	1.25%
Smoothing parameter	7.0	7.0
Initial addition parameter	0.0% p.a.	0.00 p.a.
2020 weight parameter	n/a	0%
2021 weight parameter	n/a	0%
2022 weight parameter	n/a	15%
2023 weight parameter	n/a	15%
Half life parameter	1.0	n/a

The assumed life expectancies, based on the assumptions set out above, are set out in the table below:

Life expectancy from age 65 (years)		31 Mar 2026	31 Mar 2025
Retiring today	Males	22.0	20.7
	Females	24.2	23.3
Retiring in 20 years	Males	23.5	22.0
	Females	25.9	24.7

We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2025, except for an update of the CMI projection model. Details of the post retirement mortality assumption are set out above; further details of the demographic assumptions adopted can be found in the briefing note corresponding to this report, and the Fund's actuarial valuation report.

Financial assumptions used for remeasurements

The Employer's assets and defined benefit obligation have been remeasured throughout the accounting period at one or more settlement/curtailment event dates, in line with the requirements under IAS19. The financial assumptions used to calculate the results at each remeasurement date are set out below. These have been derived consistently with the assumptions adopted at 31 March 2025.

Remeasurement date	Discount rate % p.a.	Pension increases (CPI) % p.a.	Real discount rate % p.a.
31 Mar 2025	5.80%	2.90%	2.90%
28 September 2025	5.95%	2.50%	3.45%
31 March 2026	6.10%	2.90%	3.20%

Past service costs

Past service costs arise if member benefits are introduced, withdrawn or changed. For example, an award of additional discretionary benefits such as added years by a member would be considered a past service cost. We are not aware of any additional benefits which were granted over the year ending 31 March 2026.

Curtailments

Over the year, we understand that one former employee became entitled to unreduced early retirement benefits. The capitalised cost of the additional benefits on IAS19 compliant assumptions is calculated at £296,000. This figure has been included within the service cost in the statement of profit and loss.

Settlements

We are not aware of any liabilities being settled at a cost materially different to the accounting reserve during the year, which has been confirmed by the Fund.

Unfunded results

The following table sets out the part of the total liability reconciliation which is in respect of the unfunded liabilities.

Reconciliation of opening & closing balances of the present value of the unfunded defined benefit obligation	Year to 31 Mar 2026 £000s
Opening unfunded defined benefit obligation	770
Interest cost	42
Change in financial assumptions	(12)
Change in demographic assumptions	3
Experience loss/(gain) on defined benefit obligation	3
Unrecognised past service cost	-
Unfunded pension payments	(127)
Closing unfunded defined benefit obligation	679

Results

Balance sheet	As at	As at	As at
Net pension asset in the statement of financial position	31 Mar 2026	31 Mar 2025	31 Mar 2024
	£000s	£000s	£000s
Present value of the defined benefit obligation	58,360	53,483	60,666
Fair value of Fund assets (bid value)	86,870	80,184	77,162
Deficit / (Surplus)	(28,510)	(26,701)	(16,496)
Impact of asset ceiling	28,906	27,410	17,170
Unrecognised past service cost	-	-	-
Present value of unfunded obligation	679	770	907
Net defined benefit liability / (asset)	1,075	1,479	1,581

The amounts recognised in the profit and loss statement	Year to	Year to
	31 Mar 2026	31 Mar 2025
	£000s	£000s
Service cost	1,176	1,199
Net interest on the defined benefit liability / (asset)	(117)	(44)
Administration expenses	32	46
Total loss / (profit)	1,091	1,201

For the purposes of our calculations, we distribute Fund administration expenses amongst the employers in the Fund in proportion to their individual asset shares.

Remeasurement of the net assets / (defined benefit liability) in other comprehensive income	Year to	Year to
	31 Mar 2026	31 Mar 2025
	£000s	£000s
Return on Fund assets in excess of interest	2,793	25
Other actuarial gains / (losses) on assets	(121)	-
Change in financial assumptions	2,256	8,628
Change in demographic assumptions	(2,111)	161
Experience gain / (loss) on defined benefit obligation	(3,592)	169
Changes in impact of asset ceiling	115	(9,371)
Remeasurement of the net assets / (defined benefit liability)	(660)	(388)

Investment expenses are included in return on Fund assets in excess of interest.

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	Year to 31 Mar 2026 £000s	Year to 31 Mar 2025 £000s
Opening defined benefit obligation	54,253	61,573
Current service cost	880	1,156
Interest cost	2,965	2,971
Change in financial assumptions	(2,256)	(8,628)
Change in demographic assumptions	2,111	(161)
Experience loss/(gain) on defined benefit obligation	3,592	(169)
Liabilities assumed / (extinguished) on settlements	-	-
Estimated benefits paid net of transfers in	(3,180)	(2,902)
Past service costs, including curtailments	296	43
Contributions by Scheme participants and other employers	505	498
Unfunded pension payments	(127)	(128)
Closing defined benefit obligation	59,039	54,253

The experience loss/(gain) on the defined benefit obligation includes £207,000 in respect of the allowance for actual CPI inflation over the accounting period.

