

Public Document Pack

Lancashire Combined Fire Authority Audit Committee

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

If you have any queries regarding the agenda papers or require any further information, please initially contact Lynsey Barr on telephone number Preston (01772) 866908 and she will be pleased to assist.

Agenda

Part 1 (open to press and public)

Chairman's Announcement – Openness of Local Government Bodies Regulations 2014

Any persons present at the meeting may photograph, film or record the proceedings, during the public part of the agenda. Any member of the press and public who objects to being photographed, filmed or recorded should let it be known to the Chairman who will then instruct that those persons are not photographed, filmed or recorded.

1. **Apologies for Absence**
2. **Disclosure of Pecuniary and Non-Pecuniary Interests**

Members are asked to consider any pecuniary and non-pecuniary interests they may have to disclose to the meeting in relation to matters under consideration on the agenda.
3. **Minutes of the Previous Meeting (Pages 1 - 14)**
4. **Statement of Accounts (Pages 15 - 100)**
5. **External Audit - Letter of Representation (Pages 101 - 106)**
6. **External Audit - Audit Findings Report (Pages 107 - 166)**
7. **Internal Audit Monitoring Report (Pages 167 - 174)**
8. **Risk Management (Pages 175 - 184)**
9. **External Auditors Annual Report (Pages 185 - 224)**
10. **Date of Next Meeting**

The next scheduled meeting of the Committee has been agreed for 10:00 hours on **26 March 2026** in the Main Conference Room, Service Headquarters, Fulwood.

Further meetings are: scheduled for 30 June 2026, and

11. **Urgent Business**

An item of business may only be considered under this heading where, by reason of special circumstances to be recorded in the Minutes, the Chairman of the meeting is of the opinion that the item should be considered as a matter of urgency. Wherever possible, the Clerk should be given advance warning of any Member's intention to raise a matter under this heading.

Lancashire Combined Fire Authority Audit Committee

**Wednesday, 16 July 2025, at 2.00 pm in the Main Conference Room,
Service Headquarters, Fulwood.**

Minutes

Present:	
Councillors	
S Asghar	
P Buckley	
M Clifford (Chair)	
J Hugo (Vice-Chair)	

Officers
S Brown, Director of Corporate Services (LFRS) J Meadows, Head of Finance (LFRS) A Latham, Financial Accountant (LFRS) S Hunter, Member Services Manager (LFRS) L Barr, Member Services Officer (LFRS)
In attendance
L Rix, Internal Audit, Lancashire County Council Z Abbas, Internal Audit, Lancashire County Council C Wallace, External Audit, Grant Thornton

1-25/26	Apologies for Absence
	Apologies for absence were received from County Councillors Joanne Ash, Lee Hutchinson, and Russell Walsh.
2-25/26	Disclosure of Pecuniary and Non-Pecuniary Interests
	None received.
3-25/26	Minutes of the Previous Meeting
	Resolved: - That the Minutes of the last meeting held on 27 March 2025 be confirmed as a correct record and signed by the Chair.
4-25/26	Internal Audit Annual Report
	The Chair welcomed Zaheer Abbas, Senior Auditor, to the meeting.

The report was presented by Laura Rix, Senior Auditor. The Internal Audit Annual Report summarised the work that the Internal Audit Service had undertaken during 2024/25 and the key themes arising from it. It provided an opinion on the overall adequacy and effectiveness of the systems of governance, risk management and internal control.

On the basis of programme of work for the year, the Head of Internal Auditor provided substantial assurance over the adequacy of design and effectiveness in operation of the organisation's frameworks of governance, risk management and control. Overall, it was very positive.

Internal Audit Work Undertaken

All the budgeted days (70) had been used to deliver the internal audit plan and all 2024/2 work had been completed.

Overall governance, risk management and control arrangements

Substantial assurances were provided regarding the adequacy of design and effectiveness in operation of the organisation's frameworks of governance, risk management and control. Systems and processes were generally working effectively and ensured staff were aware of correct processes. Action plans were agreed with Senior Managers for issues raised during the year.

Accounts payable, Accounts receivable, and General ledger

Audit work across each of these three key financial systems was completed.

Pensions administration

Assurance over the operation of the Pension Fund had been obtained from work conducted directly by Lancashire County Council's Internal Audit Service, work undertaken by the Local Pensions Partnership (Administration) Ltd, (LPPA), and Local Pension Partnership (Investments) Ltd (LPPI). Both entities had also received an independent auditor's view of their controls through Audit and Assurance Faculty assurance reviews conducted by KPMG.

In response to a question from the Chair in relation to the reason for the high number of substantial assurances, Laura Rix explained that substantial assurances were given due to the Service's strong accuracy and effectiveness, and systems and control. She highlighted that substantial assurances were not given without due consideration, and it had been a very positive year. There was a dual approach to granting the assurance opinion as auditors carried out the work and she would then assess that work.

The DoCS commented that he valued the assessment. The Internal Auditors were an independent body and that level of independence was valued. It was the last Audit Committee that Laura would attend and thanks were given to Laura and the team for their work.

Resolved: That the Audit Committee noted and endorsed the report.

5-25/26 **Enquiries of Management**

	<p>Steven Brown, Director of Corporate Services (DoCS) presented the report. It was noted that in order to comply with Auditing Standards, the External Auditors, Grant Thornton needed to establish an understanding of the management processes in place to prevent and detect fraud and to ensure compliance with laws and regulations. They were also required to make enquiries of both management and those charged with governance as to their knowledge of any actual, suspected or alleged fraud. It was a document that was linked to the Financial Strategy.</p> <p>International auditing standards placed certain obligations on auditors to document managements' view on some key areas that affected the financial statements. In addition to the request to management, they also needed to gain an understanding of how those charged with governance maintained oversight of the above processes as set out in letters to management (Executive Board) and the Chair of the Audit Committee as considered alongside separate responses.</p> <p>Councillor Hugo asked for confirmation of the identity of the Executive Board, and the DoCS responded that the Executive Board was made up of the Principle Officers: Jon Charters (Chief Fire Officer); Steve Healey (Deputy Chief Fire Officer); Sam Pink (Assistant Chief Fire Officer); Steven Brown (Director of Corporate Services; Liz Sandiford (Director of People and Development); and Steph Collinson (Assistant Director of Communications and Engagement).</p> <p>Resolved: That the Committee noted and endorsed the response submitted by the Executive Board.</p>
6-25/26	<p>Annual Governance Statement</p>
	<p>The Director of Corporate Services presented the report. The Authority was required to publish an Annual Governance Statement (AGS) along with the Authority's financial statements, following a self-assessment review of the effectiveness of the internal controls in place. The report and the statements set out the key elements of the Authority's governance framework, how these had been evaluated, the outcome of the assessment of effectiveness and any areas for improvement.</p> <p>The Audit Committee had previously approved a Code of Corporate Governance, in line with guidance produced jointly by CIPFA (Chartered Institute of Public Finance Accountants) and SOLACE (Society of Local Authority Chief Executives). The Code defined corporate governance as the way an authority ensured that it was doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest, and accountable manner.</p> <p>In order to assess the effectiveness of the Authority's current arrangements a self-assessment had been undertaken by the Executive Board who had considered the various sources of assurance that supported the core principles outlined in the report and the outcome of this was considered by Members under appendix A.</p> <p>The assessment also considered recommendations made as part of last year's Annual Governance Statement i) a project to replace the existing Performance Management System would commence; ii) an upgraded Finance system would be implemented in April 2022 and the Service would review and implement</p>

	<p>improvements to the monthly budget monitoring process which made greater use of additional functionality provided; iii) a mechanism to report to Members of the CFA the services response to national recommendations made by the HMICFRS during the year would be identified. The Authority had addressed these areas which include the development of a new performance management system, improvements to financial monitoring processes, and the establishment of an Organisational Assurance Team to oversee internal audits and preparedness.</p> <p>As part of the review, the Service was required to identify and disclose any significant governance issues, of which there had been none, hence the overall conclusion was that the system of internal controls was adequate.</p> <p>County Councillor Buckley asked a question regarding whether there were significant changes to the Annual Governance Statement yearly or if it remained static, as Councils had a constitution which was a single point of contact for all Governance information. The DoCS explained that the Service had a Constitution and Standing Orders, and a Scheme of Delegation akin to Local Authorities which did remain fairly static. However, the Service were required to provide the AGS to confirm its governance arrangements and if there had been any changes. There were not many changes unless government required additional information, there had been a change in structure, or any issues emerged from independent reviews. Changes specific to the AGS would not require the Constitution to be updated.</p> <p>Resolved: That the Committee noted and endorsed</p> <ol style="list-style-type: none"> I. The self-assessment and the Annual Governance Statement based on this and recommended that the Chair of the Authority sign the Statement. II. The updated Local Code of Governance
7-25/26	<p>Accounting Estimates 2024-25</p> <p>An updated report with an amendment was tabled at the meeting for Councillors. The update was to the figures in the PFI (Private Finance Initiative) Liability section.</p> <p>The Director of Corporate Services presented the report. It was noted that the International Standard on Auditing (ISA) 540: Auditing Accounting Estimates and Related Disclosures was revised in December 2018 by the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting body that served the public interest by setting high-quality international standards for auditing, quality control, and review. The auditing standard was revised because Statement of Accounts were increasingly subject to judgements and estimations performed by management and experts on a range of items within them, as required by current accounting standards. These changes required that auditors should understand and evaluate: “the nature and extent of oversight and governance that the entity has in place over management’s financial reporting process relevant to the accounting estimates.”</p> <p>The Audit Committee needed to understand what significant estimates would be included within the Statement of Accounts which were those that:</p> <ul style="list-style-type: none"> • Required significant judgement by management to address subjectivity; • Had high estimation uncertainty;

	<ul style="list-style-type: none"> • Were complex to make; • Had, or ought to have had, a change in method, assumptions or data compared to previous periods; or • Involved significant assumptions. <p>The Statement of Accounts contained estimated figures that were based on assumptions about the future or that were otherwise uncertain. Estimates considered past and current trends and/or other relevant factors. However, because balances could not be determined with certainty, actual results could be materially different from the assumptions and estimates.</p> <p>The Statement of Accounts were prepared in line with the most recent Code of Practice on Local Authority Accounting in the United Kingdom (known as the Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA).</p> <p>It was noted that the Statement of Accounts were prepared with the underlying significant assumption of Going Concern, which meant that the Authority considered its financial position to be stable for the foreseeable future, as assessed at the most recent budget setting exercise finalised in February 2025. Accounting standards required that management made an annual assessment of Going Concern, although the Code recognised that Local Authorities could not be created or dissolved without statutory prescription, the accounts must therefore be prepared on a Going Concern basis. Management had prepared the assessment in line with requirements.</p> <p>Members considered the significant Accounting Estimates for 2024/25 including the: estimated value, degree of uncertainty and methodology used for the: i) valuation of land and buildings; ii) depreciation of property and equipment; iii) valuation of both Firefighter (FF) and Local Government Pension Scheme (LGPS) liability; iv) valuation of LGPS pension asset; v) fair value measurement – Private Finance Initiative (PFI) schemes; and vi) holiday pay expenditure accrual. It was highlighted that the FF Pension Scheme was unfunded and did not have assets to match the liabilities, however, it had no impact on financial sustainability but to comply with international accounting standards those balances were included. The Actuary's key assumptions were included in the report.</p> <p>It was noted that each year Executive Board was asked to consider whether there were any transactions, events, or conditions (or changes in these) that might trigger the recognition of an additional significant accounting estimate, or the potential recognition, known as a contingent liability. Based on the returns received from Executive Board, the contingent liabilities note had been updated to reflect the current position, but there were no further significant events or transactions identified by this process.</p> <p>Resolved: That the report be noted and the accounting estimates as reported be endorsed.</p>
8-25/26	Financial Statements Updates 2024-25
	A copy of the report was tabled for Members at the meeting which replaced the

verbal update.

The Director of Corporate Services provided the committee with an update on the preparation of the Authority's 2024/25 unaudited financial statements and included the draft core financial statements for information; the Comprehensive Income and Expenditure Account, Movement in Reserves Statement and Balance Sheet.

The Director of Corporate Services explained that for the financial year 2024/25, the draft accounts should have been published by the statutory deadline; 30 June 2025, and the audited accounts should have been made available by 30 September 2025. Unfortunately, this timeline would not be met due to reasons outside the organisations control, but the draft accounts would be published by 18 July 2025 following receipt of the North West Fire Control statements earlier in the month.

There was no requirement to present the unaudited accounts to the Committee before the external audit process commenced, however, to ensure the Committee was kept up to date with the process towards completion of the audited accounts, the draft core financial statements were included in Appendix 1.

The Accounts and Audit (England) Regulations 2015 applied to the preparation, approval and audit of the Statement of Accounts and other financial statements. The regulations were based on International Financial Reporting Standards (IFRS) which attempted to standardise accounts in a consistent format across both the public and private sectors with the aim of achieving greater transparency. The table in the report summarised the adjustments required to the revenue outturn to reach the Total Comprehensive Income and Expenditure and reported in the financial statements.

The draft Comprehensive Income and Expenditure Account, Movement in Reserves Statement and Balance Sheet were set out in Appendix 1. Subject to changes as part of the Quality Assurance Processes, they would form part of the accounts for audit.

In response to a question from County Councillor Buckley in relation to the collection of uncollected council tax and how that affected the Fire Service, the DoCS explained that the financial statements reflected the reality of that and budgeting to manage throughout the year. Each district council provided an estimate of the level of council tax arrears expected over the coming year which was built into the council tax base. However, when the council tax base was set, district councils had a statutory responsibility to pay the amounts that had been agreed to be met. Uncollected council tax had a long-term effect on the amounts received by the Fire Service which, in turn, impacted on resources.

County Councillor Buckley queried whether the Fire Service took any action to help Councils with council tax collection. The DoCS advised that the Service was motivated in the same way as district councils although they had no legal responsibility to collect council tax and the responsibility was that of the councils. The Service had regular meetings with the Section 151 Officer where the collection of council tax was discussed, and the County Council had carried out a lot of work to maximise the amount of council tax collected. Regardless of the external factors

	<p>which influenced the collection of council tax, there were no concerns from the Service about any individual Council's performance in that area.</p> <p>In response to a question from the Chair in relation to penalties for missing the statutory deadline for the draft accounts, the Director of Corporate Services confirmed there were no penalties, but the Service had to publish a notice on the final date it was due with an indication of the completion date.</p> <p>The Chair asked whether training for Audit should be mandatory, especially with so many new Members who had not been Councillors previously and had no prior training. The DoCS stated that mandatory training would support assurance for the Service with regards to scrutiny, however, he understood how demanding Councillors roles could be and appreciated any feedback in relation to training. Laura Rix commented that it was standard when setting up new committees for Members to receive training, although currently, it was the Members and not the Committee which was new, but she felt training would represent best practice. County Councillor Buckley expressed concern with making training mandatory as that would limit the number of Councillors who could sit on the Committee as potential substitutes as they would also require training. The Chair requested that any future invites for training should stress the importance of being fully trained.</p> <p>Resolved: That the committee noted the update with progress in preparing the unaudited Financial Statements; and noted the Authority's draft core financial statements that would form part of the 2024/25 unaudited Financial Statements.</p>
9-25/26	<p>External Audit Plan 2024-25</p> <p>Curtis Wallace, Public Sector Audit Manager presented the Audit Plan 2024/25.</p> <p>It was noted that the external auditors were required to produce an annual audit plan, setting out the areas intended for review during the year.</p> <p>Members considered the Audit Plan which included key matters that impacted on the audit, details of significant risks identified and the key aspects of proposed response to the risk, other matters, progress against prior year recommendations, Grant Thornton's approach to materiality, IT audit strategy, value for money arrangements, audit logistics and team, audit fees, independence and non-audit services, and communication of audit matters with those charged with governance.</p> <p>The proposed audit fee was £103.053k (last year's fee was £97.6k).</p> <p>The report identified significant risk areas were i) Management of override of controls, ii) The revenue cycle includes fraudulent transactions, iii) The expenditure cycle includes fraudulent transactions, iv) Valuation of land and buildings, vi) valuation of the pension fund net liability, and vii) IFRS 16. It was noted that, as of 1st April 2024, IFRS 16 leases was mandatory for all Local Government bodies.</p> <p>Curtis Wallace confirmed that the audit was ongoing, and fieldwork would be completed in September/October with the Findings report being taken to the November Audit Committee Meeting in time for the February deadline.</p>

	<p>The Chair asked if there were any indications that fees would increase. Curtis Wallace advised that the fees were set and there was no mention of those being increased. The only reason for an increase in fees would be if an area of work were needed which was above their normal procedures.</p> <p>Resolved: That the Audit Committee agreed the external audit plan for 2024/25.</p>
10-25/26	Internal Charter and Mandate
	<p>The report was presented by Laura Rix, Senior Auditor. The Internal Charter established the framework within which Lancashire County Council's Internal Audit Service operated to best serve the Combined Fire Authority and to meet its professional obligations under applicable professional standards. It defined the purpose, authority, and responsibility of internal audit activity, established the Internal Audit Service's position in relation to the Combined Fire Authority; authorized access to records, personnel and physical properties relevant to the performance of engagements; and defined the scope of internal audit activities. Following a review by the Head of Service – Internal Audit (Head of Internal Audit), it had been updated and presented to the Audit Committee for approval.</p> <p>Resolved:- That the Committee approved the Audit Charter and Mandate.</p>
11-25/26	Internal Audit Monitoring Report
	<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 up to 06 June 2025 was presented by Laura Rix, Senior Auditor.</p> <p>The meeting was informed that there was one piece of work on Risk Management which was in the testing phase and update would be provided the next meeting of the Audit Committee. Work had not yet begun on business continuity, however, there was sufficient time within the year for that to be completed.</p> <p>To date, 2 days had been spent this financial year on completion of the 2025/26 plan. The table in the report provided a summary of the assignments that comprised the 2025/26 audit plan.</p> <p>In response to a query from the Chair as to whether it was felt that there were sufficient days left to complete the outstanding work, Laura Rix stated that she was satisfied that assurance could be given within the remaining time.</p> <p>Resolved: That the Committee noted and endorsed the report.</p>
12-25/26	Risk Management
	<p>The Director of Corporate Services presented the report to Members.</p> <p>In November 2024, the Audit Committee supported the updated Lancashire Fire and Rescue Service (LFRS) risk management policy, procedure, and the associated organisational risk register. This aligned with ISO 31000:2018</p>

standards, was in line with the National Fire Chiefs Council (NFCC) template and represented good practice in the sector. Effective risk management practices were integrated into quarterly Corporate Performance Board (CPB) meetings agendas, provided strategic oversight, ensured legislative compliance, optimised resource allocation, and facilitated risk reporting to the Combined Fire Authority.

The Audit Committee was a cornerstone of the Authority's governance framework, tasked with providing independent assurance to governance stakeholders regarding the adequacy of LFRS's risk management framework, annual governance processes, and internal control environment. Its primary function included evaluating the effectiveness of the Authority's risk management arrangements.

The Civil Contingencies Act (CCA 2004) set out the legal framework for contingency arrangements to assess, plan and advise against LFRS organisational risks, be it departmental or corporate, however, there was no prescriptive way within the framework of doing that. Therefore, the Service had the freedom to manage risk using a method that ensured a clear governance structure that best met the needs of the business.

This moral and statutory duty not only required LFRS to take all reasonable actions to safeguard its employees, assets, and the public, but also ensured that it was not financially or operationally disrupted. It could meet this duty by ensuring that risk management played an integral part in the governance of the Service at a strategic, tactical, and operational level.

The risk management policy and procedure at LFRS ensured compliance with legislative requirements and NFCC good practice. The policy and procedure were aligned with ISO 31000:2018, to ensure an accurate description and appropriate monitoring and management of LFRS risks. Additionally, a tiered approach to risk was in place which allowed for escalation and de-escalation as needed.

Effective risk management practices aligned with ISO 31000:2018 yielded numerous benefits for LFRS that included proactive risk mitigation, enhanced decision-making, clear accountability, and improved financial control.

Risk Management was integrated into quarterly CPB meetings, as a standing agenda item LFRS aimed to provide strategic oversight of the risk management process. Overall, the measures enabled LFRS to fulfil its legislative duties and optimise resource allocation whilst providing a structured mechanism for reporting on risk to the Audit Committee. The Corporate Risk Register was reviewed quarterly, and updates provided by all pertinent risk managers and owners.

Members noted that the top risks identified in the risk register were:

- Loss of Funding.
- Retention and Recruitment of On-Call Staff.

In response to a question from County Councillor Buckley in relation to adding the risk relating to potential local government reorganisation, the DoCS explained that changes in government structures were constant but would not necessarily impact the risk profile of the service but could impact on governance. He would take

	<p>forward the suggestion.</p> <p>In response to a question from the Chair in relation to the reduction of risk surrounding management of personal data, the DoCS advised that the Service had recruited to a vacant post which had resulted in reducing the risk.</p> <p>Resolved: - That the Committee: -</p> <ul style="list-style-type: none"> i) Endorsed LFRS's risk management arrangements: and ii) Noted the up-to-date Corporate Risk Matrix and Register.
13-25/26	<p>Contract Standing Orders and Procurement Update</p> <p>The Procurement Act 2023 was designed to regulate and standardise the procurement processes across public bodies. It aimed to ensure transparency, fairness, and efficiency in acquiring goods, services, and works.</p> <p>The Procurement Act 2023 came into effect on 24 February 2025 and included significant changes to the procedures that governed UK procurement. Those changes were intended to create a simpler, more flexible, commercial system that better met the needs while remaining compliant with international obligations.</p> <p>Leaving the EU provided the UK with the responsibility and opportunity to overhaul the public procurement regulations. The four existing sets of public regulations (The Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016, the Concession Contracts Regulations and the Defence and Security Public Contracts Regulations 2011) would be replaced by one set of regulations, namely the Procurement Act, which came into force on 24 February 2025.</p> <p>Procurements that commenced on or following 24 February 2025 would be regulated by the Procurement Act 2023 and the new rules. Procurement activity since 24 February to date had not been impacted by the new requirements as new procurements had been via frameworks which were compliant, but adoption of the Contract Standing Orders (CSO) would ensure all procurement routes met the requirements in the Act.</p> <p>The key changes under the Procurement Act were set out below:</p> <ul style="list-style-type: none"> a. Enhanced contract transparency <ul style="list-style-type: none"> - This required all procurement contracts to be made publicly available to ensure openness and accountability. It mandated clear documentation of procurement decisions, rationale, and outcomes. Authorities must begin implementing these transparency measures by March 2025. b. Greater pre-market engagement <ul style="list-style-type: none"> - Encouraged dialogue between procuring entities and potential suppliers before formal procurement processes begun. It was aimed at understanding market capabilities and fostering innovation. c. Streamlined procurement processes <ul style="list-style-type: none"> - Simplified the steps and requirements involved in procurement to reduce

administrative burdens and speed up project delivery. The new streamlined procedures to be adopted by March 2025.

d. Digitally led procurement

- Promoted the use of digital platforms and tools to manage procurement activities efficiently. It included online submission of bids, electronic documentation, and digital contract management. LFRS had a new e-tendering system that linked to the Central Digital Platform and ensured we were complying with the electronic tendering requirements as well as allowing us to publish all required tender notices required by law.

e. Supplier and buyer accountability

- Established mechanisms to hold both suppliers and buyers accountable for their actions during the procurement process. This included performance monitoring and compliance audits. The accountability framework was effective from March 2025.

f. Emphasis on public benefit and non-commercial factors

- Focused on achieving broader social, environmental, and economic benefits through procurement. It encouraged considering factors like sustainability, social value, and ethical practices in decision-making. Local authorities should integrate these considerations into their procurements by March 2025.

g. New below-threshold procedure

- Introduced a simplified process for procurements that fall below certain financial thresholds, making it easier and faster to engage smaller contracts. This new procedure came into effect in March 2025.

h. Central debarment list

- Implemented a centralised list of suppliers who were banned from participating in public procurements due to past misconduct or poor performance. Local authorities needed to check this list as part of their due diligence from March 2025.

i. Revised evaluation criteria

- Updated the criteria used to evaluate bids to ensure they aligned with modern procurement goals such as innovation, sustainability, and value for money. These revised criteria were mandatory for all procurements starting from March 2025.

Lancashire Fire and Rescue Service (LFRS) had made progress against all the changes and adoption of the new CSOs would enable further compliance. Since the implementation of the Act, new procurements had been undertaken via frameworks that met the requirements of the Act. To ensure alternative procurement routes could be undertaken, such as open and negotiated tenders, the CSOs were required to be updated.

A review of the CSOs against the Procurement Act requirements identified several areas that needed updates to meet best practices. The CSOs were revised accordingly, with key changes summarised below:

Threshold Changes

- i. The new thresholds must also account for VAT to ensure compliance with the Transparency requirements in the Act; these have been updated and rounded accordingly.

Procurement Routes

- ii. The Act introduced several new procurement routes that included competitive tendering, negotiated procedures, and dynamic purchasing systems. These routes were designed to improve transparency, efficiency, and value for money in public procurement. The Act also included evaluation criteria set by the Cabinet Office. The CSOs had been updated to align with the Act's procurement routes and included amended evaluation criteria from the Cabinet Office, the evaluation criteria summary was set out below:
 - Value for Money: Ensuring the best possible outcome relative to expenditure.
 - Social Value: Considering the impact on local communities and the environment.
 - Supplier Capability: Assessing the ability of suppliers to deliver goods or services effectively.
 - Innovation: Encouraging creative solutions and technological advancements.

Roles, Responsibilities

- iii. Clarity regarding the roles, responsibilities and sign off procedures were included in the amended CSOs and outlined who was responsible for the contract management in relation to each contract once the contract had been awarded.

Other Changes

- iv. Reference of old systems and processes had been removed and changes to the layout to ease the readability of the CSOs had been made where appropriate.

The Contract Procedure Rules would be reviewed annually or in line with any necessary legislation changes and would be presented to the CFA's Corporate Governance Committee for approval.

The Chair asked for assurance that the Contract Standing Orders was as robust as possible. The Head of Finance and Procurement provided assurances that all procurement standards had been met, and the Service had worked with other Fire and Rescue Services to ensure robustness. Laura Rix added that Procurement was included in the audit plan and would be assessed later in the year.

Resolved:- That the Committee: -

- i) Noted progress with implementing the requirements under the new Procurement Act 2023;
- ii) Approved amendments to the Contract Standing Orders as set out in the report and the revised CSOs in Appendix A.

14-25/26 **Date of Next Meeting**

The next meeting of the Committee would be held on **25 September 2025** at 10:00 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.

Further meeting dates were noted for 27 November 2025 and agreed for 26 March 2026.

County Councillor Buckley asked for clarification on the start time of the meetings, the DoCS confirmed that the meetings ordinarily commence at 10am, the current meeting had been an exception.

Councillor Hugo asked if there would be an option to dial into the meeting virtually. The Member Services Manager explained that hybrid meetings were only utilised for working groups, not committee meetings. The DoCS added that this was due to the need for statutory decisions to be made.

County Councillor Buckley asked if any documents could be printed landscape in the agenda pack. The Member Services Manager explained that the agenda packs were system generated but this could be checked and implemented if possible.

The Chair noted that today would be Laura Rix's last Audit Committee Meeting and thanked her for her work over the past few years.

M Nolan
Clerk to CFA

LFRS HQ
Fulwood

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Lancashire Combined Fire Authority

Audit Committee

Meeting to be held on 11 December 2025

Statement of Accounts 2024/25

(Appendix 1 refers)

Contact for further information – Steven Brown - Director of Corporate Services
Tel: 01772 866804

Executive Summary

This report presents the Statement of Accounts for the financial year ended 31 March 2025. This includes the Authority's 25% share of the North West Fire Control accounts.

Recommendation(s)

The Committee is asked to approve and authorise the Chair and Director of Corporate Services to sign the Statement of Accounts and approve any non-material amendments post Committee.

Information

The Combined Fire Authority's Statement of Accounts is attached as Appendix 1. The Authority must prepare and publish a Statement of Accounts annually. Its purpose is to give electors, local taxpayers, Fire Authority Members, employees and other interested parties clear information about the Fire authority's finances.

The aim is 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 gives a guide to the most important matters included in the Statement of Accounts.

This Statement of Accounts covers the financial year ended on 31 March 2025 (referred to as 2024/25). It has 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 contains:

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

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

Statement of Responsibilities for the Statement of Accounts – Sets out the responsibilities of the Authority and the Treasurer with regards to the statement of accounts.

Comprehensive Income & Expenditure Statement - This statement shows 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 raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Movement In Reserves Statement – This statement shows 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 shows the true economic cost of providing the Fire Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

Balance Sheet – This shows information on the financial position of the Fire Authority as at the 31 March 2025, including 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 shows 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 – Shows the financial position of the fire fighters pension fund account, showing whether the Authority owes, or is owed, money by the Government to balance the account, together with details of its net assets.

Business risk

None.

Sustainability or Environmental Impact

None.

Equality and Diversity Implications

None.

Data Protection (GDPR)

Will the proposal(s) involve the processing of personal data? N

HR implications

None.

Financial implications

None.

Legal implications

As set out in the report.

