Lancashire Combined Fire Authority
Audit Committee
Meeting to be held on Tuesday 30 June 2026

Financial Statements Update
(Appendix 1 refers)

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Executive Summary
This report updates the Audit Committee on progress in preparing the Authority's 2025-26 unaudited Financial Statements. The latest draft core financial statements are included at Appendix 1 for information. These comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and Cash Flow Statement.

The statements remain subject to final quality assurance and external audit. They are not presented for approval at this stage, and the figures may change before the audited accounts are presented to the Committee.

Recommendation(s)
The Committee is asked to:-
- Note progress in preparing the Authority's 2025-26 unaudited Financial Statements;
- Note the Authority's latest draft core financial statements at Appendix 1; and
- The Committee is also asked to note that the figures remain subject to final quality assurance and external audit and may therefore change before the audited accounts are presented for approval.

Information
For the financial year 2025-26, the Authority must publish its draft accounts by the statutory deadline of 30 June 2026. The audited accounts are expected to be available by 30 November 2026, subject to completion of the external audit. This report provides the Committee with an update on the latest draft financial statements prepared for publication and audit.

There is no statutory requirement to present the unaudited accounts to the Committee before the external audit process commences. However, presenting the latest draft core financial statements provides members with early visibility of the Authority's financial position and supports transparent financial governance.

The Accounts and Audit (England) Regulations 2015 apply to the preparation, approval and audit of the Statement of Accounts and other financial statements. These regulations are based on International Financial Reporting Standards (IFRS), which seek to present accounts in a consistent format across the public and private sectors with the aim of improving transparency. The Authority's revenue outturn and statutory financial statements are prepared on different bases. The revenue outturn reflects financial performance against the Authority's budget. The statutory financial statements then apply required accounting adjustments, including pension and asset valuation entries. These adjustments are necessary for compliance with accounting standards but do not all affect the Authority's available revenue funding. The table below summarises the adjustments required to the revenue outturn to reach the Total Comprehensive Income and Expenditure reported in the latest draft financial statements.

Reconciliation	£000
Revenue Outturn	**(335)**
Remove transfers to / from reserves	637
Adjustments for Capital Purposes	(57)
Net change for Pensions Adjustments	2,589
Other Differences	(1)
Deficit on provision of services	**2,834**
(Surplus)/Deficit on revaluation of fixed assets	1,458
Actuarial (gains)/losses on pension fund assets	(14,448)
Total Comprehensive Income and Expenditure	**(10,157)**

Table 1 – Adjustments required to the revenue outturn

The latest draft Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and Cash Flow Statement are set out in Appendix 1. Subject to final quality assurance processes, these will form part of the accounts submitted for external audit. The draft financial statements do not identify any immediate issue affecting the Authority's ability to deliver operational services.

Financial Implications

There are no new financial commitments arising directly from this report. The report presents the Authority's latest draft financial position for 2025-26. The draft statements remain subject to final quality assurance and external audit and may change before the audited accounts are presented for approval.

The report distinguishes between the Authority's revenue outturn and the statutory accounting position. Some of the largest adjustments relate to pension accounting and asset valuation movements. These affect the presentation of the financial statements but do not directly change the Authority's in-year revenue budget or operational spending power.

Legal Implications

The preparation, publication and audit of the Statement of Accounts are governed by the Accounts and Audit (England) Regulations 2015. The relevant statutory timetable is set out in the report. There are no additional legal implications arising directly from the recommendations.

Business Risk Implications

The main risks relate to completion of final quality assurance, incorporation of any outstanding figures, and any issues identified through external audit. These risks are being managed through internal review, compliance with the statutory timetable and engagement with the external auditor. Any material changes arising before completion of the audited accounts will be reported to the Committee.

Environmental Impact
None.

Equality and Diversity Implications
There are no direct equality and diversity implications arising from this report. The report is provided for information and does not propose changes to services, policies or staffing. The final published accounts should be made available in an accessible format in accordance with the Authority’s usual publication arrangements.

Human Resource Implications
None.

