

Lancashire Combined Fire Authority

Audit Committee

Thursday, 11 December 2025, at 10.30 am in the Main Conference Room, Service Headquarters, Fulwood.

Minutes

Present:	
Councillors	
J Ash	
P Buckley	
M Clifford (Chair)	
J Hugo (Vice-Chair)	
L Hutchinson	

Officers	
S Brown, Director of Corporate Services (LFRS)	
A Latham, Deputy Head of Finance (LFRS)	
D Howell, Legal Services & Standards Manager & Deputy Monitoring Officer (LFRS)	
S Hunter, Member Services Manager (LFRS)	

In attendance	
L Luddington, External Audit, Grant Thornton	
C Wallace, External Audit, Grant Thornton	
Colclough, External Audit, Grant Thornton	
L Rix, Internal Audit, Lancashire County Council	
K Wilkie, Fire Brigades Union	

15-25/26	Apologies for Absence
	Apologies were received from County Councillors S Asghar and R Walsh.
16-25/26	Disclosure of Pecuniary and Non-Pecuniary Interests
	None received.
17-25/26	Minutes of the Previous Meeting
	Resolved: - That the Minutes of the last meeting held on 16 July 2025 be confirmed as a correct record and signed by the Chair.
18-25/26	Statement of Accounts

The Director of Corporate Services (DoCS) gave thanks to the External Auditors, Internal Auditors, and the Finance Team for all their work on the process of the Statement of Accounts.

The report presented the Statement of Accounts for the financial year ended 31 March 2025 which included the Authority's 25% share of the North West Fire Control (NWFC) accounts. Its purpose was to give electors, local taxpayers, Fire Authority Member, employees, and other interested parties clear information about the Fire Authority's finances.

The Committee considered the Statement of Accounts as presented.

The aim was to provide information on:

- The cost of providing Fire Authority services in the financial year 2024/25.
- How these services were paid for.
- What assets the Fire Authority owned at the end of the financial year.
- What was owed, to and by, the Fire Authority at the end of the financial year.

The narrative report provided a guide to the most important matters which were included in the Statement of Accounts. The Statement of Accounts had been prepared in accordance with the Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Amendment) Regulations 2021 and the Code of Practice on Local Authority Accounting in the United Kingdom.

The Statement of Accounts contained: -

Statement on Annual Governance Arrangements – Set out the Authority's responsibilities regarding the system of internal control on corporate governance.

Independent Auditor's Report to Members of Lancashire Combined Fire Authority – The Auditor's report to the CFA on the accounts for 2024/25, which were set out in the agenda pack.

Statement of Responsibilities for the Statement of Accounts – Set out the responsibilities of the Authority and the Treasurer regarding the statement of accounts.

Comprehensive Income & Expenditure Statement – The Statement showed the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Fire Authority raised taxation to cover expenditure in accordance with regulations; this could be different from the accounting cost. The taxation position was shown in the Movement in Reserves Statement.

Movement in Reserves Statement – This statement showed the movement in year on the different reserves held by the Fire Authority analysed between usable and other reserves. The surplus or deficit on the Provision of Services line showed the true economic cost of providing the Fire Authority's services, more details of which were shown in the Comprehensive Income and Expenditure Statement.

Balance Sheet – This showed information on the financial position of the Fire Authority as at the 31 March 2025, which included the level of balances and reserves at the Fire Authority's disposal, its long-term indebtedness and the value of the assets held by the Fire Authority.

Cash Flow Statement – This showed the cash and cash equivalent movements in and out of the Fire Authority due to transactions with third parties for revenue and capital purposes.

Fire Fighters Pension Fund Account and Net Assets Statement – This presented the financial position of the fire fighters pension fund account, which showed whether the Authority owed, or was owed, money by the Government in order to balance the account, together with details of its net assets.

Members noted that the net revenue position showed an underspend of £735,000.

The chart on page 25 of the agenda pack illustrated that employee costs accounted for the majority of the expenditure and approximately half of the income came from Council Tax.

It was stated on Page 26 of the agenda pack that the Authority's general fund balance at the start of the year was £5.66m. Following a review of reserves during the year and the transfer of the underspend the reserve balance at the end of the year was £6.56m. The Reconciliation table in the report summarised the key adjustments with adjustments for Capital Purposes and the net change for Pension Adjustments.

The DoCS explained a material change to be made within the Reserves statement with the Capital Funding Reserve to be moved into the Earmarked Reserves.

The Authority also held an additional £10.68m of earmarked revenue reserves and £18.33m of capital reserves and receipts. The Capital reserves and receipts were fully utilised within the medium-term financial strategy. Over half of the earmarked reserves related to the Authority's two Private Finance Initiative (PFI) schemes, whereby monies were set aside in the early years of the scheme to meet future costs, thus easing the impact of inflationary pressures.