Local Government (Access to Information) Act 1985**List of background papers**

Paper: N/A

Date: N/A

Contact: N/A

Reason for inclusion in Part 2 if appropriate: Insert Exemption Clause

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Statement of Accounts

2024/25

Lancashire Combined Fire Authority

Statement of Accounts 2024/25

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Narrative Report

The Lancashire Combined Fire Authority (CFA) (the Authority) was established as a free-standing body from 1 April 1998. It sets its own budget, holds its own reserves, raises its own council tax, and receives funding direct from the Government and through business rates.

The Authority must prepare and publish a Statement of Accounts annually. Its purpose is to give electors, local taxpayers, Fire Authority Members, employees, and other interested parties clear information about the Fire authority's finances.

The aim is 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; and
- what was owed, to and by, the Fire Authority at the end of the financial year.

This narrative report gives a guide to the most important matters included in the Statement of Accounts.

Contents of this Statement of Accounts

This Statement of Accounts covers the financial year ended on 31 March 2025 (referred to as 2024/25). It has 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 contains:

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

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

Statement of Responsibilities for the Statement of Accounts – Sets out the responsibilities of the Authority and the Treasurer with regards to the statement of accounts.

Comprehensive Income & Expenditure Statement - This statement shows 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 raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Movement in Reserves Statement – This statement shows 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 shows the true economic cost of providing the Fire Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

Balance Sheet – This shows information on the financial position of the Fire Authority as at the 31 March 2025, including 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 shows 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 – Shows the financial position of the fire fighters pension fund account, showing whether the Authority owes, or is owed, money by the Government to balance the account, together with details of its net assets.

Review of the Year

Preventing fires and other emergencies is one of our key priorities and the most effective way to make Lancashire safer. It is pleasing that we saw a reduction in the number of accidental house fires of more than double the national average, reflecting dedicated prevention services that provide safety interventions in homes, educate people in our fire safety campaigns, and teach children fire safety in schools.

Supporting businesses, employers, and landlords to meet their legal duties and keep people safe in their buildings amid changes to fire safety legislation remained an area of focus. Our business fire safety check service delivered more interventions than ever before and when those responsible for fire safety failed to comply, we took enforcement action.

Last year a supported living care provider was prosecuted for fires safety breaches in a case believed to be the first of its kind, and in which tragically someone lost their life. We will always work with those willing to address fire safety issues however we will not hesitate to act when necessary.

Firefighters responded to 17,000 incidents across Lancashire during the year, including complex, challenging, and protracted emergencies demanding expert operational skills and, in some cases, exceptional dedication and bravery.

Investment in two new water towers strengthened firefighting capabilities in tall buildings. These innovative fire engines can penetrate buildings at height to inject water, simultaneously minimising damage to homes and businesses and improving firefighter safety. We now have four water towers providing greater cover across Lancashire.

As part of our work to improve the sustainability of our on-call fire engines, we invested in research into recruitment and retention challenges and opportunities. In a first for the fire and rescue service nationally, this led to the development of an innovative online tool which provides local leaders with data and insight to support their stations and maximise fire engine availability.

Our people are central to everything we achieve and investment in their training, equipment, wellbeing, and safety is a long-held priority. Last year this focussed on supporting mental health alongside investment in body worn cameras to improve firefighter safety and operational learning.

We also created a wider range of opportunities for people in our Service to develop their careers and take their next step, be that through specialist skills, different roles or promotion. The way we deliver training changed from a fixed model in a central location to flexible provision, using technology or taking training to fire stations.

I am proud of the contribution everyone in the Service makes every day, on the frontline and supporting behind the scenes. There is an unwavering determination to achieve our goals, respond positively to challenges, and make a difference in our communities.

The 2024/25 Financial Overview

The Authority's spending is planned and controlled by an annual budget process, which leads to the setting of its budget requirement. Expenditure on the day-to-day running costs of the service is determined through the Revenue Budget and is recorded in the Comprehensive Income and Expenditure Statement.

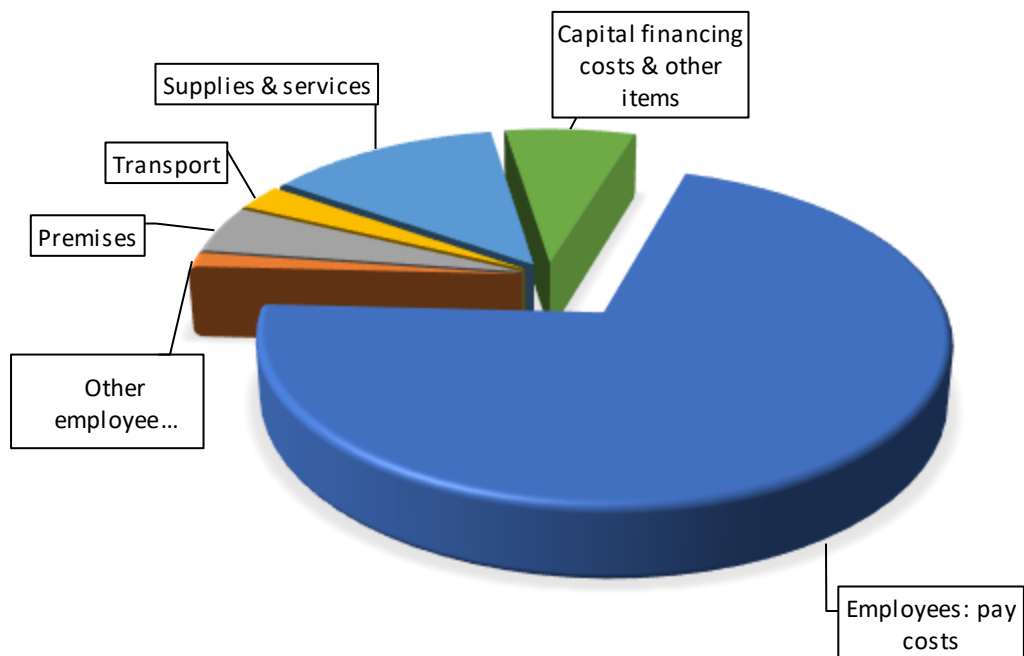
In setting its budget the Authority aims to balance the public's requirement for and expectations of our services with the cost of providing this. As such the revenue budget focuses on the need to:-

- deliver services as outlined in the Risk Management Plan and other plans;
- maintain future council tax increases at reasonable levels;
- continue to deliver efficiencies in line with targets;
- continue to invest in improvements in service delivery and facilities;
- set a robust budget that takes account of known and anticipated pressures; and
- maintain an adequate level of reserves.

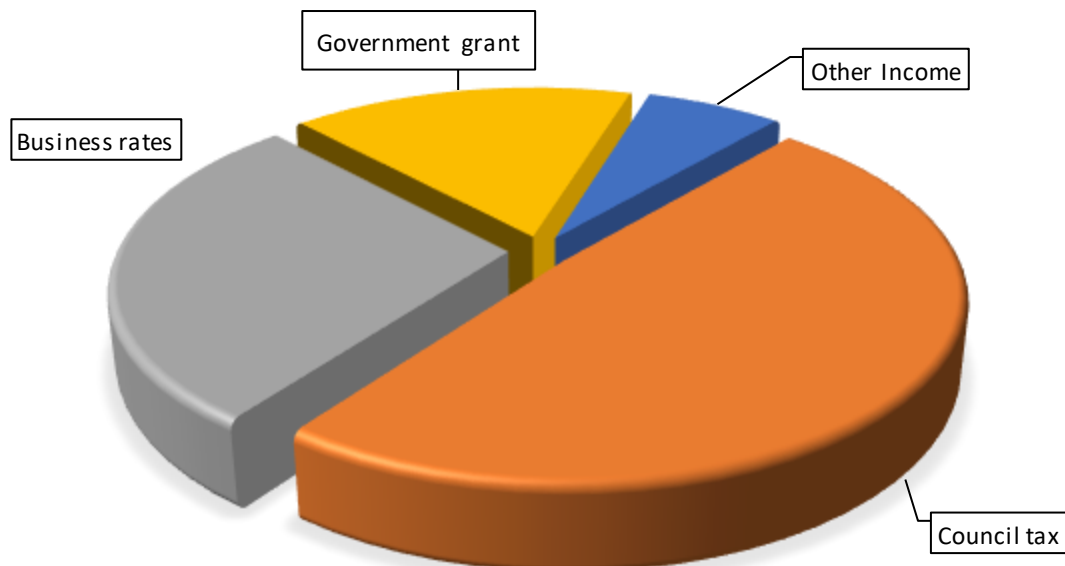
The Authority agreed a net revenue budget of £75.2m and a council tax of £84.73 for the financial year 2024/25. This represented a 2.99% (£2.46) increase in council tax, in line with the Council Tax referendum limit. Based on this, the budget was considered affordable, prudent, and sustainable, whilst ensuring that the Authority was able to deliver against its corporate priorities.

The following charts show our key areas of budgeted income and expenditure:

EXPENDITURE ANALYSIS 2024/25



INCOME ANALYSIS 2024/25



The net revenue position shows a small underspend of £0.8m over the year:

Comparison (£000)	Budget	Spend	(Under)/ Overspend
Employees: pay costs	57,914	58,523	609
Other employee related costs	(1,102)	(1,202)	(99)
Premises	5,011	3,955	(1,056)
Transport	2,345	2,122	(223)
Supplies & services	11,321	10,618	(703)
Capital financing costs & other items	4,414	5,911	1,497
Total Expenditure	79,903	79,927	25
Other Income	(4,748)	(5,339)	(591)
Budget requirement	75,155	74,588	(567)

Funded by:			
Council tax	(39,396)	(39,396)	-
Business rates	(22,289)	(22,457)	(168)
Government grant	(13,470)	(13,470)	-
Sub-total	(75,155)	(75,323)	(168)
Net (Under)/Overspend	-	(735)	(735)

The following reconciliation shows the comparison between the revenue budget position, as set out above, and the Total Comprehensive Income and Expenditure figure reported in the accounts.

Reconciliation	£000
Revenue Outturn	(735)
Remove Capital Contributions and transfers to / from reserves	(5,239)
Adjustments for Capital Purposes	5,159
Net change for Pensions Adjustments	3,451
Other Differences	417
Deficit on provision of services	3,054
(Surplus)/Deficit on revaluation of fixed assets	(3,645)
Actuarial (gains)/losses on pension fund assets	(67,199)
Total Comprehensive Income and Expenditure	(67,791)

The Authority's general fund balance, that includes our share of North West FireControl, was £5.66m at the start of the year. Following a review of reserves during the year and the transfer of the underspend the reserve balance at the end of the year is £6.56m. The Authority's year-end balance excluding our share of North West FireControl is £5.72m (this is above the minimum level of reserves approved by the Authority at its budget meeting in 2024).

The Authority also holds an additional £10.68m of earmarked revenue reserves and £18.33m of capital reserves and receipts. The Capital reserves and receipts are fully utilised within the medium-term financial strategy. It is also worth noting that over half of the earmarked reserve relates to the Authority's two PFI schemes, whereby monies are set aside in the early years of the schemes to meet future costs, thus smoothing out the impact of inflationary pressures.

The Authority has continued to invest in its asset base, with capital expenditure excluding NW FireControl Limited incurred in the year totalling £4.1m, with the main contributors to this being set out below:-

Capital Expenditure	£m
Vehicles <ul style="list-style-type: none"> Fire Appliances, Command Units, Aerial Appliance and various Support Vehicles including vans and cars. 	2.2
Operational Equipment <ul style="list-style-type: none"> RTC Rescue Equipment, Drone, Thermal Imaging Cameras, Appliance CCTV 	1.0
ICT Equipment <ul style="list-style-type: none"> Command Support software, Firewall, Website, Station uninterruptable power supply 	0.3
Buildings <ul style="list-style-type: none"> Dormitory facilities, Drill tower replacements & work at the fleet workshop 	0.6
Total	4.1

The Balance Sheet shows that the Authority's Total Net Liabilities have 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 c£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 reflects 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 is funded the Fire-fighters Pension Scheme is unfunded, there are no assets from which future liabilities will be paid, and hence the Authority's overall Fire-fighters pension liability of (£588m) is extremely large. If this liability was excluded the Authority's Total Net Assets would be £153m.

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

Future Financial Plans

A new Government was elected in 2025 and thus a one-year settlement was provided for the final year of the previous Government for 2025/26. The new Government has committed to a spending review, a multi-year settlement, a review of the funding formula and review of business rates retention scheme for 2026/27; all of which may impact on future plans. The 2024/25 Local Government Finance Settlement showed an increase in the Governments Settlement Funding Assessment of 7.5%.

The Government allowed Fire Authorities to increase council tax levels by £5 compared to 2.99% the previous year, resulting in a council tax of £89.73 per band D property.

The Authority agreed a net revenue budget of £77.5m, allowing for inflationary pressures. Based on this the budget, as presented, is considered affordable, prudent, and sustainable, whilst ensuring that the Authority can deliver against its corporate priorities. Overall, the net budget increased by 3%.

Given economic uncertainty, the potential impact of the Fair Funding Review and potential changes to local retention of Business rates, it is extremely difficult to anticipate what funding will look like beyond the existing settlement, hence for the purpose of medium-term financial strategy we had assumed that the funding will increase broadly in line with inflation. Based on this we have been able to set a balanced budget in future years, after allowing for council tax increases in line with forecast inflation.

The capital budget continues to invest in our asset base, in particular new buildings/stations, vehicle replacement, new operational equipment, and new IT requirements. This gives rise to a capital program of £86m over the next five years.

We will continue to invest to ensure that our staff have the best equipment available, our vehicle programme sees us investing in enhanced aerial capability, whilst our operational equipment investment includes the replacement of our Breathing Apparatus sets and telemetry.

When the national Emergency Services Mobile Communications Programme (ESMCP) progresses to a stage where we can purchase replacement radio and mobilising equipment, we will upgrade our current provision. This project has incurred delays and is outside of our control. It is assumed that any costs to the Authority will be funded by specific capital grant.

Most of the capital programme relates to planned enhancements to our building stock, including the potential replacement of Service HQ and Preston Fire Station, together with enhancements to our training props at our Service Training Centre.

The capital programme shows the Authority utilising all its capital reserves and receipts by the end of 2026/27, meaning that the remainder of the capital programme will need to be met from £49m of new borrowing. New borrowing will impact the revenue budget as capital financing (interest payable and Minimum Revenue Provision - MRP) charges and therefore efficiency savings of £2.5m will need to be delivered in the medium term, and this is reflected in our Medium-Term Financial Strategy.

The following significant financial risks have all been assessed and the Treasurer feels that these are adequately covered within the budget estimates or within the level of reserves currently held:-

- Reduction in Business Rate funding following the reset of business rates due in 2026/27.
- Adverse impact for the Fire Sector following the three-year Spending Review that is due for completion in late 2025.
- Adverse impact for LFRS following the review of the Funding Formula
- Non delivery of savings required in the MTFS.
- Changes to the Business Rates Retention Scheme.
- Adverse changes because of the implementation of the Fair Funding Review.
- Reduction in Council Tax funding.
- Higher than anticipated inflation.
- Larger increases in pension costs.
- Significant changes to retirement profiles.
- Increase in demand led pressures.
- Higher insurance claims.
- Higher interest rates assumed for borrowing.

Accounting Changes

The accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code).

Statement on Annual Governance Arrangements by The Chairman of The Combined Fire Authority, The Treasurer to The Combined Fire Authority and The Chief Fire Officer

Scope of Responsibility

Lancashire Combined Fire Authority (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Authority approved and adopted an updated Local Code of Corporate Governance in 2018, and this was reviewed by the Audit Committee in July 2024. It aligns with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA)/ Society Of Local Authority Chief Executives and Senior Managers (SOLACE) Framework *Delivering Good Governance in Local Government Framework 2016*. Included within the Code are the following core principles:-

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
2. Ensuring openness and comprehensive stakeholder engagement
3. Defining outcomes in terms of sustainable economic, social, and environmental benefits
4. Determining the interventions necessary to optimise the achievement of the intended outcomes
5. Developing the entity's capacity, including the capability of its leadership and the individuals within it
6. Managing risks and performance through robust internal control and strong public financial management
7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

(A copy of the code, setting out the core and supporting principles, what the Authority commits itself to do and how it will do this can be found on our website at [Code of Corporate Governance | Lancashire Fire and Rescue Service.](#))

This statement explains how the Authority has complied with the code and meets the requirements of regulation 6(2) of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Authority for the year ended 31 March 2025 and up to the date of approval of the 2024/25 Statement of Accounts.

The Governance Framework

The Authority's Local Code of Corporate Governance set out its framework for corporate governance. The key elements of the systems and processes that comprise the Authority's governance arrangements in accordance with the seven principles of the Local Code of Corporate Governance include:-

- The Community Risk Management Plan (CRMP) sets out the direction of the Service and how we will make Lancashire safer. It is informed by the greatest risks to the people and communities of Lancashire which are identified in our strategic assessment of risk (opens in a new tab). The plan describes our aim, priorities, equality objectives and values, alongside how we will prevent, protect and respond to the risks in Lancashire. The current plan covering 2022-2027 can be found on our website at [Community Risk Management Plan 2022-2027 | Lancashire Fire and Rescue Service \(lancsfireandrescue.org.uk\)](https://lancsfireandrescue.org.uk/community-risk-management-plan-2022-2027).
- Lancashire Fire and Rescue Service has six core strategies: our People, Prevention, Protection, Response, Financial and Digital Strategies. Our prevention, protection and response activities address the fire and rescue related risks that are identified in those strategies and outline the measures in place and actions we take to make Lancashire safer. Each strategy is periodically reviewed and evaluated to ensure we are delivering against our outlined objectives and are doing so in the most efficient and effective way. Wherever necessary, changes will be made within each strategy to ensure we operate in line with our aim, priorities and values.
- The Strategic Assessment of Risk' (SAoR) seeks to underpin our Community Risk Management Plan (CRMP) by ensuring that risk management drives decision-making within Lancashire. This document can be found on our website at [Strategic Assessment of Risk 2023-2024 | Lancashire Fire and Rescue Service \(lancsfireandrescue.org.uk\)](https://lancsfireandrescue.org.uk/strategic-assessment-of-risk-2023-2024);
- The Annual Service Plan details the activities we will undertake to deliver the strategy set out in our CRMP. The current plan was approved this year and can be found on our website at [Annual Service Plan 2025-2026 | Lancashire Fire and Rescue Service](https://lancsfireandrescue.org.uk/annual-service-plan-2025-2026);

- The Lancashire Combined Fire Authority's consultation strategy has been in place since the integrated risk management planning arrangements were introduced in 2003
[Consultation Strategy | Lancashire Fire and Rescue Service](#);
- A comprehensive performance management framework, with the Performance Committee and Service Management Team receiving regular reports on performance against targets and any corrective action taken to address any variances. On an annual basis the Authority publishes an Annual Service Report, this can be found on our website at [Annual Service Report 24_25.pdf](#);
- A Corporate Programme Board provides oversight across 5 areas:-
 - Business Process Improvement Programme
 - Service Delivery Change Programme
 - Capital Projects Programme.
 - People Strategy
 - Risk Management

All major projects and reviews follow similar format and report to the Corporate Programme Board;

- The Authority operates a Committee Structure aligned to strategic objectives, within agreed Terms of Reference, as follows:-
 - The Audit Committee - To advise on the adequacy and effectiveness of the Authority's Internal and External Audit Service and risk management arrangements, which operates in line with the core functions identified in CIPFAs Audit Committees – Practical Guidance for Local Authorities.
 - The Resources Committee - To consider reports and make decisions relating to financial, human resources and property related issues.
 - The Planning Committee - To consider reports and make decisions relating to all aspect of planning arrangements, including consultation and communication arrangements.
 - The Performance Committee - To consider reports and make recommendations on all aspects of performance management.
 - The Appeals Committee -To hear relevant appeals, grievances and complaints.
- Clear management structure within the Service. The Executive Board, comprising the Chief Fire Officer (head of paid service), and 4 Executive Directors, is responsible for determining policy, monitoring performance and developing service plans in line with the Authority's overall strategic objectives and is assisted in this process by the Service Management Team.
- The Combination Scheme Order, Standing Orders, Terms of Reference of individual Committees, Scheme of Delegation and Financial Regulations establish overall arrangements for policy setting and decision making and the delegation of powers to members and officers.

- Comprehensive suite of strategies and policies in place and regularly reviewed.
- Codes of Conduct for members and officers, and member/officer protocol, which set out clear expectations for standards of behaviour.
- Both the Monitoring Officer and Treasurer are involved in the Authority's decision-making process, and ensure compliance with established policies, procedures, laws and regulations; All Authority reports are considered for human resource, financial, business risk, environmental and equality and diversity implications to identify key issues.
- The Treasurer's role and financial management arrangements align with requirements set out in CIPFAs Statement on the Role of the Chief Financial Officer in Local Government and CIPFAs Financial Management Code.
- Well publicised arrangements for dealing with complaints and whistleblowing, and for combating fraud and corruption.
- A Risk Management Strategy and framework which ensures that risks to the Service's objectives are identified and appropriately managed.
- Comprehensive Business Continuity arrangements in place and tested on a regular basis.
- A framework to review potential partnership arrangements utilising set criteria prior to entering such arrangements.
- Compliance with data transparency requirements, including publication of all key documents, committee agenda and minutes, pay policy and publication scheme on the internet.
- Regular assessment of training & development needs of both members and officers, including appropriate appraisal system. Sufficient budget to meet relevant training requirements; and
- Comprehensive service review process in place, comprising external views in the form of His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) Inspection review, External Audit reviews, Internal Audit reviews and internal reviews undertaken by our own staff. Ultimately these culminate in the production, and publication, of an Annual Assurance Statement.

Review of effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Auditors annual report, and by comments made by the external auditors and other review agencies and inspectorates.

A statement of assurance was approved by the Authority in February 2025, it sets out the effectiveness of the governance arrangements for which it is responsible, including the

system of internal control. The statement of assurance covers all the principles set out in the Authority's Code of Corporate Governance. The statement of assurance reveals no areas of weakness in the Authority's corporate governance arrangements; the arrangements are in all cases at least adequate and in most areas good.

In maintaining and reviewing the effectiveness of the Authority's governance arrangements the following have been considered:-

- A review of minutes of the Executive Board, Audit Committee and Authority to ensure that periodic monitoring and reviews are being reported appropriately and governance issues are addressed.
- We updated our Strategic Assessment of Risk that underpins our Community Risk Management Plan (CRMP) by ensuring that risk management drives decision-making within Lancashire. We undertook an emergency cover review (ECR) in 2022 to ensure that its emergency response remains effective and efficient, and that the Service is well equipped to respond to future challenges.
- HMICFRS reported the outcome of their second full inspection in July 2022; the focus was on the service they provide to the public, and the way they use the resources available. The HMICFRS reported that the Service is performing exceptionally well and has been recognised as 'outstanding' for promoting values and culture. As well as being rated 'outstanding' for culture and values, the service was rated as 'good' in the other 10 categories and there were no areas that 'require improvement.' The results mirror those of the service's first full inspection in 2018, with the new report highlighting that the service has improved in almost all areas since then. The next inspection was undertaken in early 2025 and is expected to be reported in mid-2025.
- A new Annual Service Plan has been published, providing clarity, both internally and externally, on our priorities set out in the CRMP and describes what our ambitions are for each priority, as well as setting out the projects and actions that will be delivered, developed or reviewed during the coming year against each of our priorities. This is supported by Local Delivery Plans.
- Statement of Intent: Enhanced Collaboration agreed between LFRS, Lancashire Constabulary and Northwest Ambulance Services. Collaboration group established with regular reports to Members.
- An Organisational Assurance Team. The newly formed Organisational Assurance team under Planning, Performance and Assurance was formed in 2024 and has a broader reference than just a focus on operational assurance. The team has the responsibility for HMICFRS liaison, operational preparedness and will undertake internal audits/ assurance across the whole organisation based on trends, themes and emerging needs. The team will identify and share good practice as well as areas for improvement, items will be tracked through to completion. The Organisational Assurance team will work closely with the Operational Assurance team (under Training and Operational Review) who have the responsibility for operational learning and response. The Operational Assurance team will continue to create the operational assurance performance summary which is published quarterly. A programme of preparedness visits will be managed by the Organisational Assurance team which has expanded on the operational audits undertaken previously.

- Performance appraisal incorporating values is undertaken throughout the Service.
- Internal Audit services were provided by Lancashire County Council, who comply with CIPFA's Code of Internal Audit Practice. The Head of Internal Audit is required by professional standards to provide an opinion addressing governance, risk management and control and thereby to provide assurance that the risks to the objectives of Lancashire Combined Fire Authority are being adequately and effectively controlled. As part of the 2024/25 internal audit plan the auditors undertook various reviews and gave the overall opinion that they can "**provide substantial assurance** regarding the adequacy of design and effectiveness in operation of the organisation's frameworks of governance, risk management and control."
- The Authority's external auditors are Grant Thornton, Auditors of fire authorities in the UK have specific legal responsibilities under the Local Audit and Accountability Act 2014. Under Section 20(1)(c) of the Local Audit and Accountability Act 2014, auditors are required to assess whether fire authorities have made proper arrangements for securing economy, efficiency, and effectiveness in their use of resources. The Code of Audit Practice, issued by the National Audit Office (NAO), mandates auditors to provide a Value for Money (VfM) commentary, focusing on financial sustainability, governance, and the authority's ability to improve its economy, efficiency, and effectiveness. A summary of their key judgements is provided below:
 - Financial Sustainability – "No significant weaknesses in arrangements identified".
 - Governance – "No significant weaknesses in arrangements identified".
 - Improving economy, efficiency and effectiveness - "No significant weaknesses in arrangements identified".
- On 18 November 2024 Grant Thornton gave an unqualified opinion on the Authority's finance statements ended 31 March 2024.

Last year's Annual Governance Statement identified several areas for improvement, and progress against these are set out below:

Area for Improvement	Action to Date	Complete/ On-going	Owner
A project to replace the existing Performance Management System will commence	The new Service level performance dashboard has been delivered and is in use across the service. A performance dashboard project remains live with further Power Bi dashboards in development to support departments and teams across LFRS. A finance proof of concept dashboard has been end-user tested with final development underway. People and culture, and service delivery dashboards are in development.	Complete	Head of Service Improvement
An upgraded Finance system will be implemented in April 2022, as part of that we will review and implement improvements to the monthly budget monitoring process, making greater use of additional functionality provided.	New budget monitoring statements were rolled out in 2024 however, we aim to continue to make improvements to the monitoring process during 2025/26.	Complete	Head of Finance

Significant governance issues

On the basis of the review of the sources of assurance and opinions from both the external and internal auditors set out in this statement, there are no significant governance arrangements.

Approved:

Ged Mirfin

County Councillor G Mirfin,
Chairman,
Lancashire Combined Fire
Authority
[DATE]

Jon Charters

J Charters,
Chief Fire Officer,
Lancashire Fire and
Rescue Service
[DATE]

Steven Brown

S Brown,
Treasurer,
Lancashire Combined Fire
Authority
16th July 2025

Independent Auditor's Report to the Members of Lancashire Combined Fire Authority

To add on final audit

UNAUDITED

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required:

- To make arrangements for the proper administration of the financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority that officer is the Treasurer to the Fire Authority.
- To manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA/ Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting ('the Code'), is required to present a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2024.

In preparing this Statement of Accounts, the Treasurer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code.

The Treasurer has also:

- Kept proper accounting records which were up-to-date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Steven Brown

Steven Brown CGMA
Treasurer to the Combined Fire Authority
16th July 2025

Mark Clifford

Mark Clifford
Chair of Audit Committee
[Date]

Explanation of Financial Statements

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; 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

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'Usable Reserves' (those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the provision of services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Comprehensive Income and Expenditure Statement for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Authority.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories, usable reserves are those that the Authority 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 capital receipts may only be used to fund capital expenditure). The second category is unusable reserves and 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'.

