



# **Shropshire and Wrekin**

## **Fire and Rescue Authority**

# **Statement of Accounts**

2024/25

27/01/2026

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# Narrative Report

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## Introduction

This is the statement of accounts for Shropshire and Wrekin Fire and Rescue Authority, for the financial year ended 31 March 2025. The purpose of the statement is to report how the Authority has performed over the last year, and also to show its financial position at the end of the year.

The Statement has been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), which specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position of a local authority. Its publication is required under the Accounts and Audit Regulations 2015.

This narrative will provide the reader with an insight about the Fire Authority and its Fire and Rescue Service and will outline its financial performance over the last year and how it is positioned to deal with pressures both now and into the future. There is also guidance about the statements contained within the document.

## The County of Shropshire

Shropshire is England's largest inland county, covering an area of 3,487 square kilometres, and bordering Wales, Cheshire, Staffordshire, Worcestershire, Herefordshire and West Midlands. It contains numerous small towns and villages, but the population and economy are mainly centred around Shrewsbury, Telford, Oswestry, Bridgnorth and Ludlow.

## Governance

The Fire Authority was created through the Shropshire Fire Services (Combination Scheme) Order 1997.

Shropshire and Wrekin Fire Authority is the statutory authority responsible for the fire and rescue functions of protection, prevention and response within Shropshire. Seventeen members are appointed, and their role is to represent the interests of Shropshire Council and Telford & Wrekin Council.

The Authority is responsible for the overall corporate governance of the organisation, its strategic direction, setting its budget and establishing and monitoring management goals. Business must also be conducted in accordance with legislation, regulation and government guidance to ensure that proper standards of conduct, probity and professional competence are set and adhered to.

The Strategy & Resources Committee and the Standards, Audit and Performance Committee support the Authority in carrying out its functions.

## Shropshire Fire and Rescue Service

The Service is directly accountable to the Fire Authority for the delivery of fire and rescue services in Shropshire.

The Service employs around 610 staff in full and part time roles. There are 23 strategically located fire stations across the county; Shrewsbury and Wellington have crews working on the wholetime and retained duty systems, whilst Telford Central has a wholetime crew and Tweedale has retained cover which switches to wholetime cover during the night. Headquarters, Workshops, Fire Control and Community Safety and Prevention functions are based in Shrewsbury, with Training and Development facilities located at Telford.

The risks faced by the Service range from those posed by the predominantly rural, sparsely populated community, through to the potential impact of international terrorism. Shropshire is home to approximately 493,000 people, and its communities present many challenges and risks.

The Service also protects over 18,000 commercial premises and the millions of people who visit Shropshire each year for leisure, business or study. The local economy is dependent on a thriving business sector, and to this end the Service's proactive protection and prevention strategy aims to reduce the incidence and impact of fire on local businesses. This strategy extends to hospitals, education establishments and nationally and internationally important heritage sites like Ironbridge Gorge.

The Service attends up to six thousand emergencies every year, but community and business fire safety initiatives prevent a great many more.

## The Legislative Framework

National legislation places the statutory responsibility for provision of fire and rescue services upon the Fire Authority. The key responsibilities are set out within:

- Fire and Rescue Services Act 2004
- Civil Contingencies Act 2004
- The Regulatory Reform (Fire Safety) Order 2005

In addition to legal requirements, the Fire Authority must deliver the Government's priorities for fire and rescue services. These priorities are set out in the Fire and Rescue National Framework:

- Identify and assess the full range of foreseeable fire and rescue related risks their areas face, make provision for prevention and protection activities, and respond to incidents appropriately;
- Work in partnership with their communities and a wide range of partners locally and nationally to deliver their service;
- Be accountable to communities for the services they provide.

## Operational Context

The Fire and Rescue Services Act 2004 and the Fire and Rescue National Framework Document mandate the creation of a comprehensive Community Risk Management Plan (CRMP). This strategic document establishes how the Authority intends to meet the challenging needs and risks within the community in the short to medium term.

The CRMP process is a key component in achieving the Authority's strategic priorities. It provides an overview of the ongoing risk assessment process that is conducted to ensure that the correct resources, expertise and knowledge are in place to deliver the Service's vision, Making Shropshire Safer, and provide the safest, most effective process possible.

The process for risk management planning can be broken down into the following stages:

- Identify existing risks – in a fire context, risk is the likelihood of a fire or other emergency happening and the severity of its potential effects
- Evaluate effectiveness of current arrangements
- Identify improvement opportunities and develop policies and standards
- Determine resource requirements
- Consult with stakeholders
- Implement changes.

The CRMP demonstrates how the Service will best use its Prevention, Protection and Response resources to combat these risks:

- **Prevention** is educating people and raising awareness about the risks from fire and other emergencies in an effort to stop risks occurring
- **Protection** is ensuring that buildings have appropriate means of escape and other safety features that improve public and firefighter safety in the event of a fire
- **Response** is dealing with the effects of an incident in an emergency phase.

The main resources available to the Authority in the execution of its CRMP are:

- Main sources of funding – government grant, business rates, and local taxation (council tax) – these are discussed later in the report
- Experienced and competently trained staff; and
- Relationships and partnerships with other agencies and authorities.

Strategies in Prevention, Protection and Response lay out how the Authority will operate to meet the needs of its local community through the provision of key services. These are complemented by a range of supporting strategies and will be reviewed and monitored at an operational level by departmental plans.

The CRMP 2025-28, effective from 1 April 2025, will serve as the primary driver for the Service's strategic priorities over the next three years.

The consequences that result from the Authority's operational activities are measured by its corporate performance indicators – this is a challenging suite of performance measures which were set up with a view to continuously improve and are reviewed and updated annually. These measures will confirm whether any changes are required to the Authority's strategies if outputs and outcomes are not as anticipated.

## **Our Performance**

The Fire Authority approved a new suite of seven corporate indicators which have operated from 2021/22, covering

- Number of all fires
- Number of accidental dwelling fires
- Number of deliberate fires
- Percentage of incidents attended within 15 minutes
- Percentage of fires contained within room of origin
- Number of fire related deaths and injuries (this is a narrative indicator with no tolerance)
- Number of fires in regulated buildings (this was a new indicator which had a tolerance set from 2022/23)

All indicators with a set tolerance level achieved within those set tolerances.

## **Financial Performance**

The Fire Authority has a history of successful financial planning and has navigated through periods of major public spending cuts, and the uncertainty of single year funding settlements. Its strategy has combined revenue budget reductions, a long term view on precept, and effective use of reserves and surplus funds, to ensure financial sustainability and value for money for the community.

The Authority's revenue budget and capital programme should reflect and quantify its vision of Making Shropshire Safer, and provide the people, skills and resources required to deliver an efficient and effective fire and rescue service to the people of Shropshire.

During the summer of 2022, prior to the beginning of the budget setting process for 2023/24 and later years, national negotiations had begun for firefighters and non-operational staff pay awards, which were in excess of the contingencies built into the budget for 2022/23 and future years.

Following protracted negotiations, industrial action by members of the Fire Brigades Union was averted with a final pay offer of 7% for 2022/23 and 5% for 2023/24. In order to fund the pay awards, 2023/24 growth intended to fund outcomes of the Service's strategic reviews was removed.

