



**Hereford & Worcester Fire Authority**

**Draft Unaudited  
Statement of Accounts  
2024/25**

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# Hereford & Worcester Fire Authority

## Statement of Accounts 2024/25

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## NARRATIVE REPORT

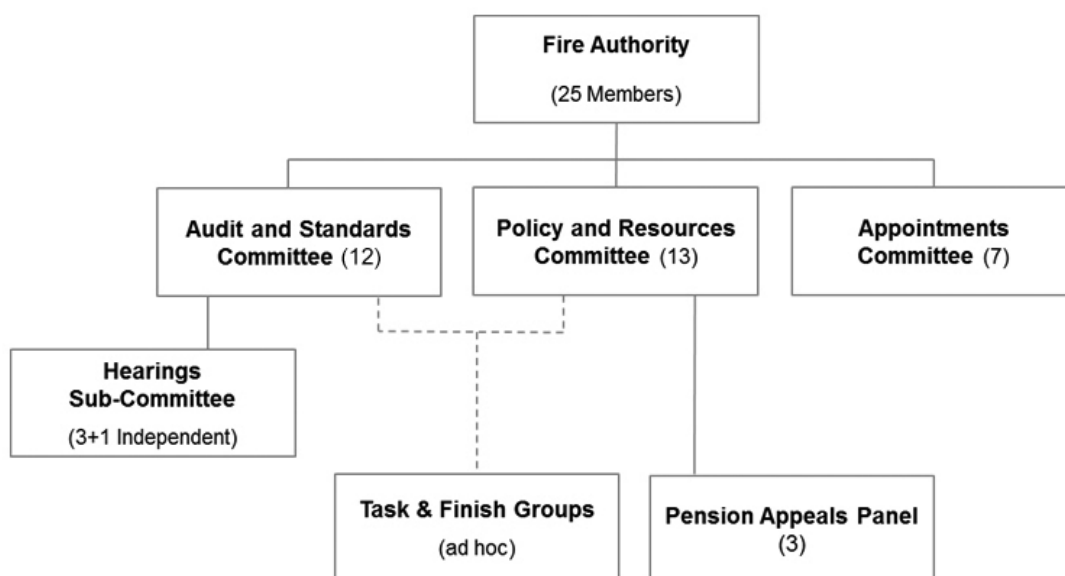
1. Originally formed as an independent corporate body, as a result of Local Government Reorganisation, on 1<sup>st</sup> April 1998, Hereford & Worcester Fire Authority (the Authority) is now constituted under the Fire and Rescue Services Act 2004. The Authority sets its own budget requirement, receives a share of Retained Business Rates, Business Rate Support Grant and Revenue Support Grant, and issues its own Council Tax Precept.
2. The Service covers the whole of Herefordshire and Worcestershire, an area of around 1,500 square miles (392,000 hectares) and a resident population of about three-quarters of a million people (804,075 – ONS mid-2024 population estimate). Of these, three in four live in Worcestershire, with around 105,143 people living in the city of Worcester. Herefordshire is more sparsely populated with a largely rural population, about a third of whom live in the city of Hereford.



3. Our Strategy is the Service's overall statement of intent. With safety firmly at its heart, the statement has a clear core purpose built on strong foundations linked by three driving principles: firefighter safety, community safety and delivery of quality services. It relies on all parts of the service – from frontline firefighting to support staff and community safety volunteers – working together to deliver services and plans.

## The Fire Authority

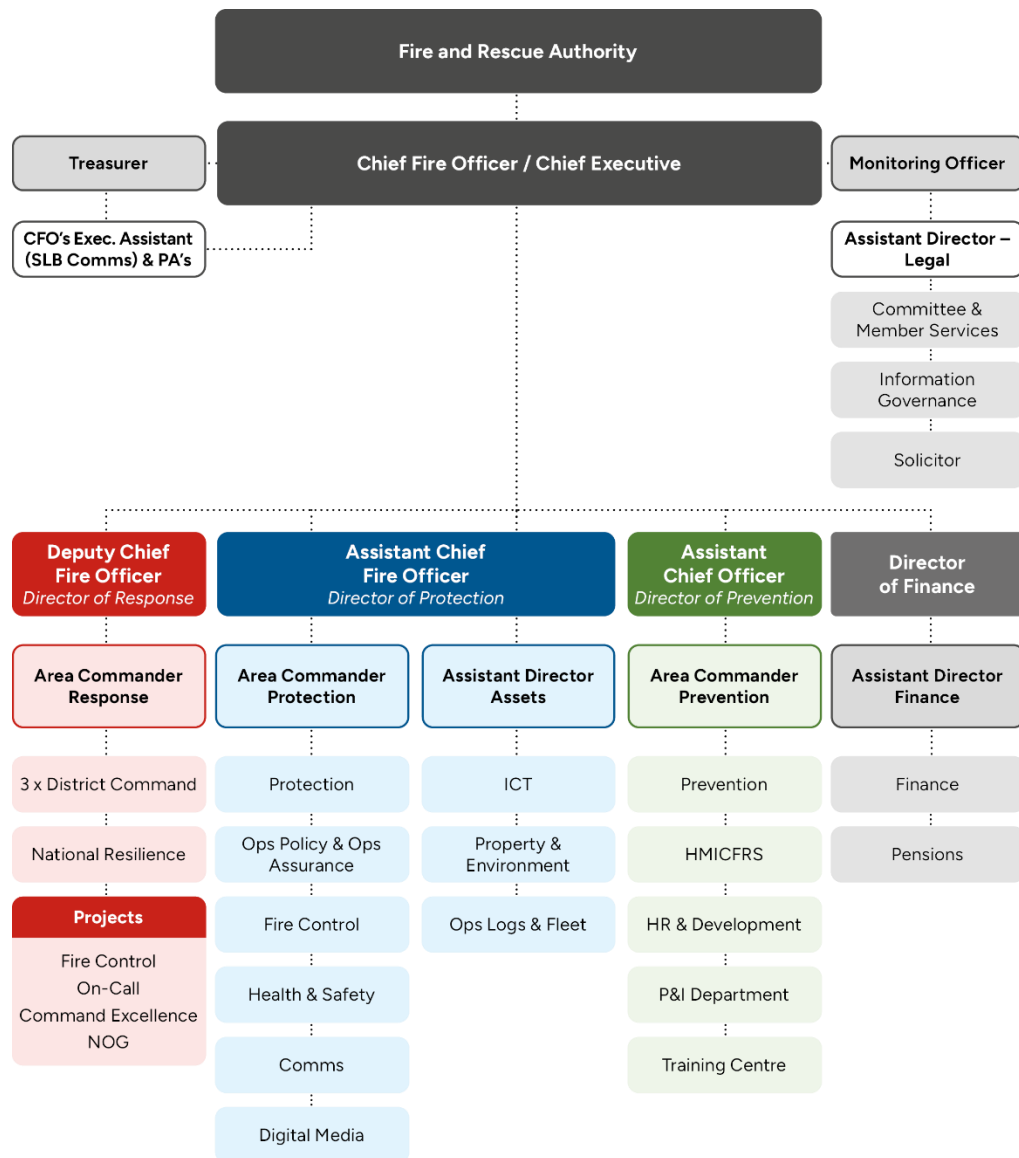
4. Hereford & Worcester Fire Authority is the governing body of the Fire and Rescue Service and is the legal entity responsible for carrying out duties as set out in the Fire and Rescue Services Act 2004, in relation to fire prevention, fire safety, firefighting and rescues (including from road traffic collisions and other emergencies such as flooding). It is made up of 25 local councillors, six appointed by Herefordshire Council and 19 by Worcestershire County Council. Since October 2016 the Fire Authority has also included the West Mercia Police and Crime Commissioner in a non-voting capacity.
5. The Authority currently carries out its duties by directly employing operational and other staff as Hereford & Worcester Fire and Rescue Service.
6. The Authority sets the budget and approves the overall strategic direction for the Service. It also appoints the Chief Fire Officer, Treasurer, Monitoring Officer and Deputy Chief Fire Officer and makes sure the Service has the right people, equipment and training to deliver their services effectively and efficiently in the best interests of the communities of Herefordshire and Worcestershire.
7. The Fire Authority normally meets four times a year and is supported by three committees as shown in the structure chart below. All meetings are open to the public, unless there is a reason that any individual matters under discussion need to remain confidential. Members of the Authority are also kept up to date on fire and rescue matters through an annual programme of seminars, workshops and visits to fire stations and other facilities.



## The Fire and Rescue Service

8. The Service is led by the Chief Fire Officer/Chief Executive with the support of the Senior Management Board. The Service employs 757 full-time and part-time staff, most of whom are highly trained firefighters (approximately 76% of the total workforce).
9. In addition to Service Headquarters at Hindlip Hall, in Worcester, there are 25 fire stations across the two counties, a training centre, stores/workshops and a number of locally based training facilities.
10. The Service is structured into four directorates – Response, Protection, Prevention and Finance. Most staff are directly involved in providing prevention, protection, response and resilience services. These services are designed to keep the communities of Herefordshire and

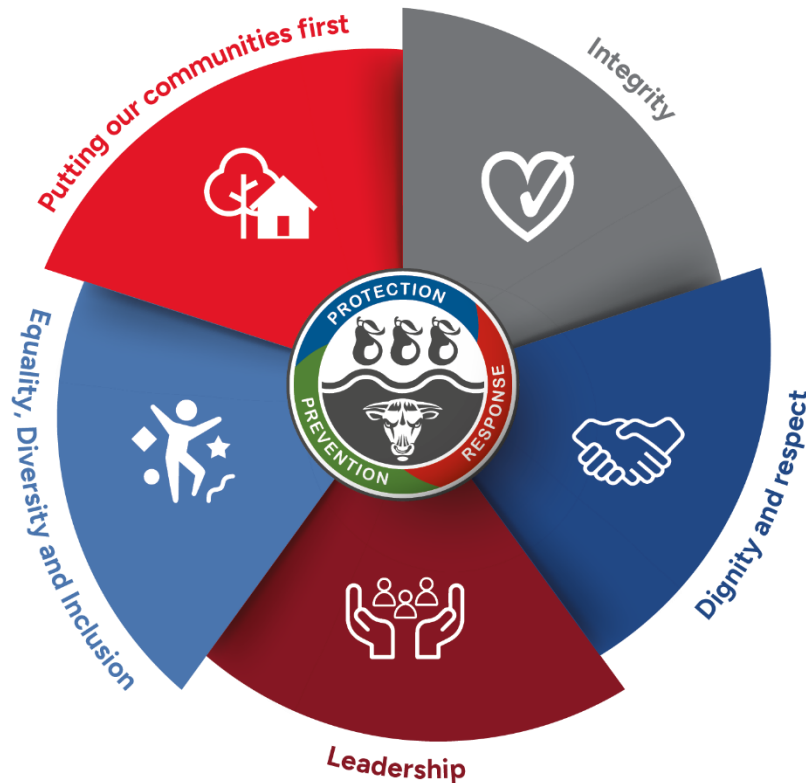
Worcestershire as safe as possible by working with local people, organisations and business to try to make sure emergency incidents do not happen in the first place, as well as by being able to respond quickly and effectively to any emergencies that do happen. These essential services are supported by a wide range of organisational support services such as financial, personnel and legal management functions. The full range of services is shown in the chart below:



## Core Code of Ethics

11. The Fire Authority originally developed and adopted Organisation Wide, Service Values these were approved at the Fire Authority meeting on 12<sup>th</sup> June 2019. The Authority then updated and developed this into the Code of Ethics, which the Authority has adopted and embedded, in response to the recommendations in the State of Fire Report for 2019/20. The Code can be seen as building on the Service's existing values and ethical principles rather than replacing them.
12. The Code consists of five clear ethics principles, which provide the basis for promoting behaviour standards. By adopting the Code as our guiding set of values, we are committed to championing ethical behaviours that help to improve organisational culture and workforce diversity, ensuring that communities are supported in the best way.





#### Putting our communities first

We put the interest of the public, the community and service users first.



#### Integrity

We act with integrity including being open, honest and consistent in everything we do.



#### Dignity and respect

We make decisions objectively based on evidence, without discrimination or bias.



#### Leadership

As positive role models, we are accountable for everything we do and challenge all behaviour that falls short of the highest standards.



#### Equality, Diversity and Inclusion

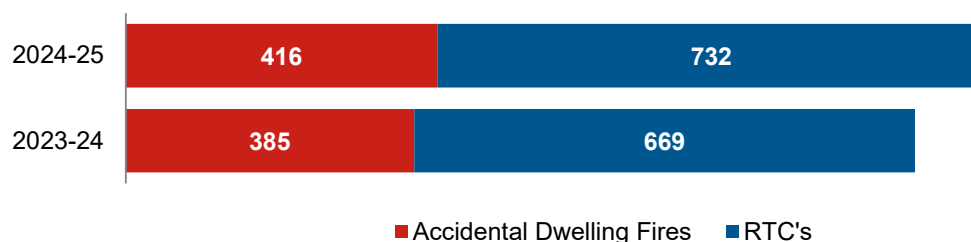
We stand against all forms of discrimination, create equal opportunities, promote equality, foster good relations and celebrate difference.



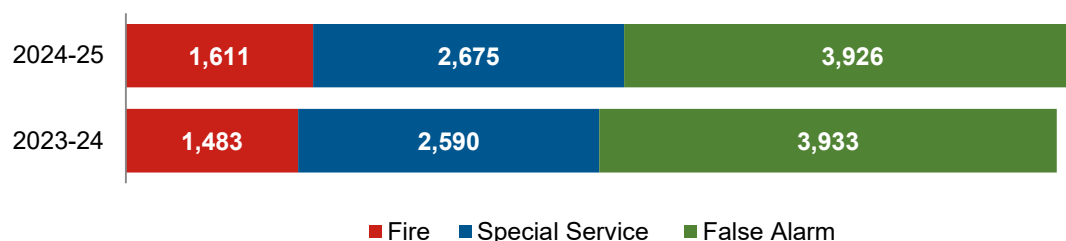
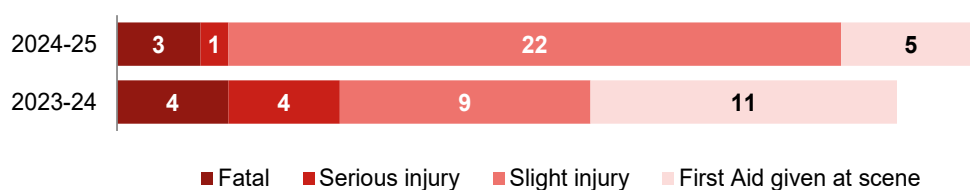
### Our Performance

13. In 2024/25, the service received 17,010 emergency calls to a wide range of incidents including property and countryside fires, road traffic collisions, water and animal rescues, collapsed structures and dealing with hazardous substances. In all we attended 8,212 incidents (8,006 incidents in 2023/24), averaging 158 a week. This represents an overall annual increase of 206 incidents compared to the previous year, with the majority attributed to an 8.6% rise in fire incidents attended during the year. The analysis indicates that most of this increase is primarily due to a series of outdoor secondary fires in August, which are linked to leisure and farming activities such as bonfires in private gardens and stubble burning.
14. While false alarms remained the largest proportion of incidents attended, accounting for nearly one in every two incidents (47.8%), a decrease was observed, with a slight reduction of 0.2% compared to last year. The Service continues to be committed to collaborating with businesses to minimise the number of automated false alarms. This includes partnering with occupiers to pinpoint repeat offenders responsible for false alarm activations. Additionally, Fire Control Officers scrutinise alarm reports to determine their validity and swiftly share information with the responding crews.

15. In terms of potential life risk incidents, the Service attended 416 accidental dwelling fires in the two counties during 2024/25. This was an 8.1% increase compared with the previous year. Unfortunately, three people died in house fires. While any death is a tragedy, the figures remain low given the relative size of the population. Injuries and fatalities in accidental dwelling fires represent approx.4.0 casualties per 100,000 population. The Service also attended 732 road traffic collisions in 2024/25, 63 more than the previous year.



#### Casualties in Accidental Dwelling Fires



### Collaboration and the Policing and Crime Act 2017

16. The Policing and Crime Act 2017 contains a wide range of measures, including a statutory duty on the fire and rescue service to work collaboratively with their local Police and Ambulance Services. There is a high degree of collaboration between this Authority and West Mercia Police.

### The Accounting Statements

17. The Statement of Accounts that follows covers the Authority's financial year ending 31<sup>st</sup> March 2025. The accounts, which are prepared in accordance with International Financial Reporting Standards (IFRS) as guided by the CIPFA Code of Practice on Local Authority Accounting 2024/25, comprise a group of Core Financial Statements:
- Comprehensive Income & Expenditure Statement (CIES)
  - Movement in Reserves Statement (MiRS)
  - Balance Sheet
  - Cash Flow Statement
  - Notes to the Core Statements
18. In addition, there is a Supplementary Financial Statement in respect of the Firefighters' Pension Account.



19. The purpose of the Core Financial Statements is as below:

### **Comprehensive Income and Expenditure Statement (CIES)**

- This 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 Authority raises taxation to cover expenditure in accordance with statutory regulation; this may be different to the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

### **Movement in Reserves Statement (MiRS)**

- This shows the movement in the year on the different reserves held by the Authority, analysed into “usable reserves” (i.e. 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 & Expenditure Statement (CIES).
- These are different to the statutory amounts required to be charged to the General Fund Balance for grant and Council Tax setting purposes.
- The Net Increase/Decrease before Transfers to Ear-marked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves.

### **Balance Sheet**

- This shows the value as at the balance sheet date of assets and liabilities recognised by the Authority.
- The net assets of the Authority (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories.
- The first category of reserves are “usable reserves” i.e. those reserves 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 (e.g. the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt).
- The second category is those that the Authority is not able to use to provide services. This category of reserves includes those that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves statement line “Adjustments between accounting basis and funding basis under regulations”.

### **Cash-Flow Statement**

- This 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 amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by current taxation and grant income.
- 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.
- Cash flows arising from financing activities are useful in predicting claims on future cash flows, by providers of capital to the Authority (i.e. those from whom long term borrowing is taken).

20. The accounting policies adopted by the Authority comply with the relevant recommended accounting practice. The Authority's policies are explained fully in the Statement of Accounting Policies which is set out on pages 17-26.
21. The Authority's spending is planned and controlled by a process which includes regular reporting to the Service's management team, the Authority's Policy and Resources Committee and the Fire Authority.

### Revenue Budget and Expenditure

22. The Authority's main funding sources are Council Tax, Non-Domestic Rate income and various Government grants which are used to fund the Authority's revenue budget.
23. At the start of 2024/25 the core revenue budget was set at £43.588m with expected funding of £43.328m and a planned transfer of £0.260m from reserves.
24. The revenue expenditure outturn for 2024/25 was £42.720m (an underspend of £0.868m), but the funding out-turn was £43.104m (£0.223m less). A summary of the revenue budget and the final outturn is shown in the table below.