Comprehensive Income and Expenditure Statement

		2024/25	2024/25	2024/25	2023/24	2023/24	2023/24
	Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Income £000	Gross Expenditure £000	Net Expenditure £000
Continuing operations:							
Service Delivery	1	25,881	(2,409)	23,473	23,174	(2,181)	20,993
Strategy and Planning	1	12,801	(642)	12,159	12,802	(736)	12,066
People and Development	1	2,231	-	2,231	2,081	-	2,081
Corporate Services	1	5,616	(6)	5,610	6,253	(66)	6,187
Fire-fighters Pensions	1	1,412	-	1,412	1,271	-	1,271
Overheads	1	10,875	(4,903)	5,971	8,814	(5,366)	3,448
Net Cost of Services	1	58,816	(7,960)	50,856	54,395	(8,349)	46,046
Gain)/Loss on disposal of non-current assets				(116)			32
Financing & investment income & expenditure							
Interest payable and similar charges	8			1,272			1,366
Pensions interest cost and expected return on pensions assets	16			29,127			28,750
Interest receivable and similar Income	8			(2,291)			(1,574)
Taxation and non-specific grant income							
Council tax				(39,911)			(37,826)
Revenue Support Grant				(13,470)			(9,727)
Non-domestic rates redistribution				(16,740)			(16,080)
Business rates S31 grant				(5,673)			(4,872)
Capital grant income				-			(277)
Deficit on the provision of services				3,054			5,838

		2024/25	2024/25	2024/25	2023/24	2023/24	2023/24
	Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Income £000	Gross Expenditure £000	Net Expenditure £000
Surplus on revaluation of non-current assets				(3,645)			(1,206)
Actuarial (gains)/losses on pensions assets and liabilities	19			(67,199)			(4,170)
Other comprehensive income & expenditure				(70,845)			(5,377)
Total Comprehensive Income and Expenditure				(67,791)			461

Movement in Reserves Statement 2024/25

	General fund £000	Earmarked reserves £000	Total General Fund Balance £000	Capital funding reserve £000	Capital grant unapplied reserve £000	Capital receipts reserve £000	Total usable reserves £000	Unusable reserves £000	Total Authority reserves £000
Balance at 31 March 2024 carried forwards	5,662	8,442	14,104	19,593	-	71	33,768	(536,720)	(502,953)

Movement in reserves during 2024/25									
Surplus/(Deficit) on provision of services	(3,054)	-	(3,054)	-	-	-	(3,054)	-	(3,054)
Other comprehensive income and expenditure	-	-	-	-	-	-	-	70,845	70,845
Total comprehensive income and expenditure	(3,054)	-	(3,054)	-	-	-	(3,054)	70,845	67,791

Adjustments between accounting basis and funding basis under regulations									
Charges for depreciation and impairment of non-current assets	6,719	-	6,719	-	-	-	6,719	(6,719)	-
Amortisation of intangible assets	219	-	219	-	-	-	219	(219)	-
Disposal of assets	(116)	-	(116)	-	-	123	7	(7)	-
Capital grants unapplied	-	-	-	-	-	-	-	-	-
Provision for the repayment of debt	(606)	-	(606)	-	-	-	(606)	606	-
Capital expenditure charged against General Fund Balance	(3,000)	-	(3,000)	(1,261)	-	-	(4,261)	4,261	-
Amount by which the Code and the statutory pension costs differ	3,709	-	3,709	-	-	-	3,709	(3,709)	-

Lancashire Combined Fire Authority
Statement of Accounts 2024/25

	General fund £000	Earmarked reserves £000	Total General Fund Balance £000	Capital funding reserve £000	Capital grant unapplied reserve £000	Capital receipts reserve £000	Total usable reserves £000	Unusable reserves £000	Total Authority reserves £000
Amount by which the Code and the statutory collection fund income differ	(472)	-	(472)	-	-	-	(472)	472	-
Adjustments total	6,453	-	6,453	(1,261)	-	123	5,315	(5,315)	-
Net increase/decrease before transfers to earmarked reserves	3,399	-	3,399	(1,261)	-	123	2,261	65,529	67,791
Transfers (to)/from earmarked reserves	(2,239)	2,239	-	-	-	-	-	-	-
Transfers (to)/from capital funding reserve	-	-	-	-	-	-	-	-	-
Transfers (to)/from accumulated absences adjustment account	(258)	-	(258)	-	-	-	(258)	258	-
Net transfer (to)/from earmarked reserves	(2,497)	2,239	(258)	-	-	-	(258)	258	-
Increase/(Decrease) in the year	902	2,239	3,141	(1,261)	-	123	2,003	65,787	67,791
Balance at 31 March 2025 carried forwards	6,564	10,681	17,245	18,331	-	194	35,770	(470,932)	(435,162)

Movement in Reserves Statement 2023/24

	General fund £000	Earmarked reserves £000	Total General Fund Balance £000	Capital funding reserve £000	Capital grant unapplied reserve £000	Capital receipts reserve £000	Total usable reserves £000	Unusable reserves £000	Total Authority reserves £000
Balance at 31 March 2023 carried forwards	4,887	9,258	14,145	20,344	27	1,692	36,208	(538,699)	(502,491)

Movement in reserves during 2023/24									
Surplus/(Deficit) on provision of services	(5,838)	-	(5,838)	-	-	-	(5,838)	-	(5,838)
Other comprehensive income and expenditure	-	-	-	-	-	-	-	5,377	5,377
Total comprehensive income and expenditure	(5,838)	-	(5,838)	-	-	-	(5,838)	5,377	(461)

Adjustments between accounting basis and funding basis under regulations									
Charges for depreciation and impairment of non-current assets	5,865	-	5,865	-	-	-	5,865	(5,865)	-
Amortisation of intangible assets	188	-	188	-	-	-	188	(188)	-
Disposal of assets	32	-	32	-	-	16	48	(48)	-
Capital grants unapplied	27	-	27	-	(27)	-	-	-	-
Provision for the repayment of debt	(517)	-	(517)	-	-	-	(517)	517	-
Capital expenditure charged against General Fund Balance	(4,171)	(266)	(4,437)	(751)	-	(1,637)	(6,825)	6,825	-
Amount by which the Code and the statutory pension costs differ	4,554	-	4,554	-	-	-	4,554	(4,554)	-

Lancashire Combined Fire Authority
Statement of Accounts 2024/25

	General fund £000	Earmarked reserves £000	Total General Fund Balance £000	Capital funding reserve £000	Capital grant unapplied reserve £000	Capital receipts reserve £000	Total usable reserves £000	Unusable reserves £000	Total Authority reserves £000
Amount by which the Code and the statutory collection fund income differ	87	-	87	-	-	-	87	(87)	-
Adjustments total	6,066	(266)	5,800	(751)	(27)	(1,621)	3,401	(3,401)	-
Net increase/decrease before transfers to earmarked reserves	228	(266)	(38)	(751)	(27)	(1,621)	(2,437)	1,976	(461)
Transfers (to)/from earmarked reserves	550	(550)	-	-	-	-	-	-	-
Transfers (to)/from capital funding reserve	-	-	-	-	-	-	-	-	-
Transfers (to)/from accumulated absences adjustment account	(3)	-	(3)	-	-	-	(3)	3	-
Net transfer (to)/from earmarked reserves	547	(550)	(3)	-	-	-	(3)	3	-
Increase/(Decrease) in the year	775	(816)	(41)	-	(27)	(1,621)	(2,440)	1,979	(461)
Balance at 31 March 2024 carried forwards	5,662	8,442	14,104	19,593	-	71	33,768	(536,720)	(502,953)

Balance Sheet

	Notes	At 31 March 2025 £000	At 31 March 2024 £000
Long-Term Assets			
Property, Plant & Equipment	6	129,576	127,349
Intangible Assets	7	467	453
Long-Term Assets total		130,043	127,802
Current Assets			
Inventories		318	333
Short-Term Investments	8	49,540	23,500
Short-Term Debtors	9	7,925	18,604
Cash & Cash Equivalents	10	582	4,297
Current Assets total		58,365	46,734
Current Liabilities			
Grants Received in Advance	12	(4,581)	-
Other Short-Term Liabilities	8	(672)	(561)
Short-Term Creditors	11	(14,732)	(10,398)
Current Liabilities total		(19,984)	(10,959)
Long-Term Liabilities			
Provisions	13	(1,246)	(1,229)
Long-Term Borrowing	8	(2,000)	(2,000)
Other Long-Term Liabilities	14	(600,340)	(663,299)
Long-Term Liabilities total		(603,586)	(666,529)
Net Liabilities		(435,162)	(502,953)
Usable Reserves			
Revenue Reserves	17	(17,245)	(14,104)
Capital Funding Reserve	17	(18,331)	(19,593)
Capital Grants Unapplied Account	17	-	-
Usable Capital Receipts Reserve	17	(194)	(71)
Usable Reserves total	17	(35,770)	(33,768)

	Notes	At 31 March 2025 £000	At 31 March 2024 £000
Unusable Reserves			
Revaluation Reserve	19	(73,745)	(73,418)
Capital Adjustment Account	18	(43,858)	(42,616)
Pension Reserve	14/16/19	588,430	651,920
Collection Fund Adjustment Account	19	(591)	(120)
Accumulated Absences Adjustment Account	19	696	954
Unusable Reserves total	19	470,932	536,720
Total Reserves		435,162	502,953

This Statement of Accounts is that upon which the Auditor should enter his certificate and opinion. It presents a true and fair view of the financial position of the Authority at 31 March 2025 and its income and expenditure for the year then ended.

Steven Brown

Steven Brown CGMA
Treasurer to the Combined Fire
Authority
16th July 2025

Mark Clifford

Mark Clifford
Chair of Audit Committee
[Date]

Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amounts of net cash flows arising from operating activities is an indicator of the extent to which the operations are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery.

	Notes	2024/25 £000	2024/25 £000	2023/24 £000	2023/24 £000
Net deficit on the provision of services		(3,054)		(5,838)	
Adjustments to net deficit on the provision of services for non-cash movements	24	30,251		8,914	
Adjustments for items included in the net (deficit) on the provision of services that are investing and financing activities		(681)		578	
Net cash flows from Operating Activities			26,516		3,654

Investing activities					
Purchase of property plant and equipment & other capital spend	6/7	(4,261)		(6,074)	
(Increase)/Decrease in short-term deposits		(26,040)		(8,500)	
Receipts from investing activities	25	1,931		763	
Net cash flows from investing activities			(28,370)		(13,810)

Financing activities					
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts		(611)		(522)	
Payments for financing activities	25	(1,249)		(1,341)	
Net cash flows from financing activities			(1,861)		(1,863)
Net increase/(decrease) in cash and cash equivalents			(3,715)		(12,020)
Cash and cash equivalents at the beginning of the reporting period	10		4,297		16,317
Cash and cash equivalents at the end of the reporting period	10		582		4,297

Notes to the Core Financial Statements

1 Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers how the funding available to the Authority (Government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Authority's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2024/25	As reported for resource management £000	Adjustment to arrive at the amount chargeable to the General Fund (Note 1a) £000	Net chargeable to the General Fund £000	Adjustments between the Funding and Accounting basis (Note 1a) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Service Delivery	48,599	-	48,599	(25,126)	23,473
Strategy and Planning	14,257	-	14,257	(2,099)	12,159
People and Development	2,093	-	2,093	138	2,231
Corporate Services	7,118	-	7,118	(1,507)	5,610
Firefighters Pensions	1,412	-	1,412	-	1,412
Overheads	1,109	-	1,109	4,862	5,971
Net cost of Services	74,588	-	74,588	(23,732)	50,856
Other income and expenditure	(75,323)	-	(75,323)	27,520	(47,802)
(Surplus)/Deficit on provision of services	(735)	-	(735)	3,789	3,054

Opening General Fund balance	(5,662)
Surplus on provision of services	(735)
NWFC recognise 25% surplus on provision of services	(168)
Transfer from earmarked reserves	-
Closing General Fund balance	(6,564)

2023/24	As reported for resource management £000	Adjustment to arrive at the amount chargeable to the General Fund (Note 1a) £000	Net chargeable to the General Fund £000	Adjustments between the Funding and Accounting basis (Note 1a) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Service Delivery	43,207	-	43,207	(22,214)	20,993
Strategy and Planning	13,810	-	13,810	(1,744)	12,066
People and Development	1,939	-	1,939	142	2,081
Corporate Services	6,678	-	6,678	(491)	6,187
Firefighters Pensions	1,271	-	1,271	-	1,271
Overheads	1,661	-	1,661	1,787	3,448
Net cost of Services	68,566	-	68,566	(22,520)	46,046
Other income and expenditure		-	(68,346)	28,137	(40,209)
(Surplus)/Deficit on provision of services		-	220	5,618	5,838

Opening General Fund balance	(4,887)
Surplus on provision of services	220
NWFC recognise 25% surplus on provision of services	(160)
Transfer from earmarked reserves	(835)
Closing General Fund balance	(5,662)

1a Note to the Expenditure and Funding Analysis

2024/25 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Transfer to/(from) Earmarked Reserves £000	Transfer to/(from) Capital Reserves £000	Total to arrive at amount charged to the General Fund £000	Adjustments for Capital Purposes (1) £000	Net change for Pensions Adjustments (2) £000	Other Differences (3) £000	Total adjustment between funding and accounting basis £000
Service Delivery	-	-	-	-	(24,577)	(549)	(25,126)
Strategy and Planning	-	-	-	-	(1,899)	(200)	(2,099)
People and Development	-	-	-	-	177	(39)	138
Corporate Services	-	-	-	-	(238)	(1,270)	(1,507)
Firefighters Pensions	-	-	-	-	-	-	-
Overheads	-	-	-	5,159	861	(1,158)	4,862
Net cost of Services	-	-	-	5,159	(25,676)	(3,215)	(23,732)
Other income and expenditure	-	-	-	-	29,127	(1,606)	27,520
Total	-	-	-	5,159	3,451	(4,822)	3,789

2023/24 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Transfer to/(from) Earmarked Reserves £000	Transfer to/(from) Capital Reserves £000	Total to arrive at amount charged to the General Fund £000	Adjustments for Capital Purposes (1) £000	Net change for Pensions Adjustments (2) £000	Other Differences (3) £000	Total adjustment between funding and accounting basis £000
Service Delivery	-	-	-	-	(22,351)	137	(22,214)
Strategy and Planning	-	-	-	-	(1,798)	55	(1,744)
People and Development	-	-	-	-	168	(26)	142
Corporate Services	-	-	-	-	(223)	(268)	(491)
Firefighters Pensions	-	-	-	-	-	-	-
Overheads	-	-	-	4,301	24	(2,538)	1,787
Net cost of Services	-	-	-	4,301	(24,180)	(2,640)	(22,520)
Other income and expenditure	-	-	-	-	28,750	(613)	28,137
Total	-	-	-	4,301	4,570	(3,253)	5,618

Note 1 – Adjustments for capital purposes – this column adds in depreciation, impairments and revaluation gains and losses. It also adjusts for capital disposals with a transfer of the income on the disposal and the amounts written off. MRP is deducted because it is not chargeable under generally accepted accounting practices. Adjustments are also made to recognise capital grant income.

Note 2 – Pensions Adjustments - This shows which lines have been affected by the removal of pension contributions and replaced with IAS19 debits and credits.

Note 3 – Other Differences - This column adjusts for timing differences on the amounts chargeable for Business Rates and Council Tax under Statute and the Code and transfers to reserves.

2 Fire Authority Costs

In 2024/25 Fire Authority costs amounted to £0.386m (2023/24: £0.376m), analysed as follows:

	2024/25 £000	2023/24 £000
Members allowances/expenses	154	152
Statutory officers	113	118
Others	119	106
Total	386	376

3 Employees Emoluments

Details of the Authority's employees, out of an estimated 1,181 employees, who have received pay and benefits of more than £50,000 are:

	2024/25 No.	2023/24 No.
£85,000 - £89,999	3	-
£80,000 - £84,999	2	-
£75,000 - £79,999	8	3
£70,000 - £74,999	13	11
£65,000 - £69,999	23	13
£60,000 - £64,999	40	39
£55,000 - £59,999	54	40
£50,000 - £54,999	99	73
Total	242	179

The above table excludes Senior Officers, who are disclosed individually in the following tables.

Senior Officers Remuneration

During the year, Senior Officers received remuneration packages as detailed below – these employees are also excluded from the table above.

2024/25 Post holder information (post title and name)	Salary £	Allowances £	Total Remuneration excluding pension contributions £	Pension contributions accrued at the standard employer rate for all senior officers £	Total Remuneration including pension contributions £
Chief Fire Officer – Justin Johnston (to 4 January)	134,388	-	134,388	50,530	184,917
Chief Fire Officer – Jon Charters (from 5 January)	41,028	-	41,028	15,427	56,455
Director of Service Delivery – John Charters (to 4 January)	105,958	-	105,958	39,840	145,798
Director of Service Delivery – Samantha Pink (from 3 February)	21,813	-	21,813	8,202	30,015
Director of Strategy & Planning – Steve Healey	164,972	-	164,972	62,030	227,002
Director of People & Development – Robert Warren (to 31 July)	36,191	-	36,191	1,050	37,241
Director of People & Development – Elizabeth Sandiford (from 1 August)	63,981	-	63,981	1,855	65,836
Director of Corporate Services – Steven Brown	99,342	-	99,342	2,881	102,223
Total	667,673	-	667,673	181,814	849,487

2023/24 Post holder information (post title and name)	Salary £	Allowances £	Total Remuneration excluding pension contributions £	Pension contributions accrued at the standard employer rate for all senior officers £	Total Remuneration including pension contributions £
Chief Fire Officer – Justin Johnston	178,022	-	178,022	51,270	229,292
Director of Service Delivery – John Charters	137,699	-	137,699	39,657	177,356
Director of Strategy & Planning – Steve Healey	165,708	-	165,708	47,724	213,432
Director of People & Development – Robert Warren	126,351	-	126,351	3,499	129,850
Director of Corporate Services – Steven Brown	94,361	-	94,361	2,737	97,098
Total	702,141	-	702,141	144,871	847,011

Exit Packages

In 2024/25 there was one compulsory redundancy in the banding of £20,001-£40,000. In 2023/24 there was one compulsory redundancy which was in the banding of £40,001-£60,000.

4 External Auditors Fees

In 2024/25, the Fire Authority paid a total of £0.103m to its external auditors, Grant Thornton (2023/24: £0.106m), as follows:

	2024/25 £000	2023/24 £000
Audit fees – Grant Thornton	103	106

The 2023/24 audit fee charge includes additional charges of £8,300 relating to 2022/23.

5 Related Parties Transactions

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the authority. Consideration must be given to materiality from both the viewpoint of the Authority and the related party.

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides most of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (for example council tax bills).

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in [Note 2](#). As required under Section 81 of the Local Government Act 2000, members' outside interests are recorded in a formal register and the Code of Conduct operated by the Authority requires members to declare any related interests they have, and to take no part in meetings or decisions on issues concerning those related interests.

In addition, a survey of the related party interests of members and their immediate family members was carried out in preparing the Statement of Accounts. This survey showed that members have outside interests in bodies that have transactions with the Authority, such as:

- roles as members of Lancashire County Council, the district and unitary authorities;
- roles with voluntary organisations.

There is no evidence in these cases of control of one party by the other, however material transactions of £1.029m spend with Lancashire County Council requires disclosure in this

note. Most of this sum relates to maintenance of the Authority’s vehicle fleet, in addition to services provided under Service Level Agreements.

Officers

Officers of the Authority are required to declare interests in related parties on an annual basis in respect of the financial statements. There were no reported material related party transactions regarding 2024/25. This is consistent with 2023/24.

6 Property, Plant & Equipment

Details on policies can be seen in [Note 30](#), Accounting Policies.

Movements during the Year

The table below summarises the movements in Property, Plant and Equipment during the year. Land and buildings, vehicles, plant, furniture, and equipment are all disclosed at their net current value. All additions (new expenditure) are shown at cost. Assets under construction (AUC) are held at cost and not depreciated until they come into service.

Movements in Property, Plant and Equipment analysed into their different categories for 2024/25 are:

	Other Land & Buildings £000	PFI Assets – land & buildings £000	Assets Under Construction £000	Vehicles, Plant & Equipment £000	Total Property, Plant & Equipment £000
Cost or valuation					
At 1 April 2024	79,242	36,270	1,274	27,940	144,727
IFRS 16 PFI Transition Remeasurement & Indexation	-	1,178	-	-	1,178
IFRS 16 Lease Transition	103	-	-	-	103
Additions	497	2	1,853	1,676	4,028
Disposals/De-recognitions	-	-	-	(1,541)	(1,541)
Downward revaluation recognised in the Revaluation Reserve	(909)	(1,024)	-	-	(1,933)
Impairment losses recognised in the CIES Provision of Services	(71)	-	-	-	(71)
Movement from AUC	-	-	(991)	991	-
Revaluations	1,804	(694)	-	-	1,110
As at 31 March 2025	80,666	35,732	2,136	29,067	147,601
Depreciation and impairments					
At 1 April 2024	-	-	-	(17,378)	(17,378)
Depreciation charge for 2024/25	(3,400)	(1,068)	-	(2,180)	(6,648)
Disposals/De-recognitions	-	-	-	1,534	1,534
Revaluations	3,400	1,068	-	-	4,468
As at 31 March 2025	-	-	-	(18,025)	(18,025)
Balance sheet at 31 March 2025	80,666	35,732	2,136	11,042	129,576
Balance sheet at 31 March 2024	79,242	36,270	1,274	10,562	127,349

	Other Land & Buildings £000	PFI Assets – land & buildings £000	Assets Under Construction £000	Vehicles, Plant & Equipment £000	Total Property, Plant & Equipment £000
Nature of asset holding					
Owned	80,576	-	2,136	11,042	93,755
Finance lease	90	-	-	-	90
PFI	-	35,732	-	-	35,732
Total	80,666	35,732	2,136	11,042	129,576
Historical cost					
Carried at historical cost	-	-	2,136	11,042	13,178
Valued at current value as at:					
31 March 2025	80,666	35,732	-	-	116,398
31 March 2010	-	-	-	-	-
Total cost or valuation	80,666	35,732	2,136	11,042	129,576

On 31 March 2025 the Authority undertook a full revaluation review on approximately one fifth of its land and buildings, and in addition carried out a desktop revaluation exercise on the remainder, which resulted in a gross revaluation gain of £5.579m (2023/24: net gain of £5.441m).

The restated comparative figures detailing the movement during 2023/24:

	Other Land & Buildings £000	PFI Assets – land & buildings £000	Assets Under Construction £000	Vehicles, Plant & Equipment £000	Total Property, Plant & Equipment £000
Cost or valuation					
At 1 April 2023	81,875	36,432	123	24,585	143,015
Adjustment to opening balance	-	-	-	714	714
Additions	228	27	1,274	4,352	5,881
Disposals/De-recognitions	-	-	-	(1,833)	(1,833)
Downward revaluation recognised in the Revaluation Reserve	(3,870)	(365)	-	-	(4,235)
Impairment losses recognised in the CIES Provision of Services	(133)	-	-	-	(133)
Movement from AUC	-	-	(123)	123	-
Revaluations	1,142	175	-	-	1,318
As at 31 March 2024	79,242	36,270	1,274	27,940	144,727

Depreciation and impairments					
At 1 April 2023	20	-	-	(17,318)	(17,298)
Adjustment to opening balance	-	-	-	(257)	(257)
Depreciation charge for 2023/24	(3,104)	(1,040)	-	(1,589)	(5,732)
Disposals/De-recognitions	-	-	-	1,785	1,785
Revaluations	3,084	1,040	-	-	4,123
As at 31 March 2024	-	-	-	(17,378)	(17,378)
Balance sheet at 31 March 2024	79,242	36,270	1,274	10,562	127,349
Balance sheet at 31 March 2023	81,895	36,432	123	7,267	125,717

	Other Land & Buildings £000	PFI Assets – land & buildings £000	Assets Under Construction £000	Vehicles, Plant & Equipment £000	Total Property, Plant & Equipment £000
Nature of asset holding					
Owned	79,242	-	1,274	10,562	91,079
Finance lease	-	-	-	-	-
PFI	-	36,270	-	-	36,270
Total	79,242	36,270	1,274	10,562	127,349
Historical cost					
Carried at historical cost	-	-	1,274	10,562	11,837
Valued at current value as at:					
31 March 2023	79,242	36,270	-	-	115,512
31 March 2010	-	-	-	-	-
Total cost or valuation	79,242	36,270	1,274	10,562	127,349

The vehicle, plant & equipment disposal/de-recognition figures in the above table, include 2022/23 disposals and de-recognitions not previously recognised.

Heritage Assets

The Authority holds several heritage assets, in the form of both fire memorabilia such as antique fire extinguishers, and two vintage fire appliances. Due to the nature of these assets, it is not possible to market test the value of these, therefore they are not included in the Property, Plant and Equipment note.

Capital Expenditure

The total capital expenditure in 2024/25 is shown in the table below, 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 Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2024/25 £000	Restated 2023/24 £000
Opening Capital Financing Requirement	11,766	12,283
Adjustment for prior year NWFC Capital Financing Requirement	-	751
IFRS 16 transition & PFI indexation	1,280	-

	2024/25 £000	2023/24 £000
Capital investment:		
Property, Plant & Equipment*	4,028	5,881
Intangible assets*	233	193

Sources of Finance:		
Capital reserves	(1,261)	(751)
Revenue contributions to capital*	(3,000)	(4,171)
Funding from earmarked reserves	-	(266)
Capital receipts	-	(1,637)
MRP	(606)	(517)
Closing Capital Financing Requirement	12,440	11,766

Explanation of movements in year		
(Decrease)/Increase in underlying need to borrow (supported by Government financial assistance)	(606)	(517)
Assets acquired under finance lease	-	-
Total	(606)	(517)

* Includes NWFC balances.

Details of Assets Held

The number of main assets held by the Authority are shown below:

	2024/25 No.	2023/24 No.
Headquarters	1	1
Fire Stations (including Area Headquarters)	39	39
Training School	1	1
Fire houses	1	1

Capital Commitments

Capital projects often take several years to complete, which means that the Authority is committed to capital expenditure in following years arising from contracts entered into at the Balance Sheet date, but on which all or part of the capital work has yet to be undertaken. The estimated capital expenditure committed at 31 March 2025 is £1.017m (2023/24: £1.554m).

7 Intangible Assets

The Authority accounts for its software as intangible assets. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority.

	2024/25 £000	2023/24 £000
Cost or valuation		
At 1 April	1,909	2,899
Adjustment to opening balance	-	(714)
Additions	233	193
Disposals/De-recognitions	-	(469)
As at 31 March	2,141	1,909

Amortisation & impairment		
At 1 April	(1,456)	(1,993)
Adjustment to opening balance	-	257
Amortisation charge for the year	(219)	(188)
Disposals/De-recognitions	-	469
As at 31 March	(1,674)	(1,456)
Balance sheet at 31 March 2025	467	453
Balance sheet at 31 March 2024	453	906

The disposal/de-recognition figures in the above table, include 2022/23 de-recognitions not previously recognised.

The following table provides details of intangible assets under development at 31 March:

	2024/25 £000	2023/24 £000
Cost or valuation		
At 31 March 2025	57	-
At 31 March 2024	-	-

Intangible assets under construction are held at cost and not amortised until they come into service.

8 Financial Instruments

A financial instrument is a contract which gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. No-exchange transactions such as those relating to taxes and government grants do not give rise to financial instruments.

Financial assets – balances

A financial asset is a right to future economic benefits controlled by the Authority that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Authority. The financial assets held by the Authority during the year are all accounted for under the amortised cost, comprising:

- Investments, which are loans to other local authorities.
- Cash in hand and bank current and deposit accounts.
- Trade receivables for goods and services provided.

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

	Long-Term		Current	
	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000
Investments	-	-	49,540	23,500
Cash & cash equivalents	-	-	582	4,297
Other trade receivables	-	-	1,959	1,286
Assets not defined as financial instruments	-	-	6,284	17,651

Financial liabilities – balances

A financial liability is an obligation to transfer economic benefits controlled by the Authority 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 is potentially unfavourable to the Authority.

All the Authority's financial liabilities held during the year are measured at amortised cost, and comprise:

- Long-term loans from the Public Work Loans Board.
- Private Finance Initiative (PFI) contracts, detailed in [Note 15](#).
- Lease payables.
- Trade payables for goods and services received.

	Long-Term		Current	
	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000
Borrowings	2,000	2,000	22	22
PFI and finance lease arrangements	11,910	11,379	672	533
Trade payables	-	-	8,854	3,778
Liabilities not defined as financial instruments	589,676	653,150	10,436	6,626

Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	2024/25 £000	2023/24 £000
Financial Liabilities at amortised cost		
Interest payable relating to PFI	1,177	1,269
Interest payable relating to Borrowing	90	95
Interest payable relating to finance leases	5	2
Total expense in Deficit on the Provision of Services	1,272	1,366

Financial Assets at amortised cost		
Interest income	(2,291)	(1,574)
Total income in Deficit on the Provision of Services	(2,291)	(1,574)
Net (gain)/loss for the year	(1,019)	(208)

Fair Values of Financial Instruments

In accordance with IFRS 9, financial liabilities, financial assets represented by investments and long-term creditors, are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Estimated ranges of interest rates at 31 March 2025 of 5.50% to 5.60% for loans from the Public Works Loan Board (PWLB).
- The fair values of PWLB loans have been discounted at the market rates for new instruments with the same remaining terms to maturity.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced amount.

- Following the adoption of IFRS 16 the fair value of the PFI liabilities is represented by balance sheet carrying value due to the liability being remeasured at each indexation date.

The fair values calculated are as follows:

	31 March 2025		31 March 2024	
	Amortised Cost £000	Fair Value £000	Amortised Cost £000	Fair Value £000
Loans from the Public Works Loan Board	2,000	1,845	2,000	1,930
PFI Liabilities	11,783	11,783	11,339	14,123

Without the addition of accrued interest, the actual Public Works Loan Board debt outstanding at 31 March 2025 is £2.000m (2023/24: £2.000m) and it is due for repayment as shown in the following table:

	2024/25 £000	2023/24 £000
Over 10 years	2,000	2,000
Total	2,000	2,000

9 Debtors

	2024/25 £000	2023/24 £000
Trade debtors	1,959	2,123
VAT	386	3,862
Local taxation debtors	4,456	4,303
Other debtors	1,124	8,316
Total	7,925	18,604

10 Cash & Cash Equivalents

The balance of cash & cash equivalents is made up of the following elements:

	2024/25 £000	2023/24 £000
Cash held by the Authority	57	53
Cash held by North West FireControl (25% share)	525	59
Call account balance	-	4,185
Total	582	4,297

The call account balance is placed with Lancashire Country Council. Interest on these balances is paid to the Authority. During the year the Fire Authority took control of its own treasury management, redeeming the funds from the call account with Lancashire County Council. The Fire Authority began investing in fixed term deposits with the Debt Management Office.