Local Government (Access to Information) Act 1985

List of background papers

Not Applicable

Appendix 1: Core Financial Statements

Comprehensive Income and Expenditure Statement

-	Notes	2025-26 Gross Expenditure £000	2025-26 Gross Income £000	202526 Net Expenditure £000	2024-25 Gross Expenditure £000	2024-25 Gross Income £000	2024-25 Net Expenditure £000
Continuing operations:							
Service Delivery	-	27,485	(4,101)	23,383	25,881	(2,409)	23,473
Strategy and Planning	-	12,475	(348)	12,127	12,801	(642)	12,159
People and Development	-	2,201	-	2,201	2,231	-	2,231
Corporate Services	-	5,810	-	5,809	5,616	(6)	5,610
Fire-fighters Pensions	-	2,209	(33)	2,176	1,412	-	1,412
Overheads	-	11,800	(5,896)	5,904	10,875	(4,903)	5,971
Net Cost of Services	-	**61,980**	**(10,379)**	**51,601**	**58,816**	**(7,960)**	**50,856**
(Gain) or Loss on disposal of non-current assets	-	-	-	(74)	-	-	(116)
Financing and investment income and expenditure							
Interest payable and similar charges	-	-	-	1,220	-	-	1,272
Pensions interest cost and expected return on pensions assets	-	-	-	30,599	-	-	29,127
Interest receivable and similar Income	-	-	-	(2,120)	-	-	(2,291)
Taxation and non-specific grant income							
Council tax	-	-	-	(43,018)	-	-	(39,911)
Revenue Support Grant	-	-	-	(13,702)	-	-	(13,470)
Non-domestic rates redistribution	-	-	-	(17,125)	-	-	(16,740)
Business rates Section 31 grant	-	-	-	(4,484)	-	-	(5,673)
(Surplus) or Deficit on the provision of services	-	-	-	**2,834**	-	-	**3,054**

-		2025-26	2025-26	2025-26	2024-25	2024-25	2024-25
-	**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	-	-	-	1,458	-	-	(3,645)
Actuarial (gains) and losses on pensions assets and liabilities	-	-	-	(14,448)	-	-	(67,199)
Other comprehensive income and expenditure	-	-		**(12,990)**	-	-	(70,845)
Total Comprehensive Income and Expenditure	-	-	-	**(10,157)**	-	-	**(67,791)**

Movement in Reserves Statement 2025-26

-	General fund* £000	Earmarked reserves £000	Total General Fund Balance £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 2025 carried forwards	**6,564**	**29,012**	**35,576**	**-**	**194**	**35,770**	**(470,932)**	**(435,162)**
Movement in reserves during 2025-26								
Surplus or (Deficit) on provision of services	(2,834)	-	**(2,834)**	-	-	**(2,834)**	-	**(2,834)**
Other comprehensive income and expenditure	-	-	**-**		-	**-**	12,990	**12,990**
Total comprehensive income and expenditure	**(2,834)**	**-**	**(2,834)**	**-**	**-**	**(2,834)**	**12,990**	**10,157**
Adjustments between accounting basis and funding basis under regulations								
Charges for depreciation and impairment of non-current assets	6,682	-	**6,682**	-	-	**6,682**	(6,682)	**-**
Amortisation of intangible assets	111	-	**111**	-	-	**111**	(111)	**-**
Disposal of assets	(74)	-	**(74)**	-	78	**4**	(4)	**-**
Provision for the repayment of debt	(670)	-	**(670)**	-	-	**(670)**	670	**-**
Capital expenditure charged against General Fund Balance	(6,105)	-	**(6,105)**	-	-	**(6,152)**	6,105	**-**
Amount by which the Code and the statutory pension costs differ	2,589	-	**2,589**	-	-	**2,589**	(2,589)	**-**