	Budget £m	Out-turn £m	Variance £m
Employee Costs	30.139	30.587	0.448
Running Costs	10.565	10.311	(0.253)
Pay Award Provision	0.050	0	(0.050)
Capital Financing Costs	2.834	1.821	(1.013)
<b>Total Expenditure</b>	<b>43.588</b>	<b>42.720</b>	<b>(0.868)</b>
Special Grants	(1.122)	(1.146)	(0.024)
Funding Grants	(11.058)	(11.052)	0.005
Business Rates & Grants	(2.806)	(3.041)	(0.234)
Council Tax	(28.341)	(28.341)	0.000
Grant Repaid	0	0.476	0.476
<b>Total Funding</b>	<b>(43.328)</b>	<b>(43.104)</b>	<b>0.223</b>
<b>Net Expenditure</b>	<b>0.260</b>	<b>(0.384)</b>	<b>(0.644)</b>
Reserve Transfers	0	0.483	0.483
Budget Reduction Reserve	(0.260)	(0.099)	(0.160)
	<b>0</b>	<b>0</b>	<b>0</b>

25. The revenue expenditure out-turn position results in a transfer of £0.384m to reserves rather than a transfer of £0.260m from reserves, a net change of £0.644m.
26. The principal areas of variation, are outlined below:

#### **Expenditure:**

Employee Related **£0.448m over:** The underlying reasons for these variations relate to the challenges with wholtime crewing arrangements including:

- The requirement for overtime shifts utilising the Resilience Register
- Additional overtime was required to backfill for some long term absences
- As part of the implementation of the Resource Review, there is a need to ensure the new recruits in relation to this are in post, and where recruits are needed to replace retiring staff to ensure they are in post before retirees leave – resulting in being over establishment for periods of time.

- Additional overtime has been necessary, associated with the implementation of new breathing apparatus sets, and the need for an extensive training programme during the earlier part of the financial year.

**Running Costs £0.253m under:** this is mainly due to the refund received for the recharge of Airwave costs relating to the financial year.

**Capital Financing £1.013m under** This is mainly due to the frequently reported slippage in the capital programme and increased investment returns as a result of higher interest rates.

### **Funding**

Funding overall was **£0.223m** less than budgeted for the following key reasons:

- **£0.149m:** The Authority's estimated share of the 2024/25 Business Rates Pool gain. This is subject to confirmation following audit of the Billing Authorities and may change in the future. This figure is not budgeted because it is not guaranteed.
- **£0.085m:** Increase in Business Rate s31 Grant received from government.
- **£0.476m:** repayment of grant. The government has been running a national project for a replacement emergency services communication system for several years, this is now running 7-10 years late. In the early stages of the project, the grant was paid to individual Fire Authorities in respect of the cost that they were expected to incur. This money has been held in reserves as the project stalled. These monies (and the obligation to incur costs) are now being returned.

### **Invest to Improve Projects**

27. In addition to the core expenditure of £42.720m (paragraph 24 above), £2.034m was incurred, as approved, on various projects in the multi-year Invest to Improve programme:

	£m
BA Replacement	0.465
Temporary Hereford Fire Station	0.378
NOG Project	0.265
Fire Control Replacement	0.238
Protection Grants	0.238
Equipment Tracking	0.116
On Call Project	0.114
Intel Systems	0.073
Firefighter Pension remedy	0.053
Response Electric Vehicle trial	0.044
Staff Development	0.042
Prevention Reserve	0.008
<b>Total Expenditure</b>	<b>2.034</b>

28. This expenditure is funded by transfers from various reserves in accordance with the agreed Reserves Strategy.
29. The addition of Invest to Improve expenditure brings total overall expenditure to £44.750m as in the table overleaf:

	Core Expenditure £m	Invest to Improve £m	Total £m
Employee Costs	30.590	0.910	<b>31.500</b>
Running Costs	10.310	0.600	<b>10.910</b>
Capital Financing Costs	1.820	0.520	<b>2.340</b>
<b>Total Expenditure</b>	<b>42.720</b>	<b>2.030</b>	<b>44.750</b>
Funding	(43.100)		<b>(43.100)</b>
<b>Total Funding</b>	<b>(43.100)</b>		<b>(43.100)</b>
<b>Net Expenditure</b>	<b>(0.380)</b>	<b>2.030</b>	<b>1.650</b>
To/from Reserves	0.380	(2.030)	<b>(1.650)</b>
	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

30. This gives a total net transfer from reserves of £1.650m.

### Use of Reserves

31. In accordance with the Reserves Strategy a net total of £1.650m was transferred from ear-marked reserves as per the table below:

	Adj £m	Revenue Expenditure £m	Invest to Improve Projects £m	Total £m
<b>Future Expenditure Reserves</b>				
To/(from) EMR Developments Reserve			(0.042)	<b>(0.042)</b>
To/(from) Pensions Reserve		0.079	(0.053)	<b>0.026</b>
To/(from) ESMCP Reserve		(0.476)		<b>(0.476)</b>
To/(from) Fire Control Reserve			(0.238)	<b>(0.238)</b>
To/(from) Protection Grants Reserve		0.146	(0.238)	<b>(0.092)</b>
To/(from) Equipment Reserve		(0.189)		<b>(0.189)</b>
To/(from) Organisational Excellence Reserve	0.100		(0.265)	<b>(0.165)</b>
To/(from) On Call Project Reserve			(0.114)	<b>(0.114)</b>
To/(from) ICT Replacements Reserve	(0.200)		(0.189)	<b>(0.389)</b>
To/(from) Capital (Building) Projects Reserve		0.923	(0.378)	<b>0.545</b>
To/(from) Fire Prevention			(0.008)	<b>(0.008)</b>
To/(from) BA Replacement	0.100		(0.465)	<b>(0.365)</b>
To/(from) Sustainability Reserve			(0.044)	<b>(0.044)</b>
	<b>0.000</b>	<b>0.483</b>	<b>(2.034)</b>	<b>(1.551)</b>
<b>Budget Reduction Reserves</b>				
To/(from) Budget Reductions Reserve		(0.099)		<b>(0.099)</b>
	<b>0.000</b>	<b>0.384</b>	<b>(2.034)</b>	<b>(1.650)</b>
<b>Total Transfer from Reserves</b>	<b>0.000</b>	<b>0.384</b>		<b>(1.650)</b>

32. This balance is the same as that reported to the Fire Authority on the 25<sup>th</sup> June 2025.

## **General Reserve**

33. The general reserve stood at £1.538m at 31<sup>st</sup> March 2025, this figure remains unchanged from 31<sup>st</sup> March 2024, and represents 3.4% of the core 2025/26 budget.

## **Going Concern**

34. Hereford & Worcester Fire Authority continue to closely monitor the impact of the wider economy on its operations by reacting to reducing finance settlements in recent years, and reviewing the levels of operational workforce to ensure it is in line with the Community Risk Management Plan.
35. Management have assessed that the going concern basis was appropriate for the 2024/25 financial statements: no issues were identified and the Medium Term Financial Plan approved by the Authority in February 2025 confirms this view. The Director of Finance's expectation is that this will continue for the foreseeable future. Using reserves, the Authority has a balanced budget for the whole of the Medium Financial Plan period and robust and deliverable plans for a balanced budget going forward. The legislative potential for a replacement of the Fire Authority by a Police, Fire and Crime Commissioner does not affect this assumption as in that there would be a successor body taking on all the assets and liabilities of the Fire Authority.

## **Financial Outlook**

36. The 2025/26 Revenue Budget and Medium Term Financial Plan (MTFP) was approved in February 2025 against a backdrop that included some significant uncertainties and new financial pressures.
37. Even when taking into account the £5 increase in council tax by the maximum amount permitted without a local referendum, a £1 million reduction in Government grant coupled with a material shortfall in funding to cover the increase in employers National Insurance Contributions means that Hereford & Worcester Fire Authority, along with many other standalone Fire and Rescue Authorities, have received a funding cut in cash terms.
38. There is also concern about the impact of future pay awards for both operational and support staff should nationally negotiated pay agreements continue to exceed our budget assumptions for 2025/26 and beyond.
39. The initial MTFP projection showed a significant budget gap, but the Chief Fire Officer has now identified savings to close these gaps (and the potential impact of pay awards) without a direct impact on the delivery of the three Core Strategies. However, the savings are not without indirect impact .
40. The next Spending Review will set three-year day-to-day government department budgets between 2026/27 to 2028/29. The initial details of the Review will be announced by the Chancellor in June 2025, but the actual impact on this Authority will not be known until the latter half of the year. A three year Spending Review will provide more financial certainty for the Authority and support the next full MTFP update following several single year Local Government Finance Settlements.
41. There is no doubt that the next few years will deliver further uncertainty but the Authority has a good track record of rising to this challenge and continuing to deliver the best possible service to our communities within the resources available.

## Firefighters' Pensions

42. Since 1st April 2006 Firefighters' pensions are paid from a separate pensions account, into which the employees' and employers contributions are paid. The net deficit on this account is funded by direct government grant.
43. The employer contribution and certain costs in relation to injury pensions still fall on the General Fund.

### Age Discrimination Remedy (McCloud / Sargeant)

44. Before 2015 (2014 for local government), public sector pension schemes provided benefits on a final salary basis. In 2015 (2014 respectively), the Government replaced the final salary schemes with new career average (CARE) schemes for future pensionable service. Existing members had to switch from the final salary schemes to the new CARE schemes unless they received 'protections', which were granted based on a member's proximity to normal pension age.
45. In December 2018, the McCloud/Sargeant judgment found the protections introduced in 2015 to be discriminatory against younger members of the final salary schemes. In February 2021, following consultation on its proposal to address the age discrimination, the Government published its response and proposals that would remove this discrimination.
46. The Public Service Pensions and Judicial Offices Bill (PS&JO Bill) was passed in March 2022. This Bill consolidated the information which has been issued to date and formalised the ruling by the court (McCloud/Sargeant case), forming the proposal for how the government will remove the discrimination in the way that the implementation of the 2015 reforms impacted some members.
47. The pension remedy is now made up of two parts. The first part was completed last year with all active members now being members of Firefighters' Pension Scheme 2015 from 1<sup>st</sup> April 2022, providing equal treatment for all active pension scheme members. The second part is to put right, 'remedy,' the discrimination that happened between 2015 and 2022.
48. The legislation to remedy this discrimination was enacted in October 2023 and Authorities were given 18 months to implement and remedy members who have suffered the impact of this unlawful discrimination.
49. As individual members' circumstances will differ, the impact of implementing the remedy remains complicated. The deadline for the firefighters' pension scheme manager to provide all eligible members and member representatives with information about the benefits available to them under the remedy and to enable them to make a choice of benefits with a Remedial Services Statement (RSS) was March 2025. This would have provided the member with an option to take benefits based upon the legacy pension scheme or the reformed pension scheme for the remedy period 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2022.
50. Unfortunately, there are a number of complexities with implementing the remedy, such as tax charges and allowances, some of which have still not yet been resolved and the Authority has not been able to remedy a number of members at this time or achieve the March 2025 deadline to provide RSS. The Authorities Pension administrator, West Yorkshire Pension Fund have provided a new date of June 2025 and a breach has been reported to the Pension regulator.
51. Home Office funding has been provided for this exercise during 2024/25 as part of the annual firefighters' pension scheme top-up payment made in July 2024. The actuary has incorporated the estimated liability as part of the actuarial valuation of the Firefighters' Pension Scheme.



### Special retained members (Matthews) (Second Options Exercise)

52. In November 2018, a ruling on the legal case involving part time judges (O'Brien v MoJ) has a direct impact on the equivalent firefighters (Matthews). Home Office Ministers agreed to extend the pension entitlement to eligible retained firefighters to cover service pre-July 2000.
53. The Memorandum of Understanding signed in March 2022 sets out the intended scope and operation of the options exercise required to enact remedy in this case.
54. This options exercise has now commenced and will increase the pension entitlement for some current special retained members and also allow access to the scheme for additional historic retained firefighters.
55. The Authority have now written to all affected members which it currently has contact details for *(and is trying to obtain contacts for the remaining few)* and this exercise will continue into 2025/26. Some members received a remedy payment during 2024/25 and the actuary has incorporated the remaining estimated liability as part of the actuarial valuation.

### **Capital Programme Budget**

56. During 2024/25 £1.008m was spent on new assets or improvements to existing ones. Expenditure was incurred on the approved vehicle programme, planned major building works, minor property works, small equipment and IT schemes. The majority of the programme was, as planned, funded by borrowing and revenue contributions.
57. During financial year 2024/25, the Authority updated part of its vehicle fleet, and completed the replacement of the Authority's Breathing Apparatus capability. Capital work also continued on the station replacement programme for Hereford, with work being carried out on the preparation for the rebuild of the station and developing the temporary fire station for the provision of operational services.

### **Balance Sheet**

58. At 31<sup>st</sup> March 2024 the Authority held Long Term Assets with a net book value of £45.037m. Professional advice has not identified any further impairment due to changes in the economic climate, and adjusting for disposals, depreciation, revaluation and capital expenditure, equivalent Long Term Assets are valued at £44.401m at 31<sup>st</sup> March 2025. The inclusion of IFRS 16 Right of Use Assets brings the Balance Sheet total to £55.409m.
59. Long Term borrowing is only incurred to support capital expenditure and for practical purposes is considered as long-term debt. However, when maturity is within twelve months the borrowing is technically classed as short-term borrowing which can be misleading as it was not borrowed for short term purposes. During 2024/25, there was a reduction of £0.347m in long term borrowing. As at 31<sup>st</sup> March 2025, total indebtedness of £8.488m, remains well below the value of Long Term Assets.
60. The Balance Sheet includes liabilities in respect of the five pension schemes provided for staff.
61. The £0.446m liability on the Local Government Scheme will be covered by the continued level of employer contributions.
62. The Firefighters' schemes are statutory un-funded ones and the significant total liability of £268.394m is a result of this position. There is no requirement, or legal powers, for the Authority to fund this deficit, and any costs not financed by employee or employer contributions are met by direct government grant. More details on pensions can be found on pages 47-57.

## **Corporate Governance Arrangements**

63. The Authority is responsible for ensuring that its business is conducted in accordance with relevant legislation and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this accountability, Members and Senior Officers are responsible for putting in place proper procedures for the governance of the Authority's affairs and the stewardship of the resources at its disposal.
64. During 2024/25 the Authority has reviewed the systems and processes it has in place to ensure sound corporate governance and to confirm that they are consistent with the principles outlined in the CIPFA Delivering Good Governance in Local Government Framework 2016 Edition. The latest review of compliance with the code was approved by the Fire Authority on 25<sup>th</sup> June 2025.
65. Many of the elements of the code had been in place since the creation of the Authority such as: Codes of Conduct, Codes of Practice, Policy Statements, Standing Orders, Financial Regulations, Internal Audit arrangements and Risk Management arrangements which have been strengthened as referred to in the Annual Governance Statement on pages 74-78.

## **Strategic Improvement Review**

66. Integrated Fire Control Collaboration (IFCC) – The service is now well into a collaborative project with:
- Shropshire and Wrekin Fire Authority
  - Durham and Darlington Fire Authority
  - Cleveland Fire Authority

to design and implement a command and control function that allows all four services to operate autonomously but be able to combine in periods of crisis and spare to rapidly increase capacity and add resilience. This project is being led by Hereford & Worcester Fire Authority.

## **Post Balance Sheet Events**

67. There are no post balance sheet events to report at the date of issue.

## **A STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **The Authority's Responsibilities**

1. The Authority is required to:
  - make arrangements for the proper administration of its financial affairs and to ensure that one of its Officers has responsibility for the administration of those affairs. In this Authority, that Officer is the Treasurer;
  - manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
  - approve the Statement of Accounts.

### **The Treasurer's Responsibilities**

2. The Treasurer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in Great Britain ('the Code') is required to provide a true and fair view of the financial position of the Authority at 31<sup>st</sup> March 2025 and its income and expenditure for the year ended 31<sup>st</sup> March 2025.
3. 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; and
  - complied with the Code of Practice.
4. 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; and
  - ensured the Statement of Accounts provides a true and fair view of the financial position of the Authority at 31<sup>st</sup> March 2025 and its income and expenditure for the year ended 31<sup>st</sup> March 2025.
5. I certify that this Statement of Accounts gives a true and fair view of the financial position of the Authority at the reporting date and of the income and expenditure for the year ended 31<sup>st</sup> March 2025.

Signed on Original

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Martin Reohorn CPFA B.Comm (Acc)  
Treasurer to the Fire Authority

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20<sup>th</sup> June 2025

**Issue Date**

6. The date that these financial statements are authorised for issue is xxxxxxxx 2025. All known material events that have occurred up to and including this date which relate to 2024/25 or before have been reflected in the accounts.

**AUTHORITY APPROVAL**

7. The Statement of Accounts was approved at a meeting of the Audit and Standards Committee on xxxxxxxxx 2025.

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Presiding Chairman of the  
Audit and Standards Committee

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xxxxxxxxxxx 2025

## **STATEMENT OF ACCOUNTING POLICIES**

### **General Principles**

1. The Statement of Accounts has been prepared in accordance with proper accounting principles contained within the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and International Financial Reporting Standards (IFRS).

### **Accrual of Income and Expenditure**

2. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:
  - Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
  - 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.
  - Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or 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.
3. Exceptions to this policy are as follows:
  - Utilities (gas, telephone, electricity etc) and other annual fees, where invoices will be accounted for in the year they fall, providing that only one annual, four quarterly or twelve monthly invoices are charged in any one year.
  - Existing contracts for aerial sites where income will be accounted for in the year it falls providing that only one twelve monthly invoice is charged in any one year. New contracts of a material nature will be treated on a full accruals basis.
  - Employee expenses paid through payroll where the cut-off date for claim is 20<sup>th</sup> of the month, but where twelve months' claims will be included in the Comprehensive Income and Expenditure Statement.
4. Individual invoices of less than £500 are accounted for in the year they fall.

### **Cash and Cash Equivalents**

5. Cash is represented by cash in hand and deposits with financial institutions (through Worcestershire County Council) repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in a period of not more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

6. Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the

current and future years affected by the change and do not give rise to a prior period adjustment.

7. 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.
8. Any material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **Events After the Reporting Period**

9. Events after the Balance Sheet date are those events, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:
  - those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
  - those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

### **VAT**

10. Income and expenditure excludes any amounts related to recoverable VAT, as all VAT collected is paid to HM Revenue and Customs and all VAT paid recovered from it.

### **Overheads and Support Services**

11. The costs of overheads and support services are charged to service segments in accordance with the Authority's arrangements for accountability and financial performance.

### **Property, Plant and Equipment (PP&E)**

12. Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment (PP&E) has been capitalised provided it yields benefit to the Authority for more than one year. Capital expenditure enhances the value, usage or life of an asset. Some relatively immaterial items may be financed directly from revenue.
13. PP&E are classified into the groupings required by the Code of Practice on Local Authority Accounting and assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the assets into working condition for their intended use.

PP&E assets are subsequently measured at current value as follows:

- Fire stations and other specialised properties – Current value based on Depreciated Replacement Cost (DRC).
- Other non-specialised operational properties – Current value based on Existing Use (EUV).
- Non-operational properties – Fair Value (based on open market value).



- Surplus assets – Fair value based on the price that would be received on the sale of the asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- Vehicles, plant and equipment – Depreciated historic cost as a proxy for current value.
- Assets under construction – Historic cost.