11 Creditors

	2024/25 £000	2023/24 £000
Goods and services creditors	3,294	3,052
PAYE/NI	1,472	1,219
VAT	-	572
Local taxation creditors	3,390	3,613
Other creditors	6,576	1,942
Total	14,732	10,398

12 Grants Received in Advance

The Authority has received the following revenue grants receipts in advance (see accounting policy [Note 30](#), section h):

	2024/25 £000	2023/24 £000
Revenue Support Grant	(4,581)	-
Total	(4,581)	-

13 Provisions

The Authority has the power to establish provisions for any liabilities of uncertain timing or amount that have been incurred.

The Authority has established an Insurance Liabilities Provision to meet liabilities, the precise cost of which is uncertain, but which are not reimbursable from insurers as they fall below individual excess clauses and the annual self-insured limits.

The Authority has also recognised a provision in relation to its share of the Business Rates Collection Fund outstanding appeals, which is calculated and provided by billing authorities based on their assumptions of outstanding appeal success rates.

The balances set aside, together with the movement on the provisions, is shown below:

	Insurance Liabilities		Business rates appeals		Total	
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
Balance at 1 April	658	579	571	660	1,229	1,239
Amounts utilised	(24)	(116)	-	-	(24)	(116)
Unused amounts reversed	(154)	(135)	(118)	(145)	(273)	(280)
Additional provision	291	330	23	56	314	386
Balance at 31 March	771	658	476	571	1,246	1,229

14 Other Long-Term Liabilities

Other long-term liabilities comprise the following:

	2024/25 £000	2023/24 £000
Lease Liability	92	-
PFI Liability (see Note 15)	11,783	11,339
PFI Contractor Loan (see Note 15)	35	40
Pension Liability (see Note 16)	588,430	651,920
Total	600,340	663,299

15 PFI Schemes

The Authority operates two PFI schemes with separate Private Sector Partners (PSP), details of which are as follows:

PFF Lancashire Limited

The Authority signed a contract in May 2002 with a Private Sector Partner (PSP), a consortium known as PFF Lancashire Limited, under the Government's Private Finance Initiative, for two fire stations at Morecambe and Hyndburn.

Under the contract the Authority pays an annual unitary charge to PFF Lancashire Limited for serviced accommodation over the life of the 30-year contract, commencing in 2003/04. The buildings and any plant installed in them at the end of the contract will be transferred to the Authority for nil consideration. The estimated capital value of the scheme at the point of financial close was £3.500m.

Under the contract PFF Lancashire Limited contributed £0.150m towards the development costs, which is repaid through the annual unitary charge on the life of the 30-year contract commencing in 2005/06. In accordance with recommended accounting practice, the reimbursement has been classed as a loan and the liability reflected as such in the Authority's accounts. At 31 March 2024 the total outstanding loan was £0.040m (2023/24: £0.045m).

Fire and Rescue NW Limited

The Authority is also involved in a second PFI project, with Merseyside Fire and Rescue Authority and Cumbria County Council to deliver 16 new fire stations, 4 of which will be in Lancashire. Contracts were signed with Balfour Beatty Fire and Rescue NW Limited in February 2011, with phased construction beginning in 2011/12 and completing in 2013/14.

Balfour Beatty sold its' interest in the PFI scheme in July 2021 to BBGI, a company who already operates several PFI schemes in the UK including within the emergency services sector. BBGI undertook a refinancing deal in December 2021, resulting in a one-off saving of £0.9m for the three authorities, of which Lancashire's share was £0.2m.

Under the contract the Authority pays an annual unitary charge to Fire and Rescue NW Limited for serviced accommodation over the life of the contract, which runs for 25 years from initial handover of each station commencing in March 2011/12 for the Authority. The buildings and any plant installed in them at the end of the contract will be transferred to the Authority for

nil consideration. The estimated capital value of the total scheme at the point of financial close was £47.886m, and for the Authority was £12.161m.

All PFI Schemes

All PFI stations are recognised on the Authority's Balance Sheet from the date of initial handover. Movements in their value over the year are detailed in the analysis of the movement on Property, Plant & Equipment balance in [Note 6](#).

Payments made under the contracts are performance related, so deductions are made if parts of the building are not available or if service performance (including maintenance) falls below an agreed standard. The Authority makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. In addition, the Authority receives Government Grant to offset some of these costs.

The following tables show the impact on the Movement in Reserves (MiRS) and Comprehensive Income and Expenditure Statement (CIES) for both PFI schemes after the transition from IAS 17 to IFRS 16 on 1 April 2024, prior to indexation:

MiRS	IAS 17 MRP	IFRS 16 MRP	Variance
Payable in year	528	598	70
Payable in 1 year	577	658	81
Payable within 2-5 years	2,998	3,262	264
Payable within 6-10 years	4,538	5,006	469
Payable within 11-15 years	3,226	3,448	221
Total	11,868	12,972	1,104

CIES	IAS 17 Interest	IAS 17 Contingent Rent	IFRS 16 Interest	Variance
Payable in year	1,068	173	1,171	(70)
Payable in 1 year	1,018	177	1,114	(81)
Payable within 2-5 years	3,281	750	3,768	(264)
Payable within 6-10 years	2,382	788	2,702	(469)
Payable within 11-15 years	537	256	571	(221)
Total	8,286	2,145	9,327	(1,104)

Payments remaining to be made under both PFI contracts and Government Subsidies to be received at 31 March 2025 are as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000	Government Subsidy £000
Payable in 1 year	1,013	661	1,120	2,795	1,734
Payable within 2-5 years	4,197	3,279	3,788	11,264	6,935
Payable within 6-10 years	4,471	5,034	2,718	12,224	7,704
Payable within 11-15 years	1,984	3,470	575	6,028	4,097
Total	11,666	12,444	8,202	32,311	20,470

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable over the life of the contract. The liability outstanding to pay the contractor for capital expenditure incurred is as follows:

	2024/25 £000	2023/24 £000
Balance outstanding at the start of the year	11,868	12,351
IFRS 16 PFI transition & indexation	1,178	-
Payments during the year	(601)	(483)
Balance outstanding at year end	12,444	11,868

16 Net Liability Related to Local Government and Firefighters' Pensions Schemes

During the year, the Authority made contributions to the cost of pensions for all employees (except for those who chose not to be members of the scheme) as required by statute.

The Authority participates in two pension schemes:

- i) Uniformed Firefighters are covered by an unfunded, defined benefit scheme, meaning that there are no investment assets built up to meet the pensions liabilities and that cash must be generated by the Authority to meet actual pensions payments as they fall due.
- ii) Other staff pensions are provided from the Lancashire County Pension Fund. This is a funded scheme, meaning that the Authority and employees pay contributions into a fund calculated at a level intended to balance the pensions liabilities with the investment assets.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income & Expenditure Statement and the General Fund via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Uniformed Firefighters' Pension Scheme	
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
Comprehensive Income & Expenditure Statement				
Cost of Services:				
• Current service cost	1,439	1,414	3,360	3,670
• Administrative expenses	49	46	-	-
• Interest on scheme assets above asset ceiling	1,170	-	-	-
Cost of Services total	2,658	1,460	3,360	3,670
Financing and Investment Income and Expenditure:				
• Interest cost	2,912	2,785	30,300	29,710
• Interest on scheme assets	(4,086)	(3,745)	-	-
Financing total	(1,173)	(960)	30,300	29,710
Total post-employment benefit charged to the deficit on provision of services	1,485	500	33,660	33,380
Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement				
• Actuarial (gains) and losses	(1,099)	(50)	(66,100)	(4,120)
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	386	450	(32,440)	29,260
Movement in reserves statement				
• Reversal of net charges made to the deficit on provision of services in accordance with the code	(1,089)	(144)	(2,620)	(4,410)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to the scheme	(396)	(356)		-
Net retirement benefits payable to pensioners	-	-	(31,040)	(28,970)

The change in the net pension liability is analysed into seven components:

Current service cost – the increase in liabilities because 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/(gain) – the increase/(decrease) in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited/(credited) to the deficit on the provision of services in the Comprehensive Income and Expenditure Statement.

Interest on liabilities – the expected increase in the present value of liabilities during the year as they move one year closer to being paid.

Interest on assets – the average rate of return expected on the investment assets held by the pension scheme.

Actuarial (gains) and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – (credited)/debited to the pensions reserve.

Employers' contributions – the payments made into the pension scheme by the Authority during the year in respect of current employees.

Retirement benefits payable to pensioners – the net payments made in respect of the Firefighter pension scheme. Note, the fund also received a top up grant of £18.594m (2023/24: £19.508m) in addition to these, which can be seen in the Firefighters Pension Fund Account on page 74.

A full set of audited accounts for the Lancashire County Pension Fund, together with information relating to membership, actuarial and investment policy, and investment performance, are published in the 'Lancashire County Pension Fund Annual Report', available from the administering authority, Lancashire County Council, on request.

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Uniformed Firefighters' Pension Scheme	
	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000
Opening balance at 1 April	(60,315)	(58,483)	(651,826)	(651,536)
Current service cost	(1,439)	(1,414)	(3,250)	(3,490)
Interest on liabilities	(2,912)	(2,785)	(30,300)	(29,710)
Contributions by scheme participants	(588)	(549)	(3,970)	(3,830)

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Uniformed Firefighters' Pension Scheme	
	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000
Remeasurements (liabilities):				
Experience (gain)/loss	92	(536)	1,030	(8,420)
Gain/(Loss) on financial assumptions	9,186	1,186	63,630	12,540
Gain/(Loss) on demographic assumptions	173	750	1,440	-
Benefits/transfers paid	2,386	1,516	34,900	32,620
Past service cost	-	-	-	-
Closing balance at 31 March	(53,417)	(60,315)	(588,346)	(651,826)

Reconciliation of the fair value of the scheme assets:

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Uniformed Firefighters' Pension Scheme	
	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000
Opening balance at 1 April	84,113	78,360	-	-
Interest on scheme assets	4,086	3,745	-	-
Remeasurements (assets)	(1,353)	2,665	-	-
Administrative expenses	(49)	(46)	-	-
Employer contributions	396	356	30,930	28,790
Contributions by scheme participants	588	549	3,970	3,830
Benefits paid	(2,386)	(1,516)	(34,900)	(32,620)
Closing balance at 31 March	85,394	84,113	-	-

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the Balance Sheet date. Expected returns on equity investments reflect long-term rates of return experienced in the respective markets. The actual return on scheme assets in the year was a gain of £2.677m (2023/24: gain of £6.203m).

Pension Asset Ceiling

An asset ceiling test limits the amount of the net pension asset that can be recognised to the lower of the amount of the net pension asset or the present value of any economic benefits available in the form of refunds or reductions in future contributions to the plan.

The Authority's LGPS asset ceiling has been calculated using the present value of accounting service cost in perpetuity less the total of present value of primary contributions in perpetuity and present value of secondary contributions over the recovery period.

	2024/25 £000	2023/24 £000
Gross defined benefit asset/(liability)	31,977	23,798
Authority's asset ceiling	-	-
Adjustment for asset ceiling	(32,061)	(23,892)
Net defined benefit asset/(liability)	(84)	(94)

Scheme history

	2024/25 £000	2023/24 £000	2022/23 £000	2021/22 £000	2020/21 £000
Present value of liabilities:					
Local Government Pension Scheme (LGPS)	(53,417)	(60,315)	(58,483)	(84,201)	(83,631)
Firefighters Pension Scheme	(588,346)	(651,826)	(651,536)	(875,936)	(872,386)
Fair value of assets in LGPS	85,394	84,113	78,360	76,703	68,314

Surplus/(Deficit) in the scheme:					
Local Government Pension Scheme (LGPS)	31,977	23,798	19,877	(7,498)	(15,318)
Firefighters Pension Scheme	(588,346)	(651,826)	(651,536)	(875,936)	(872,386)

Pension Asset Ceiling Adjustment:					
Local Government Pension Scheme (LGPS)	(32,061)	(23,892)	(19,877)	-	-
Firefighters Pension Scheme	-	-	-	-	-
Total	(588,430)	(651,920)	(651,536)	(883,434)	(887,704)

The liabilities show the underlying commitments that the Authority has in the long-term to pay post-employment benefits. The total liability of both schemes, £588.430m, has a substantial impact on the net worth of the Authority, as recorded in the Balance Sheet. However, statutory arrangements for funding the liability mean that the financial position of the Authority remains healthy:

- Whilst there is a surplus on the LGPS scheme any future deficits that may arise will sought to be recovered by annual repayments from/to the fund, as assessed by the scheme actuary, throughout the agreed surplus recovery period.
- Finance is only required to be raised to cover fire fighter pensions when the pensions are actually paid.

Estimated contributions expected to be paid by the Authority into each scheme during the next financial year:

	Local Government Pension Scheme* £000	Firefighters' Pension Scheme** £000	Total £000
Estimated contributions	957	11,122	12,079

*LGPS contributions shown are gross of surplus recovery referred above.

** Firefighter contributions are part funded from government top up grant.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

The Firefighters' Scheme has been assessed by GAD (the Government Actuarial Department), an independent firm of actuaries. Estimates for the Firefighters pension scheme are based on a 'roll forward approach' which updates the last full valuation on 31 March 2020, taking account of any significant changes since this. The Local Government Fund liabilities have been assessed by Mercer Resource Consulting Limited, an independent firm of actuaries. The last full valuation was as at 31 March 2022.

The principal assumptions used by the actuary have been:

	NWFC Local Government Pension Scheme		LCFA Local Government Pension Scheme		Uniformed Firefighters' Pension Scheme	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024
Mortality assumptions:						
Longevity at 65 for current pensioners:						
Men	19.7	19.8	21.1	21.1	21.3	21.3
Women	23.6	23.7	23.6	23.5	21.3	21.3
Longevity at 65 for future pensioners:						
Men	21.3	21.4	22.3	22.4	22.7	22.9
Women	25.2	25.3	25.4	25.3	22.7	22.9
Rate of CPI inflation	2.70%	2.75%	2.60%	2.70%	2.70%	2.60%
Rate of increase in salaries	3.40%	3.45%	4.10%	4.20%	3.45%	3.85%
Rate of increase in pensions	2.70%	2.75%	2.70%	2.80%	2.70%	2.60%
Rate for discounting scheme liabilities	5.85%	4.85%	5.80%	4.80%	5.65%	4.75%

The Firefighters' Pension Scheme has no assets to cover its liabilities. The Local Government Pension Fund's assets consist of the following categories, by proportion of the total assets held by the Fund:

		Assets at 31 March 2025		Assets at 31 March 2024	
		Fair Value £000	%	Fair Value £000	%
Equities	Y	1,929	2.3	1,873	2.2
Bonds	Y	1,514	1.8	1,349	1.6
Property	N	1,431	1.7	1,463	1.7
Cash/Liquidity	N	1,249	1.5	1,560	1.9
Other	N	79,270	92.8	77,867	92.6
Total		85,394	100.0	84,113	100.0

17 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statements, on pages 20 and 21.

	2024/25 £000	2024/25 £000	2023/24 £000	2023/24 £000
Revenue Reserves:				
General Fund		(6,564)		(5,662)
Earmarked Reserves	(5,390)		(3,285)	
PFI Equalisation Reserve	(5,291)		(5,157)	
Total Earmarked Reserves		(10,681)		(8,442)
Total Revenue Reserves		(17,245)		(14,104)

Capital Reserves:				
Capital Funding Reserve		(18,331)		(19,593)
Capital Grants Unapplied		-		-
Usable Capital Receipts		(194)		(71)
Total Usable Reserves		(35,770)		(33,768)

18 Transfers (to)/from Earmarked Reserves

	Balance at 31 March 2023 £000	Transfers in 2023/24 £000	Restated Transfers out 2023/24 £000	Balance at 31 March 2024 £000	Transfers in 2024/25 £000	Transfers out 2024/25 £000	Balance at 31 March 2025 £000
General fund	(4,887)	(995)	220	(5,662)	(902)	-	(6,564)
Earmarked Reserves	(4,101)	(1,023)	1,839	(3,285)	(2,494)	389	(5,390)
PFI Equalisation Reserves	(5,157)	-	-	(5,157)	(255)	121	(5,291)
Total Earmarked Reserves	(9,258)	(1,023)	1,839	(8,442)	(2,749)	511	(10,681)
Capital funding reserve	(20,344)	(4,171)	4,922	(19,593)	(3,000)	4,261	(18,331)
Capital grants unapplied	(27)	-	27	-	-	-	-
Usable capital receipts	(1,692)	(16)	1,637	(71)	(123)	-	(194)
Total Usable Reserves	(36,208)	(6,205)	8,645	(33,768)	(6,775)	4,772	(35,770)

19 Unusable Reserves

The total Unusable Reserves are shown in the Movement in Reserves Statement, and details of each reserve and the movements are shown in the following tables:

	2024/25 £000	2023/24 £000
Revaluation Reserve	(73,745)	(73,418)
Capital Adjustment Account	(43,858)	(42,616)
Pensions Reserve	588,430	651,920
Collection Fund Adjustment Account	(591)	(120)
Accumulated Absences Adjustment Account	696	954
Total Unusable Reserves	470,932	536,720

Revaluation Reserve

	2024/25 £000	2023/24 £000
Balance at 1 April	(73,418)	(75,306)
Upward revaluation of assets	(5,579)	(5,441)
Downward revaluation of assets and impairment losses not charged to Net cost of Services	1,933	4,235
Difference between fair value depreciation and historical cost depreciation	3,318	3,095
Amount written off to the Capital Adjustment Account	-	-
Total Revaluation Reserve	(73,745)	(73,418)

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost.
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition under statutory provisions. The account is debited with the cost of acquisition as depreciation, impairment losses, and amortisations are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition.

In addition, the account contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

	2024/25 £000	2024/25 £000	2023/24 £000	2023/24 £000
Balance at 1 April		(42,618)		(38,281)

Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
• Charges for depreciation and impairment of non-current	3,330		2,637	
• Revaluation losses on Property, Plant & Equipment	71		133	
• Amortisation of intangible	219		188	
Sub-total		3,619		2,958
Disposal of assets via the Comprehensive Income & Expenditure Statement		7		48
Adjusting amounts written out of the Revaluation Reserve		-		-
Net amount written out of the cost of non-current assets consumed in the year		3,627		3,006

Capital financing applied in the year:				
• Prior year financing of NWFC capital assets	-		(751)	
• Statutory provision for financing of capital investment charged against General Fund	(606)		(517)	
• Use of capital reserves to fund expenditure	(1,261)		(1,637)	
• Capital expenditure charged to General Fund Balance	(3,000)		(4,437)	
Sub-total		(4,867)		(7,342)
Balance as at 31 March		(43,858)		(42,618)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The reserve relates to both the LGPS and Firefighters pension schemes, and the large negative value of the reserve reflects the unfunded nature of the Firefighters pension scheme.

	2024/25 £000	2023/24 £000
Balance at 1 April	651,920	651,536
Actuarial (gains) or losses on pensions assets and liabilities	(67,199)	(4,170)
Reversal of items relating to retirement benefits debited or credited to Net Cost of Services in the Comprehensive Income & Expenditure Statement	35,145	33,880
Net payments to pensioners payable in the year	(31,040)	(28,970)
Employers pension contributions	(396)	(356)
Total	588,430	651,920

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund.

	Council Tax		Business Rates		Total	
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
Balance at 1 April	130	5	(249)	(212)	(120)	(207)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(516)	126	-	-	(516)	126
Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	-	-	44	(38)	44	(38)
Balance at 31 March	(386)	130	(205)	(249)	(591)	(120)

Accumulated Absences Adjustment Account

The Accumulated Absences Adjustment Account manages the differences arising from the recognition of accrued employee costs in the Comprehensive Income and Expenditure Statement compared with the statutory arrangements for paying across amounts to the General Fund.

	2024/25 £000	2023/24 £000
Balance at 1 April	954	957
Amount by which remuneration charged on an accruals basis is different from remuneration chargeable in the year in accordance with statutory	(258)	(3)
Balance at 31 March	696	954

20 Contingent Liability

Matthews Case Stage 2

Before 2006, retained firefighters were not eligible to join the fire service pension scheme. This was challenged in court and a modified scheme was developed for retained firefighters employed between 1 July 2000 and 5 April 2006. Following the Matthews case, the European Court ruled separately that retained firefighters could “buy back” pensionable benefits from the start of their employment, provided they were employed as a firefighter between 7 April 2000 and 30 June 2000. These members will be contacted during 2024/25 with the option to join the scheme or buy back additional pensionable service.

The Government’s Actuary Department has estimated a potential increase in the firefighter pension scheme liability to be £26m. As there are several uncertainties regarding eligibility, value of additional benefits and take up of additional benefits it is unclear what the actual cost to the Authority will be. The Authority is expecting these costs to be covered by grant funding from the Home Office.

21 Post Balance Sheet Events

As at the date of signing of the draft accounts, 16th July 2025, there have been no events either adjusting on non-adjusting.

22 Nature and Extent of Risks Arising from Financial Instruments

The Authority’s activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Authority because of changes in such measures as interest rates and stock market movements.

Risk management is carried out by Lancashire County Council’s Treasury Management Team, under policies approved by the Authority in the annual Treasury Management Strategy. The

strategy provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers.

This risk is minimised through the Annual Investment Strategy, which states that any investment counterparty must have a minimum actual or implied credit rating of AA- to be eligible. The Authority will also have regard to recent banking reform legislation which provides for creditor 'bail-in' rather than state 'bail-out' of banks should the bank fail. The effect of this legislation is that a local authority is likely to lose a higher proportion of any assets caught up in a credit event than almost any other type of institution. Credit risk control therefore means that unsecured bank deposits are, unless for very short duration, not suitable as an investment instrument in the future.

In the context of credit risk, trade debtors are treated as financial instruments.

Trade Debtor Credit Risk

The Authority does not generally allow credit for customers, such that £0.027m of the £0.245m balance is past due date for payment. On a prudent basis the Authority has created a provision for expected credit losses to cover any potential loss arising from this, which currently stands at £0.031m which is considered sufficient for this purpose.

The past due amount can be analysed by age as follows:

	2024/25 £000	2023/24 £000
0 to 30 days	218	201
31 to 60 days	20	170
61 to 90 days	1	1
91 to 180 days	7	0
Over 180 days	0	3
Total	245	375

Liquidity Risk

The Authority has a comprehensive cash flow management system (administered by Lancashire County Council's Treasury Management Team) that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from Lancashire County Council at current market rates. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity profile of our remaining debt is shown in the table below.

Value of PWLB loans maturing in future years as at 31 March 2025:

Year	Loan Value (£000)
2035	650
2036	650
2037	700
Total	2,000

Market risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rate movements would have the following effects:

- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- Investments at variable rates – the interest income credited to the deficit on the provision of services will rise.

We hold fixed rate financial liabilities (borrowings) and variable rate financial assets (investments).

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate loans would not impact on the Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. Instead, the effect of changes in market interest rates is to change the fair value of the liabilities reported in the notes to the balance sheet. Fair values represent the amount due if debt is repaid before its maturity date. When the loans finally mature, they will be repayable at their nominal values.

Our financial assets are the cash deposits placed in fixed deposits with the Debt Management Office. Interest received on these deposits is linked to the base rate. Each working day the balance of the Authority's available cash is invested to ensure that the interest received on surplus balances is maximised. The average balance invested throughout the year was £22.5 million and, with no change in that level of balances, a 1% increase in the market rate of interest, if sustained over the whole year would give rise to additional interest earned of £225,000 and a 1% fall would give a reduction of the same amount.

23 Local Authority Controlled Company – NW FireControl Limited

NW FireControl Limited is a company limited by guarantee with the responsibility for Fire and Rescue Service mobilisation for the North West region. The Company has four members which are Cheshire, Cumbria, Greater Manchester, and Lancashire Fire & Rescue Authorities (FRAs). The liability of each member in the event of the company being wound up is limited and shall not exceed £1. Each member of the company has the right to appoint 2 directors, who are Councillors appointed to their respective FRAs. All directors have equal voting rights.

During May 2014 all four services transferred their Control Room functions into the regionalised service provided by NW FireControl Limited. The cost of the service is charged out to the four FRAs on an agreed pro rata basis agreed by a Service Level Agreement. The implementation phase continued to be funded by a section 31 grant from the Department for Communities and Local Government plus an ongoing grant to fund 66% of the lease costs for the building. The grant is paid to Greater Manchester Fire & Rescue Authority as lead authority for the North West region and released to the company as required. From 8th May 2017

Greater Manchester Fire and Rescue Service transferred into the Greater Manchester Combined Authority and the ownership of NW FireControl Limited therefore also transfers.

An assessment for Group Accounting requirements has taken place during 2024/25 in respect of NW FireControl Limited. This is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom Based on International Financial Reporting Standards (IFRS 10, 11 & 12).

It has been determined that the company is governed by Joint Control since unanimous consent exists for key decisions and each Authority has equal voting rights. This joint arrangement has been deemed to be a Joint Operation as the parties have rights to the assets, and obligations for the liabilities relating to the arrangement, and on this basis, the Authority's 25% share of the transactions and balances of NW FireControl Limited have been recognised within the accounts. See [Note 29](#) significant judgements.

Below shows the key Information from the Draft Financial Statements of NW FireControl Limited:

Key Information	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Total assets less Current Liabilities	383	356
Net assets*	383	356
Surplus/(deficit) Before Taxation	185	85
Surplus/(deficit) After Taxation	178	84
Debtor Balance (LFRS)	-	-
Creditor Balance (LFRS)	-	-
Invoices raised by NW FireControl to LFRS	2,200	1,649
Invoices raised by LFRS to NW FireControl	-	-

*Net assets includes the future pension liabilities under IAS19 reported by the Cheshire Pension Fund actuaries.

All figures are shown net of VAT.

Transactions between LFRS and NW FireControl Limited include Invoices Raised by NW FireControl to LFRS for the Control Room service and use of facilities in the building.

The Company's Financial Statements can be obtained from Companies House with the deadline for submission as 31/12/2025 for the final audited 2024/25 accounts.

24 Adjust Net surplus/(deficit) on the provision of services for non-cash movements

	2024/25 £000	2023/24 £000
Depreciation	6,648	5,732
Impairment & downwards valuations	71	133
Amortisation	219	188
Increase/(decrease) in provisions	17	(10)
Increase/(decrease) in creditors	8,886	131
(Increase)/decrease in debtors	10,679	(1,840)

	2024/25 £000	2023/24 £000
(Increase)/decrease in stock	15	(23)
Movement in pension liability	3,709	4,554
NWFC Capital Grants Unapplied Adj	-	-
NBV of fixed assets sold	7	48
Total	30,251	8,914

25 Adjust for items included in the net surplus/(deficit) on the provision of services that are investing and financing activities

	2024/25 £000	2023/24 £000
Interest received	(1,931)	(763)
Interest paid	1,249	1,341

Interest paid includes interest payments in respect of both finance leases and PFI schemes (see accounting policy [Note 30](#), section j)

26 Reconciliation of liabilities arising from financing activities

	Long-Term borrowings £000	Short-Term borrowings £000	Lease liabilities £000	Total £000
1 April 2024	13,339	528	-	13,868
IFRS 16 transition & indexation	1,105	73	103	1,280

Cash flows:				
Repayment	(661)	60	(5)	(606)
Proceeds	-	-	-	-

Non-cash:				
Acquisition	-	-	-	-
31 March 2025	13,783	661	98	14,542

27 Assumptions made about the future and other major sources of estimation and 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 considering 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 Authority's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
<p>Property, Plant & Equipment</p> <p>Carrying value £130m (2023/24: £127m)</p>	<p>Assets are valued in accordance with Royal Institute of Chartered Surveyors (RICS) valuation standards and involve the use of a number of estimation techniques including various property indices that fluctuate.</p>	<p>Most of the Authorities Property assets are valued under the Depreciated Replacement Cost (DRC) method, as specialised assets. There is the possibility that DRC valuations will increase due to shortages of raw materials and labour. It is estimated that a 1% increase in DRC valuations would increase the assets values by £1.3m.</p>
<p>Pension Liability</p> <p>Carrying value £556m (2023/24: £628m)</p>	<p>Estimation of the gross liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Consulting actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied to each scheme.</p>	<p>It is estimated that, for both pension schemes combined, a 0.5% increase in the discount rate would decrease the liability by £42m (2023/24: £48m), a 1% increase in pay growth would increase the liability by £11m (2023/24: £13m). In addition, a 1-year increase in the assumed life expectancy would increase the liability by £15m (2023/24: £17m).</p>
<p>LGPS Asset Ceiling</p> <p>Gross defined benefit asset £32.0m (2023/24: £23.8m)</p> <p>Net defined benefit asset £- (2023/24: £-)</p>	<p>The assumptions used are like those used to calculate the pension liability and actuaries are consulted to provide expert advice on the assumptions to be used.</p>	<p>The Authority has reduced the scheme's net asset to nil based on this assessment.</p> <p>It is estimated that a 1% increase in the future accounting service cost would not lead to the Authority having a pension asset ceiling above £0.</p>

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

28 Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows:

	2024/25 £000	Restated 2023/24 £000
Expenditure		
Employee benefits expenses	32,614	31,622
Other services expenses	16,589	16,720
Support service recharges	-	-
Depreciation, amortisation, and impairment	6,938	6,053
Interest payments	30,399	30,115
(Gain)/loss on disposal of fixed assets	(116)	32
Total expenditure	86,422	84,542
Income		
Fees, charges, and other service income	(2,291)	(2,257)
Interest and investment income	(2,291)	(1,574)
Income from council tax, business rates and revenue support grant	(70,122)	(63,910)
Government grants and contributions	(8,665)	(10,963)
Total Income	(83,369)	(78,705)
(Surplus)/Deficit on the provision of services	3,054	5,838

29 Significant Judgements

Joint Operation – North West FireControl

An assessment for Group Accounting requirements has taken place during 2024/25 in respect of NW FireControl Limited. This is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom Based on International Financial Reporting Standards (IFRS 10, 11 & 12).

