

Statement of Accounts

2024/25

Lancashire Combined Fire Authority

Statement of Accounts 2024/25

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Narrative Report

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

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

The aim is to provide information on:

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

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

Contents of this Statement of Accounts

This Statement of Accounts covers the financial year ended on 31 March 2025 (referred to as 2024/25). It has been prepared in accordance with the Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Amendment) Regulations 2021 and the Code of Practice on Local Authority Accounting in the United Kingdom. The Statement contains:

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

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

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

Comprehensive Income & Expenditure Statement - This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Fire Authority raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

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

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

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

Fire Fighters Pension Fund Account and Net Assets Statement – Shows the financial position of the fire fighters pension fund account, showing whether the Authority owes, or is owed, money by the Government to balance the account, together with details of its net assets.

Review of the Year

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

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

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

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

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

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

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

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

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

The 2024/25 Financial Overview

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

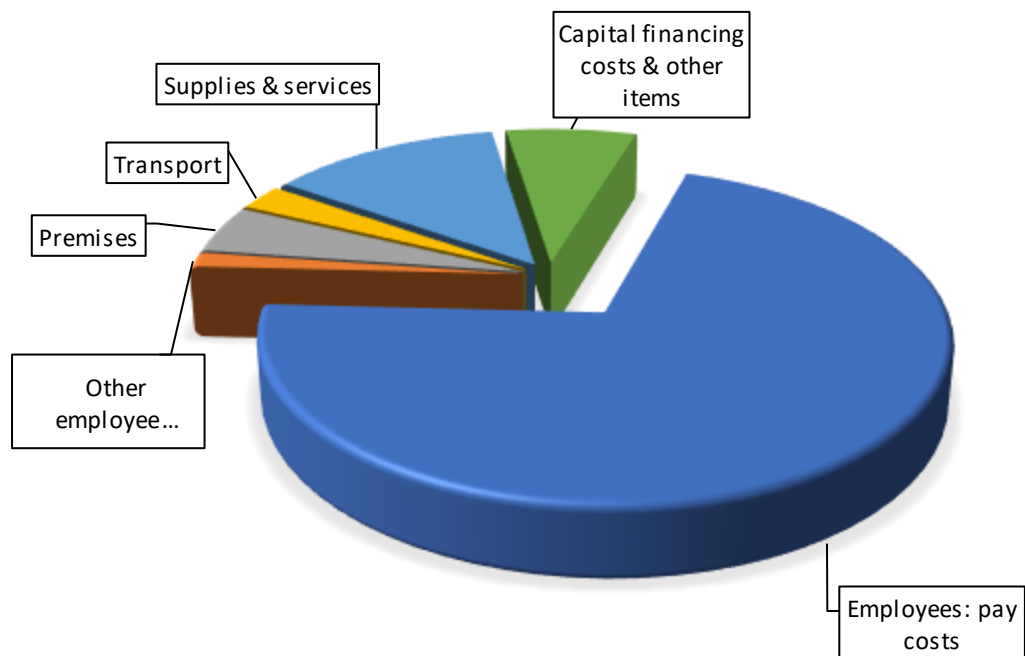
In setting its budget the Authority aims to balance the public's requirement for and expectations of our services with the cost of providing this. As such the revenue budget focuses on the need to:-

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

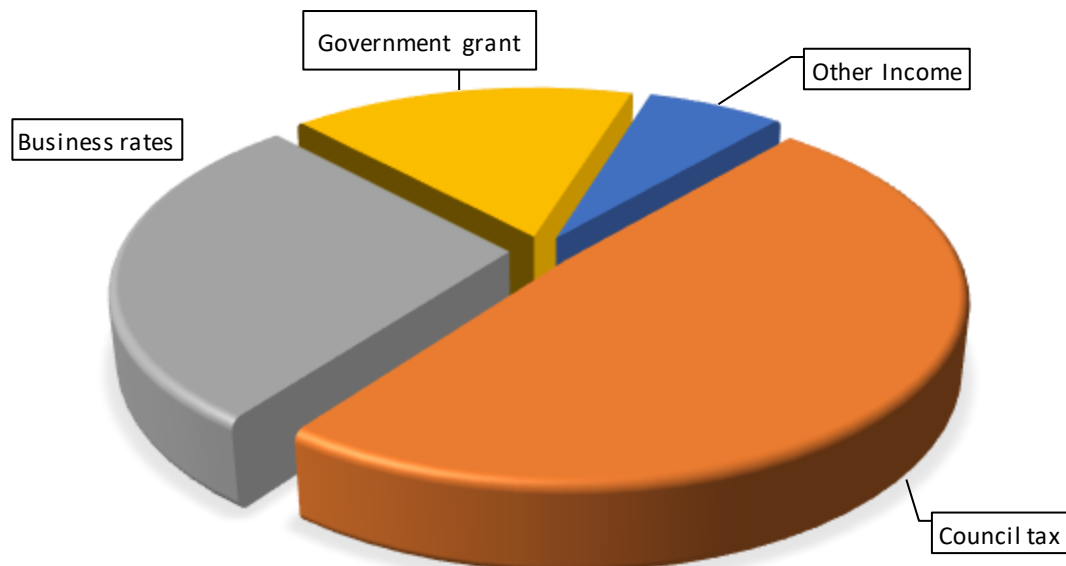
The Authority agreed a net revenue budget of £75.2m and a council tax of £84.73 for the financial year 2024/25. This represented a 2.99% (£2.46) increase in council tax, in line with the Council Tax referendum limit. Based on this, the budget was considered affordable, prudent, and sustainable, whilst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