The budget setting process for 2024/25 and future years focused on potential reintroduction of this growth, whilst continuing to navigate firefighter and support staff pay, and also reviewed efficiencies, following the submission of the Service's Efficiency and Productivity Plan to the Home Office.

## Efficiency Review

The Fire Authority approved a strategic efficiency and productivity review as part of the Service Plan in 2022/23 and acknowledged that this area would form a part of all strategic reviews being undertaken. It was agreed that the review should be based around the requirements of the Service's Efficiency and Productivity Plan, submitted to the Home Office in March 2023:

- Efficiencies totalling 2% of non-pay budgets, and
- Productivity improvements of 3% by the end of 2024/25.

It would be completed in time to inform the initial budget report to Strategy & Resources Committee in November 2023.

Reviews took place in August and September 2023 and involved a wide range of staff from a number of departments. The scope and requirements of the project were laid out and officers were able to provide lots of examples where efficiencies had been identified, but perhaps not recorded.

Some of the efficiency savings had already been invested into other areas, and others were available to divert into other service priorities.

Efficiencies totalling £210,000 were recognised and removed from the revenue budget. These were reported to Strategy & Resources Committee as part of the first budget setting paper for 2024/25. The Service surpassed its total of 3% efficiencies by the end of the Spending Review.

On 22 November 2023, the Chancellor of the Exchequer delivered a speech outlining the Autumn Statement for 2024/25 and future years, with the following headlines:

- No additional funding for local government although an inflationary increase based on September 2023 CPI (6.7%) was anticipated
- Inflation expected to fall to 2% by 2025, then falling gradually towards year 3
- Council tax flexibilities for local authorities set at 2.99%, although no announcement had been made about the Fire sector.

The Fire sector and Government departments continued to lobby the Treasury for a precept increase of £5 or 2%, whichever was higher. This was in line with referendum principles that were set in 2023/24 for fire authorities.

The government produced its local government finance policy statement on 5 December 2023, which confirmed its intentions for the finance settlement in 2024/25. As well as the increases in Revenue Support Grant and continuation of grants, the statement confirmed that s31 grant for pension contribution increases had been rolled into RSG. Precept referendum principles for the Fire sector were reduced from £5 or 2%, to 2.99% for 2024/25.

## **Provisional Grant Settlement 2024/25**

The provisional settlement was announced on 18 December, providing numbers for 2024/25. The settlement encapsulated all of the announcements in the policy statement, and also confirmed the payment of Funding Guarantee, which ensured that all authorities would receive at least 3% increase in core spending power. As a result of the precept announcement, and after consultation with other fire & rescue services, it was agreed that the pay award assumption for 2024/25 would be reduced from 5% to 4%.

## **Fire Pension Scheme Valuation 2020**

The Treasury completed its analysis of the outcomes of the 2020 valuation; the impact of the valuation on the schemes was an increase in employer contributions, from 30.2% to 37.6%.

It was confirmed by the Home Office that the total costs of the increase for 2024/25 would be funded by government; however, as 2025/26 was the beginning of the next Comprehensive Spending Review, continued funding for this increase could not be guaranteed.

The contribution increase represented an increase in the revenue budget of around £800,000 per year. This potential cost from 2025/26 must be borne in mind as future precept increases are considered.

## **Future Growth and Investment**

### **Community Risk Management Plan Outcomes**

The Community Risk Management Plan (CRMP) forms the basis of the contract between Shropshire and Wrekin Fire and Rescue Authority and the communities and individuals it serves. The plan underpins the Service strategy for the next 3 years and sets out how it plans to ensure the right people and equipment are in the right place at the right time.

This work would require investment to meet current and future demands; indicative figures were included within the capital report and were liable to variation as an evidenced based approach to CRMP was developed.

### **Other growth and investment**

Reviews were being undertaken of some Service departments as the budget was being formulated and a number of growth posts were considered to ensure that the service could continue to meet its objectives. Officers had begun the process of reviewing the Service's structure, and it was felt that temporary posts were appropriate until the strategic direction of the Service was determined.

A number of strategic reviews were introduced in 2022/23, as part of the Authority's new Service Plan, and these were to continue throughout the four-year strategic planning period.

Consideration was also given to the ongoing resource requirements as these reviews were completed. The Authority had considered the introduction of some



modest growth in the budget in 2023/24 and 2024/25, however due to pay awards over and above contingency levels, this was withdrawn. The current funding position enabled the reintroduction of £150,000 of this growth from 2024/25. Its use was to be determined as the reviews progressed.

## **Consideration of Precept Increases**

In 2023/24 the council tax referendum spending limit was increased to £5 for fire and rescue authorities, and this was in part due to co-ordinated lobbying by the local members of Parliament, National Fire Chiefs Council, the Local Government Association and the Home Office. Despite continued lobbying, the spending limit reverted to 2.99% for fire authorities, which, coupled with a one-year settlement, limited scope for development and medium-term planning.

It was considered prudent to consider a range of precept increase options and the consequences of these options. The maximum of 2.99% was shown in the table, along with lower percentage increases. The potential increase in pension costs following the 2020 scheme valuation was also factored into the options.

## **Further Developments**

The final position of the revenue budget for 2024/25 incorporated capital charges following approval of the capital programme, and further costs relating to operational communications.

In terms of funding, the final settlement awarded the Authority further grants and funding following government consultation. A further £200,000 was awarded in Funding Guarantee, to ensure that the Authority saw an increase of at least 4% in core spending power.

Following the recommendation from Strategy & Resources Committee, the Authority approved a precept increase of 2.99% for 2024/25, in line with the referendum spending limit.

The maximum precept increase enabled the Authority to cover inflationary pressures and prepare for the future, and officers committed to ensuring that the funds available are used in a way which demonstrates excellent value for money.