-	General fund £000	Earmarked reserves £000	Total General Fund Balance £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	41	-	**41**	-	-	**41**	(41)	**-**
Accumulated absences	(43)	-	**(43)**	-	-	**(43)**	43	**-**
Adjustments total	**2,531**	**-**	**2,531**	**-**	**78**	**2,609**	**(2,609)**	**-**
Net increase or decrease before transfers to earmarked reserves	**(302)**	**-**	**(302)**	**-**	**78**	**(225)**	**10,381**	**10,157**
Transfers (to) or from earmarked reserves	662	(662)	**-**			**-**	-	**-**
Increase or (Decrease) in the year	**359**	**(662)**	**(302)**	**-**	**78**	**(225)**	**10,381**	**10,157**
Balance at 31 March 2026 carried forwards	**6,923**	**28,350**	**35,273**	**-**	**272**	**35,545**	**(460,550)**	**(425,005)**

Balance Sheet

-	Notes	At 31 March 2026 £000	At 31 March 202 £000
Long-Term Assets			
Property, Plant and Equipment	-	127,534	129,576
Intangible Assets	-	422	467
Long-Term Assets total	-	127,957	130,043
Current Assets			
Inventories	-	326	318
Short-Term Investments	-	39,115	49,540
Short-Term Debtors	-	11,113	7,925
Cash and Cash Equivalents	-	451	582
Current Assets total	-	51,005	58,365
Current Liabilities			
Grants Received in Advance	-	(440)	(4,581)
Other Short-Term Liabilities	-	(769)	(672)
Short-Term Creditors	-	(11,294)	(14,732)
Current Liabilities total	-	(12,503)	(19,984)
Long-Term Liabilities			
Provisions	-	(1,653)	(1,246)
Long-Term Borrowing	-	(2,000)	(2,000)
Other Long-Term Liabilities	-	(587,811)	(600,340)
Long-Term Liabilities total	-	(591,464)	(603,586)
Net Liabilities	-	**(425,005)**	**(435,162)**

-	Notes	At 31 March 2026 £000	At 31 March 2025 £000
Usable Reserves			
General Fund	-	(6,923)	(6,564)
Earmarked Reserves	-	(28,350)	(29,012)
Capital Grants Unapplied Account	-	-	-
Usable Capital Receipts Reserve	-	(272)	(194)
Usable Reserves total	-	(35,545)	(35,770)

-	Notes	At 31 March 2026 £000	At 31 March 2025 £000
Unusable Reserves			
Revaluation Reserve	-	(69,226)	(73,745)
Capital Adjustment Account	-	(46,898)	(43,858)
Pension Reserve	-	576,571	588,430
Collection Fund Adjustment Account	-	(550)	(591)
Accumulated Absences Adjustment Account	-	653	696
Unusable Reserves total	-	460,550	470,932

Total Reserves	-	**425,005**	**435,162**

Cash Flow Statement

-	Notes	2025-26 £000	2025-26 £000	2024-25 £000	2024-25 £000
Net deficit on the provision of services	-	(2,834)	-	(3,054)	-
Adjustments to net deficit on the provision of services for non-cash movements	-	(834)	-	30,251	-
Adjustments for items included in the net (deficit) on the provision of services that are investing and financing activities	-	(105)	-	(681)	-
Net cash flows from Operating Activities	-	-	**(3,773)**	-	**26,516**

Investing activities					
Purchase of property plant and equipment and other capital spend	-	(6,213)	-	(4,261)	-
(Increase) or Decrease in short-term	-	10,425	-	(26,040)	-
Receipts from investing activities	-	1,302	-	1,931	-
Net cash flows from investing activities	-	-	**5,514**	-	**(28,370)**

Financing activities					
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet Private Finance Initiative (PFI) contracts	-	(675)	-	(611)	-
Payments for financing activities	-	(1,197)	-	(1,249)	-
Net cash flows from financing activities	-	-	**(1,872)**	-	**(1,861)**
Net increase or (decrease) in cash and cash equivalents	-	-	**(131)**	-	**(3,715)**
Cash and cash equivalents at the beginning of the reporting period	-	-	582	-	4,297
Cash and cash equivalents at the end of the reporting period	-	-	**451**	-	**582**