14. The Authority has a de-minimus of £5,000 for vehicle purchases.
15. Assets are held in the Balance Sheet at gross value, net of depreciation and impairment where appropriate.

### Impairment

16. Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.
17. Where impairment losses are identified, they are accounted for as follows:
  - Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
  - Where there is no balance in the Revaluation Reserve, or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.
18. Where an impairment loss is reversed subsequently, the reversal is credited to the relevant lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.
19. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.
20. Right of Use Assets (IFRS 16 Leases) held as Property, Plant and Equipment will be depreciated over the shorter of the lease term or the useful economic life.

### Component accounting

21. From 1<sup>st</sup> April 2010 Component Accounting, as set out in IAS 16 – Property, Plant and Equipment, requires the Authority to componentise all Property, Plant and Equipment where the components have a distinctly different economic life to enable PP&E to be accurately and fairly included in the Authority's Comprehensive Income and Expenditure Statement (CIES) so that the depreciation charge properly reflects the consumption of the asset.
22. The requirement, however, is prospective and not retrospective, and will therefore be introduced as and when properties are re-valued. It is applied only where an item of PP&E has components whose value makes up more than 25% of the asset value.
23. Where there is more than one significant part of the same asset which has the same useful life and depreciation method, such parts may be grouped together.
24. Where a component of an existing asset is to be de-recognised and the component amount is not known, then an estimate using a reasonable basis will be used. The component calculation will be established using the replacement cost of the component, indexed back to the original component's inception and adjusted for any subsequent depreciation and

impairment.

25. Any surpluses arising on the initial valuation of fixed assets have been credited to the Capital Adjustment Account. Surpluses arising on revaluation are credited to the Revaluation Reserve.

### **Lease and Lease Type Arrangements**

26. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset for a period of time and the Authority will account for these arrangements in accordance with IFRS 16 as interpreted and adapted by the Code of Practice.

### **Right of Use Assets (IFRS 16 Leases)**

27. Where the Authority has deemed that it has a contractual arrangement that qualifies as a lease in which it is the lessee, it will recognise a liability for the discounted amount of the future lease payments on the balance sheet matched with a Right of Use Asset on the balance sheet whose cost is deemed to be the amount of the liability.
28. Arrangements which would otherwise qualify as a lease are exempt from recognition if either:
- The period of time for which the Authority has the right to use the asset does not exceed 12 months – referred to as a short-term lease; or
  - The value of the right of use asset is lower than £10,000 – referred to as a low value asset.
29. Where the rate of interest in a lease arrangement is not explicit in the lease, the Authority will use the Public Works Loans Board (PWLB) annuity rate at the date of the commencement of the lease as the incremental borrowing rate to be applied to the lease arrangement. The PWLB annuity rate may not be applied if it is deemed appropriate to apply an alternative rate given the circumstances of the lease and that to not use that alternative rate would have a significant impact on the Authority's accounts. Lease payments are apportioned between:
- A charge for the acquisition of the right to use the property, plant or equipment which is applied to write down the lease liability, and
  - A finance charge (ie interest cost) which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
30. Right of Use Assets recognised under leases are accounted for using the policies applied generally to Property, Plant and Equipment assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life. The Minimum Revenue Provision (MRP) is based on the annual repayment of the amount of principal paid the access to the Right of Use asset.
31. The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. These costs are a non-cash expense which under accounting rules is reversed from service expenditure to a non-usable reserve known as the Capital Adjustment Account, which absorbs the timing difference between the financing of capital assets and their usage. This therefore does not create an additional financial impact. Instead, a prudent annual contribution (MRP) is made from revenue funds towards the deemed capital investment in accordance with statutory requirements.

### **Heritage Assets**

32. Heritage assets are those that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They include historical buildings, civic regalia, orders and decorations (medals), military equipment and works of art.
33. Authorities are required to account for tangible assets in accordance with FRS30 Heritage Assets.

34. Heritage Assets are recognised and measured in accordance with the Authority's policies on PP&E. However, where information on cost or value is not available, and the cost of obtaining reliable information outweighs the benefits to users of the financial statements, the Code does not require the asset to be recognised on the Balance Sheet.
35. The estimated value of such assets is less than £0.015m and the expected cost of an independent valuation is 10% of this figure.

### **Intangible Assets**

36. Intangible assets (e.g. computer software) are defined in IAS 38 - Intangible Assets as an identifiable non-monetary asset without physical substance, and are measured at cost.

### **Basis of Charge for the use of Assets**

37. A depreciation charge is reflected within the Net Cost of Services in the Comprehensive Income and Expenditure Statement (CIES) and is calculated on all PP&E and Intangible assets according to the following policy:
- A charge is made for all fixed assets with a finite useful life. This charge is calculated using the straight line method.
  - Land is not normally depreciated.
  - Buildings are depreciated in accordance with IAS 16 – Property, Plant and Equipment, using the estimated life from the most recent valuation report, on a straight line basis over this period.
  - Surplus assets are measured at fair value, estimated at highest and best use from a market participant's perspective.
  - Operational vehicles, plant and equipment have an asset life between 5 and 10 years. Fire appliances have an asset life of between 10 and 15 years. Both classes are depreciated on a straight line basis over these periods.
  - Information technology assets have an average asset life of 5 years and are depreciated on a straight line basis over this period.
  - Other equipment assets have an average life of 5-7 years, but depreciation is based on the expected life of each individual asset type, on a straight line basis.
  - Some equipment assets carried on fire appliances have a 15 year life and are depreciated accordingly.
  - Newly acquired assets are depreciated from the year of acquisition.
  - Assets in the course of construction are not depreciated until the year that they are brought into use.
  - Intangible assets are amortised over their average economic life (5 years).

### **Financing of Capital Expenditure**

38. Capital expenditure is funded by government grants, capital receipts, revenue contributions and in the long term borrowing. The interest on external borrowing is charged to the CIES. A provision for repayment of external borrowing, in accordance with the Minimum Revenue Provision, is set aside each year as a contribution to the Capital Adjustment Account.

## Redemption of Debt

39. The Authority finances a proportion of its capital investment by raising loans. In accordance with the Local Government and Housing Act 1989, the Income and Expenditure Account is charged annually with a sum to provide for the eventual repayment of those loans. This sum is known as the Minimum Revenue Provision (MRP).
- Since 2008/09, the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, has required the Authority to determine an appropriate MRP policy, which has been calculated to broadly set aside sufficient funds over the life of the assets funded from net borrowing.
  - All expenditure from 2008/09 onwards - MRP using an approximate Asset life basis:
    - Buildings over 50 years – per depreciation policy.
    - IT equipment over 5 years - reflecting average life.
    - Other equipment over 7 years – reflecting actual average usage within the FRS.
    - Vehicles – on actual estimated life of each vehicle.
  - Vehicle expenditure before 2008/09 – MRP on a proxy Asset Life basis using original cost, less accumulative MRP, over the remaining useful life of the individual vehicle.
  - Expenditure before 2008/09, (other than vehicles) - MRP on a proxy Asset Life basis using original cost, less accumulative MRP over average asset life as above.

## Joint Operation

40. A Joint Operation involves the parties that have joint control of the arrangement and have rights to the assets and obligations for the liabilities relating to the arrangement. All parties have joint control of decisions and use of the assets and obligations for the liabilities relating to the arrangement. The Fire Authority recognises, if material, on its Balance Sheet the assets that it controls and the liabilities that it incurs, and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

## Non Current Assets held for Sale

41. A non-current asset is reclassified as an Asset Held for Sale where it is probable that the carrying amount of the asset will be recovered through a sale transaction rather than through its continual use.
42. The asset is re-valued and carried at the lower of this amount and fair value less costs to sell. Depreciation is not charged on Assets Held for Sale.

## Capital Receipts

43. Capital receipts from the disposal of assets are treated in accordance with the provisions of the Local Government Act 2003, as amended by subsequent Statutory Instruments. Individual receipts of less than £10,000 are credited direct to the CIES.

## Inventories

44. Stocks, where material, are shown in the Balance Sheet valued at the average purchase price, except that:
- Vehicle fuel is valued at latest invoice price, which is considered appropriate for this type of stock.

- Other immaterial stocks, e.g. stationery, are treated as current expenditure and charged directly to the CIES.

## Pension Arrangements

45. The disclosure requirements are included in the main financial statements as notes to the accounts in accordance with IAS 19 – Employee Benefits and CIPFA recommended practice. This is further explained in paragraphs 46 and 47 below.

### Types of pension schemes

46. As part of the terms and conditions of employment of its staff, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.
47. The Authority participates in five schemes:
- The Firefighters' Pension Scheme (FFPS) (the "1992 Scheme"). This is a statutory un-funded defined benefit final salary scheme and has been closed to new entrants since 6<sup>th</sup> April 2006.
  - The New Firefighters' Pension Scheme (NFPS) (the "2006 Scheme") – this is also a statutory un-funded defined benefit final salary scheme.
  - The Firefighters' Care Scheme (FF CARE) (the "2015 scheme") – is open to all uniformed staff (except Fire Control) and is a statutory un-funded defined benefit Career Average Revalued Earnings Scheme. Members starting after the 1<sup>st</sup> April 2015, and members of the 1992 and 2006 Final Salary Schemes will move into the 2015 scheme, unless protection applies.
  - Following the McCloud/Sargeant age discrimination case all members of the 1992/2006 schemes who were moved (or were due to be moved) to the 2015 scheme will now get a retrospective choice as to which scheme their 2015 to 2022 service will be included in.
  - The Firefighters' Compensation Scheme (FFCS) (the Injury Scheme) – another statutory un-funded defined benefit scheme covering existing and new injury pensions.
  - The Firefighters' schemes are unfunded meaning that there are no investment assets built up to meet the pensions' liabilities and cash has to be generated to meet the actual pensions' payments as they eventually fall due. The arrangements are determined by the Home Office.
  - The Local Government Pension Scheme (LGPS) – subject to qualifying criteria, is open to staff not covered by the Firefighters' schemes. This scheme is administered by Worcestershire County Council and is a funded defined benefit final salary scheme. The Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
  - In accordance with IAS 19 the Authority recognises the cost of retirement benefits within the Net Cost of Services, in the CIES, when they are earned, rather than when benefits are actually paid as pensions. However, the charge to be made to the Council Tax, via the precepts, is based on the amount payable in the year. The difference is reversed out in the General Fund.
  - When the actuary's valuation (for IAS19 purposes) of the Authority's share of the LGPS Pension Fund assets have exceeded the pension fund liabilities results in a net asset on the balance sheet, an Asset Ceiling adjustment is applied in accordance with IFRIC (international Financial Reporting Interpretations Committee) 14. IFRIC 14

states that an organisation shall only recognise a net asset on its balance sheet to the extent that the asset represents real economic benefit to the organisation.

### **Interest on Balances**

48. During the year surplus money was invested and the interest earned credited to the CIES.

### **Government Grants and Contributions**

49. Government grants and contributions are recognised in the CIES when conditions attached to a grant or contribution have been satisfied. Government grants and contributions that have not been satisfied are carried in the Balance Sheet as creditors.
50. Where capital grants are credited to the CIES they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where a grant is yet to be used to finance capital, it is held on the Capital Grant Unapplied Reserve. When it has been used, it is transferred to the Capital Adjustment Account.

### **Financial Liabilities**

51. Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The amount of borrowings presented in the Balance Sheet is the outstanding principal repayable, and interest charged to the CIES is the amount payable for the year in the loan agreement.
52. Gains and losses on the repurchase or early settlement of borrowing would be credited and debited to Net Operating Expenditure in the CIES in the year of repurchase/settlement.
53. However, if repurchase had taken place as part of restructuring of the loan portfolio that involved the modification or exchange of existing instruments, the premium or discount would be deducted from or added to (respectively) the amortised cost of the new or modified loan and the write down to the CIES would be spread over the life of the loan by an adjustment to the effective interest rate.
54. Where premiums and discounts are charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has not yet undertaken such a restructuring of debt and has therefore not yet adopted a policy for its treatment.

### **Council Tax and Non-Domestic Rates**

55. The Council Tax and the non-domestic rates income included in the CIES will show the accrued income for the year. The difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is held in the Collection Fund Adjustment Account and included as a reconciling item in the 'Adjustments between accounting basis and funding basis under regulations' reconciliation.
56. The Authority's Balance Sheet shows the proportion of surplus/deficit of the Billing Authorities' Collection Fund in the Debtors/Creditors balance. The Authority also shows the attributable share of the impairment allowance for doubtful debts and a provision for non-domestic rates appeals.
57. The IFRS treatment differs from the statutory accounting arrangement, where the Authority precepts directly on the Billing Authority and has no direct debtor or creditor relationship with individual council tax-payers.

### **Employee Benefits**

#### **Accumulating Compensating Absences**

58. A review of the cost of holiday entitlements (in the form of annual leave, lieu and flexi-time) earned by employees but not taken before the year-end which employees can carry forward



into the next year. If the value is of a significant amount an accrual is charged to the CIES.

### **Termination Benefits**

59. Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or where applicable to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

### **Post Employment Benefits**

60. These are changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. Such changes will be debited or credited to the Pensions Reserve.

### **Provisions, Contingent Liabilities and Contingent Assets**

#### **Provisions**

61. Provisions are made when an event has taken place that gives the Authority an obligation that probably requires payment, but where the timing of the payment is uncertain. Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, based on the best estimate of the likely payment. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of the financial year, and where it is likely that payment does not need to be made, the provision is reversed and credited back to the relevant service.

#### **Contingent Liabilities**

62. 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 also arise in circumstances where a provision would otherwise be made but whether it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.
63. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

#### **Contingent Assets**

64. A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of certain future events not wholly within the control of the Authority.
65. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

#### **Reserves**

66. At 31<sup>st</sup> March 2025 a general reserve is held to meet expenditure which may arise from unforeseen events.
67. In addition, the Authority holds a variety of earmarked reserves to meet specific known future costs. The value and nature of the current reserves are disclosed in the Notes to the Core Financial Statements on pages 61-64.

## Capital Accounting Reserves

68. There are two capital accounting reserves which as part of the system of capital accounting, these reserves are not available to spend. These are:

- **The Capital Adjustment Account**

This account records the consumption (of the historical cost) of a fixed asset over the life of the asset. It also records the amounts set aside from revenue resources or capital receipts to finance capital expenditure on fixed assets or for the repayment of external loans and other capital financing transactions.

- **The Revaluation Reserve**

This reserve records the unrealised net gains and losses from revaluations made after 1<sup>st</sup> April 2007, with the proviso that losses are charged to the Comprehensive Income and Expenditure Statement if the loss is attributable to impairment (the consumption of economic benefits). In the event of such a charge to the CIES, accounting entries are made to ensure that there is no effect on the council tax precept requirement.

## Operating Segments

69. The CIPFA Code of Practice on Local Authority Accounting 2024/25 guidance on applying IFRS, requires that where an organisation considers and manages financial, operating and performance information in material segments, then additional financial information must be provided on these segments.
70. Due to the nature of its operation, as a single purpose Authority, the Authority and the Service management team manage the organisation as an entity, and do not have relevant operating segments to report upon.

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

		2023/24			2024/25		
	Notes	Gross Expd £'000	Gross Income £'000	Net Expd £'000	Gross Expd £'000	Gross Income £'000	Net Expd £'000
<b>Gross Expenditure, Gross Income and Net Expenditure on Continuing Operations</b>							
Employee Costs		25,707	(926)	<b>24,781</b>	26,935	(916)	<b>26,019</b>
Running Costs		10,996	(424)	<b>10,572</b>	11,943	(899)	<b>11,044</b>
Capital Financing		2,544		<b>2,544</b>	2,095	0	<b>2,095</b>
<b>Cost of Services</b>		<b>39,247</b>	<b>(1,350)</b>	<b>37,897</b>	<b>40,973</b>	<b>(1,815)</b>	<b>39,158</b>
<b>Other Operating Expenditure</b>	8	74	(5,995)	<b>(5,921)</b>	271	(5,638)	<b>(5,367)</b>
<b>Financing &amp; Investment Income and Expenditure</b>	9	15,283	(2,014)	<b>13,269</b>	16,189	(2,404)	<b>13,785</b>
<b>Taxation &amp; Non-Specific Grant Income</b>	10		(39,761)	<b>(39,761)</b>		(43,961)	<b>(43,961)</b>
<b>Deficit/(Surplus) on Provision of Services</b>		<b>54,604</b>	<b>(49,120)</b>	<b>5,484</b>	<b>57,433</b>	<b>(53,818)</b>	<b>3,615</b>
<b>Deficit/(Surplus) on revaluation of non-current assets</b>	33-34		0			(357)	<b>(357)</b>
<b>Remeasurement of the net defined benefit liability/(asset)</b>	70		(1,567)	<b>(1,567)</b>		(30,810)	<b>(30,810)</b>
<b>Other Comprehensive Income and Expenditure</b>				<b>(1,567)</b>			<b>(31,167)</b>
<b>Total Comprehensive Income and Expenditure – Deficit/(Surplus)</b>				<b>3,917</b>			<b>(27,552)</b>

Note	General Fund 91 £'000	Earmarked Rev Res 92-94 £'000	Sub Total £'000	Cap Receipts Reserve 95 £'000	Total Usable 90 £'000	Revaln. Reserve 97-98 £'000	Capital Adj Acct 99-102 £'000	Pensions Reserve 103-104 £'000	Coll Fund Adj Acct 105 £'000	Acc. Abs. Adj Acct 106 £'000	Total Unusable 96 £'000	All Reserves £'000
Balance at 31-Mar-2024	1,538	11,150	12,688	7,498	20,186	6,798	16,967	(296,127)	318	(244)	(272,288)	(252,102)
Total Comprehensive Income & Expenditure	27,552		27,552		27,552						0	27,552
Other Comprehensive Income & Expenditure												
Surplus on revaluation of non-current assets	(357)		(357)		(357)	357					357	0
Movement in Pensions Reserve	(30,810)		(30,810)		(30,810)			30,810			30,810	0
Reversal of items in the CIES												
to be removed for determining movement in General Fund												
Relating to Depreciation/Amortisation – PPE & Intangibles	2,366		2,366		2,366		(2,366)				(2,366)	0
Relating to Depreciation/Amortisation – ROU Assets (IFRS 16 Leases)	365		365		365		(365)				(365)	0
Relating to Depreciation on un-realised gains						(95)	95				0	0
Relating to Revaluation/Impairment gains/losses	(636)		(636)		(636)		636				636	0
Relating to Revaluation losses on Investment Assets												
Relating to Retirement Benefits	10,924		10,924		10,924			(10,924)			(10,924)	0
Relating to Non-current assets w/off on disposal	271		271		271		(271)				(271)	0
Relating to Non-current assets w/off on disposal of Revaluation Reserve Balance												
Relating to Capital Receipts												
Relating to Unapplied Capital Grants/Contributions												
Relating to Grants used to Finance Capital Expenditure												
Relating to Capital Receipts used to Finance Capital Expenditure												
Relating to Council Tax Income	(12)		(12)		(12)				12		12	0
Relating to Non-domestic rates income	(127)		(127)		(127)				127		127	0
Relating to Compensated absences	(71)		(71)		(71)					71	71	0
Relating to Lease Income	(1,299)		(1,299)		(1,299)		1,299				1,299	0
Insertion of items in the CIES												
to be included for determining movement in General Fund												
Employers Contribution to Pension Schemes	(7,401)		(7,401)		(7,401)			7,401			7,401	0
Statutory Provision for Debt Repayment – Assets	(1,750)		(1,750)		(1,750)		1,750				1,750	0
Statutory Provision for Debt Repayment – ROU Assets	(140)		(140)		(140)		140				140	0
Revenue Financing of Capital	(525)		(525)		(525)		525				525	0
Transfers Between Earmarked Reserves	1,650	(1,650)	0		0						0	0
Balance at 31-Mar-2025	1,538	9,500	11,038	7,498	18,536	7,060	18,410	(268,840)	457	(173)	(243,086)	(224,550)