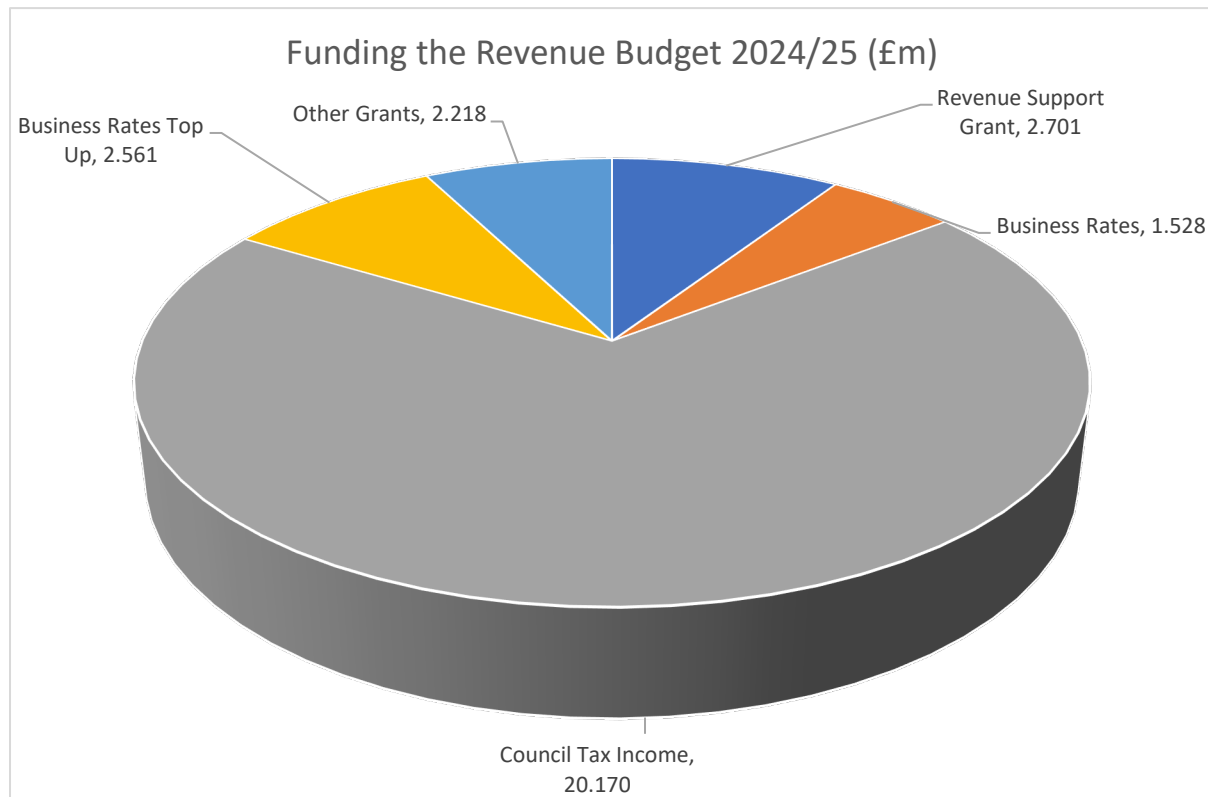
While the finance settlement for 2024/25 was more favourable than anticipated, single year settlements continued to hamper medium term planning and sustainability. The Fire Authority's strategy had been to assess the consequences of its decisions across the planning period, which enabled timely strategic decisions to be made and implemented.

Assumptions were revised to better reflect the Authority's likely position following single year settlements. The Fair Funding Review, which would improve the distribution of funds across local authorities, was unlikely to be carried out over the next two years. This would negate the need for local authorities to rely on council tax to fill any funding gaps.

## Revenue Budget and Expenditure

In February 2024, Shropshire and Wrekin Fire Authority approved a revenue budget of £29.178m for 2024/25. This budget quantified the Service's strategic and operational plans, and the further subdivision into business areas also enabled individual business plans to be quantified, and achievements monitored.

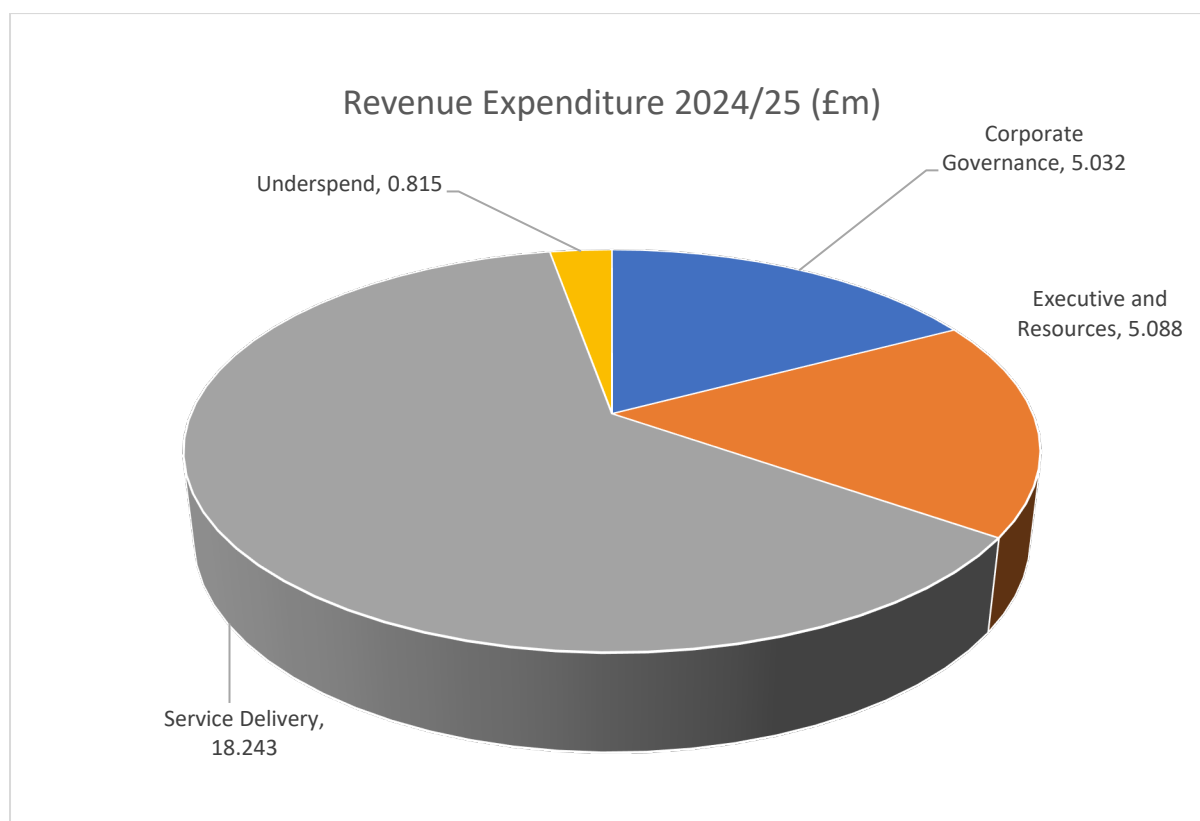
The revenue budget for 2024/25 was funded as follows:



Additional grants were provided by the government to compensate for business rates reductions. These have been shown in the graph above within 'Other Grants'.

During 2024/25 the Fire Authority received regular updates on financial performance and transferred £869,000 of underspends to reserves for use within the Service.

Actual outturn on the revenue budget, including transfer of variances to reserves, was £28.363m; variances of £815,000 have been identified, £262,000 of which were reported to the Fire Authority in June 2025. The remaining variances are shown in the table below.



Efficiencies and other variances	£'000
Prevention pay	143
Other pay	-3
Legal fees	-42
Debt charges	52
Audit fees	-51
Training	-24
Pensions	-29
ICT	-121
Firelink cost adjustments	261
Communications costs	-140
Other variances	-7
Contingency balance	474
<b>Total</b>	<b>513</b>

Slipped Income and Expenditure	£'000
Culture and values project	40
<b>Total</b>	<b>40</b>

Income	£'000
Lower grant received	-116
	<b>-116</b>

## Capital Expenditure

In 2024/25 the Fire Authority spent £6.162m on capital projects. These can be summarised as follows:

Scheme	£'000
Building Improvements	2,193
Vehicles and equipment	3,601
IT Infrastructure	368
<b>Total</b>	<b>6,162</b>

Expenditure on capital projects has been funded from:

Source of Funding	£'000
Major Projects Reserve	3,891
ICT Reserve	32
Capital receipts	0
Revenue	46
Borrowing	2,193
<b>Total</b>	<b>6,162</b>

## Reserves - Overview of the Reserves Strategy

The Fire Authority has set out its financial strategy to 2024/25 in its Medium Term Financial Plan, and its reserves policy is an integral part of this Plan. The level of reserves that the Authority holds has been driven by the following principles:

**To fund major projects, thereby avoiding debt charges into the long term** - the Authority has used reserves successfully in recent years to fund its capital programme, most notably the fire station, workshop and headquarters in Shrewsbury. The Capital reserves and the ICT reserve will continue to be used to fund the capital programme into the medium term, most notably the major refurbishment works at Telford's fire station and training centre. Any one-off savings identified in future can be used to replace funds.