Reconciliation of opening & closing balances of the fair value of Fund assets	Year to 31 Mar 2026 £000s	Year to 31 Mar 2025 £000s
Opening fair value of Fund assets	80,184	77,162
Interest on assets	4,693	3,884
Return on assets less interest	2,793	25
Other actuarial gains/(losses)	(121)	-
Administration expenses	(32)	(46)
Contributions by employer including unfunded	2,155	1,691
Contributions by Scheme participants and other employers	505	498
Estimated benefits paid including unfunded net of transfers in	(3,307)	(3,030)
Settlement prices received / (paid)	-	-
Closing fair value of Fund assets	86,870	80,184

Investment expenses are included in actual return on assets in excess of interest.

Reconciliation of change in impact of asset ceiling	Year to 31 Mar 2026 £000s	Year to 31 Mar 2025 £000s
Opening impact of asset ceiling	27,410	17,170
Interest on impact of asset ceiling	1,611	869
Actuarial losses / (gains)	(115)	9,371
Closing impact of asset ceiling	28,906	27,410

The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions. Our calculation of the asset ceiling has followed our interpretation of IFRIC14.

Our calculations assume that:

- The Employer does not have a right to a refund of surplus at the level required by the accounting standard. Any surplus recognised is based on the economic benefit from a reduction in contributions.
- We have relied upon information provided by the Fund that the employer is both open to new joiners and has no formal participation end date. Therefore we have assumed the employer will participate indefinitely.
- The requirement for the employer to make contributions to the Fund is considered to be a minimum funding requirement (MFR). For the period beyond the existing Rates and Adjustments certificate, we assume that employer will continue to pay their primary rate.

In broad terms our analysis shows that:

- The potential economic benefit from the reduction in future contributions has been calculated to be nil. Since this is less than the unadjusted net asset of £28,510k, the initial impact of the asset ceiling is £28,510k.
- The Employer is currently paying additional secondary contributions in line with the Fund's Funding Strategy Statement. We have assessed this minimum funding requirement and calculate that it constitutes an onerous funding commitment. There is an additional liability of £396k to be recognised.
- The unadjusted funded surplus is £28,510k. There is an initial impact from an asset ceiling of £28,510k, plus an additional liability of £396k. The final funded net asset to be recognised is -£396k.
- In addition, there is an unfunded liability of £679k. The final deficit to be recognised is £1,075k.

Sensitivity analysis	£000s	£000s	£000s	£000s	£000s
Adjustment to discount rate	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	55,279	58,252	59,039	59,844	63,258
Projected service cost	806	927	959	992	1,137
Adjustment to long term salary increase	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	59,262	59,083	59,039	58,995	58,823
Projected service cost	959	959	959	959	959
Adjustment to pension increases and deferred revaluation	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	62,893	59,848	59,039	58,433	55,796
Projected service cost	1,151	995	959	924	795
Adjustment to life expectancy assumptions	+1 Year		None		- 1 Year
Present value of total obligation	61,322		59,039		56,851
Projected service cost	994		927		925
Projected pension expense	Year to 31 Mar 2027 £000s				
Service cost	959				
Net interest on the defined liability / (asset)	13				
Administration expenses	32				
Total loss / (profit)	1,004				
Employer contributions	1,611				

These projections are based on the assumptions as at 31 March 2026. The figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2026.

Appendix - auditor data pack

Introduction and Background

In preparing the accounting report under IAS19 for Maldon District Council's participation in Essex Pension Fund, the Barnett Waddingham actuary is acting in their capacity as Management's Expert as defined by IAS(UK)500.

Maldon District Council's auditor will generally need to receive sufficient appropriate audit evidence to carry out the audit. This is particularly the case with actuarially calculated values, which are considered to be accounting estimates under ISA(UK)540. The auditor will wish to evaluate the appropriateness of the Barnett Waddingham actuary's report as audit evidence (IAS(UK)500), and may engage the services of an Auditor's Expert to do so (ISA(UK)620). The Auditor's Expert will have specific knowledge of defined benefit pensions and will often wish to carry out substantive analytical procedures as referred to in ISA(UK)330 and ISA(UK)520.

While our main accounting report aims to meet Maldon District Council's reporting and disclosure requirements under the relevant accounting standard, it may not provide all information required by the Auditor's Expert to carry out all procedures required by the relevant auditing standards. This often leads to detailed requests to Management's Expert for additional data items.

The purpose of the data pack is to provide many of the additional data items often requested. This should streamline the overall audit process by providing the required additional data in a single report, reducing the number of additional data queries flowing via the Fund. The following data supplements the information in the main accounting report and should be read in conjunction with it. We do not expect this report to be audited - it is provided to aid in the audit of main report.