It has been determined that the company is governed by Joint Control since unanimous consent exists for key decisions and that each Authority has equal voting rights. This joint arrangement has been deemed to be a Joint Operation as the parties have rights to the assets, and obligations for the liabilities relating to the arrangement, and on this basis, the Authority's 25% share of the transactions and balances of NW FireControl Limited have been recognised within the accounts.

30 Accounting Policies

a General Principles

The Statement of Accounts summarises the Authority's transactions for the 2024/25 financial year and its position at the year end of 31 March 2025.

The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, as amended by the Accounts and Audit

(Coronavirus)(Amendment) Regulations 2021, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom – 2024/25, supported by International Financial Reporting Standards (IFRS).

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.

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 accordance with section 2.7 of IFRS 15. In particular:

- Revenue from provision of services is recognised when the Authority can measure reliability of the transaction.
- 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.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or a 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.

c Cash & cash equivalents

Cash is represented by cash in hand and deposits repayable without penalty on notice of not more than 24 hours. Cash equivalents are 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 Authority's cash management.

d 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 Authority is not required to raise council tax to cover these charges. However, it is required to make an annual contribution from revenue (Minimum Revenue Provision (MRP)) towards the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance, or a minimum of 4% of the previous years' Capital Financing Requirement balance. In addition to the statutory MRP calculated, the Authority may also make voluntary MRP contributions in line with approved budgets and to reduce the ongoing borrowing requirement. Depreciation, impairment and impairment losses and amortisations are therefore replaced by the 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.

e 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 and non-monetary benefits (for example cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, for example time off in lieu) 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 current financial year (the best estimate of future rates at the time of the accounts). The accrual is charged to the surplus or deficit on provision of services but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Post Employment Benefits

Employees of the Authority are members of two separate pension schemes:

- The Firefighters Pension Scheme, administered by Lancashire County Council.
- The Local Government Pension Scheme, administered by Lancashire County Council.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Firefighters' Scheme

Under IAS19 the future costs of retirement benefits must be recognised in the accounts at the point at which the Authority becomes committed to paying them (the point when the benefits have been earned by the employee), even if the actual payment of benefits will be many years in the future.

This obligation to pay pensions benefits in the future is recognised as a liability in the Authority's Balance Sheet. In the service costs part of the Comprehensive Income and Expenditure Statement, transactions are recorded that indicate the change over the year in the pension liability. These are principally the future costs of pensions earned by Firefighters in service during the year. The

transactions are not cash-based but, are actuarially-calculated amounts that reflect more closely the true changes in the scheme's long-term liabilities.

In calculating the liability for 2024/25, the actuary based the valuation on a roll forwards approach.

Top up grant received during the year from the Home Office to cover the pension costs of the above scheme are recognized in the Comprehensive Income and Expenditure Statement via adjustments in respect of the actuarial valuation.

The Local Government Pension Scheme

The same basic principles apply to the local government scheme with the difference being that, because this is a funded scheme (it is backed by a portfolio of investments in equities, property etc), there are transactions recorded in the revenue account to reflect changes in the expected return on these assets. Like the transactions referred to above, these too, are actuarially-calculated figures.

On the Balance Sheet, the liability to pay future pensions is balanced by the fund's investment assets.

In calculating the liability for 2024/25, the actuary based the valuation on a roll forwards approach.

In valuing the pension scheme assets for 2024/25, the actuaries used fair value basis for both derivatives and investments.

f Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. For all the borrowings the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principle repayable plus accrued interest and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

g Financial Assets measured at amortised cost

The Authority holds only one type of financial asset, loans, and receivables. These are its cash investments and debtors - assets that have fixed or determinable payments but are not quoted in an active market.

Investments are initially measured at fair value and carried at their amortised cost. For all the investments that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable. The interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year under the terms of the deposit agreement.

h Government Grants & Contributions

Government grants and donations are recognised as due to the Authority when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Authority are carried on the Balance Sheet until conditions attached have been satisfied. When conditions have been satisfied, the grant is credited to the non-specific grant income line 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.

i Non-Current Assets

Non-current assets are included in the Balance Sheet at the estimated current value of the asset. They comprise:

- Property, plant & equipment - These are assets that have a physical substance which are used continuously to provide services or for administrative purposes.
- Intangible assets – Assets that do not have a physical substance but can be separately identified and controlled by the Authority (for example, software licenses). Spending on these assets is capitalised if the asset will bring benefit to the Authority for more than one financial year.

i) Recognition

All capital expenditure over the value of £10,000 on the acquisition or enhancement of non-current assets is capitalised in the accounts on an accruals basis, in accordance with the relevant statute, with the exception of fleet vehicles, which are capitalised providing the cost is over £5,000 and the asset life is 4 years or more.

ii) Measurement

Land and buildings are revalued on a rolling five-year basis by a suitably qualified surveyor. As at 31 March 2025, Amcat Limited, an external organisation, using surveyors qualified by the Royal Institution of Chartered Surveyors, carried out revaluations on the identified properties. All valuations are based on depreciated replacement cost, except for one property used as offices, valued at Existing Use Value.

All other non-current assets are valued at historic cost.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. The Revaluation Reserve was created with effect from 31 March 2007 with a zero-opening balance. Gains

arising before 1 April 2007 have been consolidated into the Capital Adjustment Account.

iii) **Impairment**

The Combined Fire Authority's non-current assets are considered for impairment at the end of each year by appropriately qualified Property Consultants.

iv) **Disposals**

When an asset is disposed of the value of asset in the balance sheet is written off to the Comprehensive Income and Expenditure Statement (CIES) as part of the gain or loss on disposal. Receipts from disposals are credited to capital receipts, with the sale proceeds being recognised in the CIES. This treatment results in the netting off receipts against the carrying value of the asset.

v) **Depreciation**

Depreciation is charged on all assets with a finite useful life by the systematic allocation of the depreciable amounts over the period for which the asset is available for use by the authority.

- Intangible assets are assessed over their estimated useful life, 5 years.
- Land is assessed as having an infinite life and therefore is not depreciated.
- Building assets are assessed for an appropriate property life by property professionals, in 10-year bands up to a maximum of 50 years.
- Equipment is depreciated over their estimated useful life, ranging from 5 to 20 years.
- Vehicles are depreciated over their estimated useful life, ranging from 5 to 15 years.

vi) **Componentisation**

From 1 April 2010, the Authority is required to separately recognise, depreciate and de-recognise significant components of assets, where the significant component has a different useful life to the remainder of the asset. Assets with a carrying value of less than £1.0m will not be subject to componentisation rules, and a significant component is one of over 25% of the asset carrying value. Components will only be recognised on assets valued after 1 April 2010.

vii) **Derecognition**

Assets will be derecognised when no further economic benefits are expected from the asset's use or disposal – when the economic benefits inherent in the asset have been used up.

j Operating Leases (IFRS 16)

In 2024-25, the Authority applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting. A right of use asset and a lease liability are now included on the balance sheet from 1st April 2024. Recognition exemptions have been elected to be applied to low value assets and to short term leases i.e. existing leases that expire on or before 31 March 2025 and new leases with the duration of less than 12 months.

The Authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

k Private Finance Initiative (PFI) and similar contracts

Current Status

The Authority has two existing PFI arrangements:

- With PFF Lancashire for Hyndburn and Morecambe fire stations, which is a continuing commitment for 30 years from May 2003; and
- With Fire and Rescue NW Limited to replace four fire stations in Lancashire as part of a wider scheme to replace 16 in total in conjunction with Merseyside Fire and Rescue Authority and Cumbria County Council. The contract will run for 25 years from the date of the final station being handed over during 2013/14.

Revenue transactions relating to the above schemes are explained in [Note 15](#).

Accounting for PFI

PFI contracts are agreements to receive services, where responsibility for making available the non-current assets to provide services passes to the PFI contractor. The PFI scheme is accounted for on a consistent basis to IFRIC 12 and IFRS 16

Recognition of assets and liabilities

Fire stations provided under PFI contracts are recognised as non-current assets of the Authority. A related liability is also recognised. The asset and liability are recognised when the asset is made available for use. The related liability is initially measured at the value of the related asset and subsequently calculated using the same actuarial method used for finance leases.

Once on the balance sheet the PFI assets will be treated in the same way as all other non-current assets of the same type including depreciation, impairment, and revaluation.

Minimum Revenue Provision (MRP)

Assets acquired under a PFI that are recognised on the balance sheet are subject to MRP in the same way as assets acquired using other forms of borrowing. The amounts

of MRP are calculated in accordance with the appropriate regulations and statutory guidance. MRP is equal to that element of the unitary charge which is applied to repay the outstanding liability.

Unitary Payment

The unitary payment is a monthly charge payable to the PFI contractor in return for the services provided. This payment is analysed into elements for the fair value of services, capital and revenue lifecycle (planned maintenance), contingent lease rentals, the repayment of the outstanding liability and interest payable on the outstanding liability. The fair value of the services and the revenue lifecycle element are charged to the revenue account. The capital lifecycle element is charged to the non-current assets and funded by a revenue contribution. The contingent lease rentals and interest payable are recorded in the "interest payable and similar charges" account outside the net cost of services but within net operating expenditure in the income and expenditure account.

Deductions from the Unitary Payment

The PFI contracts provide for deductions from the unitary payment in the case of substandard performance or when the facilities are unavailable. Deductions for substandard performance are accounted for as a reduction in the amount paid for the affected services. Deductions arising from the unavailability of the property are apportioned pro rata to the proportions of the service and property elements of the unitary payment:

- A reduction for part or all the property being unavailable for use – this will first be accounted for as an abatement of the contingent lease rentals, then finance costs if contingent rents are insufficient; and
- A reduction in the price paid for services whilst services are not being provided accounted for as a reduction in the amount paid for the affected services.

Deductions of either type are accounted for when the Authority's entitlement has been established, and it is probable that the Authority will be able to make the deduction.

I PFI Equalisation Reserve

The Authority holds two PFI equalisation reserves for the purpose of smoothing out, within the revenue account, the annual net cost to the Authority of payments under PFI contracts:

- In 2003/04 the Authority established a PFI equalisation reserve for the PFI contract with PFF Lancashire Limited. The contract relates to the provision and maintenance by PFF Lancashire Limited of two fire stations at Morecambe and Hyndburn; and
- In 2011/12 the Authority created a new PFI equalisation reserve in relation to the Authority's share of the PFI contract with Fire and Rescue NW Limited. The contract relates to the provision and maintenance of Blackburn, Burnley, Chorley, and Fleetwood fire stations.

An annual revenue contribution in lieu of interest will be made to the reserve. The reserve balance will be reviewed each year at which time the amount of any revenue contribution to or from the reserve will be determined.

m Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority has an obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, considering 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, and where it becomes less 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 line.

Details of the Authority's provisions are given in [Note 13](#) to the Balance Sheet and currently comprise insurance liabilities and business rates appeals.

n Reserves

The Authority 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 against the net cost of services in that year 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, retirements and employee benefits and do not represent usable resources for the Authority.

o Contingent liabilities

A contingent liability arises where an event has taken place that gives the Authority 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 Authority. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

p Going Concern

These accounts are prepared on a going concern basis, on the assumption that the Authority's functions will continue in operational existence for the foreseeable future. Our current Medium Term Financial Strategy (MTFS) shows a healthy reserves position, and a balanced budget in the short and medium term. We await the outcome of the multi-year settlement to clarify our estimates within our MTFS.

q Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise due to a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority'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. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

r Accounting Standards issued but not yet adopted

The Authority is required to disclose the impact of an accounting change required by a new accounting standard that has been issued on or before 1 January but not yet adopted by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

Accounting changes to introduce by the 2025/26 code are:

- IAS21 The Effects of Changes in foreign Exchange Rate (Lack of Exchangeability)
The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of the financial statements to understand the impact of a currency not being exchangeable.
No significant impact is expected on the Authority's accounts.
- Insurance Contracts (IFRS 17 replaces IFRS4)
IFRS 17 sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
No significant impact is expected on the Authority's accounts.

s Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. The Authority has one joint operation, North West Fire Control Ltd (see [Note 23](#) for details), and recognises:

- its assets, including its share of any assets held jointly.
- its liabilities, including its share of any liabilities held jointly.
- its revenue from the sale of its share of the output arising from the joint operation.
- its share of the revenue from the sale of the output by the joint operation.
- its expenses, including its share of any expenses incurred jointly.

Fire Fighters Pension Fund Account and Net Assets Statement

Fund Account	2024/25 £000	2023/24 £000
Income to the fund		
Contributions receivable:		
- From employer		
- contributions in relation to pensionable pay	(10,902)	(8,012)
- other contributions	(135)	(216)
- Members contributions	(4,355)	(3,723)

Transfers in:		
- Individual transfers from other schemes	(114)	(254)
Total Income to the Fund	(15,506)	(12,205)

Spending by the fund		
Benefits payable:		
- Pension payments	(27,918)	25,508
- Commutations of pensions and lump-sum retirement benefits	(6,182)	5,923

Transfers out:		
- Individual transfers out to other schemes	-	282
- Refunds of contributions	-	-
Total Spending by the fund	34,100	31,713
Net amount receivable for the year before top up grant receivable from central government	18,594	19,508
Top up grant receivable from central government	(18,594)	(19,508)
Net amount receivable for the year	-	-

Net Assets Statement	2024/25 £000	2023/24 £000
Net current assets and liabilities:		
- pensions top up grant receivable from central government	(4,876)	(5,541)
- other current assets and liabilities (other than liabilities and other than benefits in the future)	4,876	5,541
Net current assets at the end of the year	-	-

Firefighters Pension Fund Notes

The four firefighters pension schemes (1992 scheme, 2006 scheme, special members of the 2006 scheme and 2015 scheme) are unfunded defined benefits schemes, meaning that there are no investment assets built up to meet the pensions liabilities, and cash must be generated to meet the actual pension payments as they fall due. The Authority makes employers contributions into the schemes and the balance of funding required after pension payments are made is received from central government.

The above statement shows the financial position of the total fire fighters pension fund account, showing that as at 31 March 2025 the Authority is owed £4.876m (2023/24: £5.541m) by the Home Office to balance the account. The fund statements do not take account of liabilities after the period end, the Authority's long-term pension obligations can be found in the Authority's main statements and [Note 16](#) to the accounts. The fund was established under the Firefighters' Pension Scheme (Amendment) (England) Order 2006. The statement was prepared according to International Financial Reporting Standards (IFRS).

The note has been prepared in line with general accounting policies set in [Note 30](#) – accounting policies, in particular section e.

Contribution Rates

To remove future discrimination and ensure equal treatment, all remaining protected members in the 1992 and 2006 scheme were transferred to the 2015 scheme on the 1st April 2022. For the 2015 Firefighter pension scheme employer contributions are 36.7% (28.8% in 2023/24) and employees contribute between 11.0% and 14.5% dependent on salary.

These contribution levels are set nationally by the Government and are subject to triennial revaluations by the Government Actuary's Department. One ill health retirement was recognised during 2024/25, and two in 2023/24.

Benefits Paid

Pensions are paid to retired officers, their survivors and others who are eligible for benefits under new and existing pension schemes.

Home Office Grant

There are no investment assets, and the fund is balanced to zero each year by receipt of a top up grant from the Home Office, if contributions are insufficient to meet the cost of pension payments, or by paying over any surplus grant.

Future Liabilities

The firefighters pension fund financial statements do not take account of liabilities to pay pensions and other benefits after the period end, however details of the firefighter's pension fund long-term pension obligations are recognised in the Authorities financial statements, details can be found in [Note 16](#).

Glossary of Terms

Accrual

A sum included in the accounts to cover income or expenditure attributable to the accounting period covered by the accounts but for which payment had not been received/made at the Balance Sheet date.

Amortised cost

Amortised cost is a valuation basis for financial instruments that, in the case of this Authority's assets and liabilities, is equal to their nominal value plus any interest accrued to the balance sheet date.

Budget

A statement which reflects the Authority's policies in financial terms, and which quantifies its plans for spending over a specified period. The Revenue Budget (spending other than capital expenditure) is normally finalised and approved in February prior to the commencement of the financial year.

Capital Expenditure

Payments made for the acquisition or provision of assets which will be of relatively long-term value to the Authority for example land, buildings and equipment. Also referred to as capital spending, capital outlay, or capital payments. The resulting capital assets are referred to as "fixed assets".

Capital Receipts

Proceeds from the sale of capital assets. Such income may only be used for capital purposes, to repay existing loan debt, or to finance new capital expenditure in proportions determined by the Government. Any receipts which have not yet been utilised as described are referred to as "capital receipts unapplied".

Comprehensive Income & Expenditure Statement

An account which records an authority's day to day expenditure and income on items such as salaries and wages, running costs of services and the financing charges in respect of capital expenditure.

Creditors

Amounts owed by the Authority for work done, goods received, or services rendered but for which payment had not been made at the date of the Balance Sheet.

Debtors

Sums of money due to the Authority in the relevant financial year but not received at the Balance Sheet date.

Fair Value

Fair value is a valuation basis for financial instruments that represents the amount at which the instruments could be exchanged in an open market transaction. If no market for a specific instrument exists, fair value can be estimated by a technique that is based on a comparison of the interest rate on the instrument with interest rates on similar instruments that are available in financial markets.

Financial Instrument

A financial liability or asset such as a borrowing or an investment.

Financial Year

The period of twelve months for which the accounts are comprised. For Fire Authorities the financial year (or accounting period as it is also known) commences on 1 April and finishes on the 31 March of the following year.

Financing Charges

Annual charges to the Authority's Comprehensive Income and Expenditure Statement to cover the interest on and the repayment of loans raised for capital expenditure. Annual lease rental payments are also included.

Premiums and Discounts

Premiums are payable and discounts receivable when loans are repaid to the Public Works Loan Board (PWLB) in advance of their contracted maturity date. The premium or discount is calculated with reference to the interest rate on the loan being repaid and the interest rate for similar new loans on the repayment date.

Public Works Loan Board (PWLB)

A government agency which provides longer-term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

Revenue Contribution to Capital Outlay

The financing of capital expenditure by a direct contribution from revenue account, rather than by means of loan or other forms of finance.

Revenue Expenditure

The day-to-day expenditure of the Authority, which is charged to the Comprehensive Income & Expenditure Statement, comprising mainly salaries and wages, running costs, and financing charges.

Lancashire Combined Fire Authority Audit Committee

Meeting to be held on 11 December 2025

External Audit – Letter of Representation

(Appendix 1 refers)

Contact for further information – Steven Brown - Director of Corporate Services
Tel: 01772 866804

Executive Summary

As part of the year-end process, the Authority is required to sign a letter of representation on completion of the audit. This letter confirms that the Authority has 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 have been.

Recommendation(s)

The Committee is asked to approve and delegate the Chair of the Audit Committee to sign the letter of representation when the financial statement can be signed subject to any material matters to be raised.

Information

The letter of representation is attached as Appendix 1, and this requires signing by the Treasurer and Chair of the Audit Committee to confirm that there are no issues that should have been brought to the attention of the auditors, but which have not been.

The Treasurer has confirmed that he will sign the letter at the meeting, as there are no further issues which he feels require disclosure.

Business risk

None.

Sustainability or Environmental Impact

None.

Equality and Diversity Implications

None.

Data Protection (GDPR)

Will the proposal(s) involve the processing of personal data? N

HR implications

None

Financial implications

None.

Legal implications

None.

Local Government (Access to Information) Act 1985**List of background papers**

Paper: N/A

Date: N/A

Contact: N/A

Reason for inclusion in Part 2 if appropriate: Insert Exemption Clause

Appendix 1: Letter of Representation



Grant Thornton UK LLP
11th Floor,
Landmark St Peter's Square,
1 Oxford Street,
Manchester,
M1 4PB

Please ask for: Steven Brown
Telephone: 01772 866804
Email: stevenbrown@lancsfirerescue.org.uk
Your Ref:
Our Ref: SB
Date:

[Date - To be dated the same date as the date of the audit opinion]

Dear Grant Thornton UK LLP

**Lancashire Combined Fire Authority
Financial Statements for Year Ended 31 March 2025**

This representation letter is provided in connection with the audit of the financial statements of Lancashire Combined Fire Authority ("the Authority") for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the Authority financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities, as set out in the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited, for the preparation of the Authority's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.

Headquarters

Lancashire Fire & Rescue Service
Garstang Road, Fulwood
Preston PR2 3LH

- iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of the pension fund net liability for Local Government Pension Scheme and the Firefighters Pension Schemes and the valuation of Land and Buildings. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. During the year we evaluated our estimation process for the valuation of the pension fund net liability for Local Government Pension Scheme and the Firefighters Pension Schemes and the valuation of land and buildings. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent;
 - b. none of the assets of the Authority has been assigned, pledged or mortgaged; and
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. The financial statements are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. There are no prior period errors to bring to your attention.
- xiv. We have updated our going concern assessment. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
 - a. the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;
 - b. the financial reporting framework permits the Authority to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Authority's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements

- xv. The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority's financial statements in the event of non-compliance.

Information Provided

- xvi. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
- xvii. We have communicated to you all deficiencies in internal control of which management is aware.
- xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xix. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or

- c. others where the fraud could have a material effect on the financial statements.
- xxi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiii. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.
- xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxvi. The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority's financial statements.

Approval

The approval of this letter of representation was minuted by the Authority's Audit Committee at its meeting on 11/12/2025.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Authority

Lancashire Combined Fire Authority

Audit Committee

Meeting to be held on 11 December 2025

External Audit – Audit Findings Report

(Appendix 1 refers)

Contact for further information – Steven Brown - Director of Corporate Services
Tel: 01772 866804

Executive Summary

The external auditor is required to produce an Audit Findings Report summarising the conclusions from their work undertaken as part of the year-end audit of accounts. The external auditor has completed the majority of work required under the Code but cannot formally conclude the audit and issue the audit certificate until confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025 has been received. The auditors have stated that they are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

The Value for Money (VFM) work has been completed, and the detailed commentary is set out in the separate Auditors Annual Report also on this agenda.

Recommendation(s)

The Committee is asked to note and endorse the updated Audit Findings Report.

Information

Under the statutory Code of Audit Practice for Local Government bodies our external auditors Grant Thornton are required to issue a report to those charged with governance summarising the conclusions from their audit work. This draft report, known as the Audit Findings Report, is attached as Appendix 1, and will be presented by the Audit Manager.

Business risk

None.

Sustainability or Environmental Impact

None.

Equality and Diversity Implications

None.

Data Protection (GDPR)

Will the proposal(s) involve the processing of personal data? N

HR implications

None

Financial implications

The audit fee is set out in Appendix E of the Audit Findings Report.

Legal implications

None.

Local Government (Access to Information) Act 1985**List of background papers**

Paper: N/A

Date: N/A

Contact: N/A

Reason for inclusion in Part 2 if appropriate: Insert Exemption Clause

Appendix 1: Audit Findings (ISA 260) Report for Lancashire Combined Fire Authority

Audit Findings (ISA 260) Report for Lancashire Combined Fire Authority

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Year ended 31 March 2025

11 December 2025

Lancashire Combined Fire Authority

Garstang Road
Fulwood
Preston
PR2 3LH

11 December 2025

Dear Members of the Audit Committee

Grant Thornton UK LLP

Landmark, St Peter's Square
1 Oxford Street
Manchester
M1 4PB

www.grantthornton.co.uk

Audit Findings for Lancashire Combined Fire Authority for the 31 March 2025

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Chartered Accountants

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We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2024-.pdf \(grantthornton.co.uk\)](#).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Elizabeth Luddington

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Director

For Grant Thornton UK LLP

Chartered Accountants

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Headlines and status of the audit

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Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Lancashire Combined Fire Authority (the ‘Authority’) and the preparation of the Authority’s financial statements for the year ended 31 March 2025 for the attention of those charged with governance.

Financial statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (the ‘Code’), we are required to report whether, in our opinion:

- the Authority’s financial statements give a true and fair view of the financial position of the Authority and its income and expenditure for the year; and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report and, is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work was completed as planned between September and November 2025. The findings are summarised on pages 14 to 27. We identified no financial adjustments to the financial statements but noted some disclosure amendments.

Audit adjustments are detailed from page 32. We have also raised recommendations for management as a result of our audit work. These are set out at page 35. Our follow up of recommendations from the prior year’s audit are detailed at pages 36 and 37.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion Appendix C, subject to the following outstanding matters:

- receipt of evidence and responses to our enquiries to finalise our substantive testing of debtors, fees and charges income, employee benefits expenses, pension liabilities, related party transactions and disclosures;
- finalisation of our work on PFI liabilities (including IFRS 16), journals, creditors, investments, reserves and land and building revaluations
- final review of the audit file by the Engagement Lead and Audit Manager, in particular the areas set out above;
- update of our post balance sheet events review to the date of signing;
- receipt of management representation letter {see Appendix B}; and
- review of the final set of financial statements.

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited.

Our anticipated financial statements audit report opinion will be unmodified.

Headlines

Value for money (VFM) arrangements

Page 115

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance.

We have completed our VFM work, which is summarised on page 39, and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report. We are satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and have not identified any significant weaknesses in the Authority's arrangements.

Headlines

Statutory duties

The Local Audit and Accountability Act 2014 (the ‘Act’) also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of work required under the Code. We cannot formally conclude the audit and issue an audit certificate for Lancashire Combined Fire Authority for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

Headlines

National context – audit backlog

Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026

For years ended 31 March 2026 by 31 January 2027

For years ended 31 March 2027 by 30 November 2027

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Headlines

Implementation of IFRS 16

Implementation of IFRS 16 Leases became effective for local government bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Local government accounts webinars were provided for our local government audit entities during March, covering the accounting requirements of IFRS 16. Additionally, CIPFA has published specific guidance for local authority practitioners to support the transition and implementation on IFRS 16.

Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration. This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires the right of use asset and lease liability to be recognised on the balance sheet by the lessee, except where:

- leases of low value assets
- short-term leases (less than 12 months).

This is a change from the previous requirements under IAS 17 where operating leases were charged to expenditure.

The principles of IFRS 16 also apply to the accounting for PFI liabilities.

The changes for lessor accounting are less significant, with leases still categorised as operating or finance leases, but some changes when an authority is an intermediate lessor, or where assets are leased out for little or no consideration.

Impact on the Authority

- lease liabilities and right of Use Assets recognised on the balance sheet in respect of former operating leases
- additional accounting policies and disclosures in the financial statements
- related internal controls that required tailoring to reflect changes in accounting policies and processes
- identification of ‘low value’ and ‘short term’ leases
- identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate

Detail of assessment, the work undertaken, and key observations regarding the implementation of IFRS 16 can be found on page 20.

Materiality

Page 119

Our approach to materiality

As communicated in our Audit Plan, we determined materiality at the planning stage as £2.113m based on 2.5% of prior year gross operating expenditure. At year-end, we have reconsidered planning materiality based on the draft financial statements and we have maintained the threshold stated in our Audit Plan as we deemed the movement insignificant.

A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

- We have determined materiality at £2.113m based on professional judgement in the context of our knowledge of the Authority, including consideration of the level of misstatement which could reasonably be expected to influence the economic decisions of users of the financial statements.

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We have used 2.5% of gross operating expenditure as the basis for determining materiality.

Performance materiality

- We have determined performance materiality at £1.479m, this is based on 70% of headline materiality.

Specific materiality

- Senior officers remuneration – Due to the sensitive nature of this disclosure we have set a lower materiality of £0.042m. We have maintained the threshold stated in our Audit Plan.

Reporting threshold

- We will report to you all misstatements identified in excess of £0.106m, in addition to any matters considered to be qualitatively material.

Our approach to materiality

A summary of our approach to determining materiality is set out below.