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

EXPENDITURE ANALYSIS 2024/25



INCOME ANALYSIS 2024/25



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

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

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

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

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

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

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

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

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

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

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

Future Financial Plans

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

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

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

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

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

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

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

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

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

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

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

Accounting Changes

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

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

Scope of Responsibility

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

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

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

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

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

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

The Purpose of the Governance Framework

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

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

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

The Governance Framework

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

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

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

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

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

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

Review of effectiveness

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

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

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

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

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

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

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

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

Significant governance issues

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

Approved:

Ged Mirfin

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

Jon Charters

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

Steven Brown

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

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

To add on final audit

UNAUDITED

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required:

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

The Treasurer's Responsibilities

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

In preparing this Statement of Accounts, the Treasurer has:

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

The Treasurer has also:

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

Steven Brown

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

Mark Clifford

Mark Clifford
Chair of Audit Committee
[Date]

Explanation of Financial Statements

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Movement in Reserves Statement

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

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories, usable reserves are those that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example capital receipts may only be used to fund capital expenditure). The second category is unusable reserves and includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Comprehensive Income and Expenditure Statement

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

Lancashire Combined Fire Authority
Statement of Accounts 2024/25

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

Movement in Reserves Statement 2024/25

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

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

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

Lancashire Combined Fire Authority
Statement of Accounts 2024/25

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

Movement in Reserves Statement 2023/24

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

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

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

Lancashire Combined Fire Authority
Statement of Accounts 2024/25

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

Balance Sheet

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

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

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

Steven Brown

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

Mark Clifford

Mark Clifford
Chair of Audit Committee
[Date]

Cash Flow Statement

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

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

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

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

Notes to the Core Financial Statements

1 Expenditure and Funding Analysis

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

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

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

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

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

1a Note to the Expenditure and Funding Analysis

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

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

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

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

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

2 Fire Authority Costs

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

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

3 Employees Emoluments

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

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

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

Senior Officers Remuneration

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

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

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

Exit Packages

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

4 External Auditors Fees

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

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

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

5 Related Parties Transactions

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

Central Government

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

Members

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

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

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

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

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

Officers

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

6 Property, Plant & Equipment

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

Movements during the Year

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

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

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

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

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

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

	Other Land & Buildings £000	PFI Assets – land & buildings £000	Assets Under Construction £000	Vehicles, Plant & Equipment £000	Total Property, Plant & Equipment £000
Cost or valuation					
At 1 April 2023	81,875	36,432	123	24,585	143,015
Adjustment to opening balance	-	-	-	714	714
Additions	228	27	1,274	4,352	5,881
Disposals/De-recognitions	-	-	-	(1,833)	(1,833)
Downward revaluation recognised in the Revaluation Reserve	(3,870)	(365)	-	-	(4,235)
Impairment losses recognised in the CIES Provision of Services	(133)	-	-	-	(133)
Movement from AUC	-	-	(123)	123	-
Revaluations	1,142	175	-	-	1,318
As at 31 March 2024	79,242	36,270	1,274	27,940	144,727
Depreciation and impairments					
At 1 April 2023	20	-	-	(17,318)	(17,298)
Adjustment to opening balance	-	-	-	(257)	(257)
Depreciation charge for 2023/24	(3,104)	(1,040)	-	(1,589)	(5,732)
Disposals/De-recognitions	-	-	-	1,785	1,785
Revaluations	3,084	1,040	-	-	4,123
As at 31 March 2024	-	-	-	(17,378)	(17,378)
Balance sheet at 31 March 2024	79,242	36,270	1,274	10,562	127,349
Balance sheet at 31 March 2023	81,895	36,432	123	7,267	125,717

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

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

Heritage Assets

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

Capital Expenditure

The total capital expenditure in 2024/25 is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

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

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

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

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

* Includes NWFC balances.

Details of Assets Held

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

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

Capital Commitments

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

7 Intangible Assets

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

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

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

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

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

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

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

8 Financial Instruments

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

Financial assets – balances

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

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

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

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

Financial liabilities – balances

A financial liability is an obligation to transfer economic benefits controlled by the Authority and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Authority.