**To fund unexpected and undetermined expenditure that cannot be met by a reducing revenue budget** - an example of this is the contributions that have been made to the Service Transformation Programme Staff Reserve, to provide staffing capacity for projects.

**To support revenue expenditure and smooth out fluctuations in the revenue budget** - the Fire Authority is focussed on the challenges that it will face into the medium term, and officers will review all aspects of the revenue budget in order to meet these deficits. A number of reserves have been created to address and support some areas of the revenue budget, and reviews are currently being carried out to identify smarter use of the Authority's resources. These reserves will act as enablers to reduce the revenue budget, and safeguard the service delivered to the people of Shropshire.

A summary of the position on each reserve is shown below.

	<b>31 March 2024 £'000</b>	<b>31 March 2025 £'000</b>
General Reserve	456	577
Pensions and Other Staff Issues Reserve	677	1,921
Extreme Weather Reserve	219	219
Major Projects Capital Reserve	6,813	4,891
ICT Reserve	547	506
Usable Capital Receipts Reserve	58	210
Income Volatility Reserve	687	687
Service Transformation Programme Staff Reserve	809	313
Service Delivery Reserve	9	3
Training Reserve	127	231
Operational Equipment Reserve	275	271
Buildings Maintenance Reserve	450	448
General Fund Balance	2,433	700
<b>Total</b>	<b>13,560</b>	<b>10,977</b>

Each of the Fire Authority's reserves are explained in the Statement of Accounting Policies.

## **The Year Ahead**

### **Integrated Fire Control Collaboration (IFCC) Project**

The (IFCC) project, which brings together the fire controls of Shropshire, Hereford & Worcester, Cleveland, and Durham and Darlington, is progressing well. Contracts were signed in December 2023, with a go live target of March 2026.

The unified system aims to enhance resilience and mutual support across all control rooms when required in conditions such as a major incident or spate, while providing each service with an independent fire control to maintain business as usual. Configuration of the system began in July 2024 and current efforts are focused on establishing the necessary infrastructure.

A focussed project team is facilitating strong and continuous collaboration among the four services, ensuring the project's steady advancement.

### **Major improvements at Telford**

Following a feasibility study, the Fire Authority agreed a £12m project for the refurbishment of Telford Central Fire Station to provide accommodation for continued operational response and training activities, together with improved incident command and management, and accommodation with our partners to provide an enhanced command facility to support the operations of the Local Resilience Forum. This will result in significant improvement in the ability of all partners to deal with major incidents in Shropshire.

A technical project manager and an architect were appointed to design and manage the works. Planning permission was received, and a contractor appointed. Works started on site in June 2021, for completion by March 2023. Significant technical issues were identified with the existing structure, which resulted in additional time being taken and cost incurred.

The redevelopment is now complete and the buildings are now in use. The relocation of the Fire Control suite and establishment of a significant incident room are yet to be completed, and furniture and ICT aspects are to be finalised.

No decision has yet been made about the possible recovery of additional costs to the Authority.

### **McCloud Sargeant – Age Discrimination case**

Employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. The Court of Appeal ruled that the transitional protection offered to some members as part of the reforms amounted to unlawful discrimination and schemes are now in the process of implementing the Age Discrimination remedy.

Now that the relevant financial data has been submitted to West Yorkshire Pension Fund and all the required legislation is now in place, Remedial Service Statements (which set out the benefits and contribution adjustments under new legislation) can be prepared and sent out to members. For pensioners there will also be an immediate choice of benefit, resulting in payments of additional lump sum and arrears pension.

## **Matthews – Modified 2006 Pension Scheme**

In 2014/2015, it was ruled that retained firefighters employed between 1 July 2000 and 5 April 2006 were allowed to join the Firefighters' Pension Scheme 2006 (FPS2006) as 'special' members.

A time limited options exercise took place between 2014 and 2015 to allow eligible individuals to join the FPS. While the benefits awarded to special members largely mirrored the FPS1992, the FPS2006 was amended as the FPS1992 was closed.

A further legal case has resulted in a second exercise, referred to as the Matthews Second Options exercise, which has extended the buy back for in scope Retained firefighters employed by the service between 7 April 2000 and 5 April 2006, to be able to purchase pensionable membership back to when they joined the Fire service.

Following 236 expressions of interest received, 162 members have chosen to join or extend their membership through the second options exercise and of these 84 are pensioner members, meaning immediate payment will be due to them.

WYPF have begun providing retirement packs for the pensioners and the year ahead is likely to see many payments being made and a process will need to be developed to monitor this expenditure.

New legislation has been consulted on and will be laid in the coming year. This legislation will provide further options to deferred members and extend the provisions for survivor benefits, and this will create additional pensions work for the Service.

## **Community Risk Management Plan 2025-2028**

In March 2025, the Fire Authority approved the Service's Community Risk Action Plan (CRMP) for 2025 to 2028. The CRMP will serve as the primary driver for the Service's strategic priorities over the next three years.

The emerging priorities for the CRMP were agreed by the Authority in October 2024. These are:

- Use of Innovative Technology
- Climate / Environmental Impact
- Operational Excellence

A formal eight-week consultation period concluded at the end of 2024, having successfully gathered valuable input across the Service and its communities. This

feedback has refined the final Plan, ensuring that it accurately reflects the priorities and needs of Shropshire's diverse communities.

The CRMP has identified seven priorities:

- Priority 1 - Meeting the challenges of a changing community
- Priority 2 - Adapting to the effects of climate change
- Priority 3 – Meeting the challenges of climate change and expansion in Shrewsbury
- Priority 4 – Competence
- Priority 5 – Meeting the challenges of new energy systems
- Priority 6 – Fire Service attendance standard
- Priority 7 – Strategic aerial appliance capability

Work will begin on these projects during 2025.

## **Service Restructure**

A Service restructure has been undertaken in response to feedback from staff, His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), and the senior management team. The aim of the restructure is to ensure that the Service and the Fire Authority are positioned to deliver statutory responsibilities, strategic goals and the Community Risk Management Plan (CRMP).

The restructure includes key areas of investment such as health and safety, ICT, and human resources. A review identified gaps in leadership, resource management, and digital transformation, leading to targeted investment to enhance service resilience and risk reduction.

The proposed changes are designed to enhance service efficiency, governance, workforce development and operational effectiveness, ensuring the Service is well equipped to meet the evolving needs of the communities of Shropshire, while delivering value for money.

## **Local Government Reorganisation**

In December 2024 the Government published its English Devolution White Paper, which set out its approach to widening devolution across England. The document set out plans to move away from the two tier system of district and county councils, and allow new mayors to have access to new powers and increased control.

Whilst the Fire Authority is not directly affected by the planned changes within the White Paper, the position will be monitored for any developments over the coming year.

## **The Financial Statements**

The core financial statements are set out on pages 43 to 47 and are supported by a Statement of Accounting Policies. Explanatory notes follow the accounting statements.

The purpose of these core financial statements is given below.