	Authority (£)	Qualitative factors considered
Materiality for the financial statements	2.113m	In determining materiality, we have considered the level of misstatement which could reasonably be expected to influence the economic decisions of users of the financial statement. Materiality has been set at £2.113m being 2.5% of your 2023/24 gross operating expenditure.
Performance materiality	1.479m	Performance materiality has been set at £1.479m being 70% of your headline materiality.
Specific materiality for Senior Officer Remuneration	0.042m	This balance is material by nature due to the sensitivity of the disclosure. Materiality has been set at £0.042m.
Reporting threshold	0.106m	The amount below which findings would be clearly inconsequential both individually or in aggregate to any reader of the financial statements.

Overview of significant and other risks identified

Page 122

Overview of audit risks

The below table summarises the significant and other risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Other risks are, in the auditor’s judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Low	● TBC
Valuation of land and buildings	Significant	↔	✗	High	●
Valuation of the pension fund net liability	Significant	↔	✗	High	● TBC
The revenue cycle includes fraudulent transactions	Significant – risk rebutted	↔	✓	Low	● TBC
The expenditure cycle includes fraudulent transactions	Significant – risk rebutted	↔	✓	Low	● TBC
Implementation of IFRS 16	Other	↔	✗	Medium	● TBC

- ↑ Assessed risk increase since Audit Plan
- ↔ Assessed risk consistent with Audit Plan
- ↓ Assessed risk decrease since Audit Plan

- Not likely to result in material adjustment or change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Likely to result in material adjustment or significant change to disclosures within the financial statements

Significant risks

Risk identified

Management override of controls

Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.

We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.

Audit procedures performed

We have:

- evaluated the design and implementation of management controls over journals;
- analysed the journals listing and determined the criteria for selecting high risk unusual journals;
- identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration;
- gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness; and
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Key observations

In performing the procedures above, we identified a population of journals to test using data analytic software to analyse journal entries and to split large batch journals into smaller sets of transactions that support targeted testing based on specific risk criteria assessed by the audit team.

These criteria included:

- Material journals across the year and at year end
- Credits to expenditure codes

From our review of all journals posted during the year, we identified 33 higher risk or unusual journals that warranted detailed audit testing. Our audit work to date has not identified any significant issues in respect of management override of controls. The work is subject to final review by the Engagement Lead.

Significant risks

Risk identified

Valuation of land and buildings

The Authority revalues its land and buildings on a rolling five-year basis.

This valuation £116.425m (as at 31/03/2025) represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.

Additionally, management will need to ensure the carrying value in the Authority's financial statements is not materially different from the current value or the fair value at the financial statements date (for surplus assets) at the financial statements date, where a rolling programme is used.

We have therefore identified valuation of land and buildings, particularly revaluations as a significant risk, which was one of the most significant assessed risks of material misstatement.

Audit procedures performed

We have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code were met;
- challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding;
- evaluated the valuer's report to identify assets that have large and unusual changes and/or approaches to the valuation. Substantively tested these to ensure the valuations are reasonable
- tested a selection of other asset revaluations made during the year to ensure they have been input accurately into the Authority's asset register, revaluation reserve and Comprehensive Income and Expenditure Statement; and
- evaluated the assumptions made by management for those assets not revalued in year and how management has satisfied themselves that these are not materially different from the current value at year-end.

Key observations

As part of our overall audit work, we tested 21 Land and Building asset valuations, including individually large assets or those with unusual movements, as well as a sample across the remainder of the total population of assets. In completing our work, we examined the accounting entries, data and assumptions used, relevant asset indices and considered those assets not revalued.

Our audit work to date has not identified any material issues in respect of valuation of land and buildings. We considered the level of disclosure in the financial statements to be appropriate, with only one minor amendment in disclosure noted on page 34 and two low level recommendations on page 35.

Significant risks

Risk identified	Audit procedures performed	Key observations
<p>Valuation of the defined benefit pension net liability</p> <p>The Authority’s defined benefit pension net liability, as reflected in its balance sheet, represents a significant estimate in the core financial statements.</p> <p>The net pension fund liability is considered a significant estimate due to both the size of the amounts involved and the sensitivity of the valuation to changes in key assumptions. At 31 March 2025, the liability was £558.430m (prior year: £651.920m), comprising unfunded defined benefit obligations of £588.346m under the Firefighters’ Pension Scheme and £0.084m under the Local Government Pension Scheme. This is after the application of an asset ceiling of £32m under IFRIC14, which addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments.</p>	<p>We have:</p> <ul style="list-style-type: none"> • updated our understanding of the processes and controls put in place by management to ensure that the Authority’s pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluated the instructions issued by management to their management expert (the actuary) for this estimate and the scope of the actuary’s work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority’s pension fund valuation; • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; and • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; 	<p>Our review of the processes and controls in respect of pensions and the instructions issued by management identified no issues, nor did our assessment of the competence, capability and objectivity of the actuary.</p> <p>We also confirmed the accuracy and completeness of the information provided by the Authority to estimate the liability. We challenged the actuary’s assumptions and used our auditor’s expert (PWC) to provide expert input on the assumptions that had been used. Page 23 provides a detailed assessment of the estimation process for the valuation of the pension fund net liability.</p> <p>We have reviewed the IAS19 assurances from the auditor of Lancashire County Pension Fund and have not identified any issues.</p> <p>(continued)</p>

Significant risks

Risk identified

Valuation of the defined benefit pension net liability (continued)

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with requirements set out in the Code. We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

Audit procedures performed

- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report, including confirmation of the scope of the actuary's work and reviewing the application of IFRIC 14 ;
- obtained assurances from the auditor of the Lancashire County Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.
- performed checks in respect of Firefighters' membership data and tested the accuracy and validity of movements since the most recent triennial valuation, where material changes were identified

Key observations

Significant risks

Risk identified	Audit procedures performed	Key observations
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>We completed a risk assessment of all revenue streams for the Authority. We rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams. This is due to the low fraud risk in the nature of the underlying nature of the transaction, or immaterial nature of the revenue streams both individually and collectively, because:</p> <ul style="list-style-type: none">there is little incentive to manipulate revenue recognitionopportunities to manipulate revenue recognition are very limited;most of the revenue received by the Authority comes from government grants; andthe culture and ethical frameworks of local authorities, including Lancashire Combined Fire Authority, mean that all forms of fraud are seen as unacceptable <p>Therefore, we do not consider these to be significant risks for Lancashire Combined Fire Authority.</p>	<p>We have rebutted the risk of fraud in revenue recognition.</p> <p>Despite revenue recognition not being a significant risk, we have undertaken the following procedures to ensure that revenue included within the accounts is materially correct:</p> <ul style="list-style-type: none">reviewed and tested, on a sample basis, revenue transactions, ensuring that it remains appropriate to rebut the presumed risk of revenue recognition;tested a sample of invoices issued and income received in the period prior to and following 31 March 2025 to determine whether income is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties; andevaluated the Authority’s accounting policy for recognition of income for appropriateness and compliance with the Code;	<p>Our audit plan confirmed that we considered it appropriate to rebut the fraud risk in relation to revenue and this remains appropriate.</p> <p>Whilst revenue recognition was not identified as a significant risk, we have carried out procedures and tested material revenue streams to gain assurance over this area and evaluated that it remained appropriate to rebut the presumed risk of revenue recognition.</p> <p>Our audit work to date has not identified any instances of fraudulent revenue recognition or inaccurate cut-off of revenue recorded around the year end. We have noted a presentational adjustment in respect of interest income as noted on page 34.</p>

Significant risks

Risk identified	Audit procedures performed	Key observations
<p>The expenditure cycle includes fraudulent transactions</p> <p>Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.</p> <p>We have completed a risk assessment of all expenditure streams for the Authority. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk. This is due to the low fraud risk in the underlying nature of the transaction, or immaterial nature of the expenditure streams both individually and collectively.</p>	<p>We have rebutted the risk of fraud in expenditure recognition</p> <p>Despite expenditure recognition not being a significant risk, we have undertaken the following procedures to ensure that expenditure included within the accounts is materially correct:</p> <ul style="list-style-type: none">• evaluated the Authority’s accounting policy for expenditure recognition for appropriateness and compliance with the Code;• updated our understanding of the Authority’s system for accounting for expenditure and evaluating the design of relevant controls;• undertaken detailed substantive testing on the expenditure streams in 2024-25 including sample testing of material expenditure transactions; and• we have tested a sample of invoices received and payments made in the period prior to and following 31 March 2025 to determine whether expenditure is recognised in the correct accounting period, in accordance with the amounts paid to the corresponding parties.	<p>Our audit plan confirmed that we considered it appropriate to rebut the fraud risk in relation to expenditure and this remains appropriate.</p> <p>Whilst expenditure recognition was not identified as a significant risk, we have carried out procedures and tested material expenditure streams to gain assurance over this area and evaluated that it remained appropriate to rebut the presumed risk of expenditure recognition.</p> <p>Our audit work to date has not identified any instances of fraudulent expenditure recognition or inaccurate cut-off of expenditure recorded around the year end.</p>

Other risks

Risk identified

New accounting standards and reporting developments

IFRS 16 Leases is now mandatory for all Local Government bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

In the public sector, the definition of a lease has been extended to include the use of assets for which little or no consideration is paid, often called “peppercorn” rentals. This is one instance where the right of use asset and its’ associated liability are not initially recognised at the same value. For peppercorn rentals, the right of use assets are initially recognised at market value. Any difference between market value and the present value of expected payments is accounted for as income. This has similarities with the treatment of donated assets.

Key judgements include

- determining what is deemed to be a low value lease. This is based on the value of the underlying asset when new and is likely to be the same as the authority’s threshold for capitalising owned assets;
- determining whether an option to terminate or extend the lease will be exercised. This is important as it affects the lease term and subsequently the calculation of the lease liability based on the expected payments over the lease term; and
- the valuation of the right of use asset after recognition. An expert valuer may be required to support management in this.

We have therefore identified completeness of the identification of relevant leases and valuation as a risk

Audit procedures performed

We have:

- obtained an understanding of the Authority's approach to implementing IFRS 16. This includes understanding the steps taken by the Authority to identify and classify leases including peppercorn leases, assess lease terms, and ensure the accounting treatment aligns with the accounting standards;
- reviewed the proposed accounting policy;
- reviewed the reconciliation of 31/03/2024 IAS 17 operating lease commitment disclosure to 01/04/2024 IFRS16 lease liabilities; and
- assessed how leases with options to extend or terminate have been identified and the likelihood of these options to be exercised.

Key observations

We have reviewed the transition adjustments and performed procedures to confirm the completeness of leases identified, and no issues have been noted in this respect. Work relating to Private Finance Initiative (PFI) arrangements, which fall within the scope of IFRS 16, is ongoing and will be reported upon completion.

Other findings

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Other findings – key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Assessment:

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- [Green] We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
<div>Valuation of land and buildings</div> <div>116.425m Net carrying value at 31 March 2025</div>	<p>Other land and buildings comprises specialised assets such as fire stations, the fire HQ and other operational buildings, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at EUV at year end.</p> <p>The Authority has engaged Amcat (UK) Limited to complete the valuation of properties as at 31 March 2025 on a five yearly cyclical basis. 16% of total assets were fully revalued during 2024/25 with the remaining 84% subject to a desktop valuation exercise.</p>	<p>We completed the following work.</p> <ul style="list-style-type: none">• We assessed the valuer used as management’s expert, Amcat Limited, as competent, capable and objective• We have confirmed the completeness and accuracy of the underlying information provided to the valuer used to determine the estimate• We have evaluated the method, data and assumptions used by management’s expert to derive the accounting estimate to be reasonable• We confirmed that the valuation method remains consistent with the prior year• We have agreed the General Fund valuation report to the Fixed Asset Register and to the Statement of Accounts• We have confirmed the adequacy of the disclosure of the estimate in the financial statements• We have confirmed the appropriateness of alternative site assumptions. <p>Our work to date has not identified any issues with management’s estimation process.</p>	<div>●</div> <div>Green</div>

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
<p>Valuation of Pension Fund Net Liability - £558.430m 31 March 2025</p> <p>The Authority’s pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>We therefore identified valuation of the Authority’s pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatements.</p> <p>IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments.</p> <p>IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.</p>	<p>The Authority’s net pension liability at 31 March 2025 is £558.430m (prior year: £651.920m), comprising unfunded defined benefit pension obligations of £588.346m under the Firefighters’ Pension Scheme and £0.084m under the Lancashire County Pension Scheme, after applying an IFRIC 14 assessment of £32m.</p> <p>The Authority uses Government Actuary’s Department (GAD) to provide actuarial valuations of the Authority’s liabilities derived from the Firefighters’ Pension Scheme, uses Mercers to provide actuarial valuations of the Authority’s assets and liabilities derived from the LGPS.</p> <p>A full actuarial valuation is required every three years.</p>	<p>We have completed the following work on the estimate:</p> <ul style="list-style-type: none"> assessed the Authority’s actuaries, GAD and Mercer, to be competent, capable and objective; confirmed the controls and processes over the completeness and accuracy of the underlying information used to determine the estimate; reviewed the adequacy of disclosure of estimate in the financial statements; confirmed there have been no changes to the valuation methodology since the previous year, other than the updating of key assumptions above; and examined the IFRIC 14 assessment of the pension fund asset on the local government scheme. <p>(continued)</p>	<div> <div></div> <div>Green</div> </div>

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
Valuation of Pension Fund Net Liability - £558.430m 31 March 2025 (cont.)		<ul style="list-style-type: none"> Used PwC as our auditors expert to assess the actuary and assumptions made by the actuary – see table below for our comparison of actuarial assumptions: 	<div>●</div> <div>Green</div>

Assumption	Actuary value	PwC range	Assessment
Discount rate	Mercer: 5.80% GAD: 5.65%	Mercer 5.7-5.9% GAD 5.65%	●
Pension increase rate	Mercer: 2.70% GAD: 2.70%	Mercer: 2.6%-2.7% GAD: 2.70%	●
Salary growth	Mercer: 4.10% GAD: 3.45%	Mercer: 3.85%-4.1% GAD: 3.45%	●
Life expectancy – Males currently aged 45/65	Mercer: 22.4/21.1 GAD: 22.7/21.3	Mercer: 22.4-23/20.7-21.4 GAD: 22.7/21.3	●
Life expectancy – Females currently aged 45/65	Mercer: 25.3/23.5 GAD: 22.7/21.3	Mercer: 22.4-25.3/20.7-23.6 GAD: 22.7/21.3	●

Our audit work remains on-going as at the date of this report. Our audit work to date has not identified in respect of this testing.

Other findings – Information Technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	ITGC control area rating				Related significant risks/other risks
		Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Page 13 Oracle Fusion: Financial reporting	ITGC assessment (design effectiveness)	<div><div></div>Green</div>	<div><div></div>Green</div>	<div><div></div>Green</div>	<div><div></div>Green</div>	All significant risks

Assessment:

- [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements
- [Amber] Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- [Green] IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- [Black] Not in scope for assessment

Communication requirements and other responsibilities

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Other communication requirements

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit Committee and we have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed, although our work is not yet complete.
Matters in relation to laws and regulations	You have not made use aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Authority, which is set out at Appendix B.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Authority's banking and treasury partners. This permission was granted and the requests were sent. All confirmations have now been returned with positive confirmation.
Disclosures	Our review found no material omissions in the financial statements. A number of amendments were made to the financial statements to further enhance the transparency of the disclosures within the Accounts and improve compliance with reporting requirements. Further detail is set out at page 34.
Audit evidence and explanations	All information and explanations requested from management continue to be provided.
Significant difficulties	We have not encountered any significant challenges during the audit

Other responsibilities

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Statement on Annual Governance Arrangement, and Narrative, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none">• if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit,• if we have applied any of our statutory powers or duties.• where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. Note that detailed work is not required as the Authority does not exceed the threshold.</p>
Certification of the closure of the audit	<p>We cannot formally conclude the audit and issue an audit certificate for Lancashire Combined Fire Authority for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025, as detailed in Appendix C.</p>

Other responsibilities

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Authority recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none">• the use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities• for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none">• the nature of the Authority and the environment in which it operates;• the Authority's financial reporting framework;• the Authority's system of internal control for identifying events or conditions relevant to going concern; and• management’s going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none">• a material uncertainty related to going concern has not been identified; and• management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Audit adjustments

Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted and unadjusted misstatements

No adjusted or unadjusted misstatements have been identified at the date of issuing our report. We will provide an update to management and the Audit Committee should any issues be identified from the remaining testing. There are no unadjusted errors to consider from the prior year.

Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Grants Received in Advance	The total disclosed for grants received in advance was included within other short term liabilities. Grants received in advance must be disclosed as a separate line on the face of the Balance sheet. This was a disclosure error only and the accounts have been updated accordingly.	✓
Creditors	The total disclosed for the short-term creditors on the balance sheet did not agree to the supporting note 11 (creditors) and note 8 (financial instruments). This error has now been corrected to reflect the accurate balance sheet figure.	✓
Interest Income	Within Note 27 - Expenditure and Income by Nature, Interest Income value of £2,291K has been included within the fees and charges Income line item and not disclosed as a separate line item as per CIPFA Code Ref - 2.7.2.35. This was a disclosure error only and the accounts have been updated accordingly.	✓
Assets Under Construction	Assets under construction should be included within Note 6 – Property, Plant and Equipment. According to CIPFA Code paragraph 4.1.4.3(e), a reconciliation of the carrying amount at the beginning and end of the period is required for each class of PPE, including additions, which covers assets under construction. This reconciliation must be presented in the PPE note, whereas initially it was included as a separate table.	✓
Throughout	As a result of our review of the accounts we identified a number of minor presentational and disclosure improvements. Management have amended the accounts for these matters.	✓

Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<div><div>●</div><div>Low</div></div>	As part of our testing of the useful economic lives assigned to assets, we noted that two assets were allocated asset lives upon being brought into use that fall outside the Authority’s approved accounting policy.	<p>We recommend that the Authority:</p> <p>Review the process for assigning useful economic lives to ensure compliance with the approved accounting policy and investigate the specific instances identified and make any necessary adjustments.</p> <p>Management response</p> <p>The accounting policy for asset life will be reviewed and updated to reflect the life of assets.</p>
<div><div>●</div><div>Low</div></div>	During our testing of assets recorded on the fixed asset register at a net book value of £nil, we noted that a number of vehicles and equipment are fully depreciated but remain in operational use. These assets continue to provide economic benefit despite being recorded at £nil value.	<p>We recommend that the Authority:</p> <ul style="list-style-type: none">• review its accounting policy for useful economic lives of equipment and vehicles to ensure it reflects the full expected period of use;• assess whether adjustments to useful lives are appropriate for similar asset categories going forward; and• review and update the fixed asset register to remove any assets that are no longer in existence or in operational use. <p>Management response</p> <p>The economic useful life of equipment and vehicles will be reviewed in 2025/26 and cleansing of the asset register.</p>

Key
<div><div>●</div> High – Significant effect on control system and/or financial statements</div>
<div><div>●</div> Medium – Limited impact on control system and/or financial statements</div>
<div><div>●</div> Low – Best practice for control systems and financial statements</div>

Follow up of prior year recommendations

We identified the following issues in the audit of the Authority’s 2023/24 financial statements, which resulted in two recommendations being reported in our 2023/24 Audit Findings Report. We are pleased to report that management have implemented our recommendation.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>During our reconciliation between the general ledger transactions listing and trial balance, we identified variances in 2 account codes. The variances are below triviality and net to nil; therefore, they have no impact on the final accounts. However, the general ledger should always reconcile back to the trial balance to ensure the accuracy and completeness of the data.</p> <p>Recommendation</p> <p>For control purposes and best practices, we recommend that management run checks between the transaction listing and trial balance on a timely basis to identify and address any potential system errors.</p>	<p>Management response</p> <p>An additional monthly reconciliation has been introduced to identify any coding variances within customised reporting.</p> <p>Audit Response</p> <p>We confirmed that this recommendation has been fully implemented in 2024/25. Our reconciliation between the general ledger transaction listings and trial balance in the current years audit did not identify any variances and we have successfully reconciled all general ledger transitions to the trail balance and subsequently to the Statement of Accounts.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>During our sample testing of assets' useful economic life, we identified one asset that was recognised under Vehicle, Plant and Equipment in 23/24 but has not been brought into use. In this case, we would expect the assets to be recognised under Assets under construction instead.</p> <p>We reviewed the Fixed assets register and confirmed that no depreciation has been charged in year for this asset. Therefore, apart from the matter of classification, there is no impact on the net balance of the accounts.</p> <p>Recommendation</p> <p>For the best accounting practice , we would recommend the management review the fixed assets register on a regular basis and ensure that the assets have been classified in the correct categories.</p>	<p>Management response</p> <p>The asset register will continue to be reviewed on a regular basis and a classified category check will be introduced.</p> <p>Audit Response</p> <p>Our substantive testing of Property, Plant and Equipment found no assets in the current year's accounts that were incorrectly classified.</p>

Value for Money arrangements

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Value for Money arrangements

Approach to Value for Money work for the year ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30th November each year from 2024-25. Our draft AAR accompanies this audit findings report.

In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.

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Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial sustainability

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



Governance

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

In undertaking this work we have not identified any significant weaknesses in arrangements.

Independence considerations

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Independence considerations

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council’s Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements

As part of our assessment of our independence we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Authority or investments in the group held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Authority as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Authority.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Authority/group, senior management or staff (that would exceed the threshold set in the Ethical Standard).

Fees and non-audit services

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services. The fees reconcile to the financial statements.

Total audit and non-audit fee

Scale fee as set by PSAA	£103,053
IFRS 16 *	£ 3,000
Total audit fee	£106,053

The above fees are exclusive of VAT.

*The fees agree to the financial statements without the IFRS16 fee, which is subject to approval by PSAA, see page 43.

This covers all services provided by us and our network to the group/Authority, its directors and senior management and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.

Additional fee analysis – fee variation for in year work

The following table sets out further information on additional fees in respect of IFRS16

Grade	Rate (Determined by PSAA)	Hours	Fee variation for Audit 2024/25
Partner/Director	£428	1	£428
Senior Manager/ Manager	£236	2	£472
Senior Auditor	£153	13.7	£2,100
Other staff	£117		
Total		16.7	£3,000

The above is subject to review by PSAA who will make a final determination.

Appendices

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A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Group’s accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		<div></div>
Non-compliance with laws and regulations		<div></div>
Unadjusted misstatements and material disclosure omissions		<div></div>
Expected modifications to the auditor's report, or emphasis of matter		<div></div>

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ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

B. Management letter of representation

[**Prepare on client letterhead**]

Grant Thornton UK LLP

Landmark, St Peter's Square

1 Oxford Street

Manchester

M1 4PB

[**To be dated the same as the opinion**]

Dear Grant Thornton UK LLP

Lancashire Combined Fire Authority Financial Statements for the year ended 31 March 2025

This representation letter is provided in connection with the audit of the financial statements of Lancashire Combined Fire Authority ("the Authority") for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the Authority financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities, as set out in the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited, for the preparation of the Authority's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of the pension fund net liability for Local Government Pension Scheme and the Firefighters Pension Schemes and the valuation of Land and Buildings. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. During the year we evaluated our estimation process for the valuation of the pension fund net liability for Local Government Pension Scheme and the Firefighters Pension Schemes and the valuation of land and buildings. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

B. Management letter of representation

vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

vii. Except as disclosed in the financial statements:

- a. there are no unrecorded liabilities, actual or contingent;
- b. none of the assets of the Authority has been assigned, pledged or mortgaged; and
- c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x. The financial statements are free of material misstatements, including omissions. xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiii. There are no prior period errors to bring to your attention.

xiv. We have updated our going concern assessment. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

- a. the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;
- b. the financial reporting framework permits the Authority to prepare its financial statements on the basis of the presumption set out under a) above; and
- c. the Authority's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements

xv. The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority's financial statements in the event of non-compliance

B. Management letter of representation

Information Provided

xvi. We have provided you with:

- a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters;
- b. additional information that you have requested from us for the purpose of your audit; and
- c. access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

xvii. We have communicated to you all deficiencies in internal control of which management is aware.

xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xix. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:

- a. management;
- b. employees who have significant roles in internal control; or
- c. others where the fraud could have a material effect on the financial statements.

xxi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxiii. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

B. Management letter of representation

Narrative Report

xxvi. The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority's financial statements.

Approval

The approval of this letter of representation was minuted by the Authority's Audit Committee at its meeting on 11/12/2025.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Authority

C. Audit opinion - DRAFT

Our anticipated audit report opinion will be unmodified

Independent auditor's report to the members of Lancashire Combined Fire Authority

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Lancashire Combined Fire Authority (the 'Authority') for the year ended 31 March 2025, which comprise which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and notes to the financial statements. The notes to the financial statements include notes to the core financial statements and firefighters' pension fund. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2025 and of its expenditure and income for the year then ended.
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Treasurer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Treasurer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

C. Audit opinion - DRAFT

In auditing the financial statements, we have concluded that the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Treasurer's with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts other than the financial statements and our auditor's report thereon. The Treasurer's is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Arrangements does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Arrangements addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

C. Audit opinion - DRAFT

- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or.
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Treasurer

As explained more fully in the Statement of Responsibilities, the Authority 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 those affairs. In this authority, that officer is the Treasurer. The Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2024 and the Local Government Act 2003.
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to the Fire and Rescue Services Act 2004, the Public Service Pensions Act 2013, the Firefighters' Pension Scheme (England) Regulations 2014 and the Firefighters' Pension Scheme (England) Order 2006).
- we enquired of management and the Audit committee, concerning the Authority's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations.

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- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the audit committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority’s financial statements to material misstatement, including how fraud might occur, by evaluating management’s incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of potential management bias in determining accounting estimates for the valuation of land and buildings and the pension liability/asset, and management override of controls. We determined that the principal risks were in relation to processing of inappropriate journals.
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud.
 - journal entry testing, with a focus on large and unusual journals.
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings and the defined pension fund net liability valuations, and
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings and defined pension fund net liability valuations. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team’s:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the local government sector
 - understanding of the legal and regulatory requirements specific to the Authority including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.

C. Audit opinion - DRAFT

- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Authority’s operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Authority’s control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Report on other legal and regulatory requirements – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources

Auditor’s responsibilities for the review of the Authority’s arrangements for securing economy, efficiency and effectiveness in the Authority’s use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of ‘proper arrangements’. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor’s Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

C. Audit opinion - DRAFT

Report on other legal and regulatory requirements – Audit certificate

We cannot formally conclude the audit and issue an audit certificate for Lancashire Combined Fire Authority for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:

Elizabeth Luddington, Key Audit Partner

or and on behalf of Grant Thornton UK LLP, Local Auditor

Manchester

Date:



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Lancashire Combined Fire Authority Audit Committee

Meeting to be held on 11 December 2025

Internal Audit Monitoring Report

(Appendix A)

Contact for further information – Steven Brown - Director of Corporate Services
Tel: 01772 866804

Executive Summary

The attached report sets out the current position in respect of the internal audit plan for 2025/26.

Recommendation(s)

The Committee is asked to note the report.

Information

The internal auditors produce a summary of progress against the annual plan for each Audit Committee meeting, setting out progress to date and any significant findings. The report is attached as Appendix A and will be presented by the Head of Internal Audit.

Business risk

Effective Internal Audit is a key element of our Governance arrangements.

Sustainability or Environmental Impact

None.

Equality and Diversity Implications

None.

Data Protection (GDPR)

Will the proposal(s) involve the processing of personal data? N

HR implications

None

Financial implications

None.

Legal implications

None.

Local Government (Access to Information) Act 1985

List of background papers

Paper: N/A

Date: N/A

Contact: N/A

Reason for inclusion in Part 2 if appropriate: Insert Exemption Clause

Appendix A: Internal Audit Service monitoring report: period ended 28 November 2025

Appendix A

Lancashire Combined Fire Authority

**Internal Audit Service monitoring report: period ended
28 November 2025**

1 Purpose of this report

- 1.1 The Internal Audit Plan for 2025/26 was approved by the Audit Committee in March 2025. This report details the progress to date in undertaking the agreed coverage.

2 Internal audit work undertaken

- 2.1 To date, 32 days have been spent this financial year on completion of the 2025/26 plan which equates to 46%. The table in section 3 below provides a summary of the assignments that comprise the 2025/26 audit plan.

Use of this report

- 2.2 This report has been prepared solely for the use of Lancashire Combined Fire Authority, and it would therefore not be appropriate for it or extracts from it to be made available to third parties other than the external auditors. We accept no responsibility to any third party who may receive this report, in whole or in part, for any reliance that they may place on it and, in particular, we expect the external auditors to determine for themselves the extent to which they choose to utilise our work.