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

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

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

Financial Instruments - Gains and Losses

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

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

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

Fair Values of Financial Instruments

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

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

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

The fair values calculated are as follows:

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

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

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

9 Debtors

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

10 Cash & Cash Equivalents

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

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

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

11 Creditors

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

12 Grants Received in Advance

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

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

13 Provisions

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

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

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

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

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

14 Other Long-Term Liabilities

Other long-term liabilities comprise the following:

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

15 PFI Schemes

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

PFF Lancashire Limited

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

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

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

Fire and Rescue NW Limited

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

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

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

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

All PFI Schemes

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

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

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

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

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

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

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

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

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

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

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

The Authority participates in two pension schemes:

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

Transactions Relating to Post-employment Benefits

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

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

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

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

Current service cost – the increase in liabilities because of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

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

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

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

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

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

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

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

Assets and Liabilities in Relation to Post-employment Benefits

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

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

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

Reconciliation of the fair value of the scheme assets:

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

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

Pension Asset Ceiling

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

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

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

Scheme history

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

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

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

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

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

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

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

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

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

Basis for Estimating Assets and Liabilities

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

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

The principal assumptions used by the actuary have been:

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

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

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

17 Usable Reserves

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

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

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

18 Transfers (to)/from Earmarked Reserves

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

19 Unusable Reserves

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

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

Revaluation Reserve

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

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

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

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

Capital Adjustment Account

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

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

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

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

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

Pensions Reserve

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

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

Collection Fund Adjustment Account

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

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

Accumulated Absences Adjustment Account

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

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

20 Contingent Liability

Matthews Case Stage 2

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

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

21 Post Balance Sheet Events

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

22 Nature and Extent of Risks Arising from Financial Instruments

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

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

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

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

Credit Risk

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

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

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

Trade Debtor Credit Risk

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

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

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

Liquidity Risk

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

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

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

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

Market risk

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

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

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

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

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

23 Local Authority Controlled Company – NW FireControl Limited

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

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

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

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

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

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

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

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

All figures are shown net of VAT.

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

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

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

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

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

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

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

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

26 Reconciliation of liabilities arising from financing activities

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

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

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

27 Assumptions made about the future and other major sources of estimation and uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

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

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

28 Expenditure and Income Analysed by Nature

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

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

29 Significant Judgements

Joint Operation – North West FireControl

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

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

30 Accounting Policies

a General Principles

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

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

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

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

b Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received in accordance with section 2.7 of IFRS 15. In particular:

- Revenue from provision of services is recognised when the Authority can measure reliability of the transaction.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or a creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

c Cash & cash equivalents

Cash is represented by cash in hand and deposits repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

d Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible fixed assets attributable to the service.

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

e Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave, and paid sick leave and non-monetary benefits (for example cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, for example time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the current financial year (the best estimate of future rates at the time of the accounts). The accrual is charged to the surplus or deficit on provision of services but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Post Employment Benefits

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

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

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

The Firefighters' Scheme

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

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

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

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

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

The Local Government Pension Scheme

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

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

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

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

f Financial Liabilities

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

g Financial Assets measured at amortised cost

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

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

h Government Grants & Contributions

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

i Non-Current Assets

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

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

i) Recognition

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

ii) Measurement

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

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

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

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

iii) **Impairment**

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

iv) **Disposals**

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

v) **Depreciation**

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

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

vi) **Componentisation**

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

vii) **Derecognition**

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

j Operating Leases (IFRS 16)

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

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

k Private Finance Initiative (PFI) and similar contracts

Current Status

The Authority has two existing PFI arrangements:

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

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

Accounting for PFI

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

Recognition of assets and liabilities

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

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

Minimum Revenue Provision (MRP)

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

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

Unitary Payment

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

Deductions from the Unitary Payment

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

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

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

I PFI Equalisation Reserve

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

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

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

m Provisions

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

When payments are eventually made, they are charged to the provision carried in the balance sheet. Estimated settlements are reviewed at the end of each financial year, and where it becomes less probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service line.

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

n Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged against the net cost of services in that year in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirements and employee benefits and do not represent usable resources for the Authority.

o Contingent liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

p Going Concern

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

r Accounting Standards issued but not yet adopted

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

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

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

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

s Joint Operations

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

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

Fire Fighters Pension Fund Account and Net Assets Statement

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

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

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

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

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

Firefighters Pension Fund Notes

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

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

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

Contribution Rates

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

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

Benefits Paid

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

Home Office Grant

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

Future Liabilities

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

Glossary of Terms

Accrual

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

Amortised cost

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

Budget

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

Capital Expenditure

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

Capital Receipts

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

Comprehensive Income & Expenditure Statement

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

Creditors

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

Debtors

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

Fair Value

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

Financial Instrument

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

Financial Year

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

Financing Charges

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

Premiums and Discounts

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

Public Works Loan Board (PWLB)

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

Revenue Contribution to Capital Outlay

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

Revenue Expenditure

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