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

**Movement in Reserves Statement** - This statement shows the movement in the year on the different reserves held by the Authority, analysed into usable reserves, which are those that can be applied to fund expenditure or reduce local taxation, and other reserves.

- The Total Comprehensive Income and Expenditure line shows the true economic cost of providing the Authority's services. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes.
- The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

**Balance Sheet** - This shows the value, as at the balance sheet date, of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held. Reserves are held in two categories:

- Usable reserves – those that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use;
- Unusable reserves – those that the Authority is not able to use to provide services. These reserves hold unrealised gains and losses until assets are sold (ie Revaluation Reserve) or contain timing differences (shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations').

**Cash Flow Statement** - This statement shows the changes in cash and cash equivalents of the Authority during the accounting 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 generating from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority.
- Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery.
- Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the Authority.

# Annual Governance Statement

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## Scope of Responsibility

Shropshire and Wrekin Fire and Rescue Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, used economically, efficiently and effectively.

The Fire Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

The Fire Authority has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government 2016'.

This Statement explains how the Fire Authority has complied with the Code and meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

The Accounts and Audit (Amendment) Regulation 2021 was passed to amend the dates by which the Statement of Accounts must be approved and published.

## The Purpose of the Governance Framework

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable, and not absolute, assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Shropshire and Wrekin Fire and Rescue Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact, should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Shropshire and Wrekin Fire and Rescue Authority for the period of the 2024/25 accounts and up to the date of approval of the Annual Report and Statement of Accounts.

## The Governance Framework

The Fire Authority's governance framework comprises many systems, policies, procedures and operations in place to:

- identify and communicate the Authority's vision of its purpose and intended outcomes for citizens and service users;
- review the Authority's vision and its implications for the Authority's governance arrangements;
- define and document the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the Authority and partnership arrangements;
- develop, communicate and embed codes of conduct, which define the standards of behaviour for members and staff;
- review and update standing orders, standing financial instructions, the scheme of delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- ensure the Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) and, where they do not, explain why and how they deliver the same impact;
- ensure effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014)
- undertake the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities (2018);
- ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- ensure the Authority's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019) and, where they do not explain why and how they deliver the same impact;
- enable whistleblowing and the receiving and investigating of complaints from the public;
- identify the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training;
- establish clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation; and
- ensure good governance arrangements in respect of partnerships and other joint working and reflecting these in the Authority's overall governance arrangements.

## Review of Effectiveness

The Fire Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority, who have overall responsibility for the development and maintenance of the governance environment, as well as:

- the Treasurer;
- the Fire Authority's Monitoring Officer;
- Legal advisors to the Fire Authority;
- Internal Auditors; and
- Managers within the Fire Authority, who have day-to-day responsibility for ensuring the governance framework is functioning correctly.

Comments made by the External Auditors and other review agencies and inspectorates in their Auditor's Annual Report and other reports also contribute to this review.

Throughout 2024/25 the Fire Authority has maintained, reviewed and improved its system of internal control in a number of ways. In particular:

- a. The Authority continues to monitor expenditure for all capital schemes;
- b. Ongoing review of the Authority's employment policies is undertaken and, where necessary, policies are modified or created to ensure compliance with all applicable legislation;
- c. The Service Transformation Programme, which includes Community Risk Management Planning (CRMP) Projects and activities that Service Managers believe will deliver a sustainable service to the community into the future. Central to the Programme is the continued investment in technology and systems to improve back-office efficiency and provide operations with technology to improve service delivery. The Programme, which dovetails into the Service's Financial and Service planning processes, will ensure that the appropriate level of control and visibility of all projects, reviews and activities are maintained throughout the lifecycle of the Programme.
- d. The Service has continued to invest significantly in its Information and Communications Technology and command and control infrastructure.
- e. The Fire Authority has received and/or adopted:
  - Statement of Accounts 2023/24
  - Annual Plan 2024/25
  - Auditor's Annual Report 2023/24
  - Budget Monitoring reports
  - Service Measures Performance reports
  - The Service Plan 2021/25, strategy and budget.
- f. The Fire Authority's Service Management Team of officers carries out a continuous assessment of the implementation of policies and procedures throughout the organisation, including following up on progress made towards last year's Improvement Plan.
- g. Internal audits have been undertaken with several planned reviews of systems and internal control procedures across a range of functions in the Fire Authority. Each review contains an opinion on the internal controls in place and any weaknesses result in recommendations for improvement,

which are agreed and implemented by management. Progress against these recommendations is monitored with regular reports to the Service Management Team and to the Standards, Audit and Performance Committee.

h. Audits completed by Internal Audit during 2024/25 related to:

- Finance - Debtors
- Payroll and Pensions
- IT Network and Cyber Security
- Corporate Health and Safety
- Procurement & Projects
- HR – Starters Movers and Leavers

Based on the work undertaken and management responses received, the Head of Internal Audit has offered reasonable assurance for the 2024/25 year that the Authority's framework for governance, risk management and internal control processes is sound and working effectively.

The progress made by management in implementing the actions arising from audits has been good. Follow up work completed by Internal Audit has not highlighted any overdue High or Medium priority actions. Implementation of improvement actions strengthens the organisation's framework of governance, risk management and control.

Internal Audit will be conducting audits in the following areas during 2025/26:

- Treasury Management;
- Procurement and Contract Management;
- Payroll and Pensions;
- Risk Management;
- Project Management;
- Productivity Management and Data Quality;
- Operational Assurance;
- Completion of Absence Management.

## **The Role of the Chief Financial Officer**

The Authority is compliant with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

A Service Level Agreement has been put in place between Shropshire Council and Shropshire and Wrekin Fire and Rescue Authority, for the provision of financial advice and representation.

Shropshire Council's Executive Director of Resources acts as Treasurer to Shropshire and Wrekin Fire and Rescue Authority to ensure the sound administration of the financial affairs of the Authority, as required by the statutory duties associated with section 151 of the Local Government Act 1972, the Local Government Finance Act 1988 and the Accounts and Audit Regulations 2015.

The Chief Financial Officer's role is discharged through:

- Provision of advice and support on application of accounting policies and procedures and adherence to International Financial Reporting Standards.
- Attendance by the Treasurer or nominated representative at the following statutory meetings held with Fire Authority Members:
  - Meetings of the Fire and Rescue Authority;
  - Meetings of the Strategy and Resources Committee; and
  - Meetings of the Standards, Audit and Performance Committee.
- Regular Chair's briefings and internal meetings, as well as regular liaison with the internal Head of Finance (Deputy Section 151 Officer), and the internal Fire Authority Finance Team.

In addition to the provision of section 151 duties, Shropshire Council provides access to a number of services, for example the Fire Authority's Finance Team will have direct access to the Council's Financial Forward Planning Team and can provide resilience and development through staff rotation and secondments.

The Council endeavours to consult with the Fire Authority on any key or principal decisions, outside the formal services agreed within the service level agreement.

## CIPFA Financial Management Code

The CIPFA Financial Management Code (the FM Code) is designed to support good practice in financial management and assist in demonstrating the Fire Authority's financial sustainability. Compliance with the FM Code is the collective responsibility of elected members, the Chief Finance Officer and the senior leadership of the organisation.

The way compliance with the FM Code is demonstrated should be proportionate to the circumstances of each local authority.