Page 27 of the agenda pack explained that the Authority's Total net liabilities had reduced from £503.0m to £435.2m mainly because of the change in actuarial assumptions of the uniformed firefighters pension scheme. The reduction in the liability was £60m and £50m of this was due to a gain due to changes in financial assumptions; essentially reflecting increasing assumptions about inflation and interest rates compared to the previous year. The net liability reflected the Authority's compliance with International Accounting Standards and in particular the requirement to show the full pensions liability in the accounts. Whilst the liability on the Local Government Pension Scheme was funded the Fire-fighters Pension Scheme was unfunded, there are no assets from which future liabilities would be paid, and hence the Authority's overall Fire-fighters pension liability of (£588m) was extremely large. If this liability was excluded the Authority's Total Net Assets would be £153m.

Long-term assets had increased slightly in value to £130m from £128m, reflecting the investment in the services asset base and the impact of revaluations.

In terms of future financial plans, the financial sustainability of the Authority was addressed in February 2025 as part of setting the Budget and Medium-Term Financial Strategy for 2025/26. Given economic uncertainty, the potential impact of the Fair Funding Review and potential changes to local retention of Business rates, it was extremely difficult to anticipate what funding would look like beyond the existing settlement, hence for the purpose of medium-term financial strategy it had been assumed that the funding would increase broadly in line with inflation. It was on that basis that the Service had set a balanced budget in future years, allowing for council tax increases in line with forecast inflation.

The Chair echoed the sentiments of the DoCS in thanking the Finance Team and internal and external Auditors for all their hard work on behalf of the Audit Committee.

In response to a question from County Councillor P Buckley in relation to the pension liabilities to date in this financial year, the DoCS's explained that this was not something that the service monitored and an annual assessment was completed by Government Actuary's Department (GAD) each year with consideration given to a number of variants including the economy and changes in life expectancy. County Councillor P Buckley asked a further question in relation to what levels for concern where, the DoCS's explained that this was considered by the national scheme when contribution rates were set, with all fire authorities in the same position.

The Chair suggested that all members of the Audit Committee would benefit from some training to ensure they were able to provide an appropriate level of scrutiny. This was unanimously agreed by the committee members and the DoCS agreed that opportunities could be explored.

Resolved: - That the Committee: -

- i) approved the Statement of Accounts and authorised the Audit Committee Chair and the Director of Corporate Services to sign them; and
- ii) approved any non-material amendments post Committee.

19-25/26 External Audit - Letter of Representation

As part of the year-end process, the Authority was required to sign a letter of representation. This letter confirmed that the Authority had disclosed all relevant information in its accounts for the year in question and that all issues which should have been brought to the attention of the auditors had been.

It was confirmed that the wording of point 13 of the letter contained within the agenda pack would be amended from 'there are no prior period errors to bring to your attention' to outline that the prior periods adjustments included in the notes were complete.

Resolved: - That the Audit Committee authorised the signing of the letter by the

	Chair of the Committee.
20-25/26	<p>External Audit - Audit Findings Report</p> <p>Under the Statutory Code of Audit Practice for Local Government bodies, the Authority's external auditors, Grant Thornton, were required to issue a report to those charged with governance that summarised the conclusions from their audit work.</p> <p>The External Audit Team thanked the Finance Team for their support during the Audit.</p> <p>The external auditor had completed the majority of work required under the Code but could not formally conclude the audit and issue the audit certificate until confirmation from the National Audit Office the audit of the Whole of Government Accounts was complete for the year ended 31 March 2025 had been received. The auditors had stated that they were satisfied that this work did not have a material effect on the financial statements for the year ended 31 March 2025.</p> <p>It was noted that a new audit risk of 'Implementation of IFRS 16' has been added as shown on page 123 of the agenda pack. Additionally, two low level management recommendations had been identified on page 143 of the agenda pack relating to asset lives and the fixed asset register.</p> <p>The Chair asked a question in relation to the management recommendation in relation to asset lives, Curtis Wallace, external audit, explained that two vehicles were identified as being outside of the upper limit for the life of vehicles, however this had been justified, and external audit were satisfied that this was reasonable.</p> <p>Resolved: - That the Committee noted and endorsed the updated Audit Findings Report.</p>
21-25/26	<p>Internal Audit Monitoring Report</p> <p>The Internal Auditors produced a summary of progress against the annual plan for each Audit Committee meeting, setting out progress to date and any significant findings. The report for the period 01 April 2025 to 28 November 2025 was presented by Laura Rix, Senior Auditor.</p> <p>To date, 32 days had been spent this financial year on completion of the 2025/26 plan, equating to 46% of the total planned audit activity of 70 days. The table in the report showed the current status of all audit work.</p> <p>Members were informed that work had now commenced on VAT and Procurement.</p> <p>In response to a question from County Councillor L Hutchinson in relation to the outstanding audit reviews, Laura Rix confirmed that VAT and Procurement should be completed by January 2026 and Treasury Management should commence in February/ March 2026.</p>