SUMMARY OF MOVEMENTS

Balance at 31-Mar-2024	1,538	11,150	12,688	7,498	20,186	6,798	16,967	(296,127)	318	(244)	(272,288)	(252,102)
Movement in Reserves during 2024/25												
(Deficit)/Surplus on Provision of Services	27,552		27,552		27,552							27,552
Other Comprehensive Income & Expenditure	(31,167)		(31,167)		(31,167)	357		30,810			31,167	0
Total Comprehensive Income & Expenditure	(3,615)	0	(3,615)		(3,615)	357	0	30,810	0	0	31,167	27,552
Adjustments between accounting basis and funding basis under regulations	1,965		1,965		1,965	(95)	1,443	(3,523)	139	71	(1,965)	0
Net change before Earmarked Reserve Transfers	(1,650)	0	(1,650)	0	(1,650)	262	1,443	27,287	139	71	29,202	27,552
Earmarked Reserves Transfers	1,650	(1,650)	0		0							0
Net Movement in Year	0	(1,650)	(1,650)	0	(1,650)	262	1,443	27,287	139	71	29,202	27,552
Balance at 31-Mar-2025 Carried Forward	1,538	9,500	11,038	7,498	18,536	7,060	18,410	(268,840)	457	(173)	(243,086)	(224,550)

Note	General Fund 91 £'000	Earmarked Rev Res 92-94 £'000	Sub Total £'000	Cap Receipts Reserve 95 £'000	Total Usable 90 £'000	Revaln. Reserve 97-98 £'000	Capital Adj Acct 99-102 £'000	Pensions Reserve 103-104 £'000	Coll Fund Adj Acct 105 £'000	Acc. Abs. Adj Acct 106 £'000	Total Unusable 96 £'000	All Reserves £'000
Balance at 31-Mar-2023	1,538	14,332	15,870	7,070	22,940	6,817	15,188	(292,819)	(86)	(225)	(271,125)	(248,185)
Total Comprehensive Income & Expenditure	(3,917)		(3,917)		(3,917)							(3,917)
Other Comprehensive Income & Expenditure												
Surplus on revaluation of non-current assets												
Movement in Pensions Reserve	(1,567)		(1,567)		(1,567)			1,567			1,567	0
Reversal of items in the CIES												
to be removed for determining movement in General Fund												
Relating to Depreciation/Amortisation	2,298		2,298		2,298		(2,298)				(2,298)	0
Relating to Depreciation on un-realised gains												
Relating to Revaluation/Impairment gains/losses												
Relating to Revaluation losses on Investment Assets												
Relating to Retirement Benefits	10,548		10,548		10,548			(10,548)			(10,548)	0
Relating to Non-current assets w/off on disposal	74		74		74		(74)				(74)	0
Relating to Non-current assets w/off on disposal of Revaluation Reserve Balance						(19)	19				0	0
Relating to Capital Receipts	(428)		(428)	428	0							
Relating to Unapplied Capital Grants/Contributions												
Relating to Grants used to Finance Capital Expenditure												
Relating to Capital Receipts used to Finance Capital Expenditure												
Relating to Council Tax Income	(116)		(116)		(116)				116		116	0
Relating to Non-domestic rates income	(288)		(288)		(288)				288		288	0
Relating to Compensated absences	19		19		19					(19)	(19)	0
Insertion of items in the CIES												
to be included for determining movement in General Fund												
Employers Contribution to Pension Schemes	(5,673)		(5,673)		(5,673)			5,673			5,673	0
Statutory Provision for Debt Repayment	(1,750)		(1,750)		(1,750)		1,750				1,750	0
Revenue Financing of Capital	(2,382)		(2,382)		(2,382)		2,382				2,382	0
Transfers Between Earmarked Reserves	3,182	(3,182)	0									
Balance at 31-Mar-2024	1,538	11,150	12,688	7,498	20,186	6,798	16,967	(296,127)	318	(244)	(272,288)	(252,102)

SUMMARY OF MOVEMENTS

Balance at 31-Mar-2023	1,538	14,332	15,870	7,070	22,940	6,817	15,188	(292,819)	(86)	(225)	(271,125)	(248,185)
Movement in Reserves during 2023/24												
(Deficit)/Surplus on Provision of Services	(3,917)	0	(3,917)		(3,917)						0	(3,917)
Other Comprehensive Income & Expenditure	(1,567)	0	(1,567)		(1,567)			1,567			1,567	0
Total Comprehensive Income & Expenditure	(5,484)	0	(5,484)	0	(5,484)	0	0	1,567	0	0	1,567	(3,917)
Adjustments between accounting basis and funding basis under regulations	2,302		2,301	428	2,730	(19)	1,779	(4,875)	404	(19)	(2,730)	0
Net change before Earmarked Reserve Transfers	(3,182)		(3,182)	428	(2,754)	(19)	1,779	(3,308)	404	(19)	(1,163)	(3,917)
Earmarked Reserves Transfers	3,182	(3,182)	0		0						0	0
Net Movement in Year	0	(3,182)	(3,182)	428	(2,754)	(19)	1,779	(3,308)	404	(19)	(1,163)	(3,917)
Balance at 31-Mar-2024 Carried Forward	1,538	11,150	12,688	7,498	20,186	6,798	16,967	(296,127)	318	(244)	(272,288)	(252,102)

## BALANCE SHEET

	Notes	31-Mar-2024 £'000	31-Mar-2025 £'000
Property Plant & Equipment	33-36	44,862	44,303
Intangible Assets	37-40	175	98
Right of Use Assets (IFRS 16 Leases)	21-28	0	11,008
<b>Long Term Assets</b>		<b>45,037</b>	<b>55,409</b>
Inventories		348	420
Short Term Debtors	62	6,162	4,349
Cash & Cash Equivalents	63-64	5,881	12,793
<b>Current Assets</b>		<b>12,391</b>	<b>17,562</b>
Short Term Borrowing	50-51	(347)	0
Short Term Liabilities - Right of Use Assets (IFRS 16 Leases)	21-28	0	(183)
Short Term Liabilities - Redditch	29	0	(416)
Short Term Creditors	65	(3,950)	(9,663)
<b>Current Liabilities</b>		<b>(4,297)</b>	<b>(10,262)</b>
Provisions	107	(202)	(181)
Long Term Borrowing	50-51	(8,488)	(8,488)
Other Long Term Liabilities - Pensions	66-89	(296,127)	(268,840)
Other Long Term Liabilities – Redditch Land	29	(416)	0
Other Long Term Liabilities – Right of Use Assets (IFRS 16 Leases)	21-28	0	(9,750)
<b>Long Term Liabilities</b>		<b>(305,233)</b>	<b>(287,259)</b>
<b>Net Liabilities</b>		<b>(252,102)</b>	<b>(224,550)</b>
Usable Reserves	90-95	20,186	18,536
Unusable Reserves	96-106	(272,288)	(243,086)
<b>Total Reserves</b>		<b>(252,102)</b>	<b>(224,550)</b>

The unaudited accounts were issued on 20<sup>th</sup> June 2025 and the audited accounts were authorised for issue on xxxxxxxx 2025.



## CASH-FLOW STATEMENT

	Notes	2023/24 £'000	2024/25 £'000
<b>Net (surplus) or deficit on the provision of services</b>		<b>5,484</b>	<b>3,615</b>
Adjustments to net surplus or deficit on the provision of services for non cash movements	111	(7,339)	(12,582)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	112	428	0
<b>Net cash flows from operating activities</b>		<b>(1,427)</b>	<b>(8,967)</b>
Investing Activities	114	3,333	1,568
Financing Activities	115	211	487
<b>Net increase or decrease in cash and cash equivalents</b>		<b>2,117</b>	<b>(6,912)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>(7,998)</b>	<b>(5,881)</b>
Net increase or decrease in cash and cash equivalents in the period		2,117	(6,912)
<b>Cash and cash equivalents at the end of the reporting period</b>	63	<b>(5,881)</b>	<b>(12,793)</b>

# NOTES TO THE CORE FINANCIAL STATEMENTS

## Accounting Standards that have been issued but not yet been adopted

1. The Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) will introduce several changes in accounting policies which will be required from 1<sup>st</sup> April 2025. The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- a. IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.
- b. IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- c. The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

It is likely there will be limited application of items a) and b).

## Expenditure and Funding Analysis – 2024/25

2. This shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

The statement shows how expenditure is allocated for decision making purposes between the Authority's reporting areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully on the Comprehensive Income and Expenditure Statement.

	Net Expd on General Fund Mngt Accts £'000	Re- Allocation Note 3 £'000	Net Expd on General Fund CIES Format £'000	Adjustments Between Funding and Accounting Note 4 £'000	Net Expd in the CIES £'000
Employee Costs	31,499	(725)	30,774	4,755	26,019
Running Costs	10,909	135	11,044		11,044
Capital Financing	2,346	69	2,415	320	2,095
<b>Net Cost of Services</b>	<b>44,754</b>	<b>(521)</b>	<b>44,233</b>	<b>(5,075)</b>	<b>39,158</b>
Funding	(43,104)	43,104	0		
Other Income and Expenditure		(42,583)	(42,583)	7,040	35,543
<b>Surplus or Deficit on Provision of Services</b>	<b>1,650</b>	<b>0</b>	<b>1,650</b>	<b>1,965</b>	<b>3,615</b>
Transfer from Reserves	(1,650)				
<b>Net Movement on General Fund</b>	<b>0</b>		<b>1,650</b>		
Deficit/(Surplus) on revaluation of non-current assets					(357)
Remeasurement of the net defined benefit/(liability)					(30,810)
<b>Other Comprehensive Income and Expenditure</b>					<b>(31,167)</b>
<b>Deficit/(Surplus) Comprehensive Income and Expenditure</b>					<b>(27,552)</b>
Opening General Fund and Earmarked Reserve Balance at 31 March 2024	12,688				
Less Deficit on General Fund in year	(1,650)				
<b>Closing General Fund and Earmarked Reserve Balance at 31 March 2025</b>	<b>11,038</b>				

### Note to the Expenditure and Funding Analysis – 2024/25

3. Budget allocations for management purposes do not exactly follow the Code in respect of the distinction between the Net Cost of Services and the total cost for the provision of services. This table analyses the difference.

	Net Interest £'000	Grants £'000	Other £'000	Total Adjs £'000
Employee Costs		(825)	100	(725)
Running Costs	(9)	(232)	376	135
Capital Financing	69			69
	<b>60</b>	<b>(1,057)</b>	<b>476</b>	<b>(521)</b>
Income	(60)	1,057	(476)	521
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Adjustments relating to the Expenditure and Funding Analysis – 2024/25

4. Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amount.

	Adj for Capital Purpose £'000	Net Pension Adj £'000	Other Difference £'000	Total Adj £'000
Employee Costs		(4,683)	(72)	(4,755)
Capital Financing	(320)			(320)
<b>Net Cost of Services</b>	<b>(320)</b>	<b>(4,683)</b>	<b>(72)</b>	<b>(5,075)</b>
Other Income and expenditure	(1,028)	8,206	(138)	7,040
<b>Deficit/(Surplus) on Provision of Services</b>	<b>(1,348)</b>	<b>3,523</b>	<b>(210)</b>	<b>1,965</b>
Other Comprehensive Income and Expenditure	(357)	(30,810)		(31,167)
<b>Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement Deficit</b>	<b>(1,705)</b>	<b>(27,287)</b>	<b>(210)</b>	<b>(29,202)</b>

## Expenditure and Funding Analysis – 2023/24

5. This shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

The statement shows how expenditure is allocated for decision making purposes between the Authority's reporting areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully on the Comprehensive Income and Expenditure Statement.

	Net Expd on General Fund Mngt Accts £'000	Re- Allocation Note 6 £'000	Net Expd on General Fund CIES Format £'000	Adjustments Between Funding and Accounting Note 7 £'000	Net Expd in the CIES £'000
Employee Costs	28,574	(843)	27,731	(2,950)	24,781
Running Costs	10,861	(289)	10,572		10,572
Capital Financing	4,239	140	4,379	(1,835)	2,544
<b>Net Cost of Services</b>	<b>43,674</b>	<b>(992)</b>	<b>42,682</b>	<b>(4,785)</b>	<b>37,897</b>
Funding	(40,492)	40,492	0		
Other Income and Expenditure		(39,500)	(39,500)	7,087	(32,413)
<b>Surplus or Deficit on Provision of Services</b>	<b>3,182</b>	<b>0</b>	<b>3,182</b>	<b>2,302</b>	<b>5,484</b>
Transfer from Reserves	(3,182)				
<b>Net Movement on General Fund</b>	<b>0</b>		<b>3,182</b>		
Deficit/(Surplus) on revaluation of non-current assets					0
Remeasurement of the net defined benefit/(liability)					(1,567)
<b>Other Comprehensive Income and Expenditure</b>					<b>(1,567)</b>
<b>Deficit/(Surplus) Comprehensive Income and Expenditure</b>					<b>(3,917)</b>
Opening General Fund and Earmarked Reserve Balance at 31 March 2023	15,870				
Less Deficit on General Fund in year	(3,182)				
<b>Closing General Fund and Earmarked Reserve Balance at 31 March 2024</b>	<b>12,688</b>				

## Note to the Expenditure and Funding Analysis – 2023/24

6. Budget allocations for management purposes do not exactly follow the Code in respect of the distinction between the Net Cost of Services and the total Cost for the provision of services. This table analyses the difference.

	Net Interest £'000	Grants £'000	Other £'000	Total Adjs £'000
Employee Costs		(842)	(1)	(843)
Running Costs		(292)	3	(289)
Capital Financing	142		(2)	140
	142	(1,134)	0	(992)
Income	(142)	1,134	0	992
	0	0	0	0

## Adjustments relating to the Expenditure and Funding Analysis – 2023/2024

7. Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amount.

	Adj for Capital Purpose £'000	Net Pension Adj £'000	Other Difference £'000	Total Adj £'000
Employee Costs		(2,969)	19	(2,950)
Capital Financing	(1,835)			(1,835)
<b>Net Cost of Services</b>	<b>(1,835)</b>	<b>(2,969)</b>	<b>19</b>	<b>(4,785)</b>
Other Income and expenditure	(354)	7,844	(403)	7,087
<b>Deficit/(Surplus) on Provision of Services</b>	<b>(2,189)</b>	<b>4,875</b>	<b>(384)</b>	<b>2,302</b>
Other Comprehensive Income and Expenditure		(1,567)		(1,567)
<b>Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement Deficit</b>	<b>(2,189)</b>	<b>3,308</b>	<b>(384)</b>	<b>735</b>

8. **Analysis of Other Operating Expenditure in CIES**

	2023/24 £'000	2024/25 £'000
Gross Expenditure		
(Gain)/loss on disposal of non-current assets	74	271
	<b>74</b>	<b>271</b>
Gross Income		
Firefighter Scheme Pension Grant	(5,567)	(5,638)
Proceeds from sale of assets	(428)	0
	<b>(5,995)</b>	<b>(5,638)</b>
<b>Total Other Operating Expenditure/(Income)</b>	<b>(5,921)</b>	<b>(5,367)</b>

## 9. Analysis of Financing and Investment Income and Expenditure

	2023/24 £'000	2024/25 £'000
Interest payable and similar charges – PWLB borrowing	364	358
Interest payable and similar charges – Lease Liabilities	0	281
Interest receivable and similar income	(506)	(698)
Pensions net interest cost and expected return on pensions assets	13,411	13,844
	<b>13,269</b>	<b>13,785</b>

## 10. Analysis of Taxation and Non-Specific Grant Income

	2023/24 £'000	2024/25 £'000
Council Tax income	27,360	28,353
National Non-Domestic Rates (NNDR) income and expenditure	8,014	7,915
Rural Service Grant	128	148
Pension Grant	1,568	1,212
Revenue Support Grant (RSG)	2,362	4,084
Transparency Grant	8	8
Services Grant	230	40
Funding Guarantee Grant	91	902
Right of Use Asset (IFRS 16 Lease)	0	1,299
	<b>39,761</b>	<b>43,961</b>

## Members' Allowances

11. The Authority paid the following amounts to Members as Allowances and expenses during the year.

	2023/24 £'000	2024/25 £'000
Basic Allowances	32	32
Special Allowances	20	20
Expenses	2	2
	<b>54</b>	<b>54</b>

A breakdown of the amounts paid to individual Members is available on the Authority's website, this can be accessed using the following link.  
<https://hwfire.cmis.uk.com/hwfire/documents/documentLibrary.aspx>

## Exit Packages

12. A resource review commenced on 12<sup>th</sup> December 2023 following approval by the Fire Authority. This review was carried out to improve service wide resilience and staffing levels, which identified that the main staffing impact would be in On-Call staff. The Authority have made 8 On-Call staff redundant at a total cost of £33k, these costs are all included within financial year 2024/25.

## Officers Emoluments

13. During the year the number of staff who received remuneration in excess of £50,000 (excluding employers pension contributions) is as detailed in the following table. The table represents total payments to individual staff members during the year (including the taxable use of Authority assets – vehicles) and includes a number of operational staff working significant amounts of overtime. This table excludes Senior Officers reported below where the required reporting calculation is different.