The six principles of good financial management have been developed to focus on an approach which will determine whether, in applying the standards of financial management, a local authority is financially sustainable. The principles are:

**Organisational Leadership** – demonstrating clear strategic direction based on a vision where financial management is embedded into organisational culture

**Accountability** – medium term financial planning that drives the annual budget process and is supported by effective risk management, quality supporting data and whole life costs

**Transparency** – financial management is undertaken with transparency, using consistent meaning and understandable data, reported frequently with evidence of officer action and elected member decision making

**Standards** – adherence to professional standards is promoted by the leadership team and evidenced

**Assurance** – sources of assurance are recognised as an effective tool for financial management, including political scrutiny and the results of internal and external audit and inspection

**Sustainability** – long term sustainability of services is at the centre of all financial management processes and is evidenced by prudent use of public resources.

Officers will continue to work with members and partners to identify and improve performance against the principles detailed within the FM Code.

## Significant Internal Control Issues

During the summer of 2024, investigations were undertaken as a result of allegations made against senior officers. As a result of the investigations, a number of areas for consideration were identified:

- ensure that policies and procedures reflect best practice and are fit for purpose;
- include levels of decision making and delegation, across the Service and the Authority, within the review;
- ensure that policies and procedures are adhered to in relation to the investigation of complaints and disciplinary matters;
- provide greater assurance to all employees that complaints can be reported through the confidential reporting line, and will remain anonymous.

A revised disciplinary process was approved by the Fire Authority in July 2024.

In June 2024, His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) undertook an inspection of the Service.

The inspection gave a rounded assessment of the Service, including how the operational service provides service to the public, how effective and efficient its use of resources is, and how well the service looks after its people.

In November 2024 the Service received one 'good' rating, three 'adequate' ratings, six 'requires improvement' ratings and one 'inadequate' rating.

Principal findings from assessment of the Service were:

- The service wasn't managing its resources well, which was a cause of concern in relation to the scrutiny of financial decisions, transparency around the funding of capital projects, and performance management arrangements.
- The service needed to do more to improve its culture as, despite commissioning an independent review, it hadn't progressed any of the recommendations, and some behaviour wasn't in line with service values
- The service hadn't made enough progress on equality, diversity and inclusion, and had issues with equality impact assessments and lack of confidence in processes tackling bullying, harassment and discrimination, and for promotion
- The service needed to do more to make sure it had the right skills and capacity to successfully manage change in the future, including in areas such as estates, information and communication technology (ICT) and project management.

Officers and members accepted the findings of the inspection and as well as arrangements being put in place to action areas for improvement, a plan was submitted to HMICFRS to demonstrate how the Service and the Authority will action its cause for concern, around making best use of resources.

The aim of the plan is to achieve the following outcomes:

- There are appropriate strategic oversight arrangements in place to manage risks, performance and improvements plans effectively
- The corporate risk register is actively used to mitigate and manage known risks
- There are effective processes in place to support performance management
- There is access to accurate data and analysis to support effective performance management
- There are robust processes for reporting accurate and suitably detailed finance and risk information to the Fire Authority.

In addition to the project management approach taken to the actions within the plan, governance and scrutiny will be achieved through monitoring and review by the Service Management Team, as well as quarterly updates to the Fire Authority and its committees.

HMICFRS will undertake a further visit to the Service in July 2025 to monitor progress against the issues highlighted within its cause of concern. The Fire Authority received a report regarding progress in June 2025, where it was reported that 29 out of 64 recommendations made have now been implemented.

The report also highlighted areas for improvement in concerning the Service's values and culture. It stated that the Service should make sure all staff understand and demonstrate its values, and that senior managers are visible and demonstrate the Service's values through their behaviours.

A number of significant issues were raised in the External Auditor's Annual Audit Report 2023/24. The report reiterated the requirements of the HMICFRS report, with the following recommendations:

- The requirement for a comprehensive action plan to address the HMICFRS cause of concern and areas for improvement.
- A review of the Service's values and culture and the Fire Authority's leadership.
- Assurance that decisions are formally considered by members of the Fire Authority, including value for money considerations, to ensure full transparency.
- Ensuring sufficient capacity at Statutory Officer level to lead the Fire Authority and respond to the increased demands on these roles.

## **Corporate Risk Management**

The HMICFRS inspection report stated that the corporate risk register was ineffectively managed, and a recommendation for improvement was included in the cause for concern.

A review of the Service's corporate risk register and arrangements in place commenced in late 2024 and several training sessions took place with senior management and members in 2025, facilitated by Zurich. These sessions enabled officers and members to map currently recorded risks to new risks, as well as identify both triggers and control measures for new corporate risks. The exercise has ensured that the Authority's risk information is relevant and current.



Corporate risk reporting against corporate risks will continue into Performance and Risk Group, and into Standards Audit and Performance Committee, on a quarterly basis.

## **Review of internal controls**

The Fire Authority undertook a review of its systems of internal control, which underpin its governance framework, between April and June 2025. An Annual Governance Statement (AGS) Improvement Plan 2025/26 has been produced, based on the findings from this process.

A summary of the areas for further development, contained in the AGS Improvement Plan 2025/26, is given below.

## **People**

Complete a review of the efficiency of the Group Support Team

Employ specialist officers to develop, enhance and embed data and improve monitoring and reporting to key stakeholders

## **Processes**

Review current performance measures and implement a revised suite to measure, monitor and manage performance.

Through the Service Programme Board continue to replace paper-based processes with streamlined electronic workflows.

## **Systems/IT Infrastructure**

Review and enhance systems and cross team processes to improve reporting and monitoring.

Develop systems to identify efficiencies and productivity improvements.

## **Building Facilities**

Deliver the Authority's property capital schemes and introduce improvements to station access and security at all SFRS sites.

Review training facilities across the estate and consider feasibility study outcomes.

## **Appliances and Equipment**

Deliver the fleet and equipment strategy to include the introduction of new pumping and specialist appliances.

## **Collaboration**

Oversee the replacement of the new Command and Control system.

Improve National Operational Guidance through collaboration across Service teams.

## Operations

Deliver against the recommendations in the Community Risk Management Plan and report against progress via the Programme Board, with regular progress reports to the Fire Authority's Standards, Audit and Performance Committee and the Service's Senior Management Team.

Improve management of protracted incidents through establishment of significant incident room at Telford.

Review current policies against Fire Standards.

## Conclusion

The Fire Authority is committed to making continuous improvements within its governance framework and will receive the 2025/26 Improvement Plan as it approves the Annual Governance Statement. Regular reports will be taken to Standards, Audit and Performance Committee to monitor progress across Improvement Plan objectives.

Signed:		
Cllr Stephen Handley	Simon Hardiman	Jacqueline Dungey
Chair of Standards, Audit and Performance Committee	Chief Fire Officer	S151 Officer

# Statement of Responsibilities

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## The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice') is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year (ended 31 March 2025).

In preparing this Statement of Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code of Practice and current regulations.

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.

## Certificate of the Treasurer

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 its income and expenditure for the year ended 31 March 2025.

**S151 OFFICER     Jacqueline Dungey**  
**Dated: 2 February 2026**

## The Authority's Responsibilities

The Authority is required:

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

## Approved by the Authority

The Statement of Accounts was approved at a meeting of the Audit & Standards Committee on.

