

Lancashire Combined Fire Authority

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

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.

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

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

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
identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	<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
plans to bridge its funding gaps and identify achievable savings	<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
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<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
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>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
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>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
approaches and carries out its annual budget setting process	<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
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
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>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
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>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
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
<div> <div>G</div> <div>No significant weaknesses or improvement recommendations.</div> </div> <div> <div>A</div> <div>No significant weaknesses, improvement recommendations made.</div> </div> <div> <div>R</div> <div>Significant weaknesses in arrangements identified and key recommendation(s) made.</div> </div>		

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Authority:	Commentary on arrangements:	Rating
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>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>	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
commissions or procures services, assessing whether it is realising the expected benefits	<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>	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

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

	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

	Prior Recommendation	Raised	Progress	Current position	Further action
IR1	<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)

	Prior Recommendation	Raised	Progress	Current position	Further action
IR2	<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
IR3	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.	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.
IR4	<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
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
IR6	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
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	<p>The Authority should consider including information on performance against the capital plan in the quarterly performance monitoring reports provided to the Performance Committee.</p> <p>The Authority should continue to seek to mitigate slippage and delays in the delivery of the capital programme</p>	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
IR10	<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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