Data

This additional data is ultimately based on the results of the last triennial valuation as at 31 March 2025 on which the accounting results are based. Some of the statistics are derived using approximate methods, but we expect that they will be suitable for the intended purpose, which is to carry out approximate rollforward and rebase calculations to verify the results quoted in the main report.

The data items provided are in respect of the Employer's pension obligations under the LGPS as at 31 March 2026, or the prior year comparator.

Results

Past and future service liability duration information

Duration, including definition (years)	As at 31 Mar 2026	As at 31 Mar 2025	Change over the period
Overall Macaulay duration ⁽¹⁾	14.3	14.7	(0.4)
Overall modified duration ⁽²⁾	13.5	13.9	(0.4)

⁽¹⁾ The Macaulay duration is the weighted average term to maturity of the benefit cashflows

⁽²⁾ The Modified duration is the sensitivity of the present value of the benefit cashflows to a change in discount rate

Duration calculations use the accounting assumptions at the respective date - the change over the period is due to the change in assumptions.

Liability split information

Approximate proportion of funded past service liability in each main category	As at 31 Mar 2025
Active (Final Salary) liability	10%
Active (CARE) liability	15%
Deferred liability	19%
Pensioner liability	55%
CPI-linked liability	90%
FS-linked liability	10%

Please note that these splits of liability are based on actual cashflow projections as at the last valuation date. We have not made any allowance for member movements or liabilities being extinguished in these estimated splits.

Approximate proportion of total liability split by gender	Proportion of liability female
Active (Final Salary) members	58%
Active (CARE) members	57%
Deferred members	52%
Pensioner members	40%
Overall membership	47%

Splits quoted are as at the last valuation. Liability weighted statistics use accounting assumptions at the last valuation date.

Average age information	Weighted by salary	Weighted by pension	Weighted by liability
Active members	47.2	50.4	50.7
Active (Final Salary) members		52.8	53.6
Active (CARE) members		49.4	52.4
Deferred members		50.6	53.3
Pensioner members		73.6	70.5

Tranche average retirement age	Weighted by pension	Weighted by liability
Active members	64.4	64.3
Active (Final Salary) members	64.4	64.3
Active (CARE) members	66.3	66.3
Deferred members	63.6	63.6

Ages quoted are as at the last valuation. Liability weighted statistics use accounting assumptions at the last valuation date.

Allowance for actual inflation

Detailed information on CPI statistics for known inflation allowance	Statistic date	Statistic value	Rate p.a.
Latest known CPI (start)	March, 2025	136.5	
Latest known CPI (end)	March, 2026	141.0	
Assumed inflation over period (CPI)			2.90%

Asset information

Value of assets (£000s) and asset share	As at 31 Mar 2026	As at 31 Mar 2025
Total fund assets	12,637,811	11,490,459
Employer assets	86,868	80,184
Employer asset share	0.687%	0.698%

Service cost information

Employer service cost and average employee rate as % of salaries	As at 31 Mar 2026	As at 31 Mar 2025
Employer service cost as % of salaries	12.3%	13.0%
Employee contributions as a % of salaries	6.9%	6.9%

The service cost shown above is based on membership data from the last actuarial valuation as at 31 March 2025

Cashflow disclosure

Employer cashflows (£s)	Period to 31 Mar 2026
Employee contributions	505
Employer contributions	1,505
Other contributions	523
Benefit payments (funded)	(2,949)
Transfers In	638
Transfers Out	(869)
Unfunded benefit payments	(127)
Income received towards unfunded payments	127

Asset ceiling

Detailed breakdown of key results used in the asset ceiling calculation

		£000s
Gross funded liability	(a)	58,360
Gross funded assets	(b)	86,870
Funded accounting surplus (deficit) before asset ceiling	(c) = (b) - (a)	28,510
Present value of service cost including expenses	(d)	46,802
Present value of primary contributions	(e)	64,993
Present value of negative secondary conts (if any)	(f)	-
Present value of positive secondary conts (if any)	(g)	396
Economic benefit available from a reduction in contributions	(h)*	-
Accounting asset (before additional liability)	(i) = min[(h) , (c)]	-
Additional liability from onerous funding commitment	(j)**	396
Accounting asset (after additional liability)	(k) = (i) - (j)	(396)
Impact of asset ceiling	(l) = (c) - (k)	28,906
Gross unfunded liability	(m)	679
Final accounting asset that can be recognised (after unfunded liability)	(n) = (k) - (m)	(1,075)
Period over which service cost is considered		Infinite
Period over which primary contributions are considered		Infinite
Period over which negative secondary contributions are considered		3.0 years
Period over which positive secondary contributions are considered		n/a
Assumed secondary contribution in year following the end of certified period***		0

* $(h) = \max[(d) - [(e) - (f)], 0]$ if an MFR is assumed to apply, otherwise $(h) = d$

** $(j) = \max[(g) - \max[(h) - (c), 0], 0]$ for IAS19 only, otherwise $(j) = 0$

***The effective annual payment assumed over the remainder of the recovery plan, assumed to increase in line with salary inflation

This page is intentionally left blank