**Chair of the Audit & Standards Committee**  
**Dated:**

\*A signed copy of the statement is held at Brigade Headquarters

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## Independent auditor's report to the members of Shropshire and Wrekin Fire and Rescue Authority

### Report on the audit of the financial statements

#### Opinion on financial statements

We have audited the financial statements of Shropshire and Wrekin Fire and Rescue Authority (the 'Authority') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including material accounting policy information and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and notes to the Pension Fund Accounts. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2025 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Treasurer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Treasurer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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Our responsibilities and the responsibilities of the Treasurer with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Treasurer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

## Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

## Responsibilities of the Authority and the Treasurer

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Treasurer. The Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view, and for such internal control as the Treasurer

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determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2024, the Local Government Act 2003, the Fire and Rescue Services Act 2004, the Public Service Pensions Act 2013, the Firefighters' Pension Scheme (England) Regulations 2014 and the Firefighters' Pension Scheme (England) Order 2006).

- We enquired of management and the Standards, Audit and Performance committee, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

- We enquired of management, internal audit and the Standards, Audit and Performance committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to manual journal entries which altered the Authority's financial performance and potential management bias in determining accounting estimates for the valuation of land and buildings and the pension fund liability.

- Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
- journal entry testing, with a focus on journals impacting financial performance;
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of land and buildings and the pension fund liability; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or

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intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including management override of controls and significant accounting estimates related to the valuation of land and buildings and the pension fund liability. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation

- knowledge of the local government sector

- understanding of the legal and regulatory requirements specific to the Authority including:

- the provisions of the applicable legislation

- guidance issued by CIPFA/LASAAC and SOLACE

- the applicable statutory provisions.

- In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.

- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework. enhancing the quality of progress reporting;

implementing a robust evidence assurance process;

improving public accessibility of progress documentation; and

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

### Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter except on 6 February 2025 we identified a significant weakness in respect of the Authority's governance arrangements and arrangements for improving economy, efficiency and effectiveness. This was in relation to the findings of His Majesty's Inspectorate of Constabulary and Fire & Rescue Services' (HMICFRS) and the cause for concern raised in November 2024. We recommended that the Authority develop a comprehensive action plan to address the cause for concern and areas for improvement raised. We also recommended that progress on delivery should be reported publicly to Members regularly. HMICFRS revisited the Service in July 2025 to assess progress in delivering the Cause of Concern action plan, with findings formally published in September 2025. Inspectors acknowledged that the Authority had made progress in addressing the Cause of Concern but emphasised that further work was required. Therefore, the significant weakness remains in place for the year ended 31 March 2025. We have updated this recommendation. We recommend that the Authority should continue to address the Cause of Concern reported, including: Grant Thornton UK LLP. 5

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maintaining active oversight of progress against the Areas for Improvement action plan.

On 6 February 2025 we also identified three significant weaknesses in the Authority's governance arrangements. These were in relation to:

- The Authority's leadership and culture as some of the Authority's leadership did not demonstrate appropriate behaviours and set an appropriate 'tone from the top' during 2023/24. We recommended that the Authority develop and implement an action plan to address the five "Areas for Improvement" identified by HMICFRS' November 2024 inspection report under "Promoting the right values and culture". We also recommended that the Authority undertake a review of its leadership and 'tone from the top' and consider whether a wider review is required of its culture. While the Authority has begun implementing these recommendations and those raised by HMICFRS, progress remains at an early stage. Therefore, the significant weakness remains in place for the year ended 31 March 2025. We have updated this recommendation. We recommend that the Authority should:

- continue to sustain and deepen cultural development efforts in collaboration with external partners;
- implement a formal accountability framework for senior leaders; and
- proactively engage with External Audit on sensitive issues.

- The transparency of the Authority's decision making as value for money considerations in decisions which lead the Authority to incurring significant additional costs were not always documented and formally considered by Members. We recommended that the Authority ensure that key decisions are formally considered by Members of the Authority. We also recommended that this should include documented evidence of value for money considerations in decisions which lead to the Authority incurring significant additional costs. During 2024/25, we have identified significant payments which had been made without a clear record of value for money considerations, conflict of interest risk and approval. Therefore, the significant weakness remains in place for the year ended 31 March 2025. We have updated this recommendation. We recommend that the Authority should:

- ensure decision making complies with Statutory Guidance;
- develop and adopt a consistent template for documenting all decisions relating to significant payments;
- maintain a centralised register of all such decisions, supported by a complete audit trail to ensure accountability and ease of review; and
- provide periodic reports to the Fire Authority or a relevant Committee detailing all significant payments.

- The capacity of the Authority's Statutory Officers to respond to the increasing demands on these roles. We recommended that the Authority should ensure there is sufficient capacity at Statutory Officer level to lead the Fire Authority and respond to the increased demands on these roles. Progress in addressing the previously identified lack of capacity at statutory officer level during 2024/25 was limited. Therefore, the significant weakness remains in place for the year ended 31 March 2025. We have updated this recommendation. We recommend that the Authority should:

- evaluate the early implementation of the revised Monitoring Officer SLA; and
- expedite the planned recruitment and onboarding of an in-service Section 151 Officer.

In addition, on 2 February 2026 we identified a new significant weakness in the Authority's governance arrangements for the year ended 31 March 2025. This was in relation to the Authority's approach to managing conflicts of interest. We recommended that the Authority:

- review and update its conflict of interest policy to ensure it reflects both the strict legal interpretation and broader standards of ethical governance;
- ensure that where a Senior Officer has a personal or historical connection to a matter under consideration, they are formally recused from the decision-making process; and
- document and report considerations relating to conflicts of interest and recusal decisions to the Authority or appropriate Committee for oversight.



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The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

## **Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in the Authority's use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

## **Report on other legal and regulatory requirements – Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate for Shropshire and Wrekin Fire and Rescue Authority for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

### **Use of our report**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Richard J J Anderson**

Richard Anderson, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor  
**Birmingham**  
**5 February 2026**

# Statement of Accounting Policies

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## 1 General Principles

The Statement of Accounts summarises the Fire Authority's transactions for the 2024/25 financial year and its position at the year end of 31 March 2025. The Fire Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the statement to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Accounting Standards (IFRS).

The draft Statement of Accounts for 2024/25 must be available for approval by 30 June 2025, and the audited accounts must be approved and published by 27 February 2026.

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

The Statement of Accounts have been produced on a going concern basis; this assumes that the Fire Authority's functions and services will continue in operational existence for the foreseeable future.

## 2 Cash and Cash Equivalents

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

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

## 3 Provisions

Provisions are made when an event has taken place that gives the Fire 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 Fire 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.

## 4 Council Tax and Non Domestic Rates (NDR)

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference

## Statement of Accounting Policies

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between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Council Tax Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

### 5 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Fire 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 Fire Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the financial statements.

### Contingent Assets

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 uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed as a note to the financial statements where it is probable that there will be an inflow of economic benefits or service potential.

### 6 Reserves

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

The Authority holds the following reserves:

- **General Fund** – this is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. Any balance of funds at the end of the year is held as a General Fund balance.

