APPENDIX 2

BARNETT WADDINGHAM

Part of HOWDEN

Essex Pension Fund

(10) Maldon District Council

IAS19 as at 31 March 2026
v1

7 May 2026

BARNETT WADDINGHAM

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

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 p.a.	31 Mar 2025 p.a.	31 Mar 2024 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.

BARNETT WADDINGHAM

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 Net pension asset in the statement of financial position	As at 31 Mar 2026 £000s	As at 31 Mar 2025 £000s	As at 31 Mar 2024 £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 31 Mar 2026 £000s	Year to 31 Mar 2025 £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 31 Mar 2026 £000s	Year to 31 Mar 2025 £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*