



Lancashire Combined Fire and Rescue Authority

Audit progress report and sector updates

16 June 2026

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Audit Progress Report

Introduction



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This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

[Local government | Grant Thornton](#)

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress as at June 2026

Financial Statements Audit

Our audit of the 2024/25 financial statements is now complete, and an unmodified opinion was issued on 17 December 2025.

Between January and March 2026, we commenced our detailed audit risk assessment for the 2025/26 audit. This work is now substantially complete. We also issued a detailed Audit Plan, setting out our proposed approach to the audit of the 2025/26 financial statements, which was presented to the Audit Committee on 26 March 2026.

We expect to receive the draft financial statements in June 2026, with audit fieldwork commencing in mid-June to early July.

We will report the results of our work in the Audit Findings Report and aim to issue our audit opinion on the Statement of Accounts by 30 November 2026.

Value for Money

We brought our Auditor's Annual Report (AAR) to the Audit Committee on 11 December 2025. This report was finalised when we issued our opinion on the financial statements audit in December 2026.

Our risk assessment for the year ended 31 March 2026 has been completed, building on our understanding of the Trust's arrangements and taking into account findings from previous value for money work. Based on the procedures performed, we did not identify any risks of significant weakness as part of our 2025-26 value for money risk assessment.

We will keep our risk assessment under continuous review. Where appropriate, we will update our risk assessment to reflect emerging risks or findings and report this to you.

We anticipate issuing our Auditor's Annual Report by November 2026.

Meetings

We met with Finance Officers in February as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops and network events.

Events taking place shortly include a webinar exploring the roles and responsibilities of Audit Committee Chairs and members, and how the Audit Committee functions within a wider governance landscape. The webinar will be held on Thursday 2nd July from 4.00pm to 5.30pm.

Register your place: [Effective audit committees in local government | Grant Thornton](#)

We also held two Local Government Accounts webinars for preparers of accounts on 5th and 11th February 2026, where we discussed a range of topics for preparing the 2025/26 statements of account.

Audit Fees

PSAA published their scale fees for 2025/26: [Auditor-Directory-for-Website-2025-2026-as-at-11-02-2026.xlsx](#).

For LCFRA the fee is £105,938. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

Audit Deliverables

Below are some of the audit deliverables planned for 2025/26

2025/26 Deliverables	Planned Date*	Status
Audit Plan We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Authority’s 2025/26 financial statements.	March 2026	Complete
Audit Findings Report The Audit Findings Report will be reported to the Audit Committee.	November 2026	Not due
Auditor’s Report This includes the opinion on your financial statements.	November 2026	Not due
Auditor’s Annual Report This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.	November 2026	Not due

Fire Sector Updates

Public services including Fire are changing. Deficiencies identified in building safety combined with tightening funding envelopes require a continuing drive to achieve greater efficiency in the delivery of public services. Public expectations of the service continue to rise in the wake of recent high-profile incidents, and there continues to be a drive for greater collaboration between wider blue-light services.

Our sector update provides you with an up-to-date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, Fire authorities nationally and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

More information can be found on our dedicated public sector and fire sections on the Grant Thornton website by clicking on the logo below:



Grant Thornton Publications
Insights from sector specialists
Accounting and regulatory updates

HMICFRS - Evaluation of fire and rescue service inspections

The fire and rescue service (FRS) inspection programme is an assessment of the effectiveness, efficiency and people of the 44 FRSs in England. We have carried out FRS inspections since 2018.

From a total of three completed inspection cycles, this evaluation covers the second inspection cycle (2021-22). In this cycle, HMICFRS inspected the first 13 services remotely online. It inspected the remaining 31 services using a hybrid methodology, in person and online.

There were two broad questions that the evaluation aimed to answer:

Have the FRS inspections been implemented in the way intended?

What outcomes are being achieved as a result of the inspection activities?

This report describes the improvements we have made to the FRS inspection programme.

This report summarises the evaluation and the changes that HMICFRS made because of the findings.

The full report can be found [here](#).



HMICFRS – What’s new in this fire and rescue service inspection cycle

HMICFRS published the first reports from its 2025–2027 fire and rescue service inspection programme in March 2026, marking the start of the current inspection cycle.

The FRS programme runs on a two-year cycle – the time it takes to inspect each of the 44 fire and rescue services. HMICFRS uses a variety of methods to gather evidence throughout the inspection cycle. This helps make sure that the inspection programme reflects changes in fire and rescue, lessons learned from previous inspections and adapts to examine evolving challenges facing the sector.