3 Progress

Audit review	Audit days			Status	Assurance Opinion
	Planned	Actual	Variation		
Governance and business effectiveness					
Overall governance, risk management and control arrangements	3	0	3	Not started	
Service delivery and support					
Risk Management	12	14	(2)	Final Report	● Reasonable October 2025
Business Continuity	10	12	(2)	Final Report	● Substantial November 2025
Business processes					
VAT	8	1	7	Planning	N/A
Treasury Management	10	0	10	Not started	N/A

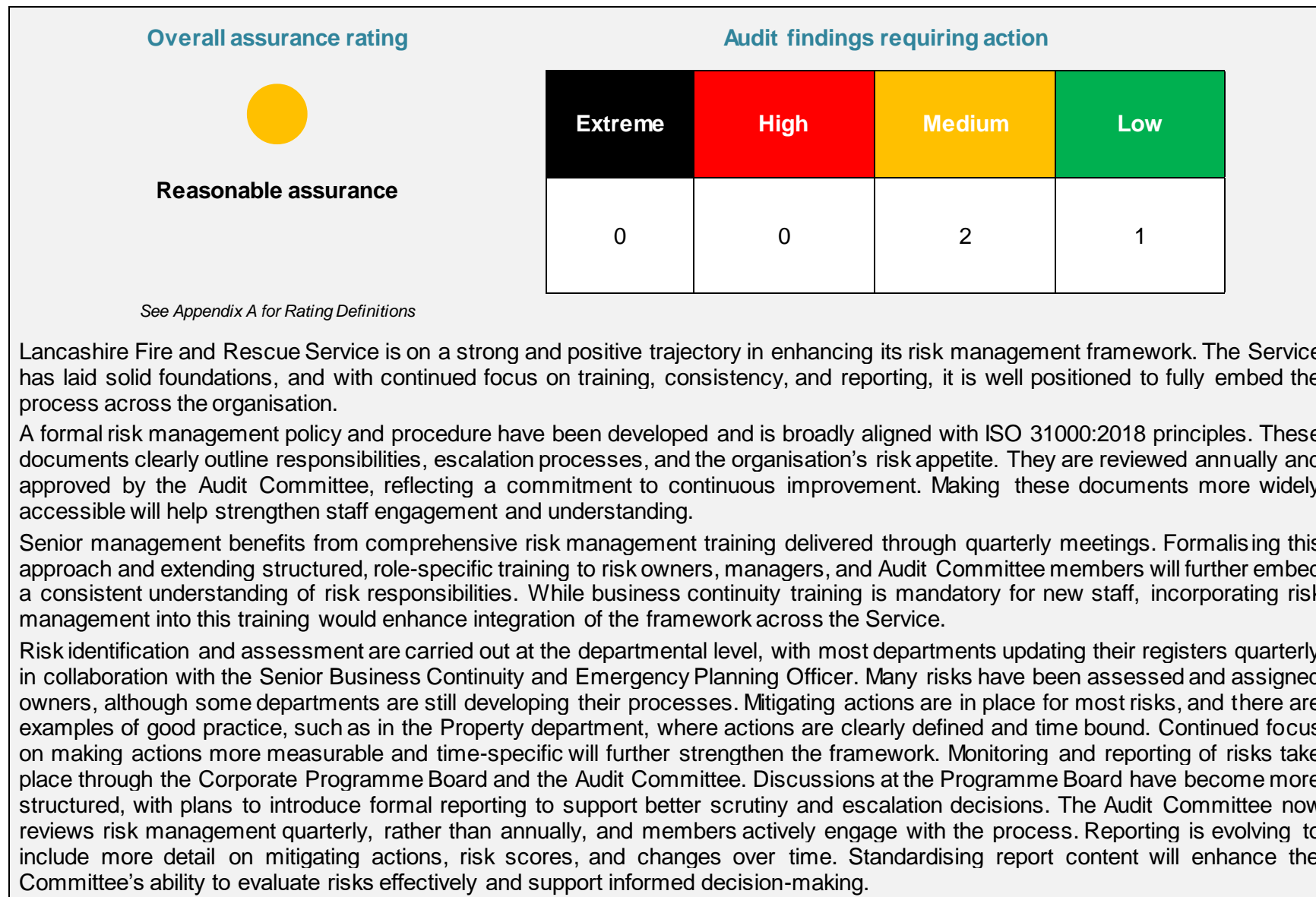
Procurement	12	1	11	Planning	N/A
<i>Follow up audit activity</i>					
Cyber Security-Governance	2	0	2	Not started	N/A
Learning from National Incidents	2	0	2	Not started	N/A
<i>Other components of the audit plan</i>					
Management activity	10	4	6	Ongoing	
National Fraud Initiative	1	0	1		
Total	70	32	38		

4 Extracts from Audit Reports

4.1 Extracts of assurance summaries are on the page below for:

- Risk Management
- Business Continuity

Risk Management – final report issued 22 November 2025



Business Continuity – final report issued 25 November 2025

Overall assurance rating



Substantial assurance

See Appendix A for Rating Definitions

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	1

Lancashire Fire and Rescue Service (LFRS) has implemented a robust Business Continuity Management System (BCMS), underpinned by a comprehensive Policy and Standard Operating Procedure. These documents clearly articulate the aims, objectives, and operational framework of business continuity management and are aligned with key standards and legislation. Staff responsibilities are clearly defined across all levels, whilst accessibility of documentation is ensured through multiple platforms. Training is embedded into induction for all staff and supplemented by targeted, in-depth courses for those with specific business continuity responsibilities. Oversight is maintained through structured governance, with the Deputy Chief Fire Officer accountable for policy implementation, and regular scrutiny by the Corporate Programme Board and Planning Committee, where updates and improvements are actively discussed and documented.

The service employs a structured approach to business continuity planning, comprising strategic, tactical, operational, and station-level plans informed by business impact analyses. Communication plans support internal and external messaging during disruptions. All plans are reviewed annually, managed via SharePoint, are current, accessible and supported by communication protocols and secure backups. However, a minor issue was noted relating to inconsistencies in grab bag contents such as missing registers and contact lists, though this documentation is also accessible electronically and offline through other means. Utilities continuity is supported by contracts and contingency measures, though formal service level agreements are not possible due to infrastructure and fire services being discounted from priority supply for electricity. Upcoming procurement will include business continuity clauses to enhance resilience.

A robust business continuity testing programme is maintained, including real-time and tabletop exercises. All plans are tested annually, with activations tracked and lessons learned documented. Strategic and tactical debriefs are coordinated by the Response and Emergency Planning Team with documented recommendations and assigned responsibilities. Recommendations raised during structured debriefs are entered into the Assurance Management System for ongoing tracking and monitoring by the Organisational Assurance Group, whilst more detailed oversight will be maintained by the Business Continuity Management Group going forward. Benchmarking is supported through active participation in regional and national forums, enabling shared learning and planning for emerging risks such as cyber threats and power outages. These measures reinforce the Authority's commitment to resilience and continuous improvement.

Audit assurance levels and residual risks

Appendix 1

Note that our assurance may address the adequacy of the control framework's design, the effectiveness of the controls in operation, or both. The wording below addresses all of these options, and we will refer in our reports to the assurance applicable to the scope of the work we have undertaken.

- **Substantial assurance:** the framework of control is adequately designed and/ or effectively operated overall.
- **Reasonable assurance:** the framework of control is adequately designed and/ or effectively operated overall, but some action is required to enhance aspects of it and/ or ensure that it is effectively operated throughout.
- **Limited assurance:** there are some significant weaknesses in the design and/ or operation of the framework of control that put the achievement of its objectives at risk.
- **No assurance:** there are some fundamental weaknesses in the design and/ or operation of the framework of control that could result in failure to achieve its objectives.

Classification of residual risks requiring management action

All actions agreed with management are stated in terms of the residual risk they are designed to mitigate.

- **Extreme residual risk:** critical and urgent in that failure to address the risk could lead to one or more of the following: catastrophic loss of the LRFS services, loss of life, significant environmental damage or significant financial loss, with related national press coverage and substantial damage to the LRFS reputation. *Remedial action must be taken immediately.*
- **High residual risk:** critical in that failure to address the issue or progress the work would lead to one or more of the following: failure to achieve organisational objectives, significant disruption to the LRFS business or to users of its services, significant financial loss, inefficient use of resources, failure to comply with law or regulations, or damage to the LRFS reputation. *Remedial action must be taken urgently.*
- **Medium residual risk:** failure to address the issue or progress the work could impact on operational objectives and should be of concern to senior management. *Prompt specific action should be taken.*
- **Low residual risk:** matters that individually have no major impact on achieving the service's objectives, but when combined with others could give cause for concern. *Specific remedial action is desirable.*

Lancashire Combined Fire Authority

Audit Committee

Meeting to be held on 11 December 2025

Risk Management

(Appendix A refers)

Contact for further information – Esma Alicehajic, Senior Business Continuity and Emergency Planning Officer

Tel: 01772 866874

Executive Summary

Lancashire Fire and Rescue Service (LFRS) continues 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 remains 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 reflects a stable overall risk position, with movements driven predominantly by organisational change, external environment, and developments in national fire sector context.

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 is now underway to address these areas, with implementation planned by April 2026 as part of the wider maturity trajectory.

Recommendation(s)

The Audit Committee is requested to endorse the Service's current risk management arrangements, and note the latest position reflected in the Corporate Risk Matrix and Register.

Overview

The Audit Committee provides independent assurance on the adequacy of the Service's risk management, internal control environment, and governance arrangements. Risk management remains a core component of organisational resilience, ensuring LFRS can anticipate, prevent, or respond effectively to events that may impact operational delivery, strategic objectives, financial sustainability, or reputation.

The Service continues to operate a tiered model for risk identification and escalation, with departmental risk registers informing discussion at Corporate Programme Board and Executive Board. Risks demonstrating wider organisational implications or thresholds beyond local tolerance are escalated to the Corporate Risk Register.

Current Risk Profile

The current corporate risk landscape remains largely stable, with no movement in the highest-scoring risks during this reporting period. Three risks continue to represent the most significant areas of exposure for the organisation: loss of funding, retention and recruitment of on-call staff, and the replacement of the existing mobilising system. These risks remain elevated due to the influence of long-term external factors and wider sector pressures, rather than deterioration in internal conditions.

The risk relating to loss of funding (2a) reflects continued uncertainty within the national public sector environment, including inflationary impacts and evolving government funding arrangements. While the Service continues to plan prudently, the external fiscal position remains fluid and is expected to shape this risk profile until national settlement trajectories stabilise.

The retention and recruitment of on-call staff (11f) remains a persistent sector-wide challenge. Labour market mobility, competing employment opportunities and changing workforce expectations continue to affect recruitment and availability. Local improvement activity continues, although the risk position remains unchanged until evidence of sustained improvement emerges.

The risk associated with mobilising system replacement (11g) reflects the reliance placed on mobilising systems to support operational response. The existing solution is approaching end of life and the transition to a replacement system introduces temporary vulnerability until full implementation, assurance and operational embedding are achieved.

Three new risks have been added since the previous reporting period. In addition to the mobilising system replacement risk referenced above, risks relating to unauthorised access, criminal damage or theft (11i) and failing pager messages (11j) have been introduced. Both relate to operational continuity and asset integrity and reflect emerging vulnerabilities identified during recent operational changes. Immediate mitigation measures have been implemented, and early indicators are positive; however, these risks will remain at the corporate level until stability is demonstrated and confidence in business-as-usual operation is established.

There has been one positive movement, with the lack of effective management of personal data in relation to pager messages risk (12b) being de-escalated to the Service Improvement departmental register following a period of increased stability and strengthened control. This represents effective mitigations, a maturing position and improved alignment with organisational tolerance.

More broadly, the risk landscape continues to be influenced by national themes including sector culture, professional standards, regulatory scrutiny, and public expectation. While these factors have not resulted in scoring changes this period, they remain relevant contextual considerations when interpreting overall exposure. Overall, the risk landscape remains consistent and well-controlled, with targeted adjustments reflecting operational change, sector context and maturing mitigation rather than new or escalating threats.

Internal Audit Outcomes

The internal audit of Fire Risk Management (October 2025) concluded the Service has established strong foundations and is progressing positively. The report noted clear governance, a well-structured register, evidence of benchmarking, and increasing maturity of oversight and reporting mechanisms. The audit identified three areas for further development:

Theme	Agreed Forward Focus	Priority
Training	Embed risk management into induction and provide structured guidance for risk owners and Audit Committee members	Medium
Risk Register Consistency	Strengthen measurable mitigations, review cycles, and alignment across registers	Medium
Reporting	Introduce consistent reporting format showing trend, scoring, mitigations, and commentary	Low

Implementation activity has commenced, with early emphasis on aligning templates, increasing clarity on residual scoring, and preparing supporting materials for senior leaders and committee members.

Business risk

Failure to maintain an effective risk management system could result in significant operational, financial, legal, and reputational impacts, and undermine the Service's ability to meet statutory duties and strategic objectives.

Sustainability or Environmental Impact

There are no identified impacts on sustainability or the environment.

Equality and Diversity Implications

There are no identified implications on equality and diversity.

Data Protection (GDPR)

Will the proposal(s) involve the processing of personal data? N

HR implications

Improved consistency, governance, and reporting will support managers in managing risks proactively, reducing the likelihood of impact on personnel and improving decision-making confidence.

Financial implications

The risk management system supports financial planning, value-for-money assessments, and cost-benefit considerations linked to mitigation and acceptance of risk.

Legal implications

Well-governed risk management ensures compliance with the Civil Contingencies Act (2004) and strengthens organisational assurance in relation to scrutiny and accountability frameworks.

Local Government (Access to Information) Act 1985

List of background papers

Paper:

Date:

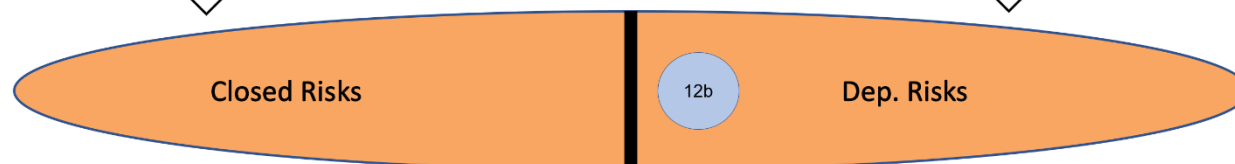
Contact:

Reason for inclusion in Part 2 if appropriate: Insert Exemption Clause

Appendix A: Corporate Risk Matrix and Summary Register

Corporate Risk Matrix and Summary Register

Impact		1	2	3	4	5
Likelihood		Minor	Noticable	Significant	Critical	Catastrophic
5	Certain/ Almost certain			11f		
4	Very likely		2d	11i		2a 11g
3	Likely			4b 2b 5 9a 11c 2c	4a	
2	Unlikely		8b 3b	1b 10a 10b 3a 3c 3d 12b	1a 1d 12a 11b 6a	
1	Rare/Very Unlikely			1c	11j 11a	

KEY

New Risk



Existing Risk



Priority Reduction



Tolerance (ongoing reduction)



Within Appetite (monitor)

**3b** – Power Outage (SHQ & LDC)**2c** – Future financial pressures on MTFS due to changes in legislation**11b** – Complete removal of DCP**2a** – Loss of Funding**11f** – Retention and recruitment of on-call staff**11g** – Mobilising System Replacement

Risk ID	Sub Risk ID	Risk Cause	Triggers
1		Loss or lack of staff due to...	A widespread event or situation that leads to a significant loss of workforce ability to undertake normal business
	1a	Industrial Action	A local or national dispute with a major or multiple unions leading to staff undertaking partial performance or withdrawal of labour
	1b	Inability to recruit or retain key staff	Decline in available workforce due to a number of factors a. long term illnesses b. high level of retirement c. Service cannot offer competitive salary d. poor levels of recruitment due to social, or financial pressures and capacity of current workforce to undertake promotion processes e. perception of service and culture discouraging applications f. ineffective recruitment programme
	1c	Inability to provide sufficient staff in leadership roles	a. The ECR, delivered in 2024, resulted in an increase in the number of supervisory roles available. b. The historical retirement profile has resulted in a large number of promotions over the years resulting in a reduced pool of staff available for promotion
	1d	Pandemic/ill-health epidemic	An ill-health epidemic or pandemic reducing ability of staff to attend or access to workplace, either due to their own illness, to prevent or reduce transmission and to care for dependants
2		Financial Pressures	Insufficient funding or unbudgeted cost pressures that financial sustainability and ability to maintain critical functions
	2a	Loss of funding	a. Government reduction of grant monies affecting income b. Change in Fair Funding Formula or Business Rates Retention impacting on LFRS share of funding c. Change in local or national economic circumstances resulting in reductions in Council Tax or Business Rates
	2b	Overspending and future financial pressures on MTFS due to increase in costs of goods and services and pay	a. Unexpected event that leads to rise in costs for goods and services and pay e.g. Fuel costs due to Ukraine war, Global recession b. higher than budgeted pay award

Risk ID	Sub Risk ID	Risk Cause	Triggers
	2c	Future financial pressures on MTFS due to changes in legislation	a. Changes in building regulations resulting in higher costs than in our MTFS assumptions i.e. BREEM regulations b. New environmental targets resulting in increased costs in the future i.e. Net zero targets
	2d	Emerging risk associated with grey book pensions and overspending due to increase in costs and administrations associated with changes to pensions	a. Unexpected changes to the pension schemes due to court rulings.
3		Loss of Utilities	An event or situation, malicious or non-malicious, that causes a partial or total loss of a utility's services
	3a	Telecommunications	Severe weather, Space weather, failure of equipment due to fault or malicious attack on national or local telecoms infrastructure at LFRS and/or North West Fire Control (NWFC). This could also be due to loss or withdrawal of contracts from suppliers.
	3b (i)	Power outage - Generally	Severe weather, space weather, failure of equipment due to fault or malicious attack on national or local power infrastructure or supply chains. Local or national demand is above capacity leading to Rota load disconnections etc.
	3b (ii)	Power outage - SHQ	Severe weather, space weather, failure of equipment due to fault or malicious attack on national or local power infrastructure or supply chains. Local or national demand is above capacity leading to Rota load disconnections etc.
	3b (iii)	Power outage - LDC	Severe weather, space weather, failure of equipment due to fault or malicious attack on national or local power infrastructure or supply chains. Local or national demand is above capacity leading to Rota load disconnections etc.
	3c	Water	Large scale failure of water company equipment due to fault or malicious attack on national or local processing and pumping infrastructure or supply chains, or failure of private company.
	3d	Fuel	Failure of equipment due to fault, incident, industrial action, or malicious attack on national or local infrastructure or supply chains. Geopolitical issues affecting access to fuel from international sources. Public behaviour (panic buying as a result of any of above scenarios)
4		Loss of ICT	Partial or total loss of physical or electronic/virtual ICT systems due to a fault, accidental damage, or malicious attack.
	4a	Cyber Security	Partial or total loss of electronic/virtual ICT systems due to a malicious attack.
	4b	Failure of key ICT systems	Partial or total loss of physical or electronic/virtual ICT systems due to a fault, accidental damage, or malicious attack.

Risk ID	Sub Risk ID	Risk Cause	Triggers
5		Death or Serious injury of...	An incident that causes the death or serious injury of a person either in or interacting with the Service
	5a	A member of staff or contractor during work activities	An incident in the workplace related to general duties e.g. a member of staff involved in RTC whilst undertaking duties, slips trips and falls.
	5b	A member of staff during operational activities	An incident enroute to, on an incident ground or in operational training scenario e.g. falling debris.
	5c	A member of the public due to Service activities	An incident or situation that leads to the death or serious injury of a member of the public. During operational response, training activities or any other public interaction, or incident on Service premises. OR Failure to appropriately assess, inform or safeguard the public from hazards and risks associated with fires
	5d	Death of member of staff, visitor, or contractor due to on service premises	An incident or situation on service premises or estate that leads to death or serious injury. Failure to provide appropriate risk assessment, first aid provision/ training, damaged or faulty equipment or buildings/structures.
	5e	Failure to identify and implement learning from past events.	Failure to properly investigate and implement actions following recommendations, from a near miss, death, or serious injury to mitigate risk for the future
6		Change in national legislation requiring additional workloads to assess implement and embed.	Change in national legislation requiring additional workloads, this might be due to a significant event requiring learning, new government initiatives or change in political landscape
	6a	Changes to Emergency Response Driver Training	Change in Fire Standard for Emergency Response Driver Training requiring additional workloads in training
8		Loss of Service Premises	An event or situation, malicious or non-malicious, that causes a partial or total loss of a fire service asset
	8b	Control room	Severe weather, physical or technical attack or failure, general damage to building, denial of access (e.g. Protests/ IA), failure of contracts with third party supplier (e.g. joint/co-located premises)
9		Failure to maximise opportunities	An event or situation that could provide an opportunity to improve the Service, which if not utilised could have a negative impact on the Service's progress

Risk ID	Sub Risk ID	Risk Cause	Triggers
	9a	Technological advances	Failure to maximise the opportunities that technological advances present due to a lack of capacity within the ICT & DT department, and an inability of staff to keep pace with new developments that are implemented
10		Failure to manage incidents or staff conduct effectively, including inadequate handling of complaints or disciplinary processes, leading to loss of public confidence or reputational damage.	An incident or situation that results in loss of public or staff confidence due to employee conduct (in the workplace, personal life, or on social media), non-compliance with Service policies, the Core Code of Ethics, or EDI principles; compounded by negative media coverage or the Service's mismanagement of the response.
	10a	Failure to provide appropriate communications on events, situations or incidents that could lead to a loss of public confidence in LFRS	An event or situation relating to, loss of public or staff confidence due to Employee conduct at work, in personal life and on social media, failure to adhere to service policy/core code of ethics/ EDI and related negative press, or Sector events.
	10b	Failure to implement appropriate people processes in response to staff misconduct or complaints.	Allegations or evidence of staff misconduct (e.g., bullying, harassment, discrimination). Failure to act in line with Service Values, Core Code of Ethics, Staff Code of Conduct, or service policy. Delays or inconsistencies in investigations or decision making. Lack of transparency or perceived fairness in internal procedures
11		Operational	An event or situation that could impact on LFRS ability to respond effectively and efficiently.
	11a	Rapid external fire spread in high rise premises	An event or situation relating to lack of prevention, protection and operational response leading to a major incident.
	11b	Complete removal of DCP	A challenge from a Union to current local agreement.
	11c	Lack of required skills of operational staff	A situation where operational staff do not possess the required skill to operate safely at an incident
	11f	Retention, development, and recruitment of On Call staff	The failure to recruit and retain on-call staff caused by lack of on-call recruiting strategies, not being perceived as a desirable employer, not being competitive in pay rates, not providing enough flexibility to on-call staff with work arrangements.

Risk ID	Sub Risk ID	Risk Cause	Triggers
	11g	Replacement of the existing mobilising system as current solution comes to end of life	The failure to recruit and retain on-call staff caused by lack of on-call recruiting strategies, not being perceived as a desirable employer, not being competitive in pay rates, not providing enough flexibility to on-call staff with work arrangements.
	11i	Unauthorised access, criminal damage or theft from stations, vehicles, or operational equipment, including during periods when staff may be present on site.	A spate of break-ins nationally targeting fire stations or vehicles, including when crew are present or nearby.
	11j	Failing Pager messages	The failure of the Critico solution to notify on-call fire fighters of an incident.
12		General	An event or situation that could impact on LFRS
	12a	Major lack of effective Management of personal data	A situation or event caused by the lack of effective information management in LFRS

Lancashire Combined Fire Authority

Audit Committee

Meeting to be held on 11 December 2025

External Audit – Auditors Annual Report

(Appendix 1 refers)

Contact for further information – Steven Brown - Director of Corporate Services
Tel: 01772 866804

Executive Summary

Under the National Audit Office Code of Audit Practice, the external auditors are required to consider whether the service has put in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources. The external auditors report on this requirement is within the attached Auditors Annual Report along with a summary of their work on the financial statements discussed earlier on this agenda. The Auditors Annual Report is attached as appendix 1.

Recommendation(s)

The Committee is asked to note the management comments and endorse the content of the report as presented.

Information

This report brings together a summary of all the work undertaken by the external auditors. The core element of the report is the commentary on the Value For Money (VFM) arrangements. The summary on page 6 of the report shows an improvement from the previous year with just two improvement recommendations made under the Governance criteria, the recommendations and management response are set out in the Appendix to the report.

Business risk

None.

Sustainability or Environmental Impact

None.

Equality and Diversity Implications

None.

Data Protection (GDPR)

Will the proposal(s) involve the processing of personal data? N

HR implications

None.

Financial implications

None.

Legal implications

None.

Local Government (Access to Information) Act 1985**List of background papers**

Paper: N/A

Date: N/A

Contact: N/A

Reason for inclusion in Part 2 if appropriate: Insert Exemption Clause

Appendix 1: Auditor's Annual Report Year ending 31 March 2025

Lancashire Combined Fire Authority

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Auditor's Annual Report
Year ending 31 March 2025

27 November 2025



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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01 Introduction and context

Page 189

Introduction

This report brings together a summary of all the work we have undertaken for Lancashire Combined Fire Authority during 2024/25 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements. The responsibilities of the Fire and Rescue Authority (the Authority) are set out in Appendix A. The Value for Money Auditor responsibilities are set out in Appendix B.

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Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Authority as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Auditor's powers

Auditors of a local authority have a duty to consider whether there are any issues arising during their work that require the use of a range of auditor's powers.

These powers are set out on page 12 with a commentary on whether any of these powers have been used during this audit period.

Value for money

We report our judgements on whether the Authority has proper arrangements in place regarding arrangements under the three specified criteria:

- financial sustainability
- governance
- Improving economy, efficiency and effectiveness

The Value for Money auditor responsibilities are set out in Appendix B.

The NAO has consulted on and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement is introduced from 30 November 2025 and applies to 2024/25 audits.

02 Executive Summary

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Executive Summary – our assessment of value for money arrangements

Our overall summary of our Value for Money assessment of the Authority's arrangements is set out below. Further detail can be found on the following pages.

Criteria	2023/24 Assessment of arrangements	2024/25 Risk assessment	2024/25 Assessment of arrangements
Financial sustainability	A No significant weaknesses in arrangements identified; one improvement recommendation raised in relation to efficiency savings.	No risks of significant weakness identified.	G No significant weaknesses in arrangements identified and no improvement recommendation made. We have closed the improvement recommendation made in the prior year.
Governance	A No significant weaknesses identified; seven improvement recommendations raised to support the Authority in continuing to improve its arrangements.	No risks of significant weakness identified.	A No significant weaknesses in arrangements identified; two improvement recommendations retained in relation to Internal Audit Progress reporting and updating policies. We have closed five Improvement recommendations raised in the prior year.
Improving economy, efficiency and effectiveness	A No significant weaknesses identified; two improvement recommendations raised in relation to performance reporting reporting and contract management.	No risks of significant weakness identified.	G No significant weaknesses in arrangements identified and no improvement recommendation made. We have closed both improvement recommendations raised in the prior year.

- G

No significant weaknesses or improvement recommendations.
- A

No significant weaknesses, improvement recommendation(s) made.
- R

Significant weaknesses in arrangements identified and key recommendation(s) made.

Executive Summary

We set out below the key findings from our commentary on the Authority's arrangements in respect of value for money.



Financial sustainability

In 2024/25, the Authority recorded a revenue underspend of £0.735m, primarily due to vacancies and favourable financial conditions. This surplus was transferred to the General Reserve, raising it to £5.72m which is above the Authority's minimum reserve threshold. Financial risks, including pay pressures and funding uncertainties, are monitored through quarterly reports, which now include sensitivity analysis and worst-case scenario planning.

The Authority refreshes annually its 5-year Medium-Term Financial Strategy (MTFS). This is aligned with the Productivity and Efficiency (P&E) Plan and incorporates £5m in savings over its five-year period. The Authority's financial planning is aligned to its strategic objectives outlined in the Community Risk Management Plan (CRMP) 2022-27.

We include further details on pages 14-17.



Governance

The Authority has established governance arrangements, with clear structures and processes supporting effective decision-making, risk management, oversight of internal controls, financial sustainability, performance and standards of behaviour. Appropriate arrangements are in place to prevent and detect fraud.

We have not identified any significant weaknesses in arrangements but retain two Improvement Recommendations to support the Authority in further strengthening its arrangements.

We include further details on pages 17-21.



Improving economy, efficiency and effectiveness

The Authority uses information about its costs and performance to improve the way it manages and delivers its services. The Performance Committee receives quarterly reports that assess progress against Key Performance Indicators (KPIs) outlined in the Annual Service Plan.

The 2023-2025 HMICFRS inspection rated the Authority as "outstanding" in six areas and "good" in all others.

The Authority's Procurement Strategy 2024-2027, aligns with strategic priorities and incorporates changes from the Procurement Act 2023. The Authority aims to strengthen contract management through centralised management, supported by a forthcoming Contract Toolkit.

We include further details on pages 22-27.

Executive summary – auditor’s other responsibilities

This page summarises our opinion on the Authority’s financial statements and sets out whether we have used any of the other powers available to us as the Authority’s auditors.

Auditor’s responsibility	2024/25 outcome
Opinion on the Financial Statements	We have nearly completed our audit of your financial statements and anticipate issuing an unqualified audit opinion, following the Audit Committee meeting on 11 December 2025. Our findings are set out in further detail on pages 9 to 11.
Use of auditor’s powers	<p>We did not make any written statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.</p> <p>We did not make an application to the Court or issue any Advisory Notices under Section 28 of the Local Audit and Accountability Act 2014.</p> <p>We did not make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.</p> <p>We did not identify any issues that required us to issue a Public Interest Report (PIR) under Schedule 7 of the Local Audit and Accountability Act 2014.</p>



03 Opinion on the financial statements and use of auditor's powers

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Opinion on the financial statements

These pages set out the key findings from our audit of the Authority's financial statements, and whether we have used any of the other powers available to us as the Authority's auditors.