£	2023/24 No. of Staff	2024/25 No. of Staff
50,000 - 54,999	29	34
55,000 - 59,999	31	36
60,000 - 64,999	26	16
65,000 - 69,999	6	19
70,000 - 74,999	12	7
75,000 - 79,999	0	9
80,000 - 84,999	5	2
85,000 - 89,999	2	2
90,000 - 94,999	1	1
95,000 - 99,999	1	1
100,000 - 104,999	0	1
	<b>113</b>	<b>128</b>

## Senior Officers

2024/25 Post Title		Salary £	Benefit in Kind £	Sub-Total £	Pension Contrib. £	Total incl Pension £
Chief Fire Officer/Chief Executive – J. Pryce	U	162,876	1,810	<b>164,686</b>	61,192	<b>225,878</b>
Deputy Chief Fire Officer	U	130,553		<b>130,553</b>	45,973	<b>176,526</b>
Assistant Chief Fire Officer	U	122,270		<b>122,270</b>	45,973	<b>168,243</b>
Assistant Chief Officer	NU	100,750	1,239	<b>101,989</b>	19,042	<b>121,031</b>
Director of Finance/Treasurer	NU	107,620	6,525	<b>114,145</b>	20,340	<b>134,485</b>
Head of Legal Services (0.3 FTE)	NU	31,972	1,239	<b>33,211</b>	6,043	<b>39,254</b>
U : Uniformed; NU : Non-Uniformed		<b>656,041</b>	<b>10,813</b>	<b>666,854</b>	<b>198,563</b>	<b>865,417</b>



2023/24 Post Title		Salary £	Benefit in Kind £	Sub-Total £	Pension Contrib. £	Total incl Pension £
Chief Fire Officer/Chief Executive – J Pryce	U	160,262		<b>160,262</b>	46,118	<b>206,380</b>
Deputy Chief Fire Officer	U	128,306		<b>128,306</b>	34,648	<b>162,954</b>
Assistant Chief Fire Officer	U	118,947		<b>118,947</b>	33,100	<b>152,047</b>
Assistant Chief Officer	NU	94,703	1,239	<b>95,942</b>	17,937	<b>113,879</b>
Director of Finance/Treasurer	NU	102,703	5,660	<b>108,363</b>	19,411	<b>127,774</b>
Head of Legal Services (0.5 FTE)	NU	50,931	1,239	<b>52,170</b>	9,626	<b>61,796</b>
U : Uniformed; NU : Non-Uniformed		<b>655,852</b>	<b>8,138</b>	<b>663,990</b>	<b>160,840</b>	<b>824,830</b>

14. Pension contributions in the above tables relate to average scheme contribution rates and not an individual pension pot. Uniformed staff are members of the Firefighters Pension Scheme (FFPS), all other senior officers are members of the Local Government Scheme (LGPS).
15. The majority of the Benefit in Kind relates to the provision of cars.

### Related Party Transactions

16. 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 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.
17. **Central Government** has a significant influence over the general operations of the Authority – it is responsible for setting the statutory framework within which the Authority operates, provides a proportion of funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax bills). Grants received from Government are set out in table 10 on page 37.
18. **Members** of the Authority have direct control over the Authority's financial and operating policies. The total of Members' allowances paid is shown in Note 11 on page 37. No Members of the Authority or members of their immediate family or household declared any positions of influence.
19. **Officers** – No Senior Officers within the Service or members or their immediate family or household declared any positions of influence.

## External Audit Fees

20. During 2024/25 Hereford & Worcester Fire Authority incurred the fees below in respect of external audit and statutory inspection services, to auditors appointed under the Local Audit and Accountability Act 2014.

	2023/24 £'000	2024/25 £'000
<b>Fees payable to Grant Thornton UK LLP:</b>		
in respect of external audit services 2022/23 Accounts		26
<b>Fees payable to Bishop Fleming</b>		
in respect of external audit services 2023/24 Accounts	98	9
in respect of external audit services 2024/25 Accounts		108
	<b>98</b>	<b>143</b>

## Right of Use Assets (ROU) - IFRS 16 – Leases

21. The Authority has adopted the requirements of IFRS 16 – Lease Accounting for the Financial year commencing 1<sup>st</sup> April 2024. The introduction of IFRS 16 is a significant change governing the treatment of leases. This change improves balance sheet transparency and replaces the previous standard, IAS 17 - Leases, under which some leases were classified as an operating lease and not held on the Balance Sheet. Under IFRS16 most leases now have to be treated as a finance lease, improving the transparency of the accounts.

### 2023/24

22. During 2023/24 all leases were accounted for under IAS 17 – Leases. The adoption of IFRS 16 Leases on 1<sup>st</sup> April 2024, which replaced IAS17, did not require any retrospective changes to the 2023/24 lease accounting arrangements.
23. During financial year 2023/24 the Authority reported that it had entered into two lease agreements with the Police and Crime Commissioner for West Mercia, These are detailed as follows:
- On the 3<sup>rd</sup> April 2014 the Authority entered into a lease arrangement for the provision of a joint Fire/Police Station in Bromsgrove. The lease is for a term of 30 years with the option for the Authority to extend for a further 30 years. The total rent paid in 2023/24 was £239,996.
  - On the 1<sup>st</sup> November 2018, the Authority entered into a lease arrangement for the provision of a Headquarters Facility at Hindlip Hall. The lease is based on a peppercorn arrangement.
24. The Authority had some operating leases for vehicles which had moved into the secondary lease period, totalling £2,203.

## Authority as Lessee

### 2024/25

25. The Authority's lease contracts comprise leases for operational land and buildings and vehicles. Material leases entered into by the Authority are as follows:

### Right Of Use – Land and buildings

- The Lease for Bromsgrove Fire Station with the West Mercia Police and Crime Commissioner commenced in April 2014 for a term of 30 years with an option to extend for an additional 30 year period. Rental within the original term of the lease was based on the proportionate share of the funding costs for the project.
- The Lease for Redditch Fire Station with the West Mercia Police and Crime Commissioner is in the final stage of drafting, an will be agreed shortly. This lease will be for a 40 year period, with the rental based on the proportionate share of the funding costs for the project, to ensure equity between Council Tax Payers.
- The Lease for the temporary Hereford Fire Station site (for use during the rebuild of the permanent site), commenced in November 2023 for a term of 3 years.

### Right of Use – Peppercorn

- The lease for Hindlip headquarters commenced November 2018 for a term of 125 years. The Fire Authority expensed the renovation of this area and a peppercorn rent of £1 is payable annually.

### **Right of Use Assets**

26. This table shows the change in the value of the Right of Use Assets held under leases by the Authority:

	<b>ROU Land &amp; Building £'000</b>	<b>ROU Peppercorn £'000</b>	<b>ROU Total £'000</b>
Opening Balance	10,074	1,299	11,373
Depreciation	(365)		(365)
<b>Total Right of Use - Assets</b>	<b>9,709</b>	<b>1,299</b>	<b>11,008</b>

### **Transactions Under Leases**

27. The Authority incurred the following transactions and cash flows in relation to the leases:

	<b>ROU Land &amp; Building £'000</b>	<b>ROU Peppercorn &amp; Other £'000</b>	<b>ROU Total £'000</b>
<b>Comprehensive Income and Expenditure Statement</b>			
Interest Expense on lease liabilities	281		281
Expense relating to short term lease		25	25
Taxation and non-specific Grant Income and Expenditure		(1,299)	(1,299)
<b>Cash Flow Statement</b>			
Minimum Lease Payments	139		139

The Authority has entered into short term vehicle rentals, for vans and utility vehicles, for the financial year 2024/25 payments for these totalled £25k.

## Maturity Analysis of Lease Liabilities

28. The lease liabilities are due to be settled over the following time bands

	2024/25 £'000
Less than one year	0.782
One to five years	2.925
More than five years	19.766
<b>Total undiscounted liabilities</b>	<b>23.473</b>

## Other Short Term Liabilities – Redditch Land

29. In order to facilitate the combined Fire/Police facility in Redditch the Fire Authority entered into an agreement with Redditch Borough Council (RBC) for a deferred land exchange. In February 2023, RBC transferred a piece of land to the Authority, in exchange for a piece of land owned by the Authority. Under the terms of this agreement, the reciprocal exchange will not occur until the construction of the new joint facility is complete. The new premises were occupied in January 2025 and the land exchange should take place in 2025/26. The table below shows the estimated value of the asset which has not yet been transferred to RBC.

	31-Mar-24			31-Mar-25		
	Long Term £'000	Short Term £'000	TOTAL £'000	Long Term £'000	Short Term £'000	TOTAL £'000
Redditch Land	416	0	416	0	416	416
	<b>416</b>	<b>0</b>	<b>416</b>	<b>0</b>	<b>416</b>	<b>416</b>

## Capital Expenditure

30. Details of capital expenditure incurred during the year are as follows:

	2023/24 £'000	2024/25 £'000
New Buildings & Adaptations	1,903	194
Vehicles (including fitted equipment)	265	110
IT and Communication Equipment	634	119
Other Equipment	1,080	585
Intangible Assets	0	0
<b>Total Capital Expenditure</b>	<b>3,882</b>	<b>1,008</b>

31. Capital expenditure was financed as follows:

	2023/24 £'000	2024/25 £'000
Net Borrowing	1,500	483
Revenue Contributions	2,382	525
	<b>3,882</b>	<b>1,008</b>

32. Capital Financing Requirement

	2023/24		2024/25		
	Owned £'000	Total £'000	Owned £'000	Leased £'000	Total £'000
<b>Opening CFR</b>	<b>21,420</b>	<b>21,420</b>	<b>20,864</b>	<b>0</b>	<b>20,864</b>
<b>Adjustment relating to AUC written off in prior years</b>					
12/13 and 13/14	(232)	(232)			0
22/23	(74)	(74)			0
<b>Revised Opening CFR</b>	<b>21,114</b>	<b>21,114</b>	<b>20,864</b>	<b>0</b>	<b>20,864</b>
<b>IFRS 16 Leases</b>				11,372	11,372
<b>Capital investment</b>					
Operational assets	3,226	3,226	773		773
Assets not yet Operational	656	656	236	0	236
<b>Sources of Finance</b>					
Right of Use Asset (IFRS 16) Leases charged to CIES	0	0	0	(1,299)	(1,299)
Direct Revenue Financing	(2,382)	(2,382)	(525)	0	(525)
	<b>1,500</b>	<b>1,500</b>	<b>484</b>	<b>10,073</b>	<b>10,557</b>
<b>Sums set aside from Revenue</b>					
- Minimum Revenue Provision	(1,750)	(1,750)	(1,750)	(140)	(1,890)
<b>Increase/(Decrease) in CFR</b>	<b>(250)</b>	<b>(250)</b>	<b>(1,266)</b>	<b>9,933</b>	<b>8,667</b>
<b>Closing CFR</b>	<b>20,864</b>	<b>20,864</b>	<b>19,598</b>	<b>9,933</b>	<b>29,531</b>
	2023/24		2024/25		
	Owned £'000	Total £'000	Owned £'000		Total £'000
<b>Explanation of movements in year</b>					
Increase/(Decrease) in underlying need to borrow unsupported by government financial assistance	(250)	(250)	(1,266)	n/a	(1,266)
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>(250)</b>	<b>(250)</b>	<b>(1,266)</b>	<b>0</b>	<b>(1,266)</b>

## Property, Plant and Equipment

### 33. Movements in 2024/25

	Land and Buildings £'000	Vehicles Plant, Furniture and Equipment £'000	Surplus Assets £'000	Assets not yet Operational £'000	TOTAL Tangible Assets £'000
<b>Cost or Valuation at 01 April 2024</b>	<b>34,624</b>	<b>28,686</b>	<b>1,304</b>	<b>1,971</b>	<b>66,585</b>
Additions		772		236	1,008
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(330)				(330)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	349				349
Reclassifications		1,078		(1,078)	0
Reclassifications – to Surplus Assets	556		(556)		0
Disposals/derecognition	(402)	(1,016)			(1,418)
<b>At 31 March 2025</b>	<b>34,797</b>	<b>29,520</b>	<b>748</b>	<b>1,129</b>	<b>66,194</b>
<b>Accumulated Depreciation and Impairment at 01 April 2024</b>	<b>(604)</b>	<b>(21,119)</b>	<b>0</b>	<b>0</b>	<b>(21,723)</b>
Reclassifications					
Depreciation Charge for 2024/25	(504)	(1,785)			(2,289)
Depreciation written out to Revaluation Reserve	687				687
Depreciation written out to the Surplus/Deficit on Provision of Services	287				287
Disposals/derecognition	134	1,013			1,147
<b>At 31 March 2025</b>	<b>0</b>	<b>(21,891)</b>	<b>0</b>	<b>0</b>	<b>(21,891)</b>
<b>Balance Sheet amount at 01 April 2024</b>	<b>34,020</b>	<b>7,567</b>	<b>1,304</b>	<b>1,971</b>	<b>44,862</b>
<b>Balance Sheet amount at 31 March 2025</b>	<b>34,797</b>	<b>7,629</b>	<b>748</b>	<b>1,129</b>	<b>44,303</b>

34. Comparative Movements in 2023/24

	Land and Buildings £'000	Vehicles Plant, Furniture and Equipment £'000	Surplus Assets £'000	Assets not yet Operational £'000	TOTAL Tangible Assets £'000
<b>Cost or Valuation at 01 April 2023</b>	<b>32,816</b>	<b>28,367</b>	<b>1,304</b>	<b>1,348</b>	<b>63,835</b>
Additions	1,471	879		1,498	3,848
Revaluation increases/(decreases) recognised in the Revaluation Reserve					
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services					
Reclassifications	403	472		(875)	0
Disposals/derecognition	(66)	(1,032)			(1,098)
<b>At 31 March 2024</b>	<b>34,624</b>	<b>28,686</b>	<b>1,304</b>	<b>1,971</b>	<b>66,585</b>
<b>Accumulated Depreciation and Impairment at 01 April 2023</b>	<b>0</b>	<b>(20,533)</b>	<b>0</b>	<b>0</b>	<b>(20,533)</b>
Reclassifications					
Depreciation Charge for 2023/24	(604)	(1,609)			(2,213)
Depreciation written out to Revaluation Reserve					
Depreciation written out to the Surplus/Deficit on Provision of Services					
Disposals/derecognition		1,023			1,023
<b>At 31 March 2024</b>	<b>(604)</b>	<b>(21,119)</b>	<b>0</b>	<b>0</b>	<b>(21,723)</b>
<b>Balance Sheet amount at 01 April 2023</b>	<b>32,816</b>	<b>7,834</b>	<b>1,304</b>	<b>1,348</b>	<b>43,302</b>
<b>Balance Sheet amount at 31 March 2024</b>	<b>34,020</b>	<b>7,567</b>	<b>1,304</b>	<b>1,971</b>	<b>44,862</b>

35. Property, Plant and Equipment are represented in the Balance Sheet at current value, with the exception of additions occurring since the last revaluation, which are held at historic cost, net of depreciation where appropriate. Assets disposed of have been written-out at their net book value.
36. PP&E valued at fair value on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). A full valuation of property assets has been carried out this financial year, as at 31<sup>st</sup> March 2025 using the independent professional services of West Mercia Police. The Authority's valuation service has confirmed that the carrying value of these assets is not materially different to their fair value and complies with the requirements of the accounting code and IAS16.

### Intangible Assets

37. The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item or Property, Plant and Equipment.
38. 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. The useful life assigned to the major software suites used by the Authority is 5 years.

39. The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.077m charged to revenue in 2024/25 was charged to the capital financing line.
40. The movement on Intangible Asset balances during the year is as follows:

	2023/24 £'000	2024/25 £'000
<b>Balance at start of year:</b>	<b>226</b>	<b>175</b>
- Gross carrying amount	1,312	1,346
- Accumulated amortisation	(1,086)	(1,171)
<b>Net Carrying Amount at Start of Year</b>	<b>226</b>	<b>175</b>
Assets Under Construction	34	(34)
Additions	0	34
Disposals	0	0
Accumulated amortisation on disposal	0	0
Amortisation for the period	(85)	(77)
<b>Net Carrying Amount at End of Year</b>	<b>175</b>	<b>98</b>
Comprising:		
- Gross carrying amount	1,346	1,346
- Accumulated amortisation	(1,171)	(1,248)
	<b>175</b>	<b>98</b>

### Heritage Assets

41. The Authority has a number of items which can be classed as heritage assets, due to their cultural and historical associations to the Fire Service. These assets have been held within the Authority and its predecessors for a number of years having been originally donated. The Authority does not seek to acquire assets of this nature and has no intention of disposing of the assets held.
42. These assets are held at Authority fire stations and other buildings throughout the two counties. The estimated value of these assets is not material to the financial statements.
43. As there are no valuations held for these assets and valuations could not be obtained at a cost which is commensurate with the benefits to the users of the financial statements, in accordance with the code therefore these assets are not recognised in the Balance Sheet.

### Financial Instruments

44. The classification of financial instruments included in the Balance Sheet and their carrying amounts are shown overleaf. (Additional information in respect of the long term loans is given at notes 50-51):



Financial Assets	31-Mar-24		31-Mar-25	
	Current £'000	Total £'000	Current £'000	Total £'000
<i>(at amortised cost)</i>				
Short Term Deposits with WCC	5,400	<b>5,400</b>	10,400	<b>10,400</b>
Cash and Cash Equivalents	481	<b>481</b>	2,393	<b>2,393</b>
Trade Debtors	1,511	<b>1,511</b>	1,882	<b>1,882</b>
<b>Total Financial Assets</b>	<b>7,392</b>	<b>7,392</b>	<b>14,675</b>	<b>14,675</b>
Non-financial Assets	4,999	<b>4,999</b>	2,887	<b>2,887</b>
<b>Total Current Assets</b>	<b>12,391</b>	<b>12,391</b>	<b>17,562</b>	<b>17,562</b>

Financial Liabilities	31-Mar-24			31-Mar-25		
	Long Term £'000	Current £'000	Total £'000	Long Term £'000	Current £'000	Total £'000
<i>(at amortised cost)</i>						
PWLB Borrowing	(8,488)	(347)	<b>(8,835)</b>	(8,488)		<b>(8,488)</b>
Trade Creditors		(1,528)	<b>(1,528)</b>		(3,229)	<b>(3,229)</b>
Right of Use Assets (IFRS 16 Leases)			<b>0</b>	(9,750)	(183)	<b>(9,933)</b>
<b>Total Financial Liabilities</b>	<b>(8,488)</b>	<b>(1,875)</b>	<b>(10,363)</b>	<b>(18,238)</b>	<b>(3,412)</b>	<b>(21,650)</b>
Non-financial Liabilities	(296,745)	(2,422)	<b>(299,167)</b>	(269,021)	(6,850)	<b>(275,871)</b>
<b>Total Liabilities</b>	<b>(305,233)</b>	<b>(4,297)</b>	<b>(309,530)</b>	<b>(287,259)</b>	<b>(10,262)</b>	<b>(297,521)</b>

#### Fair Value of Assets and Liabilities Carried at Amortised Cost

45. All the Authority's financial assets and liabilities 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.
46. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price. The fair values of (i) other short term trade and other receivables or payables is taken to be the invoiced or billed amount, and (ii) cash and cash equivalents are assumed to equal the book values.
47. The fair value of the PWLB loans at 31<sup>st</sup> March 2025 was £7.486m (£8.170m at 31<sup>st</sup> March 2024), the 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<sup>st</sup> March 2025 of 3.1% to 4.75% for loans from the PWLB
  - No early repayment or impairment is recognised

IFRS 13 - Fair Value Measurement requires disclosure of the valuation method used to derive a fair value. There are three levels of inputs and the Authority has adopted a Level 2 input basis i.e. - inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

48. The fair value of the liabilities is lower than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the balance sheet date.