The updated programme retains successful changes introduced in the previous cycle of inspections and also introduces new areas of focus, including:

Leadership

There will be a greater emphasis on leadership throughout fire and rescue services. This will include leadership at every level, not just chief officers.

Governance

Inspectors will assess Fire and Rescue Authorities’ governance, oversight and scrutiny of their services. This includes examining how efficiently services manage projects, such as rebuilding or relocating fire stations.

Values, culture, and misconduct

There will be deeper scrutiny of values, culture and misconduct, building on the inspectorate’s thematic work to examine how misconduct is identified and handled.

Resilience

Inspectors will also assess how well services are supporting community resilience, helping to make sure they are working effectively with local communities to prevent fires.

Roy Wilsher, His Majesty’s Inspector of Fire & Rescue said:

“Our inspection programme must evolve to reflect the challenges facing fire and rescue services. The changes we have made for this cycle build on what we have learned from previous inspections and focus on the areas where we know improvement is most needed, including governance, leadership and community resilience.

“Our aim is to provide independent, evidence-based assessments that support services to improve and help keep the public safe.”



Wider Sector Updates

CIPFA Code changes to the accounting for non-investment assets

Changes introduced in the 2025/26 Code:

The 2025/26 CIPFA Code introduces substantial changes arising from the HM Treasury Thematic Review on Non-investment assets, and the requirement to keep the valuations of certain assets up to date:

- ❖ The introduction of a valuation expedient requiring valuations once every five years or on a five-year rolling basis, in each case supported by indexation in intervening years; and
- ❖ The Code requires the use of the best available indices and, where no index is available, a desktop valuation is undertaken in year three.

The following asset classes are affected by the change:

- ❖ Other land and buildings;
- ❖ Vehicles, plant, furniture and equipment (where carried at current value);
- ❖ Surplus assets; and
- ❖ Right of use assets measured at current value

Assets which are not in scope of the changes include council dwellings; vehicles; plant and equipment carried at depreciated historical cost as a proxy for current value; infrastructure; assets under construction; heritage assets; assets held for sale; intangible assets; and community assets carried at cost.

Why Indexation is important:

Indexation is a new requirement in the Code, intended to provide a reasonable estimate of how market values have changed, rather than an exact valuation. A range of indices are available, and authorities will need to exercise and be prepared to explain their judgements on which indices are the most appropriate to apply across their asset base. Authorities may apply indexation to 31st March 2025 carrying values, providing the assumption that existing carrying values are true and fair is valid. Where valuations are required, they must be undertaken at least once every five-years or when there are indicators of impairment.

Audit Committees can help by asking:

- ❖ Have we sought advice from an expert valuer on which indices are most appropriate for our various assets within scope of indexation?
- ❖ Have we documented our rationale regarding why we select/reject or deem there to be no indices?
- ❖ How has indexation been calculated/ applied in underlying records/ asset systems?
- ❖ Have we ensured that asset records distinguish between revaluation versus indexation, so that we have a clear record of when valuations are due and when valuations were last carried out?

CIPFA Bulletin 23 – Closure of the 2025/26 financial statements

CIPFA has issued Bulletin 23 (April 2026) to support authorities in preparing the 2025/26 Statement of Accounts. The bulletin covers key areas that authorities should consider for 2025/26.

Indexation of non-investment assets

The bulletin includes a useful list of answers to frequently asked questions on indexation for preparers of accounts.

Key reminders include:

- ❖ Authorities need to adopt a five-year revaluation cycle, with indexation in intervening years, replacing more frequent revaluations.
- ❖ It applies to most property, plant and equipment, excluding council dwellings, along with leased assets if measured at valuation.
- ❖ Indexation maintains asset values in line with market changes, and authorities should continue to review asset lives and indicators of impairment.
- ❖ CIPFA do not prescribe which indices authorities may use - authorities must select appropriate indices, justify choices, and use the latest available data.
- ❖ In rare cases where no index is available a desktop valuation is required in year three.

For a full copy of Bulletin 23, see [CIPFA Bulletin 23 – Closure of the 2025/26 financial statements | CIPFA](#)

More detailed guidance on indexation is available in CIPFA's [CIPFA Bulletin 22 Indexation application guidance | CIPFA](#)

Audit Committees can help by asking:

- ❖ What assurance is available that the indexation applied is appropriate for the authority's various assets within the scope of indexation, and is supported by sufficient external evidence and professional input?

Devolution and local government reorganisation

Audit Committee are encouraged to review our good practice checklist and reach out for latest technical updates.

