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 term[1] assets at 31 March 2026 and £14.710m of current[1] 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) **<u>Impact on Customers</u>** – The Statement of Accounts is the basis of financial transparency in the affairs of the council as a tax collecting authority.

(ii) **<u>Impact on Equalities</u>** – None directly.

(iii) **<u>Impact on Risk (including Fraud implications)</u>** – The Accounts help ensure clarity in financial planning and reporting, highlighting any risks in doing so.

(iv) **<u>Impact on Resources (financial)</u>** – None directly.

(v) **<u>Impact on Resources (human)</u>** – 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) **<u>Impact on Devolution / Local Government Reorganisation (LGR)</u>** – The preparation of financial statements in line with a standard approach will enable comparison of financial positions between LGR councils in a consistent way.

<u>Background papers:</u> None.

<u>Enquiries to:</u> Ben Jay, Director of Finance.

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[1] 'long-term' means lasting more than one year; 'current' means lasting less than one year.