#### Financial Instruments Gains and Losses

49. The gains and losses recognised in the CIES in relation to financial instruments are shown below:

	Interest Expense 2023/24 £'000	Interest Income 2023/24 £'000	Interest Expense 2024/25 £'000	Interest Income 2024/25 £'000
<b>Financial Liabilities</b> ( <i>at amortised cost</i> )				
PWLB Borrowing	365		358	
<b>Total</b>	<b>365</b>		<b>358</b>	
<b>Financial Assets</b> ( <i>at amortised cost</i> )				
Short Term Deposits		(397)		(584)
Cash and Cash Equivalents		(110)		(114)
<b>Total</b>		<b>(507)</b>		<b>(698)</b>

#### Long and Short Term Borrowing

50. Additional information in respect of Long Term Loans shown in the table below is given in paragraph 49 above.

	31-Mar-24			31-Mar-25		
	Long Term £'000	Short Term £'000	TOTAL £'000	Long Term £'000	Short Term £'000	TOTAL £'000
<b>Loan Source</b>						
Public Works Loans Board	8,488	347	8,835	8,488	0	8,488
	<b>8,488</b>	<b>347</b>	<b>8,835</b>	<b>8,488</b>		<b>8,488</b>
<b>Analysis by Maturity</b>						
Less than 1 year		347	347		0	0
Between 1 and 2 years	0		0	0		0
Between 2 and 5 years	0		0	0		0
Between 5 and 10 years	4,000		4,000	4,000		4,000
Over 10 years	4,488		4,488	4,488		4,488
<b>Total of Loans</b>	<b>8,488</b>	<b>347</b>	<b>8,835</b>	<b>8,488</b>	<b>0</b>	<b>8,488</b>

51. There are no short term borrowing or long term loans, due to mature during the coming financial year.

#### **Financial Instruments – Exposure to Risk**

52. 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 as a result of changes in such measures as interest rates and stock market movements.

53. The CIPFA Code of Practice on Treasury Management has been adopted by the Authority, and under the Service Level Agreement (SLA) with Worcestershire County Council (WCC) the County Council is obliged to, and does, adopt the Code also. In this way risks are actively managed.

### Credit Risk

54. Under the Treasury Management SLA, the Authority invests surplus cash with WCC, but in return for receiving an average investment rate based on the Council's portfolio of investments, the Authority shares risk in proportion to its value of the total portfolio. Credit risk also arises from credit exposures to the Authority's customers.

55. Amounts invoiced to customers are of relatively low value and are actively pursued by the in-house legal service.

56. The following analysis summarises the Authority's potential maximum exposure to credit risk based on actual experience in terms of deposits and percentage of debt which has been written off as unrecoverable in the last three years in terms of debtors (total £0.000m).

	31-Mar-25 £'000	Written off in last 3 years £'000	Historical Default
Short Term deposits with WCC	10,400	0	0%
Customers	56	0	0%
<b>Total</b>	<b>10,456</b>	<b>0</b>	

57. Of the £0.056m invoiced to customers at 31<sup>st</sup> March 2025 the following table analyses the due dates.

	£'000
Not yet due	0
Less than 1 month overdue	0
1 to 2 months overdue	52
More than 2 months overdue	4
	<b>56</b>

### Liquidity Risk

58. The Authority is able to access borrowings from the Public Works Loan Board (PWLb) so there is no significant risk that it will be unable to meet its commitments relating to financial liabilities. The risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Authority sets limits on the proportion of borrowings due to mature at intervals as shown overleaf.

<b>Period of Maturity</b>	<b>Upper Limit %</b>	<b>Lower Limit %</b>
Under 12 months	25	0
12 months and within 24 months	25	0
24 months and within 5 years	50	0
5 years and within 10 years	75	0
10 years and above	95	25

59. This strategy allows the Authority time to restructure debt when interest rates are favourable. The strategy is to maintain sufficient cash balances to meet daily revenue requirements without recourse to short term borrowing other than in exceptional circumstances.

### **Market Risk**

60. The Authority does not invest in equity shares and therefore has no exposure to loss arising from movements in share prices.
61. The Authority has no financial assets or liabilities, denominated in foreign currencies and therefore has no exposure to loss arising from exchange rate movements.

### **62. Debtors**

	<b>31-Mar-24 £'000</b>	<b>31-Mar-25 £'000</b>
Central Government Bodies	563	412
Other Local Authorities	765	1,286
Public Corporations and Trading Funds	2,107	0
Other entities and individuals	2,727	2,651
	<b>6,162</b>	<b>4,349</b>

### **Cash and Cash Equivalents**

63. The balance of Cash and Cash Equivalents is made up of the following elements:

	<b>31-Mar-24 £'000</b>	<b>31-Mar-25 £'000</b>
Cash held by the Authority	6	7
Bank Current Accounts	475	2,386
Short term deposits with WCC	5,400	10,400
	<b>5,881</b>	<b>12,793</b>

64. The only financial asset held by the Authority is the short term deposit via Worcestershire County Council, there are no other investments.

### **65. Creditors**

	<b>31-Mar-24 £'000</b>	<b>31-Mar-25 £'000</b>
Central Government Bodies	867	2,273
Other Local Authorities	1,238	1,123
Public Corporations and Trading Funds	0	4,108
Other entities and individuals	1,845	2,159
	<b>3,950</b>	<b>9,663</b>

## Pension Arrangements

66. As part of the terms and conditions of employment of its staff, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees actually retire, the Authority's commitment to make these payments must be disclosed at the time that employees earn this future entitlement.
67. The Authority participates in five schemes:
- The Firefighters' Pension Scheme (FFPS) (the "1992 Scheme"). This is a statutory un-funded defined benefit final salary scheme and has been closed to new entrants since 6<sup>th</sup> April 2006.
  - The 2006 Firefighters' Pension Scheme (NFPS) (the "2006 Scheme") – is open to all uniformed staff (except Fire Control) and is also a statutory un-funded defined benefit final salary scheme, with differing benefits.
  - The 2015 Firefighters' Pension Scheme (FFCARE) – this is a career average scheme, and is available to operational firefighters appointed on or after 1<sup>st</sup> April 2015. Serving firefighters will also have been transferred into the scheme unless they have protected status under one of the existing schemes.
  - The Firefighters' Compensation Scheme (FFCS) (the Injury Scheme) – another statutory un-funded defined benefit scheme covering existing and new injury pensions.
  - The four Firefighters' schemes are unfunded meaning that there are no investment assets built up to meet the pensions liabilities and cash has to be generated to meet the actual pensions payments as they eventually fall due. The arrangements are determined by the Home Office.
  - The Local Government Pension Scheme (LGPS) – subject to qualifying criteria, open to staff not covered by the Firefighters' schemes. This scheme is administered by Worcestershire County Council and is a funded defined benefit final salary scheme. The Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
68. The retirement benefits are recognised in the Net Cost of Service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax precept is based on the cash payable in the year, (as described in paragraph 69 below) so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement (MiRS).
69. Charges made to the Income and Expenditure Account for council tax precept purposes are as below:
- LGPS – the employer's contribution payable to the Pension Fund.
  - FFPS/NFPS – the notional employer's contribution payable into the Pension Account as explained in paragraphs 42-43 on page 12 of the Narrative Report.
  - FFCS – the actual injury pensions and any RDS ill-health pensions payable.
70. Transactions made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement (MiRS) during the year are shown in the tables opposite:

	LGPS 2024/25 £'000	FFPS 2024/25 £'000	NFPS 2024/25 £'000	FF CARE 2024/25 £'000	FFCS 2024/25 £'000	TOTAL 2024/25 £'000
<b>Income and Expenditure Account</b>						
<b>Net Cost of Services:</b>						
Current Service Cost	948			1,700	70	2,718
Past Service Cost						
<b>Other Operating Expenditure comprising:</b>						
Pensions Grant		(11,604)	(1,489)	7,455		(5,638)
<b>Financing and Investment Income and Expenditure:</b>						
Net Interest Expense	(105)	11,350	780	1,100	600	13,725
Interest on the effect of the Asset Ceiling	119					119
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>962</b>	<b>(254)</b>	<b>(709)</b>	<b>10,255</b>	<b>670</b>	<b>10,924</b>
<b>Remeasurement of the net defined benefit liability comprising:</b>						
Experience (gains)/losses	(258)	(500)	(170)	70	(240)	(1,098)
Return on plan assets (excluding the amount included in the net interest expense)	1,080					1,080
Actuarial (gains) and losses arising in financial assumptions	(5,595)	(20,550)	(2,210)	(5,740)	(920)	(35,015)
Actuarial (gains) and losses arising in demographic assumptions	(58)	(420)	(60)	(180)	10	(708)
Asset Ceiling Adjustment	4,931					4,931
<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>1,062</b>	<b>(21,724)</b>	<b>(3,149)</b>	<b>4,405</b>	<b>(480)</b>	<b>(19,886)</b>

	LGPS 2024/25 £'000	FFPS 2024/25 £'000	NFPS 2024/25 £'000	FF CARE 2024/25 £'000	FFCS 2024/25 £'000	TOTAL 2024/25 £'000
<b>Movement in Reserves Statement</b>						
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(962)	254	709	(10,255)	(670)	(10,924)
Reversal of remeasurements of the net defined benefit liability/asset charged to Other Comprehensive Income and Expenditure	(100)	21,470	2,440	5,850	1,150	30,810
<b>Actual Amount charged against the General Fund Balance for pensions in the year:</b>						
Employer's contribution payable to scheme	1,113	5		5,453		6,571
Retirement Benefits payable to Pensioners					830	830
<b>Net Charge to General Fund</b>	<b>1,113</b>	<b>5</b>	<b>0</b>	<b>5,453</b>	<b>830</b>	<b>7,401</b>

	LGPS 2023/24 £'000	FFPS 2023/24 £'000	NFPS 2023/24 £'000	FF CARE 2023/24 £'000	FFCS 2023/24 £'000	TOTAL 2023/24 £'000
<b>Income and Expenditure Account</b>						
<b>Net Cost of Services:</b>						
Current Service Cost	934		(10)	1,710	70	<b>2,704</b>
Past Service Cost						
<b>Other Operating Expenditure comprising:</b>						
Pensions Grant		(10,711)	(330)	5,474		<b>(5,567)</b>
<b>Financing and Investment Income and Expenditure:</b>						
Net Interest Expense	1	11,150	780	870	610	<b>13,411</b>
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>935</b>	<b>439</b>	<b>440</b>	<b>8,054</b>	<b>680</b>	<b>10,548</b>
<b>Remeasurement of the net defined benefit liability comprising:</b>						
Experience (gains)/losses	185	3,460	270	840	(220)	<b>4,535</b>
Return on plan assets (excluding the amount included in the net interest expense)	(1,821)					<b>(1,821)</b>
Actuarial (gains) and losses arising in financial assumptions	(484)					<b>(484)</b>
Actuarial (gains) and losses arising in demographic assumptions	(644)	(4,360)	(330)	(670)	(240)	<b>(6,244)</b>
Asset Ceiling Adjustment	2,447					<b>2,447</b>
<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>618</b>	<b>(461)</b>	<b>380</b>	<b>8,224</b>	<b>220</b>	<b>8,981</b>

	LGPS 2023/24 £'000	FFPS 2023/24 £'000	NFPS 2023/24 £'000	FF CARE 2023/24 £'000	FFCS 2023/24 £'000	TOTAL 2023/24 £'000
<b>Movement in Reserves Statement</b>						
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(935)	(439)	(440)	(8,054)	(680)	<b>(10,548)</b>
Reversal of remeasurements of the net defined benefit liability/asset charged to Other Comprehensive Income and Expenditure	317	900	60	(170)	460	<b>1,567</b>
<b>Actual Amount charged against the General Fund Balance for pensions in the year:</b>						
Employer's contribution payable to scheme	1,033	5		3,849		<b>4,886</b>
Retirement Benefits payable to Pensioners					786	<b>786</b>
<b>Net Charge to General Fund</b>	<b>1,033</b>	<b>5</b>	<b>0</b>	<b>3,849</b>	<b>786</b>	<b>5,673</b>

## Pensions Assets and Liabilities Recognised in the Balance Sheet

	Funded Liability (LGPS) 2024/25 £'000	Un-funded Liability (FFPS) 2024/25 £'000	Un-funded Liability (NFPS) 2024/25 £'000	Un-funded Liability (FFCARE) 2024/25 £'000	Un-funded Liability (FFCS) 2024/25 £'000	TOTAL 2024/25 £'000
Present value of the defined benefit obligation	28,934	222,627	14,071	20,215	11,481	297,328
Fair Value of Plan	(35,985)					(35,985)
<b>Unadjusted Net Liability/(Asset) arising from defined benefit obligation</b>	<b>(7,051)</b>	<b>222,627</b>	<b>14,071</b>	<b>20,215</b>	<b>11,481</b>	<b>261,343</b>

	Funded Liability (LGPS) 2023/24 £'000	Un-funded Liability (FFPS) 2023/24 £'000	Un-funded Liability (NFPS) 2023/24 £'000	Un-funded Liability (FFCARE) 2023/24 £'000	Un-funded Liability (FFCS) 2023/24 £'000	TOTAL 2023/24 £'000
Present value of the defined benefit obligation	32,820	244,356	17,220	21,263	12,791	328,450
Fair Value of Plan	(34,770)					(34,770)
<b>Unadjusted Net Liability/(Asset) arising from defined benefit obligation</b>	<b>(1,950)</b>	<b>244,356</b>	<b>17,220</b>	<b>21,263</b>	<b>12,791</b>	<b>293,680</b>

The above two tables show the unadjusted net liability/(asset) before the asset ceiling adjustment is applied.

## Assets and Liabilities in relation to post-employment benefits

### 71. Reconciliation of the present value of unadjusted scheme liabilities:

	Funded Liabilities (LGPS) 2024/25 £'000	Un-funded Liabilities (FFPS) 2024/25 £'000	Un-funded Liabilities (NFPS) 2024/25 £'000	Un-funded Liabilities (FF CARE) 2024/25 £'000	Un-funded Liabilities (FFCS) 2024/25 £'000	TOTAL 2024/25 £'000
<b>at 1 April</b>	<b>32,820</b>	<b>244,356</b>	<b>17,220</b>	<b>21,263</b>	<b>12,791</b>	<b>328,450</b>
Current Service Cost	948			1,700	70	2,718
Past Service Cost						
Interest Cost	1,601	11,350	780	1,100	600	15,431
Employee Contributions	372					372
<b>Remeasurement Gains and Losses</b>						
Experience (Gains) and Losses	(258)	(500)	(170)	70	(240)	(1,098)
Actuarial (Gains) and Losses arising on changes in demographic assumptions	(58)	(420)	(60)	(180)	10	(708)
Actuarial (Gains) and Losses arising on changes in financial assumptions	(5,595)	(20,550)	(2,210)	(5,740)	(920)	(35,015)
Pensions Grant		(11,604)	(1,489)	7,455		(5,638)
Employer contributions firefighter scheme/benefits paid LGPS scheme	(896)	(5)		(5,453)	(830)	(7,184)
<b>at 31 March</b>	<b>28,934</b>	<b>222,627</b>	<b>14,071</b>	<b>20,215</b>	<b>11,481</b>	<b>297,328</b>



	Funded Liabilities (LGPS) 2023/24 £'000	Un- funded Liabilities (FFPS) 2023/24 £'000	Un- funded Liabilities (NFPS) 2023/24 £'000	Un-funded Liabilities (FF CARE) 2023/24 £'000	Un- funded Liabilities (FFCS) 2023/24 £'000	TOTAL 2023/24 £'000
<b>at 1 April</b>	<b>31,974</b>	<b>244,822</b>	<b>16,840</b>	<b>16,888</b>	<b>13,357</b>	<b>323,881</b>
Current Service Cost	934		(10)	1,710	70	<b>2,704</b>
Past Service Cost						
Interest Cost	1,508	11,150	780	870	610	<b>14,918</b>
Employee Contributions	347					<b>347</b>
<b>Remeasurement Gains and Losses</b>						
Experience (Gains) and Losses	185	3,460	270	840	(220)	<b>4,535</b>
Actuarial (Gains) and Losses arising on changes in demographic assumptions	(484)					<b>(484)</b>
Actuarial (Gains) and Losses arising on changes in financial assumptions	(644)	(4,360)	(330)	(670)	(240)	<b>(6,244)</b>
Asset Ceiling Adjustment	2,447					<b>2,447</b>
Pensions Grant		(10,711)	(330)	5,474		<b>(5,567)</b>
Employer contributions firefighter scheme/benefits paid LGPS scheme	(1,000)	(5)		(3,849)	(786)	<b>(5,640)</b>
<b>at 31 March</b>	<b>35,267</b>	<b>244,356</b>	<b>17,220</b>	<b>21,263</b>	<b>12,791</b>	<b>330,897</b>
Less Asset Ceiling Adjustment	(2,447)					<b>(2,447)</b>
<b>at 31 March - amended</b>	<b>32,820</b>	<b>244,356</b>	<b>17,220</b>	<b>21,263</b>	<b>12,791</b>	<b>328,450</b>

In 2023/24, the LGPS asset ceiling adjustment of £2.447m was included in the above table in error. The balance as at 31<sup>st</sup> March 2024 has been amended to remove this adjustment, so that the correct unadjusted LGPS pension liability of £32.820m is shown. Further details regarding the LGPS asset ceiling adjustment and the impact on the pension scheme's net (asset)/liability are shown in table 73 on page 56.

72. Reconciliation of fair value of unadjusted scheme assets:

	Funded Assets (LGPS) 2023/24 £'000	Funded Assets (LGPS) 2024/25 £'000
<b>Fair value at 1 April</b>	<b>31,062</b>	<b>34,770</b>
Interest Income	1,507	1,706
<b>Remeasurement gain/loss</b>		
Return on plan assets (excluding the amount included in the net interest expense)	1,821	(1,080)
Asset Ceiling Adjustment	(2,447)	
Employer Contributions	1,033	1,113
Employee Contributions	347	372
Benefits Paid	(1,000)	(896)
<b>at 31 March</b>	<b>32,323</b>	<b>35,985</b>
Less Asset Ceiling Adjustment	2,447	
<b>at 31 March - amended</b>	<b>34,770</b>	<b>35,985</b>

In 2023/24, the LGPS asset ceiling adjustment of £2.447m was included in the above table in error. The balance as at 31<sup>st</sup> March 2024 has been amended to remove this adjustment, so that the correct unadjusted LGPS pension asset of £34.770m is shown. Further details regarding the LGPS asset ceiling adjustment and the impact on the pension scheme's net (asset)/liability are shown in table 73 on page 56.

### 73. Asset Ceiling Adjustment

As at 31<sup>st</sup> March 2025, the LGPS pension valuation by the Authority's actuary, Hymans Robertson, determined that the fair value of the scheme assets exceeded the present value of the plan obligations, reporting an unadjusted net asset of £7.051m (£1.950m as at 31<sup>st</sup> March 2024). IFRIC 14 states that an organisation should only recognise a net pension asset on the balance sheet to the extent that the asset represents real economic value to the organisation. Where a pension plan asset exists, it should be measured at the lower of (i) the surplus on the defined benefit plan or (ii) the asset ceiling which represents the present value of any economic value available to the Authority in the form of refunds or reduced future contributions.

In 2024/25, the actuary assessed the value of this economic benefit available to the authority to be nil. An asset ceiling adjustment of £7.497m (£2.447m as at 31<sup>st</sup> March 2024) was applied to reduce the value on the balance sheet from a £7.051m (£1.950m as at 31<sup>st</sup> March 2024) net asset to a net liability of £0.446m (£0.497m as at 31<sup>st</sup> March 2024).