Latest key developments to be aware of:

- ❖ 25th March 2026 – Government decisions published on unitary structures for four of the six Devolution Priority Programme (DPP) areas. Next steps published for the remaining two areas. [Written statements - Written questions, answers and statements - UK Parliament](#)
- ❖ 29th April 2026 – Royal Assent given to the English Devolution and Community Empowerment Act, enhancing powers and responsibilities for strategic authorities; establishing combined authorities; and strengthening local audit arrangements. [English Devolution Bill receives Royal Assent - GOV.UK](#)
- ❖ 7th May 2026 – First shadow elections held in East and West Surrey. [Surrey Local Elections May 2026 results – Surrey LGR Hub](#)

Key future dates to be aware of:

Three councils have been reported as mounting legal challenges to reorganisation. Subject to the outcome of their challenges, remaining key dates to be aware of are:

- ❖ **April 2027** – Surrey shadow authorities' vesting day.
- ❖ **May 2027** – Shadow elections - all DPP areas except Sussex and Brighton; and reorganised new local government bodies.
- ❖ **April 2028** – Vesting day for all DPP areas except Sussex and Brighton; and reorganised new local government bodies.
- ❖ **May 2028** – Shadow elections Sussex and Brighton Devolution Priority Programme areas.

Recommended reading:

- ❖ A good practice checklist for councils embarking on LGR can be found in our report: [Learning from the new unitary councils](#).
- ❖ Audit Committees [can request updated technical guidance](#) reflecting latest developments from their Engagement Lead.



Webinar for Audit Committees and other interested parties

We invite you to register attendance at our fourth webinar for Audit Committee members and other interested parties.

Audit Committee members and other interested parties are invited to join us at a webinar on 2nd July 2026 from 4pm until 5.30 pm, to learn more about:

- ❖ The roles and responsibilities of the Audit Committee Chair and members;
- ❖ The systems, structures and behaviours needed to perform as an effective Committee;
- ❖ The importance of Audit Committee self-assessment;
- ❖ Connections between the role performed by the Committee and other parts of the governance framework;
- ❖ Current local government sector trends, and the importance of the new Local Audit Office; and
- ❖ Resources available for support.

Audit Committees play a pivotal role in safeguarding governance in the local government sector. An effective Audit Committee can be the gatekeeper for standards and compliance; and the guard against weakness in arrangements. The webinar will include an opportunity for questions and answers and will provide participants with the information needed to proceed with confidence.

Please register your place here: [Effective audit committees in local government | Grant Thornton](#)



We look forward to welcoming you.

Latest changes to laws and regulations

For information: Recent legal and regulatory changes that Audit Committees need to be aware of.

Changes that Audit Committees need to be aware of:	Dates	Further information
English Devolution and Community Empowerments Act	29 th April 2026 – Royal Assent	Enhanced powers and responsibilities for local government, and new local audit arrangements
Renter Rights Act	1 st May 2026 – Officially took effect	Introduces new duties for local authorities to take enforcement action for beaches and tenancy law by private landlords
Social Housing Renewal Bill	13 th May 2026 – King’s Speech	Changes to eligibility requirements, discount rules and exemptions planned for Right to Buy
Overnight Visitor Levy Bill	13 th May 2026 – King’s Speech	Mayors and potentially other local leaders to be able to change new tourist taxes
Education for All Bill	13 th May 2026 – King’s Speech	Planned changes to arrangements for young people with Special Educational Needs and Disabilities
Public Office (Accounting Bill)	13 th May 2026 – King’s Speech	Introduces new duties of candour for local authorities and other public bodies
Town and Country Planning (local Planning) (England) Regulations 2026	25 th March 2026 – Statutory Instruments	New system introduced for Local Plans
Combined Authorities (overview and Scrutiny Committees, Access to Information and Audit Committees) (Amendment) Order 2026	14 th May 2026 – Statutory Instruments	Provides a formal mechanism for setting commissioner allowances in Combined Authorities and Combined County Authorities
Sporting Events Bill	14 th May 2026 – Impact Assessment and DCMS Memorandum	Proposes new enforcement powers for local authorities in ticketing protection

Valuing people

For information: Audit Committees need to be mindful of workforce and people-related challenges facing the sector.

The Public Services People Manager's Association held their latest Annual Conference in Birmingham in April this year and heard thoughts on whether the time is right for Chief People Officer to become a statutory role, equivalent to Monitoring and s151 Officer.

With challenges around skills retention, and with local government reorganisation creating uncertainty and instability for those employed across the sector, the timing for this debate could perhaps never be better.