Audit opinion on the financial statements

We anticipate issuing an unqualified opinion on the Authority's financial statements following the Audit Committee on 11 December 2025.

The full opinion is included in the Authority's Annual Report for 2024/25, which can be obtained from the Authority's website.

Grant Thornton provides an independent opinion on whether the Authority's financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with: International Standards on Auditing (UK), the Code of Audit Practice (2024) published by the National Audit Office, and applicable law. We are independent of the Authority in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Authority did not provide draft accounts in line with the national deadline of 30 June 2025 due to a delay receiving the draft version of North West Fire Control's Accounts to include those figures within the Authority's accounts.

Draft financial statements were of a reasonable standard and supported by detailed working papers.

- No significant adjustments have been identified throughout our work, mostly presentational disclosure adjustments, which have been updated by the Authority.
- Only two low level recommendations were made as a result of the financial statements audit.
- We worked well with management throughout the audit so thank you for the support.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report will be presented to the Authority's Audit Committee on 11 December 2025. Requests for this Audit Findings Report should be directed to the Authority.

Other reporting requirements

Annual Governance Statement

Under the Code of Audit Practice published by the National Audit Office we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice 2024/25 on Local Authority Accounting, or is misleading or inconsistent with the information of which we are aware from our audit.

We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.



04 Value for Money commentary on arrangements

Value for Money – commentary on arrangements

This page explains how we undertake the value for money assessment of arrangements and provide a commentary under three specified areas.

The Authority is the statutory governing authority responsible for overseeing fire and rescue services across Lancashire. Lancashire Fire and Rescue Service (the Service) carries out day-to-day operations, whilst the Authority sets the strategic direction for the Service and is responsible for governance and oversight of the Service.

All Fire and Rescue Authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Fire and Rescue Authorities report on their arrangements, and the effectiveness of these arrangements, as part of their individual Annual Governance Statements.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:



Financial sustainability

Arrangements for ensuring the Authority can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Authority makes appropriate decisions in the right way. This includes arrangements for budget setting and budget management, risk management, and making decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Authority delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial sustainability – commentary on arrangements

We considered how the Authority:	Commentary on arrangements:	Rating
<p>identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them</p>	<p>The Authority recorded an underspend of £0.735m against its net revenue budget in 2024/25. The Authority experienced overspends of £609k in Employee Pay Costs due to higher than expected pay awards and £1.497m in Capital financing costs, offset by underspends in Supplies and Services (£0.703m), Premises (£1.056m), Transport (£0.223m), other Employee Costs (£0.099m), and other income (£0.591m) as well as additional funding of £0.168m from Business Rates. The surplus was transferred to the General Reserve increasing the year end balance to £5.72m (excluding share of North West Fire Control) – which is above the minimum level set by the Authority.</p> <p>The Authority has set a balanced budget for 2025/26 with planned savings of £0.5m and no planned use of general fund reserves. The budget is based on the 2024/25 base budget, adjusted for inflation, commitments, growth, one-off items and capital contribution. As part of the annual budget setting process, the Authority refreshed its 5-year to 2029/30. The models future costs and income streams and is balanced over the planning period. The Authority understands areas of financial risks and potential implications and assumptions used in developing financial plans appear appropriate overall.</p>	G
<p>plans to bridge its funding gaps and identify achievable savings</p>	<p>The Authority refreshes its Productivity and Efficiency (P&E) Plan annually. The Authority has achieved annual savings of 5.6% on average, compared to the Government Spending Review non-pay efficiency savings target for fire authorities of 2%. The P&E Plan 2024/25 showed planned efficiencies of £1.5m for 2024/25 from reduction in the revenue contribution to the capital programme from £4m to £2.5m, which were fully achieved.</p> <p>For 2025/26, a budget gap of £0.5m has been identified, to be achieved by using a new dynamic cover tool (DCT) for the effective deployment of resources and effective management of overtime, and the delivery of changes to resources agreed as part of the previous emergency cover review. The Authority plans to deliver £5m in savings over the period. Quarterly Financial Monitoring reports include a new "Savings" section to provide assurance.</p>	G

- G

 No significant weaknesses or improvement recommendations.
- A

 No significant weaknesses, improvement recommendations made.
- R

 Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (continued)

We considered how the Authority:	Commentary on arrangements:	Rating
<p>plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities</p>	<p>The Authority’s strategic objectives are set out in the Community Risk Management Plan (CRMP) 2022–27 and the Annual Service Plan 2025/26. The Authority is committed to having rolling medium term revenue and capital plans (summarised in the) that extend for up to five years. The plans are drawn up, reassessed and extended annually and if required re-prioritised to enable the Authority to achieve its aims and objectives established in the CRMP.</p> <p>The Capital Programme for 2025/26 is for £12.76m of projects across vehicles, operational equipment, operational buildings and ICT and therefore clearly linked to the Authority's objectives as set out in the CRMP 2022-27 and the Annual Service Plan 2025/26. The revised Capital Budget for 2024/25 was £5.213m. Total capital expenditure for the year was £4.091m, resulting in slippage of £1.123m. This is equivalent to 22% of the programme. We have not raised an improvement recommendation in this area as it is not unusual for large capital projects to suffer slippage; however the Authority must ensure it has assessed the risk and any impact on service delivery and future financing costs.</p>	G
<p>ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system</p>	<p>The Authority has six core strategies that set out how they will provide services in line with the priorities in the five-year CRMP 2022-27.</p> <p>The Authority's annual planning process considers the requirements of the CRMP and Annual Service Plan, as well as the implications of the 2022 Emergency Cover Review. Relevant non-financial information, such as workforce planning data, and the revenue implications of the Strategic Asset Investment Framework and supporting asset management strategies for property, estates and fleet, are reflected in the annual budget, and the ten-year Capital Programme.</p>	G

- G

No significant weaknesses or improvement recommendations.
- A

No significant weaknesses, improvement recommendations made.
- R

Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (continued)

We considered how the Authority:	Commentary on arrangements:	Rating
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	<p>Risks to financial delivery are identified in Financial monitoring reports taken quarterly to the Resource Committee. These provide budget analysis including explanations for significant variances and details of mitigating actions identified and associated risks to financial resilience. Additionally, these reports include the section "Potential Financial Risks" which estimates a worst-case scenario and how it would impact the Revenue Budget and Capital Budget accordingly.</p> <p>The Authority has identified several external factors that pose risks to its financial sustainability, including pay awards, uncertainty over future funding settlements from central government, and inflationary pressures. To assess the potential impact of these variables, sensitivity analysis was incorporated into the development of the 2025/26 budget and, enabling a clearer understanding of the financial risks associated with key assumptions.</p>	G

- G No significant weaknesses or improvement recommendations.
- A No significant weaknesses, improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements

We considered how the Authority:	Commentary on arrangements:	Rating
<p>Page 203</p> <p>monitors and assesses risk and how the Authority gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud</p>	<p>The Authority has arrangements in place to identify, understand and record risks, supported by Risk Management Policies and Procedures approved by the Audit Committee in March 2024. The Corporate Risk Register (CRR) is reviewed quarterly by the Executive Board and CPB. The Audit Committee receives summary Risk Management reports along with the Risk Matrix which plots all risks in the CRR in a 5x5 matrix which is RAG rated. We note the CRR is based on National Fire Chief's Council (NFCC) best practice.</p> <p>Internal Audit provides assurance on governance, risk management and internal controls; with a summary of progress against the annual Internal Audit Plan presented at each meeting of the Audit Committee. The Head of Internal Audit provided a “Substantial” assurance opinion overall in 2024/25. In our 2023/24 Auditor’s Annual Report we raised an improvement recommendation reflecting that progress with implementing Internal Audit recommendations was not included within progress reporting to Audit Committee. We have concluded that this is still outstanding and recommend the Authority and Audit Committee liaise with the Internal Audit provider to agree the level of information it requires to gain assurance.</p> <p>The Authority's Anti-Fraud and Corruption Strategy and whistleblowing Policy assist in preventing and detecting Fraud.</p>	A
<p>approaches and carries out its annual budget setting process</p>	<p>The Authority has a well-established annual budgeting process, which links to the annual refresh of the MTPS. The revenue budget is based on the prior year’s base budget, adjusted for inflation, commitments, growth, one-off items, and capital contribution as well as changes identified by budget holders and reviewed and approved by senior management. The capital budget is derived from approved asset management plans, which are assessed for ongoing requirements. Bids for new capital projects are evaluated and prioritised by senior management.</p>	G
<div><div>G</div>No significant weaknesses or improvement recommendations.</div> <div><div>A</div>No significant weaknesses, improvement recommendations made.</div> <div><div>R</div>Significant weaknesses in arrangements identified and key recommendation(s) made.</div>		

Governance – commentary on arrangements (continued)

We considered how the Authority:	Commentary on arrangements:	Rating
<p>ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships</p>	<p>The Resources Committee receives quarterly financial update reports outlining the year-to-date (YTD) budget versus actuals, including YTD variances as well as the forecast outturn variance. The cover report details areas of projected under or over spending and a high-level summary of reasons for variances. The report also includes a section on capital spending, providing a narrative update on the progress of projects in the Capital Programme, as well as year-to-date and forecast spend for the year. Notably, a new section titled "Potential Financial Risks" has been introduced, which outlines worst-case scenarios and their potential impact on both the revenue and capital budgets, thereby enhancing the quality of financial insight provided to members.</p> <p>Treasury Management Reports are also presented to the Resources Committee each year to provide an update on the Authority's borrowing and investment position.</p>	G
<p>ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships</p>	<p>The structure of the Authority and its Committees is outlined in the Constitutional, Procedural and Contractual Standing Orders, which were last updated in 2021. Each Committee has a Terms of Reference which were all revised and approved by the Combined Fire Authority (CFA) in September 2024.</p> <p>Our review of Authority papers concluded that decisions are supported by detailed information to facilitate challenge and debate. All papers follow a standard reporting template, providing an overview of the action/decision to be made and a summary of risk, financial, equality and diversity, environmental, legal, and HR implications. In our prior work, we identified an opportunity to improve the Authority's arrangements by mapping meeting agendas and papers to the strategic objectives defined in the CRMP. We have concluded that arrangements in place are appropriate and have therefore closed the recommendation.</p>	G

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements (continued)

We considered how the Authority:	Commentary on arrangements:	Rating
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	<p>The Authority's governance arrangements are overseen by the Monitoring Officer and include the Constitution and Standing Orders as well as supporting policies such as the Code of Conduct for Members, Code of Corporate Governance, Scheme of Delegation, Financial Regulations, Contract Standing Orders, Whistleblowing Policy and Anti-Fraud Policy. In addition, Officers are subject to Service Orders which include policies relating to compliance with laws and regulations and standards of behaviour. In our 2023/24 Auditor's Annual Report we raised an Improvement Recommendation around out of date policies such as the Financial Regulations and Scheme of Delegation. Our work concluded that a number of policies still had not been updated and therefore we have retained the improvement recommendation. Further details can be found on the following pages of our report.</p> <p>Declarations of interests are a standing agenda item for all Authority and Committee meetings, and the Authority maintains registers of interests and gifts and hospitality.</p> <p>The Authority updated its Contract Standing Orders to align with the new Procurement Act in April 2025. During 2024/25, the Resources Committee maintained oversight of procurement activities by including a standing agenda item dedicated to reviewing High Value Procurement Projects. Additionally, the Authority demonstrated transparency by publishing its contract register quarterly on its website. The review of the details of the contracts register for 2024/25 suggests that procurements were in support of strategic objectives e.g. decarbonisation Surveys, IT infrastructure and software, Training for Hazardous Materials and Environmental Protection.</p>	A

- G No significant weaknesses or improvement recommendations.
- A No significant weaknesses, improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance (continued)

Area for Improvement identified: Internal Audit Progress Reports

Key Finding: Internal Audit monitoring reporting does not clearly highlight the detail of recommendations/actions, a management response, timeline for completion and whether actions have been implemented.

Evidence: We previously raised an improvement recommendation around Internal Audit progress reports as our review of papers in 2023/24 identified the reports taken to the Audit Committee by Internal Audit were high level summaries and could include more information to support effective scrutiny and increase assurance.

Our review of 2024/25 papers noted that progress reports begin with an overview of the Internal Audit Plan and the time spent on each audit activity. They provide a detailed table listing individual audits, their status and assurance levels. An extract of every finalised review since the last meeting is provided along with how many actions were raised. Whilst these reports provide detailed progress on audit activities and assurance levels, they do not consolidate or highlight outstanding recommendations pending from previous audits or provide a timeline for completion.

Impact: The lack of a consolidated summary of outstanding recommendations and timelines in the Internal Audit progress reports limits the Audit Committee's ability to track unresolved actions. This reduces the effectiveness of scrutiny and may weaken assurance over whether key risks are being addressed in a timely and consistent manner. We are therefore retaining our prior year Improvement Recommendation.

Improvement Recommendation 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.



Governance (continued)

Area for Improvement identified: out of date policies

Key Finding: Some of the Authority's key policies and procedures have not been updated/reviewed for over three years; with some not reviewed since 2018.

Evidence: We raised an Improvement Recommendation in 2023/24 around the Authority reviewing its policies and procedures, which were out of date. We identified that some policies had not been reviewed since 2018; such as the Financial Regulations (March 2018), Scheme of Delegation (July 2018), and Gifts and Hospitality Protocol for Officers (October 2018). We also identified other policies, which were yet to be reviewed for over three years such as the Constitutional, Procedural and Contractual Standing Orders (February 2021) and the Compliments and complaints policy (May 2021).

It is good practice for policies and procedures to be reviewed at least every three years; to support informed decision making and ensure the Authority maintains appropriate standards. Our review of 2024/25 papers did note that the Authority has started updating some of these policies; such as the Code of Conduct for Members in September 2025 and the Contract Standing Orders in April 2025.

Impact: Outdated policies and procedures can undermine effective governance, increase the risk of non-compliance, and lead to inconsistent decision-making. Whilst the Authority has made some progress to address the Improvement Recommendation, there are still some policies out of date, therefore the recommendation is retained.

Improvement Recommendation 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.



Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Authority:		Commentary on arrangements:	Rating
Page 208 uses financial and performance information to assess performance to identify areas for improvement		<p>The Authority's Performance Committee receives quarterly performance reports which include analysis of performance against the Key Performance Indicators (KPIs) specified in the Annual Service Plan. KPIs cover both financial and non-financial performance and are refreshed yearly as a new Annual Service Plan is put in place, which is aligned to the strategic priorities detailed in the CRMP. A summary for each KPI is provided at the front of the report, with more detailed information in following pages including reasons for any exceptions and measures taken in response to exceptions. In our 2023/24 Auditor’s Annual Report we recommended including information on performance against the capital plan which is now evident therefore we have closed this recommendation.</p> <p>The Authority has a Data Quality Policy which was last updated in July 2025 and provides a framework to ensure high quality data within LFRS throughout its lifecycle from capture to disposal.</p> <p>In 2024/25, the Authority contributed to financial benchmarking coordinated by the NFCC, which has helped improve understanding of areas where LFRS may be operating at a higher cost than other similar Fire and Rescue Services.</p>	G
	evaluates the services it provides to assess performance and identify areas for improvement	<p>The Authority's 2021-2022 HMICFRS inspection report was published in July 2022 and rated the Authority as "good" across all categories and sub-categories, except the criteria of "promoting the right values and culture" which was assessed as outstanding. The Authority produced an action plan and recommendation tracker to monitor progress on the 6 Areas for Improvement (AFIs) raised. The latest HMICFRS inspection 2023-2025 was published in August 2025. Inspectors were pleased to see that the Authority made progress since the previous inspection and judged the Authority to be "outstanding" in six areas and "good" in all others. We have provided further information on the following pages of our report.</p>	G

G

No significant weaknesses or improvement recommendations.

A

No significant weaknesses, improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Authority:	Commentary on arrangements:	Rating
<p>ensure they deliver their role within significant partnerships and engages with stakeholders they have identified, in order to assess whether they are meeting their objectives</p>	<p>The Authority's priorities are set out in the five-year CRMP 2022-27, which was subject to a 10-week consultation period before the final version was approved in February 2022. The Authority revised its Consultation Strategy in February 2025, outlining its approach to public consultation.</p> <p>The Authority actively collaborates with local and regional partners through various initiatives. Notable examples include the Blue Light Collaboration Board (BLCB), established to facilitate collaboration among local partners in the Fire and Rescue, Police, and Ambulance sectors following the introduction of a duty to collaborate under the Policing and Crime Act 2017. Additionally, the Authority holds a stake in NW Fire Control, a joint control room operation shared by the Fire and Rescue Services of Lancashire, Cumbria and Greater Manchester, dating back to 2007.</p> <p>The Performance Committee receives information related to the performance of NW Fire Control. A general update on collaboration activity, including progress in each of the BLCB workstreams, is included in the quarterly performance report received by the Performance Committee.</p> <p>All collaborations are held on a register and regularly reviewed and evaluated. Each collaboration is scored on efficiency, effectiveness, value for money, benefit for partner organisations, and benefit to communities.</p>	<p>G</p>

- G No significant weaknesses or improvement recommendations.
- A No significant weaknesses, improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Authority:	Commentary on arrangements:	Rating
<div>Page 210</div> <div>commissions or procures services, assessing whether it is realising the expected benefits</div>	<p>The Authority approved its Procurement Strategy 2024-2027 in March 2024. The Strategy is aligned to the core priorities in the Annual Service Plan 2024/25 and the Authority's governance framework. The updated Strategy also reflects the changes in public procurement requirements resulting from the Procurement Act 2023 and sets out the Authority's aspirations to enhance contract monitoring arrangements by introducing more centralised and formalised management of key contracts.</p> <p>In our 2023/24 Auditor's Annual Report we recommended that the Authority implement a framework for structured and consistently applied contract management. At the time of our review, the Authority was drafting a Contract Toolkit to support managers responsibilities with plans to finalise by the end of the financial year. The Authority has also updated its Contract Standing Orders to align with the new Procurement Act in April 2025. We have therefore closed our prior year recommendation.</p> <p>Capital projects are considered by the Executive Board, via business cases that identify the organisational requirement, rationale, deliverables, benefits, links to the Authority's priorities and costs in terms of both capital investment and ongoing revenue consequences. The delivery of capital projects is overseen by the Capital Projects Programme Board (CPPB) and reported to the Service Management Team. The Resources Committee also receives updates on the Capital Programme as part of quarterly financial monitoring reports.</p>	<div>G</div>

- G

 No significant weaknesses or improvement recommendations.
- A

 No significant weaknesses, improvement recommendations made.
- R


 Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness

Highlight: HMICFRS 2023-25 Inspection

The latest HMICFRS inspection 2023-2025 was published in August 2025. Inspectors congratulated LFRS on its excellent performance in keeping people safe and secure from fire and other risks and were pleased to see that the Authority made progress since the previous inspection. The Authority was judged to be "outstanding" in six areas and "good" in all others. Inspectors found the service's current leadership, management, and staff, alongside the contributions of former Chief Fire Officer, to have further improved its services to the public. Inspectors are confident the Authority will address the one Area for Improvement (AFI) identified around its equality impact assessment process.

Outstanding	Good	Adequate	Requires improvement	Inadequate
Understanding fire and risk	Preventing fire and risk			
Public safety through fire regulation	Responding to fires and emergencies			
Responding to major incidents	Future affordability			
Best use of resources	Promoting fairness and diversity			
Promoting values and culture	Managing performance and developing leaders			
Right people, right skills				

 **HMICFRS**

His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) independently assesses the effectiveness and efficiency of police forces and fire and rescue services in the public interest.

They:

- Inspect and monitor the 43 territorial police forces in England and Wales reporting on their effectiveness, efficiency and legitimacy via PEEL assessments
- Work with other inspectorates within criminal justice and more broadly to address problems involving more than one agency. For example, the programme of police custody inspections with the Care Quality Commission (CQC)
- Assess and report on the efficiency, effectiveness and people of the 44 fire and rescue services in England.

External Auditors consider the outcome of PEEL assessments when performing VFM work. Particularly in reviewing arrangements to assess performance and identify areas for improvement in outcomes.

05 Summary of Value for Money Recommendations raised in 2024/25

Improvement recommendations raised in 2024/25

Page 213

	Recommendation	Relates to	Management Actions
IR1	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.	Governance (page 20)	<p>Actions: Noted, the Director of Corporate Services will report back to the Audit Committee on the proposed information provided in future reports.</p> <p>Responsible Officer: Director of Corporate Services</p> <p>Due Date: 2026</p>
IR2	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.	Governance (page 21)	<p>Actions: Noted, the Director of Corporate Services will report back to the Audit Committee on the timetable to update outstanding policies and procedures.</p> <p>Responsible Officer: Director of Corporate Services</p> <p>Due Date: 2026</p>

06 Appendices

Appendix A: Responsibilities of the Authority

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Authority's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B: Value for Money Auditor responsibilities

Our work is risk-based and focused on providing a commentary assessment of the Authority’s Value for Money arrangements

Phase 1 – Planning and initial risk assessment


As part of our planning, we assess our knowledge of the Authority’s arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we will undertake further work to understand whether there are significant weaknesses. We use auditor’s professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations.



A range of different recommendations can be raised by the auditors as follows:

Statutory recommendations – recommendations to the Authority under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

Key recommendations – the actions which should be taken by the Authority where significant weaknesses are identified within arrangements.

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Authority’s arrangements, but which if not addressed could increase the risk of a significant weakness in the future.

Information that informs our ongoing risk assessment

Cumulative knowledge of arrangements from the prior year	Key performance and risk management information reported to Senior Officers and the Authority
Interviews and discussions with key stakeholders	External review such as by CIPFA
Progress with implementing recommendations	Regulatory inspections such as from HMICFRS
Findings from our opinion audit	Annual Governance Statement including the Head of Internal Audit annual opinion

Appendix C: Follow up of 2023/24 improvement recommendations

Page 217
IR1

Prior Recommendation	Raised	Progress	Current position	Further action
<p>The Authority should consider making improvements to the reporting of plans to bridge identified gaps in the revenue budget, and performance against savings and efficiency plans, by:</p> <ul style="list-style-type: none"> Disaggregating efficiency savings from adjustments to revenue contributions to capital in the summary table; and Reporting specifically on efficiency savings achieved as compared to the approved plan, within the quarterly financial update. <p>The Authority should continue development of its savings plan in advance of 2026/27, including consultations and costing of invest-to-save projects, so that delays in implementation can be avoided. Savings plans should be subject to quality impact assessments where appropriate, and responsibilities for delivery of savings should be clearly assigned.</p>	2023/24	<p>A review of the Q2 and Q3 Financial monitoring reports taken to the Resources Committee saw that a new section "Savings Target" was added to these reports. This provides members with an update on efficiency savings achieved as compared to the approved plan.</p> <p>The Authority continues to develop its savings plans in advance of the year. For 2025/26, a budget gap of £0.5m has been identified, to be achieved by using a new dynamic cover tool (DCT) for the effective deployment of resources and effective management of overtime, and the delivery of changes to resources agreed as part of the previous emergency cover review. The Authority plans to deliver £5m in savings over the period.</p>	Implemented	No

Appendix C: Follow up of 2023/24 improvement recommendations (continued)

Page 218

IR2

Prior Recommendation	Raised	Progress	Current position	Further action
<p>The Authority should consider opportunities to improve risk management by:</p> <ul style="list-style-type: none">• Consolidating very similar risks and actions to reduce duplication in the Corporate Risk Register,• Adding environmental risks to the risk scoring criteria,• Providing more comprehensive information to the Audit Committee, such as residual risk scores and action owners/timelines for implementation.• Mapping corporate risks to the strategic objectives outlined in the Community Risk Management Plan.	2023/24	<p>A review of the full CRR at May 2025 saw that no changes have been made to it. However, the CRR is based on NFCC national best practice and whilst it can look like duplication, the Authority has adopted sector best practice. We have therefore closed this Improvement Recommendation.</p>	Closed	No

Appendix C: Follow up of 2023/24 improvement recommendations (continued)

	Prior Recommendation	Raised	Progress	Current position	Further action
Page 219	<p>IR3</p> <p>The Authority should consider enhancing the level of detail within Internal Audit progress reports to the Audit Committee, to include details of recommended actions, management’s response, timelines for completion of actions and confirmation that actions have been completed.</p>	2023/24	A review of Internal Audit progress reports in 2024/25 and the annual report finds the recommendation is yet to be implemented. These reports do not provide the committee with a summary of actions which are open/outstanding.	Not Implemented	Yes, improvement recommendation 1.
	<p>IR4</p> <p>We recommend that the Authority considers expanding the quarterly financial update to the Resources Committee to include:</p> <ul style="list-style-type: none"> • Year to date revenue outturn against year-to-date budgets, and reasons for variances • Details of the best-case and worst-case outcomes against the revenue and capital budgets (and the basis for these estimates) 	2023/24	A review of the recent financial reports found a table outlining the YTD Budget, YTD Actual, YTD Variance, and forecast Outturn Variance. The cover report discusses both the YTD Variances and the forecast outturn variances and provides some narrative. The report also included the section "Potential Financial Risks" which took potential financial risks overall and adjusted for the remainder of the year to estimate a worst-case scenario and how it would impact the Revenue Budget and Capital Budget accordingly.	Implemented	No

Appendix C: Follow up of 2023/24 improvement recommendations (continued)

	Prior Recommendation	Raised	Progress	Current position	Further action
Page 220 IR5	The Authority should consider introducing referencing of meeting agendas and papers to the Authority's strategic objectives as outlined in the CRMP.	2023/24	It is considered good practice for agendas and papers to reference strategic priorities to support informed decision-making. However we have concluded there are appropriate arrangements in place and therefore close this recommendation.	Closed	No
	Terms of Reference for every Committee should include quoracy conditions and should be reviewed at least every three years.	2023/24	All Committee Terms of Reference were revised and approved by the CFA in September 2024.	Implemented	No
	IR7 The Authority should take action to review policies and procedures (including Service Orders) 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.	2023/24	Our review of papers saw that the Authority is yet to review key policies and procedures, which have not been updated for over 3 years. These include the Financial Regulations, Gifts and Hospitality Protocol for Officers, Scheme of Delegation, Constitutional, Procedural and Contractual Standing Orders (includes gifts and hospitality for Members), etc. We note the Authority has reviewed the Code of Conduct for Members and approved by the FA in September 2025 as well as the Contract standing orders in April 2025. Whilst the Authority has made some progress to address this IR, there are still multiple policies out of date, so we are retaining it.	Partly Implemented	Yes, Improvement Recommendation 2

Appendix C: Follow up of 2023/24 improvement recommendations (continued)

	Prior Recommendation	Raised	Progress	Current position	Further action
Page 221	IR8 The Authority should establish, implement and embed procedures to provide assurance that Contract Standing Orders are adhered to in all instances.	2023/24	The Head of Finance mentioned the Authority is drafting a Contract Toolkit to support managers responsibilities with hopes of having it finalised by the end of the financial year. The Authority has updated its Contract standing orders in April 2025 and reflect the new Procurement Act. The Resources Committee included a standard agenda item to review High Value Procurement Projects in 2024/25. We are therefore closing this IR.	Implemented	No
	IR9 The Authority should consider including information on performance against the capital plan in the quarterly performance monitoring reports provided to the Performance Committee. The Authority should continue to seek to mitigate slippage and delays in the delivery of the capital programme	2023/24	A review of the recent performance reports found additional narrative around the performance/slippage of the capital plan under the summary for KPI 4.1 Progress Against Allocated Budget.	Implemented	No

Appendix C: Follow up of 2023/24 improvement recommendations (continued)

	Prior Recommendation	Raised	Progress	Current position	Further action
<div>Page 222</div> <div>IR10</div>	<p>The Authority should implement a framework for structured and consistently applied contract management. Contract management for key service contracts such as the NW Fire Control collaboration and PFI agreements should be prioritised. Arrangements should include:</p> <ul style="list-style-type: none"> Regular reviews of existing contracts to safeguard the achievement of value for money and compliance with legal and regulatory requirements Monitoring of contract performance and deliverables against key performance indicators and other measures to identify and resolve service performance issues Reporting of contract management activity to the Authority or Performance Committee 	2023/24	<p>The Authority approved its Procurement Strategy 2024-2027 in March 2024. The updated Strategy reflects the changes in public procurement requirements resulting from the Procurement Act 2023 and sets out the Authority's aspirations to enhance contract monitoring arrangements by introducing more centralised and formalised management of key contracts. At the time of our review, a Contract Toolkit was being drafted to support managers responsibilities with plans to finalise by the end of the financial year – note this has now been issued. The Authority has also updated its Contract Standing Orders to align with the new Procurement Act in April 2025.</p> <p>We noted arrangements in place around the NW Fire Control service in terms of performance monitoring and were provided evidence of contract review meetings for two large key contracts from the Contracts register.</p> <p>Based on progress made, we have closed the recommendation.</p>	Closed	Not in addition to that already in train.



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