The actuary's calculation of the asset ceiling followed the interpretation of IFRIC 14 and is set out below:

	<b>Funded Assets (LGPS) 31-Mar-24 £'000</b>	<b>Funded Assets (LGPS) 31-Mar-25 £'000</b>
Present value of the defined benefit obligation	32,820	28,934
Fair Value of Plan assets	(34,770)	(35,985)
<b>Unadjusted Net Asset arising from defined benefit obligation</b>	<b>(1,950)</b>	<b>(7,051)</b>
Asset Ceiling Adjustment as at 1 <sup>st</sup> April	0	2,447
Interest on the effect of the asset ceiling	0	119
Asset Ceiling Adjustment	2,447	4,931
<b>Adjusted Net Liability arising from defined benefit obligation</b>	<b>497</b>	<b>446</b>
Of which:		
Present value of the defined benefit obligation	35,267	36,431
Fair Value of Plan assets	(34,770)	(35,985)
<b>Adjusted Net Liability arising from defined benefit obligation</b>	<b>497</b>	<b>446</b>

74. The expected rate of return on assets (LGPS only) is based on market expectations, at the beginning of the period, for investment returns over the life of the entire duration of the related obligation. The assumption used is the average of the assumptions shown in table 86 appropriate to the individual asset classes, weighted by the proportion of the assets in the particular asset class as shown in table 87. Note that rates quoted are gross of expenses.
75. The objective of the Local Government Pension scheme is to keep employers' contributions at as constant a rate as possible. The Worcestershire County Council Pension Fund has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 25 years. Funding levels are monitored on an annual basis. The most recent triennial valuation was completed on 31<sup>st</sup> March 2025.
76. The Authority anticipates it will pay approximately £1.063m in contributions to the Local Government Pension scheme in 2025/26.
77. The Firefighter scheme employer contribution rates are set by the Home Office and the current rates are in place from April 2024 until March 2027.

78. Expected employers' contributions for the firefighters' pension schemes in the year to 31<sup>st</sup> March 2026 are approximately £5.654m.
79. No adjustment has been made to the expected employer contributions to allow for the implications of the appeal relating to McCloud/Sargeant which reviews the lawfulness of the transitional protection arrangements, as it is not possible to assess the impact at this time.
80. Reconciliation of Movements in Adjusted Net Pensions Liability:

	Funded Liabilities (LGPS) 2024/25 £'000	Un-funded Liabilities (FFPS) 2024/25 £'000	Un-funded Liabilities (NFPS) 2024/25 £'000	Un-funded Liabilities (FF CARE) 2024/25 £'000	Un-funded Liabilities (FFCS) 2024/25 £'000	TOTAL 2024/25 £'000
<b>at 1 April</b>	<b>497</b>	<b>244,356</b>	<b>17,220</b>	<b>21,263</b>	<b>12,791</b>	<b>296,127</b>
Current Service Cost	948			1,700	70	2,718
Past Service Cost						
Employer Contributions	(1,113)	(5)		(5,453)	(830)	(7,401)
Pensions Grant		(11,604)	(1,489)	7,455		(5,638)
Interest on Liabilities	1,601	11,350	780	1,100	600	15,431
Interest on Assets	(1,706)					(1,706)
Net remeasurement gains and losses	(4,831)	(21,470)	(2,440)	(5,850)	(1,150)	(35,741)
Asset Ceiling Adjustment	5,050					5,050
<b>at 31 March</b>	<b>446</b>	<b>222,627</b>	<b>14,071</b>	<b>20,215</b>	<b>11,481</b>	<b>268,840</b>

	Funded Liabilities (LGPS) 2023/24 £'000	Un-funded Liabilities (FFPS) 2023/24 £'000	Un-funded Liabilities (NFPS) 2023/24 £'000	Un-funded Liabilities (FF CARE) 2023/24 £'000	Un-funded Liabilities (FFCS) 2023/24 £'000	TOTAL 2023/24 £'000
<b>at 1 April</b>	<b>912</b>	<b>244,822</b>	<b>16,840</b>	<b>16,888</b>	<b>13,357</b>	<b>292,819</b>
Current Service Cost	934		(10)	1,710	70	2,704
Past Service Cost						
Employer Contributions	(1,033)	(5)		(3,849)	(786)	(5,673)
Pensions Grant		(10,711)	(330)	5,474		(5,567)
Interest on Liabilities	1,508	11,150	780	870	610	14,918
Interest on Assets	(1,507)					(1,507)
Net remeasurement gains and losses	(2,764)	(900)	(60)	170	(460)	(4,014)
Asset Ceiling Adjustment	2,447					2,447
<b>at 31 March</b>	<b>497</b>	<b>244,356</b>	<b>17,220</b>	<b>21,263</b>	<b>12,791</b>	<b>296,127</b>

The above two tables show the adjusted net liability/(asset) after the LGPS asset ceiling adjustment is applied.

81. Scheme History

	31-Mar-23 £'000	31-Mar-24 £'000	31-Mar-25 £'000
<b>Present value of liabilities:</b>			
LGPS : Local Government Pension Scheme	31,974	35,267	36,431
FFPS : Firefighters' 1992 Scheme	244,822	244,356	222,627
NFPS : Firefighters' 2006 Scheme	16,840	17,220	14,071
FFCARE: Firefighters' 2015 Scheme	16,888	21,263	20,215
FFCS : Firefighters' Injury Scheme	13,357	12,791	11,481
	<b>323,881</b>	<b>330,897</b>	<b>304,825</b>
<b>Fair value of assets in the LGPS</b>	31,062	34,770	35,985
	<b>31,062</b>	<b>34,770</b>	<b>35,985</b>
<b>Net Liabilities of the scheme:</b>			
LGPS : Local Government Pension Scheme	912	497	446
FFPS : Firefighters' 1992 Scheme	244,822	244,356	222,627
NFPS : Firefighters' 2006 Scheme	16,840	17,220	14,071
FFCARE: Firefighters' 2015 Scheme	16,888	21,263	20,215
FFCS : Firefighters' Injury Scheme	13,357	12,791	11,481
<b>Total Adjusted Net Liabilities</b>	<b>292,819</b>	<b>296,127</b>	<b>268,840</b>

The above table shows the adjusted net liability/(asset) after the LGPS asset ceiling adjustment is applied.

82. The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £268.840m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £224.550m.
83. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:
- Finance is only required to be raised to cover Firefighters' pensions when the pension is actually paid.

Basis for Estimating Liabilities

84. Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.
85. Estimates for the LGPS have been made by Hymans Robertson LLP (an independent firm of actuaries), and for the firefighters' schemes by GAD, the Government Actuary's Department.
86. The average duration of the derived benefits obligations are as follows:

	LGPS	FFPS	NFPS	FF CARE	FFCS
2023/24	19 years	14 years	26 years	28 years	n/a
2024/25	19 years	13 years	24 years	26 years	n/a

87. The principal assumptions used by the Actuaries are shown below:

	LGPS 2024/25	FFPS 2024/25	NFPS 2024/25	FFCARE 2024/25	FFCS 2024/25
<b>Mortality assumptions:</b>					
<b>Longevity at 65 for current pensioners</b>					
Male	21.2	21.3	21.3	21.3	21.3
Female	23.6	21.3	21.3	21.3	21.3
<b>Longevity at 65 for future pensioners</b>					
Male	22.5	22.7	22.7	22.7	22.7
Female	25.4	22.7	22.7	22.7	22.7
Rate of inflation (CPI)	2.75%	2.70%	2.70%	2.70%	2.70%
Short term rate of increase in salaries	n/a	n/a	n/a	n/a	n/a
Long term rate of increase in salaries	n/a	3.45%	3.45%	3.45%	3.45%
Rate of increase in salaries	4.25%	n/a	n/a	n/a	n/a
Rate of CARE revaluation	2.75%	3.45%	3.45%	3.45%	3.45%
Rate of increase in pensions	2.75%	2.70%	2.70%	2.70%	2.70%
Rate for discounting scheme liabilities	5.80%	5.65%	5.65%	5.65%	5.65%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>					
take maximum cash	50%	n/a	n/a	n/a	n/a
take 3/80ths cash	50%	n/a	n/a	n/a	n/a

	LGPS 2023/24	FFPS 2023/24	NFPS 2023/24	FFCARE 2023/24	FFCS 2023/24
<b>Mortality assumptions:</b>					
<b>Longevity at 65 for current pensioners</b>					
Male	21.3	21.3	21.3	21.3	21.3
Female	23.6	21.3	21.3	21.3	21.3
<b>Longevity at 65 for future pensioners</b>					
Male	22.6	22.9	22.9	22.9	22.9
Female	25.5	22.9	22.9	22.9	22.9
Rate of inflation (CPI)	2.75%	2.60%	2.60%	2.60%	2.60%
Short term rate of increase in salaries	n/a	n/a	n/a	n/a	n/a
Long term rate of increase in salaries	n/a	3.85%	3.85%	3.85%	3.85%
Rate of increase in salaries	4.25%	n/a	n/a	n/a	n/a
Rate of CARE revaluation	2.75%	3.85%	3.85%	3.85%	3.85%
Rate of increase in pensions	2.75%	2.60%	2.60%	2.60%	2.60%
Rate for discounting scheme liabilities	4.85%	4.75%	4.75%	4.75%	4.75%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>					
take maximum cash	50%	n/a	n/a	n/a	n/a
take 3/80ths cash	50%	n/a	n/a	n/a	n/a

88. The Firefighters' schemes have no assets to cover their liabilities. The LGPS assets consist of the following categories by proportion of the total assets held – shown in the following table:

	31-Mar-25			
	Quoted £'000	Unquoted £'000	Total £'000	% of Total Assets
<b>Equity Securities</b>				
Other	3,879.10		<b>3,879.10</b>	10.73
<b>Debt Securities</b>				
UK Government	992.40		<b>992.40</b>	2.75
<b>Private Equity</b>				
All		15.50	<b>15.50</b>	0.04
<b>Real Estate</b>				
UK Property		1,988.40	<b>1,988.40</b>	5.50
Overseas Property		840.80	<b>840.80</b>	2.33
<b>Investment Fund and Unit Trusts</b>				
Equities	19,962.50		<b>19,962.50</b>	55.22
Bonds	1,139.70		<b>1,139.70</b>	3.15
Infrastructure		6,078.40	<b>6,078.40</b>	16.81
Other		656.90	<b>656.90</b>	1.82
<b>Cash and Cash Equivalents</b>				
Other		595.30	<b>595.30</b>	1.65
<b>Total Assets</b>	<b>25,973.70</b>	<b>10,175.30</b>	<b>36,149.00</b>	<b>100.00</b>

	31-Mar-24			
	Quoted £'000	Unquoted £'000	Total £'000	% of Total Assets
<b>Equity Securities</b>				
Other	3,748.50		<b>3,748.50</b>	10.73
<b>Debt Securities</b>				
UK Government	959.00		<b>959.00</b>	2.75
<b>Private Equity</b>				
All		15.00	<b>15.00</b>	0.04
<b>Real Estate</b>				
UK Property		1,921.50	<b>1,921.50</b>	5.50
Overseas Property		812.50	<b>812.50</b>	2.33
<b>Investment Fund and Unit Trusts</b>				
Equities	19,290.50		<b>19,290.50</b>	55.22
Bonds	1,101.30		<b>1,101.30</b>	3.15
Infrastructure		5,873.70	<b>5,873.70</b>	16.81
Other		634.70	<b>634.70</b>	1.82
<b>Cash and Cash Equivalents</b>				
Other		575.30	<b>575.30</b>	1.65
<b>Total Assets</b>	<b>25,099.30</b>	<b>9,832.70</b>	<b>34,932.00</b>	<b>100.00</b>

#### Injury Awards

89. The level of injury awards payable to eligible members is dependent on the salary, service and also degree of disablement of the member at the time the injury is incurred. Therefore, in line with IFRS and the Code of Practice, the assumption that such awards are “not usually subject to the same degree of uncertainty as the measurement of post-employment benefits” can be rebutted and injury awards are therefore accounted for, under IAS 19, in the same manner as for the main pension scheme benefits.

## Usable Reserves

90. Movements in the Authority's usable reserves are summarised in the Movement in Reserves Statement and Notes and are described below:

	Note	31-Mar-24 £'000	31-Mar-25 £'000
General Fund	91	1,538	1,538
Earmarked Reserves	92-94	11,150	9,500
Capital Receipts Reserve	95	7,498	7,498
		<b>20,186</b>	<b>18,536</b>

91. General Fund Balance

	2023/24 £'000	2024/25 £'000
<b>Opening Balance</b>	<b>1,538</b>	<b>1,538</b>
Transfers from/to CIES	0	0
<b>Balance at 31 March</b>	<b>1,538</b>	<b>1,538</b>

## Earmarked Reserves

92. Earmarked revenue reserves are held for a variety of purposes. The nature and value of these is outlined below:

- **C&C Reserve** – to fund the cyclical upgrade/replacement of the mobilising system. The current system was largely funded by specific government grant.
- **ICT Replacements Reserve** – to fund replacement of key ICT systems principally equipment, safety monitoring and tracking, Intel (Intelligence on Operational Risks) and station end equipment for alerting.
- **ESMCP Reserve** – to fund the as yet unknown, costs associated with the implementation of the Emergency Services Mobile Communications Project (ESMCP), the new national radio/communications system, as and when the significantly delayed project requires.
- **Organisational Excellence Reserve** – to embed National Operational Guidance (NOG), enhance Command Training and achieve statutory accreditation of the Fire Investigation function.
- **On Call Recruitment Reserve** – to provide an in-depth sustained and targeted approach to On-Call recruitment over the next four years.
- **RPE Reserve** – to fund the future costs of replacing Respiratory Protective Equipment (RPE).
- **Capital Projects Reserve** – to provide funds to partially finance the new Hereford Station, complete the North Herefordshire Training Facility and continue to move training facilities from the cramped site at Droitwich.
- **Property Maintenance Reserve** – to be utilised in future years to ensure the completion of planned station maintenance.
- **Pension Tribunal Reserve** – to meet the potential costs of HMRC challenge relating to employment of Fire fighters on the retained fire fighter duty system who had retired from whole time posts before reaching the age of 55.
- **Development Reserve** – to provide funding for capacity building or “invest to save” type initiatives to prepare for future grant reductions.
- **Sustainability Reserve** – for targeted actions within the Environmental Sustainability Plan
- **Fire Prevention Reserve** – monies set aside for targeted increases in prevention activities.

- **Pensions Reserve** – to meet the potential back cost of any matters arising from pensions.
- **Protection Grants Reserve** – specific government grant to improve protection arrangements, being used over next two years to embed and extend capabilities.
- **Equipment Reserve** – to fund additional equipment required within the service, when it falls due, (including the remaining costs of mobile data terminals and fire-ground radios) as well as allowing investment in new equipment on an “invest to save” basis.
- **Safety Initiatives Reserve** – monies set aside for targeted increases in protection activities.
- **Budget Reduction Reserve** – this reserve is held as part of the MTFP in response to the extreme uncertainty about future funding. It can meet short term costs as necessary or be released for future investment if future funding becomes sustainable.
- **Operational Activity Reserve** – to fund exceptional activity costs arising from spate conditions e.g. prolonged fires in the Malvern Hills or flooding.
- **Insurance Reserve** – this reserve is created to fund the excess on any long-tail claims.



93. A summary of movements is shown below.

	<b>Balance At 31-Mar-24 £'000</b>	<b>Transfer from/to General Fund £'000</b>	<b>Fire Authority Reallocation £'000</b>	<b>Balance at 31-Mar-25 £'000</b>
<b>Future Expenditure Reserves</b>				
C&C Reserve	1,365	(238)		1,127
ICT Replacements Reserve	811	(189)	(200)	422
ESMCP Reserve	1,032	(476)		556
Organisational Excellence Reserve	192	(265)	100	27
On Call Recruitment Reserve	347	(114)		233
RPE Reserve	375	(465)	100	10
Capital Projects Reserve	2,530	545		3,075
Property Maintenance Reserve	487			487
Pensions Tribunal Reserve	400			400
Development Reserve	216	(42)		174
Sustainability Reserve	286	(44)		242
Fire Prevention Reserve	60	(8)		52
Pensions Reserve	220	27		247
Protection Grants Reserve	239	(92)		147
Equipment Reserve	190	(190)		0
Safety Initiatives Reserve	114			114
	<b>8,864</b>	<b>(1,551)</b>	<b>0</b>	<b>7,313</b>
<b>Budget Reduction Reserves</b>				
Budget Reduction Reserve	1,556	(99)		1,457
	<b>1,556</b>	<b>(99)</b>	<b>0</b>	<b>1,457</b>
<b>Other Specific Reserves</b>				
Operational Activity Reserve	600			600
Insurance Reserve	130			130
	<b>730</b>	<b>0</b>	<b>0</b>	<b>730</b>
	<b>11,150</b>	<b>(1,650)</b>	<b>0</b>	<b>9,500</b>

94. The comparative movements for 2023/24 are summarised below:

	<b>Balance At 31-Mar-23 £'000</b>	<b>Transfer from/to General Fund £'000</b>	<b>Balance at 31-Mar-24 £'000</b>
<b>Future Expenditure Reserves</b>			
C&C Reserve	1,449	(84)	1,365
ICT Replacements Reserve	1,239	(428)	811
ESMCP Reserve	1,032		1,032
Organisational Excellence Reserve	559	(367)	192
On Call Recruitment Reserve	671	(324)	347
RPE Reserve	1,000	(625)	375
Capital Projects Reserve	3,388	(858)	2,530
Property Maintenance Reserve	534	(47)	487
Pensions Tribunal Reserve	400		400
Development Reserve	310	(94)	216
Sustainability Reserve	286		286
Fire Prevention Reserve	156	(96)	60
Pensions Reserve	245	(25)	220
Protection Grants Reserve	228	11	239
Equipment Reserve	190		190
Safety Initiatives Reserve	138	(24)	114
	<b>11,825</b>	<b>(2,961)</b>	<b>8,864</b>
<b>Budget Reduction Reserves</b>			
Budget Reduction Reserve	1,731	(175)	1556
Tax Income Guarantee Grant Reserve	46	(46)	0
	<b>1,777</b>	<b>(221)</b>	<b>1,556</b>
<b>Other Specific Reserves</b>			
Operational Activity Reserve	600		600
Insurance Reserve	130		130
	<b>730</b>	<b>0</b>	<b>730</b>
	<b>14,332</b>	<b>(3,182)</b>	<b>11,150</b>

95. Capital Receipts

	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Balance at 01 April</b>	<b>(7,070)</b>	<b>(7,498)</b>
Net Proceeds from Sale of Fixed Assets	(428)	0
Used to Finance Capital Expenditure	0	0
<b>Balance at 31 March</b>	<b>(7,498)</b>	<b>(7,498)</b>

96. **Unusable Reserves**

	<b>Note</b>	<b>31-Mar-24 £'000</b>	<b>31-Mar-25 £'000</b>
Revaluation Reserve	97-98	6,798	7,060
Capital Adjustment Account	99-102	16,967	18,410
Pensions Reserve	103-104	(296,127)	(268,840)
Collection Fund Adjustment Account	105	318	457
Accumulated Absences Adjustment Account	106	(244)	(173)
		<b>(272,288)</b>	<b>(243,086)</b>

## Revaluation Reserve

97. The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). 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.
98. The Reserve contains only revaluation gains accumulated since 1<sup>st</sup> 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.