Local Government Association workforce data shows that:

- ❖ More than 1 million people are directly employed by councils across England, at a cost of £35.8 billion per annum; and
- ❖ More than one million additional people are employed in council-commissioned Adult Social Care through the private sector.

In addition to those formally employed across the local government sector, the Health Foundation recently estimated that 1 in 6 adults in the UK carry out unpaid care work, providing essential top up for public services that are the statutory responsibility of local authorities.

CQC is currently consulting on proposed changes to its regulatory process. The intention is to replace 34 “Quality Statements” with 24 “Key Lines of Enquiry”, looking at how local authorities deliver care and, amongst other things, lending greater weight to how local authorities work professionally with the unpaid carers whose work supports statutory provision.

Carers UK held an inaugural State of Caring conference in May 2026 hearing, amongst other things, about the tipping point unpaid carers can reach if not given the right support. CQC’s change of emphasis seems a well-timed recognition of the reality of how significant elements of social care are provided across England today.



Audit Committee resources

Commentary from Grant Thornton on recovering the accounts preparation and audit timetable:

[Local audit reset: What comes after the backstop? | Grant Thornton](#)

Latest guidance and learning from Grant Thornton on local government reorganisation and devolution:

[Navigating the future: The dual challenge of local Government reorganisation and devolution | Grant Thornton](#)

[Dual delivery - How can areas successfully reorganise local government and implement devolution at the same time?](#)

[Learning from the new unitary councils](#)

Grant Thornton learning on procurement and contract management:

[Local government procurement and contract management](#)

Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector

[Global Internal Audit Standards in the UK Public Sector | CIPFA](#)

CIPFA Good Governance

[Delivering Good Governance in Local Government Addendum](#)

The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>

Appendix - Audit Timetable Letter

Letter regarding 2025-26 audit timelines

10 March 2026

Dear AC Chair

Copied to: S151 Officers

Proposals for the annual accounts and external audit timeframes from 2026 onwards

Ahead of us starting our work on your 2025-26 Accounts, we wanted to send you a letter to set out our plans for your audit timelines over the course of the next two years and what we will need from you as an Authority as part of these plans.

As I am sure you are aware, 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.

As you know, Lancashire Combined Fire Authority has always received a full, unqualified 'clean' audit opinion prior to any backstop dates. Whilst this places the Authority in a good place compared to a number of local authorities who are dealing with backstopped, disclaimed opinions, the audit has been completed in the November / December period in recent years. It will be important that the Authority works together with us to bring forward completion of the audit.

To be able to achieve the targets for the next two financial years, as a firm we are looking to put things in place to enable us to achieve the end of November 2027 deadline. In order to help make this achievable, we are going to undertake a 'dry run' of finishing our work on the 2025-26 Accounts by the end of November 2026. On this basis, we would like you to assist with this process by firstly setting an Audit Committee date in advance of the end of November 2026 (if not currently in place), to enable us to sign off our opinion by that date. We would note that the NAO has already set a requirement that our Value for Money (VfM) work is completed by 30 November each year which has been set to align with the upcoming 30 November accounts deadline.

One area which we see as crucial to supporting a November completion date is to make increased use of our planning and interim audit work. We are seeking to perform an enhanced interim audit involving early, advanced sample testing on a number of areas by the end of April 2026. We will be liaising with the finance team to support audit testing of transactions in the first nine to ten months of the financial year. This should reduce the level of detailed transactional testing from the year-end audit work in the Summer and Autumn.

Letter regarding 2025-26 audit timelines

We are aiming to start our work on your accounts from the end of June 2026, following receipt of the Authority's draft accounts. We are committed to working closely with finance colleagues from the commencement of our audit and throughout, with weekly meetings expected to take place to monitor progress and achievement against key milestones, through to November's Audit Committee.

This plan should allow us as a firm to deliver all of our 2025-26 Local Government audits by the end of November 2026, which will then put us in a strong position ahead of the backstop formally moving to the end of November 2027. We appreciate this will require a change on how both sides will need to work to make this a reality, but we are committed to making this happen.

We will undertake early engagement with your finance team to clearly set out our expectations and what is needed to make a success of these plans. MHCLG have asked us as a firm to report by 31 July 2026, on a case by case basis, our assessment of the Authority's ability to both maintain and where necessary rebuild assurance. Having a clear and agreed project plan to complete all financial statements and VFM work by 30 November 2026 is a key part of this assurance.

If you have any queries or questions, then do not hesitate to let us know.

Yours sincerely

Elizabeth Luddington

Elizabeth Luddington, Key Audit Partner

Key Audit Partner & Engagement Lead for Lancashire Combined Fire Authority



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