	<p>In response to a question from the Chair in relation to the section on other components of the audit plan showing as ongoing, Laura Rix confirmed that the team were always working on these aspects but the wording could be amended if required.</p> <p>In response to a further question from the Chair in relation to the internal audit progress being at 46%, Laura Rix confirmed that work was on track to be completed with quarters 3 and 4 often the busiest. She explained that since the report had been published a further 10 days work had been completed.</p> <p>Resolved: - That the Committee noted the report.</p>
22-25/26	<p>Risk Management</p> <p>The Director of Corporate Services presented the report to Members.</p> <p>Lancashire Fire and Rescue Service (LFRS) continued to strengthen its approach to organisational risk, aligning policy and practice with ISO 31000:2018 and National Fire Chief's Council (NFCC) sector guidance. Risk management remained embedded within quarterly Executive Board and Corporate Performance Board discussions, enabling ongoing scrutiny, targeted mitigation, and informed decision-making. The updated Corporate Risk Matrix and summary register included at Appendix A of the agenda pack reflected a stable overall risk position, with movements driven predominantly by organisational change, external environment, and developments in national fire sector context.</p> <p>During this period, an internal audit of the Service's risk management framework was completed, providing a reasonable level of assurance with no high-priority recommendations. Three recommendations were agreed, focusing on enhancing training, improving consistency in action setting and review, and standardising risk reporting. Work was underway to address these areas, with implementation planned by April 2026 as part of the wider maturity trajectory.</p> <p>Members noted that the top three risks identified in the risk register were:</p> <ul style="list-style-type: none"> • Loss of Funding (including the Fair Funding Review) • Retention and Recruitment of On-Call Staff • Mobilising System Replacement <p>It was noted that the description for item 12b was missing from the table, the DoCS confirmed that he would confirm the details of this and circulate to the committees members.</p> <p>In response to a question from County Councillor P Buckley in relation to the risk of local government reorganisation, the DoCS confirmed that this had been discussed by the Executive Board Team and was not deemed as a corporate risk for the service at present but would continue to be monitored.</p> <p>Resolved: - That the Committee: -</p> <ol style="list-style-type: none"> i) Endorsed LFRS's risk management arrangements: and ii) Noted the latest position reflected in the Corporate Risk Matrix and

	Register.
23-25/26	<p>External Auditors Annual Report</p> <p>Under the National Audit Office Code of Audit Practice, the external auditors were required to consider whether the Service had in place, proper arrangements to secure economy, efficiency, and effectiveness in its use of resources.</p> <p>The audit was substantially complete, and the auditors expected to issue an unqualified audit opinion following the Audit Committee meeting.</p> <p>The review of value for money arrangement covered the 3 areas of: i) financial sustainability; ii) governance and iii) improving economy, efficiency, and effectiveness.</p> <p>The were two improvement recommendations raised in 2024/25, they were;</p> <ol style="list-style-type: none"> 1. The Authority and Audit Committee should liaise with the Internal Audit provider to agree the level of detail it requires to gain assurance that Internal Audit Recommendations are implemented in accordance with agreed actions. It is recommended that this includes details of the Internal Audit recommendation, managements' response and progress with implementation; including timelines for completion and confirmation of those actions that have been completed and those which are overdue. Any revisions or extensions should be approved detailing any ongoing risk exposure to the Authority. 2. The Authority should take action to review policies and procedures where this is identified as being overdue. Following review, policies and procedures should be approved by the Authority or appropriate Committee, even where no changes have been made. <p>Although LFRS had received it's His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) results outside of the audit period, it was noted that LFRS was judged to be "outstanding" in six areas and "good" in all others.</p> <p>Resolved: - That the Committee noted the management comments and endorsed the content of the report as presented.</p>
24-25/26	<p>Date of Next Meeting</p> <p>The next meeting of the Committee would be held on 26 March 2026 at 10:00 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.</p> <p>Further meeting dates were noted for 30 June 2026 and agreed for 01 October 2026.</p> <p>County Councillor P Buckley asked if future meeting dates for 2027 could be published, it was confirmed that the 2027 meeting dates for all committees were in</p>

the process of being agreed and would be published as soon as they were confirmed.

M Nolan
Clerk to CFA

LFRS HQ
Fulwood