	2023/24 £'000	2024/25 £'000
<b>Balance at 1 April</b>	<b>6,817</b>	<b>6,798</b>
Upward revaluation of assets	0	672
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services		(315)
<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services</b>	<b>6,817</b>	<b>7,155</b>
Difference between fair value depreciation and historical cost depreciation	0	(95)
Accumulated gains on assets sold	(19)	0
Accumulated gains on assets derecognised		
Amounts written off to the Capital Adjustment Account		
<b>Balance at 31 March</b>	<b>6,798</b>	<b>7,060</b>

## Capital Adjustment Account

99. 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, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.
100. The Account contains accumulated gains and losses on Investment Properties and gains recognised as Donated Assets that have yet to be consumed by the Authority.
101. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1<sup>st</sup> April 2007, the date that the Revaluation Reserve was created to hold such gains.

102. The following table provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2023/24 £'000	2024/25 £'000
<b>Balance at 1 April</b>	<b>15,188</b>	<b>16,967</b>
<ul style="list-style-type: none"> <li>Charges for depreciation and impairment of non-current assets</li> </ul>	(2,213)	(2,289)
<ul style="list-style-type: none"> <li>Revaluation gains/(losses) on Property, Plant and Equipment</li> </ul>	0	636
<ul style="list-style-type: none"> <li>Amortisation of intangible assets</li> </ul>	(85)	(77)
<ul style="list-style-type: none"> <li>Depreciation charges for Right of Use Assets (IFRS 16 leases)</li> </ul>	0	(365)
<ul style="list-style-type: none"> <li>Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal in the Comprehensive Income and Expenditure Statement</li> </ul>	(74)	(271)
	<b>12,816</b>	<b>14,601</b>
<ul style="list-style-type: none"> <li>Adjusting amounts written out to the Revaluation Reserve</li> </ul>		
- difference in depreciation on historical & current cost basis	0	95
- accumulated gains on assets sold	19	0
	<b>12,835</b>	<b>14,696</b>
<u>Capital financing applied in the year:</u>		
<ul style="list-style-type: none"> <li>Statutory provision for the financing of capital investment charged against the General Fund balance.</li> </ul>	1,750	1,750
<ul style="list-style-type: none"> <li>Capital expenditure charged against the General Fund balance</li> </ul>	2,382	525
<ul style="list-style-type: none"> <li>Right of Use assets (IFRS 16 leases) - lease income</li> </ul>	0	1,299
<ul style="list-style-type: none"> <li>Statutory provision for the funding of the principal element of IFRS 16 lease payments charged against the General Fund</li> </ul>	0	140
<b>Balance at 31 March</b>	<b>16,967</b>	<b>18,410</b>

#### Pensions Reserve

103. 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.
104. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing for years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed, as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2023/24 £'000	2024/25 £'000
<b>Balance at 1 April</b>	<b>(292,819)</b>	<b>(296,127)</b>
Actuarial gains or losses on pensions assets & liabilities	1,567	30,810
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(10,548)	(10,924)
Employer's pensions contributions and direct payments to pensioners payable in the year	5,673	7,401
<b>Balance at 31 March</b>	<b>(296,127)</b>	<b>(268,840)</b>

#### Collection Fund Adjustment Account

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

	2023/24 £'000	2024/25 £'000
<b>Balance at 1 April</b>	<b>(86)</b>	<b>318</b>
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:		
Council Tax	116	12
Non-Domestic Rates	288	127
<b>Balance at 31 March</b>	<b>318</b>	<b>457</b>

#### Accumulated Absences Account

106. The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31<sup>st</sup> March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2023/24 £'000	2024/25 £'000
<b>Balance at 1 April</b>	<b>(225)</b>	<b>(244)</b>
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory provisions	(19)	71
<b>Balance at 31 March</b>	<b>(244)</b>	<b>(173)</b>

## Provision - NNDR Appeals Provision

107. This is a provision to reflect the Authority's share of the appeals made by NNDR payers at Billing Authorities.

	2023/24 £'000	2024/25 £'000
<b>Balance at 1 April</b>	<b>190</b>	<b>202</b>
Transfer from CIES	12	(21)
<b>Balance at 31 March</b>	<b>202</b>	<b>181</b>

## Contingent Liabilities

108. A contingent liability is a possible present conditional obligation arising from past events and whose existence will be confirmed only by the occurrence of future uncertain events not wholly within the Fire Authority's control.
109. There are two Employment Tribunal appeals awaiting a decision. If the appeals are unsuccessful, a further remedy hearing will be listed with the awards totalling £35,000.

## Specific Government Grants

110. The following grants are included as income within the CIES on page 27.

	2023/24 £'000	2024/25 £'000
Fire Revenue Grant - New Dimensions/Firelink	933	897
Protection Uplift Grant	169	146
Emergency Services Mobile Communications Project	18	0
Redmond Review	14	14
	<b>1,134</b>	<b>1,057</b>

## Cashflow Statement – Operating Activities

111. The surplus or deficit on the provision of services has been adjusted for the following non-cash movements

	2023/24 £'000	2024/25 £'000
Depreciation	(2,213)	(2,654)
Revaluation Changes	0	636
Amortisations	(85)	(77)
Increase/decrease in creditors	1,052	(6,273)
Increase/decrease in debtors	(1,183)	(1,814)
Increase/decrease in inventories	52	75
Movement in pensions liability	(4,875)	(3,523)
Carrying amount of non-current assets sold or derecognised	(75)	(271)
Other non-cash items charged to the net surplus or deficit on the provision of services	(12)	20
Right of Use Asset (IFRS 16 Leases)	0	1,299
	<b>(7,339)</b>	<b>(12,582)</b>

112. The net surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	2023/24 £'000	2024/25 £'000
Proceeds of sales of Property, Plant & Equipment – Capital Receipts	428	0
	<b>428</b>	<b>0</b>

113. The cashflows for operating activities include the following items:

	2023/24 £'000	2024/25 £'000
Interest Paid	(365)	(358)
Interest Received	432	518
Right of Use Asset (IFRS 16 Leases) – Interest Paid	0	(281)
	<b>67</b>	<b>(121)</b>

114. **Cashflow Statement – Investing Activities**

	2023/24 £'000	2024/25 £'000
Purchase of Property, Plant & Equipment	3,761	1,568
Proceeds of sales of Property Plant & Equipment - Capital Receipts	(428)	0
	<b>3,333</b>	<b>1,568</b>

115. **Cashflow Statement – Financing Activities**

	2023/24 £'000	2024/25 £'000
Long Term Loans Repaid	211	347
Right of Use Assets (IFRS 16 Leases) – Principal Payments	0	140
	<b>211</b>	<b>487</b>

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

116. 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 based on past experience, current trends and other relevant factors. As some balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.
117. The items in the balance sheet at 31<sup>st</sup> March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are set out below. The list does not include items which are carried at fair value based on recently observed market prices, such as land and buildings, for which the Authority relies on independent advice from specialist valuers.

### **Pensions Liability**

118. The Actuaries have provided an assessment of the effect of changes in the assumptions used in estimating the pension and assets included in the Accounts according to the requirements of IAS 19.

- There are a range of actuarial assumptions which is acceptable under IAS 19, particularly in respect of expected salary increases and demographic factors. The assumptions made are the responsibility of the Authority, after taking the advice of the Actuaries. There are risks and uncertainties associated with whatever assumptions are adopted, as the assumptions are effectively projections of future investment returns and demographic experience many years into the future. Inevitably this involves a great deal of uncertainty about what constitutes a “best estimate” under IAS 19. The Actuaries interpret this as meaning that the proposed assumptions are neutral, i.e. there is an equal chance of actual experience being better or worse than the assumptions.
- The assumptions used are largely prescribed and reflect market conditions at 31<sup>st</sup> March 2025. Changes in market conditions can have a significant effect on the value of liabilities reported. For example, a reduction in the net discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. The effect of changes in financial assumptions made by the relevant Actuary is shown in the table.
- With regard to the LGPS, it is also relevant to note that IAS 19 requires the discount to be set with reference to the yields on high quality corporate bonds irrespective of the actual investment strategy of the Fund. Therefore, the balance sheet position may change significantly due to relative changes in the equity and AA corporate bond markets at the reporting date.

119. Approximate increase in Net Liability

<b>Change in financial assumptions 2024/25: FFPS</b>	<b>£'000</b>	<b>%</b>
0.5% Increase in rate of discounting scheme liabilities	(14,000)	(6.0)
0.5% Increase in rate of salaries	1,000	0.5
0.5% Increase in rate of pensions/deferred revaluation	14,000	6.0
Life Expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	5,000	2.5

<b>Change in financial assumptions 2024/25: NFPS</b>	<b>£'000</b>	<b>%</b>
0.5% Increase in rate of discounting scheme liabilities	(1,000)	(9.5)
0.5% Increase in rate of salaries	0	3.0
0.5% Increase in rate of pensions/deferred revaluation	1,000	8.0
Life Expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	0	2.0

<b>Change in financial assumptions 2024/25: FFCARE</b>	<b>£'000</b>	<b>%</b>
0.5% Increase in rate of discounting scheme liabilities	(2,000)	(11.5)
0.5% Increase in rate of salaries	1,000	5.0
0.5% Increase in rate of pensions/deferred revaluation	2,000	8.5
Life Expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	0	1.5

<b>Change in financial assumptions 2024/25: LGPS</b>	<b>£'000</b>	<b>%</b>
0.1% Increase in real discount rate	542	2.0
0.1% Increase in rate of increase in salaries	21	0.0
0.1% Increase in the Pension Increase/Revaluation Rate (CPI)	536	2.0
1 Year Increase in member life expectancy	1,157	4.0



## Property, Plant and Equipment

120. Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.
121. If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by approximately £26,000 for every year that useful lives had to be reduced.

## **Critical Judgements in Applying Accounting Policies**

122. In applying the accounting policies set out in the Accounts, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

## Government Funding

123. There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be significantly impaired as a result of a need to close facilities and reduce levels of service provision.

## Property Value

124. In order to satisfy The Code of Practice, which explicitly states that revaluations must be 'sufficiently regular to ensure that the carrying amount is not materially different from the current value at the end of the reporting period', all land and buildings have undergone a valuation assessment on 31<sup>st</sup> March 2025. All the operational stations are classified as specialised buildings using the Depreciated Replacement Cost (DRC) method

## **Events After the Balance Sheet Date**

125. When an event after the Balance Sheet date and up to the date when the Statement of Accounts is authorised for issue, which
- provides evidence of conditions that existed at the Balance Sheet date, an adjusting event occurs: the amounts recognised in the Statement of Accounts will be adjusted to take into account any values that reflect the adjusting event.
  - is indicative of conditions that arose after the Balance Sheet date: the amounts recognised in the Statement of Accounts are not adjusted but disclosed as a separate note to the accounts.
126. There are no non-adjusted events to report.
127. Events taking place after 20<sup>th</sup> June 2025 are not reflected in the financial statements or notes.

## SUPPLEMENTARY FINANCIAL STATEMENT

### Firefighters' Pension fund

1. Since 2006/07 Firefighters' pensions are paid out of a separate account into which the employee's and employer's contributions are paid. Any deficit on this account is made up by direct government grant.
2. A detailed explanation of the schemes can be found on page 51, but although they are all statutory, national un-funded defined benefit schemes, they are administered locally by each Authority.
3. The financial arrangements for the schemes were established under the Firefighters' Pension Scheme (Amendment) (England) Order 2006.
4. The employer's contribution is borne by the General Fund for Council Tax Precept setting purposes.
5. Employee's and employer's contribution levels are based on percentages of pensionable pay set nationally by Home Office and subject to triennial revaluation by the Government Actuary's Department.
6. In accordance with the requirements of IAS 19 the employer's contribution is replaced by the current service cost of pensions in the CIES, and reversed out again in the MiRS.
7. Although the scheme remains an un-funded one, Government has determined that this account is deemed a Pension Fund separate from the income and expenditure account and is thus reported on separately. As an un-funded scheme there are no assets and the difference between income and expenditure is met by the direct government grant.
8. The accounts are prepared in accordance with the same Code of Practice and accounting policies as outlined in the Statement of Accounting Policies set out on pages 17-26.
9. Any Government grant payable is paid in two instalments, 80% of the estimated annual amount at the start of the year, and the actual balance paid following completion of the accounts for the year.
10. The following Statement shows the income and expenditure for the year. It does not take account of liabilities to pay pensions and other benefits after the year end. These are calculated in accordance with IAS 19 and are included in the Balance Sheet on page 30 and detailed in the Notes to the Core Financial Statements on pages 51-60.

## Firefighters' Pension Fund Account

	2023/24 £'000	2024/25 £'000
<b>Contributions receivable</b>		
Fire & Rescue Authority		
Contributions in relation to pensionable pay	(3,848)	(5,427)
Other	(5)	(32)
Firefighters' Contributions	(1,642)	(2,182)
	<b>(5,576)</b>	<b>(7,641)</b>
Transfers in from other schemes	(35)	(288)
<b>Benefits Payable</b>		
Pensions	10,435	11,903
Commutations & lump sum retirement benefits	743	1,664
<b>Net amount payable for the year</b>	<b>5,567</b>	<b>5,638</b>
<b>Top-up grant payable by government</b>	<b>(5,567)</b>	<b>(5,638)</b>
	<b>0</b>	<b>0</b>

## Firefighters' Pension Fund Statement of Net Assets

The following balances are held in relation to the Pensions Fund.

	31-Mar-24 £'000	31-Mar-25 £'000
<b>Current Assets</b>		
Debtors		
Employer Contributions Due	78	105
Employee Contributions Due	36	37
Top Up receivable from the government	1,109	4,108
Amounts due from General Fund		
Prepayments		
Pensions paid in advance	884	832
Creditors		
Amounts due to General Fund	(2,107)	0
Top Up payable to the government	0	(5,082)
	<b>0</b>	<b>0</b>

During 2024/25 the Government paid grant towards the expected costs of the Second Options Exercise (Matthews). This was based on very optimistic assumptions about progress which in reality was significantly less. This grant is returned to Government and will be repaid to the Authority in future when the costs are incurred.

## **ANNUAL GOVERNANCE STATEMENT 2024/25**

To be inserted after approved at Committee











## **GLOSSARY OF TERMS**

### **Accrual**

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### **Asset Ceiling Adjustment**

Under IAS 19 the accounting standard relating to pensions, a net asset restriction (or additional liability) may be imposed where the present value of the defined benefit obligation is less than the fair value of the plan assets as at 31<sup>st</sup> March. The surplus that can be recognised is the lower of the identified surplus or the asset ceiling”.

The asset ceiling is defined as the “present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan”. As no refunds are available from the LGPS scheme that the Authority is party to, the asset ceiling is limited to the economic benefit available as a reduction in future contributions. An additional liability must be recognised when agreed past service contributions are not available to the fund after they are paid (either as a refund or reduction in future contributions).

### **Capital Adjustment Account**

Provides a balancing mechanism between the different rates at which assets are depreciated under IFRS and are financed through the capital controls system.

### **Capital Expenditure**

Expenditure on the acquisition of non current assets such as land, building, vehicles and equipment, which are of long term value, or expenditure which adds to and not merely maintains the value of existing assets.

### **Capital Receipts**

Money received from the sale of capital assets such as vehicles, which may be used to repay outstanding debt or finance new assets.

### **CIPFA**

The Chartered Institute of Public Finance and Accountancy.

### **Capital Financing Requirement**

This measures the underlying need to borrow to finance capital expenditure.

### **Collection Fund Adjustment Account**

Provides a mechanism for recognising the Fire Authority’s share of the Collection Fund surplus/deficits at the end of the year.

### **Council Tax**

The means of raising money locally which pays for Fire Authority services. This is a property based tax where the amount levied is dependent on the valuation of each dwelling.

### **Creditors**

Amount owed by an organisation for work done, goods received or services rendered to the organisation within the accounting period but for which payment has not been made.

### **Current Assets**

Items from which the Fire Authority derives a benefit but which will be consumed or realised during the next accounting period i.e. stocks, debtors, cash.

### **Current Liabilities**

Amounts which will become payable in the next accounting period i.e. creditors.

**Debtors**

Sums of money due to the Fire Authority for goods sold or services rendered but for which payment has not been received at the balance sheet date.

**Depreciation**

The measure of the wearing out, consumption, or other reduction in the useful economic life of a non current asset, whether arising from use, passage of time or obsolescence through technological or other changes.

**Finance Lease**

Leases which transfer the risks and rewards of ownership of a fixed asset to the lessee and such assets are included within the non current assets in the balance sheet.

**Government Grants**

Assistance by Government in the form of cash or transfers of assets to authorities, in return for past or future compliance with certain conditions relating to the activities of the Fire Authorities.

**Heritage Assets**

Assets preserved in trust for future generations because of their cultural, environmental or historical associations, which have historical, artistic, scientific or environmental qualities, and which are held and maintained by the Fire Authority principally for the contribution to knowledge and culture.

**Home Office**

The Government department with responsibility for the Fire and Rescue Service from 5<sup>th</sup> January 2016.

**Impairment**

A reduction in the value of a non current asset below its carrying amount on the balance sheet.

**International Accounting Standards (IAS)****International Financial Accounting Standards (IFRS)****International Financial Reporting Interpretations Committee (IFRIC)**

The framework of standards within which the financial statements are prepared.

**Long Term Borrowing**

Loans that are raised with external bodies, for periods of more than one year.

**Minimum Revenue Provision (MRP)**

The minimum amount which must be charged to the revenue account each year to set aside the provision for credit liabilities, previously 4% of the capital financing requirement.

**Operational Assets**

Non current assets held and occupied, used or consumed by the Fire Authority in the direct delivery of those services for which it has either statutory or discretionary responsibility.

**PCC**

The Police and Crime Commissioner – this is a directly elected role which oversees policing and ensures that police forces are effective. The Police and Crime Act 2017 now enables the PCC to take on responsibility for Fire and Rescue Services where a local case is made.

**Revaluation Reserve**

Contains revaluation gains recognised since 1<sup>st</sup> June April 2007 only, the date of its formal implementation.

**Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset. These costs may be charged as expenditure to the relevant service in the CIES in the year.

**Revenue Support Grant**

Government grant in aid of the Fire Authority's services generally. It is based upon the Government's assessment of how much the Fire Authority needs to spend in order to provide a standard level of service.

**RICS**

Royal Institution of Chartered Surveyors.

**Right of Use Assets (IFRS16 Leases)**

Represents a lessee's contractual right to use an underlying asset such as equipment, buildings or vehicles for a specific period as defined in a lease agreement.

**Stocks**

The amount of unused or unconsumed stocks held in expectation of future use.

**Useful Life**

The period over which the Fire Authority will derive benefits from the use of non current assets.

## **Independent Auditor's Report**

To be inserted here on completion of audit