## Statement of Accounting Policies

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- **General Reserve** – A risk assessment of the pressures likely to face the Authority is undertaken, and the current balance on this reserve represents those identified risks, in proportion to the probability of their occurrence.
- **Pensions and Other Staff Issues Reserve** – set up as a result of the introduction of the new Firefighters Pension Scheme on 1 April 2006, the original reserve was required to pay for unexpected sickness retirements and other payments, which remain the responsibility of the Authority's revenue account. In 2008/09, the reserve was expanded to cover other staff matters, including the costs following the Retained Firefighters & Part Time Regulations Tribunal.
- **Extreme Weather Reserve** – costs for incidents attended by retained firefighters have now been budgeted for at average levels in the revenue account; this reserve will cover the costs of increased activity incurred as a result of adverse weather conditions.
- **Major Projects Capital Reserve** – this reserve is made up of budgeted contributions and unspent balances from previous years. It was used to part fund the Authority's refurbishment of the headquarters, workshop and fire station at Shrewsbury, with the balance remaining to be used against future major building projects, notably the Stafford Park site in Telford.
- **Earmarked Capital Reserve** – this reserve is used to fund smaller capital projects, therefore reducing the need to borrow. It is currently depleted.
- **ICT Reserve** - this reserve was established using unspent balances from 2010/11 and approved budgets for ICT projects. It is intended that this reserve will be used to manage information technology and communications issues as they arise, and ensure a consistent and managed approach to ICT investment.
- **Capital Grants Unapplied Reserve** – this reserve holds grants and contributions paid to the Fire Authority, for which conditions for use have not been met, or expenditure has not been incurred
- **Service Transformation Programme (STP) Staff Reserve** – the STP is a high level programme of activities, which will be completed to ensure that the Service is best placed to meet the challenges it is likely to face over the coming years. Funding for projects identified as part of the programme have been taken into account in the revenue budget and the capital

## Statement of Accounting Policies

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programme. This reserve was set up to cover the staff elements of the projects.

- **Income Volatility Reserve** – A number of changes were introduced in 2013/14 which affected the way in which the Fire Authority is funded, and the levels of funding that will be achieved. This reserve was set up to smooth any volatility or fluctuations in the funding received against estimates in the Service Plan.
- **Service Delivery Reserve** – this reserve was set up to fund initiatives in service delivery and prevention.
- **Training Reserve** - there have been, and will continue to be, movements and changes in the structure of the Service, which will inevitably require additional training and development of staff. This reserve was created to enable this training and development to be carried out, without adding additional pressure to the revenue budget.
- **Operational Equipment Reserve** - this reserve was established to help provide some stability in this area of the revenue budget. Where a need for new equipment is identified, contributions can be made from the reserve, and any ongoing requirements for the equipment can be established.
- **Building Maintenance Reserve** - The revenue budget in this area is used to fund preventative or controlled maintenance in line with the Authority's Asset Management Plan and also covers unexpected reactive maintenance. This reserve was created to deal with exceptional, unexpected repairs that do not require a regular revenue budget.

Certain reserves are kept to manage the accounting processes for Property Plant and Equipment and other adjustments and do not represent usable resources for the Authority:

- **Revaluation Reserve** – this replaced the Fixed Asset Replacement Account (FARA), and represents net gains on assets that have been revalued after 1 April 2007.
- **Capital Adjustment Account** – the opening balance on this account was created from the balances on the FARA and the Capital Financing Account. It reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.
- **Collection Fund Adjustment Account** – This account manages the differences arising from the recognition of income in the Comprehensive

## Statement of Accounting Policies

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Income and Expenditure Statement as it falls due from the council tax payers and business rates payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Funds.

- **Accumulated Absences Account** – This account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not yet taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to and from the account.

### 7 Employee Benefits

#### **Benefits Payable During Employment**

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave, paid sick leave and non monetary benefits such as cars, and are recognised as an expense for services in the year in which employees render service to the Fire Authority.

An accrual is made for the cost of the holiday entitlements earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movements in Reserves Statement so that holiday benefits are charged to revenue in the year in which the holiday absence occurs.

The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit.

#### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision made by the Authority to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy, and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

#### **Post Employment Benefits**

Employees of the Fire Authority are members of five separate pension schemes:

#### **Firefighters Pension Schemes**

**Firefighters Pension Scheme 1992** - this is a statutory un-funded defined benefit final salary scheme and has been closed to new entrants since 6 April 2006.

## Statement of Accounting Policies

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**New Firefighters' Pension Scheme 2006** – this is also a statutory un-funded defined benefit final salary scheme.

On 1 April 2006, new financial arrangements were introduced for both the 1992 and the 2006 Pension Firefighter Pension Schemes.

Both schemes are regulated by the Home Office. Contributions to the schemes are made by firefighters and employers, which are paid into a separate Pension Fund Account, from which most commutations and pension payments are made. Any deficit on this account will be met by the Home Office, and any surplus at the end of the year must be paid back to the Home Office.

The introduction of the 2006 scheme enabled firefighters on the Retained Duty System to contribute to a pension scheme, although those who choose not to join will still be eligible to receive a payment following an injury whilst on duty.

**Retained Modified Scheme** - the exclusion of retained firefighters from the Firefighters Pension Scheme 1992 was challenged under the Part-Time Workers (Prevention of Less Favourable Treatment) Regulations 2000. As a result a settlement was reached allowing retained firefighters, with service between 1 July 2000 and 6 April 2006, to have "special" membership of Firefighters Pension Scheme 2006 based on their employment during this time period.

To implement this settlement the Modified Scheme was created providing retrospective benefits for those eligible to join who elect for special membership, and who pay the appropriate contributions.

**Firefighters Pension Scheme 2015** – this is a career average scheme, and is available to operational firefighters appointed on or after 1 April 2015. Serving firefighters will also have been transferred into the scheme, unless they have protected status under one of the existing schemes. The scheme is regulated by the Home Office.

From 1 April 2022, all remaining members of the 1992 scheme and the 2006 scheme were transferred to the 2015 career average scheme.

**Local Government Pension Scheme** – non operational staff are eligible for membership of the Shropshire County Pension Fund, which is administered by Shropshire Council. The pension costs charged to the Authority's accounts in respect of support staff are equal to the contributions paid to the funded scheme for those employees. The amount of these contributions is determined by regular actuarial valuations. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Shropshire County Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirement benefits earned to

## Statement of Accounting Policies

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date by employees, based on assumptions about mortality rates, employee turnover rates etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate detailed in a note to the accounts (based on the indicative rate of return on high quality corporate bonds).
- The assets of Shropshire County Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.

### Accounting for Pensions

The change in the net pensions liability is analysed into the following components:

- **Current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
- **Past service cost** – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributable Costs.
- **Net Interest on the defined liability (asset)** – ie net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- **Remeasurements** comprising:
  - The return on plan assets – excluding amounts included in net interest on the defined benefit liability (asset) – charged to the Pensions Reserve.



## Statement of Accounting Policies

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- Actuarial gains and losses – 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 – charged to the Pensions Reserve.
- **Contributions paid to the pension funds** – cash paid as employer's contributions to the pension schemes.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension schemes in the year, not the amount calculated according to the relevant accounting standard. In the Movement in Reserves Statement, this means there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension schemes and any amounts payable to schemes but unpaid at the year end.

The negative balances that arise on the Pension Reserves thereby measure the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

### 8 Property Plant and Equipment

Assets that have physical substance are held for use in the production or supply of goods or services, for rental to others, or administration purposes and that are expected to be used during more than one financial year are classified as Property Plant and Equipment.

#### Recognition

Expenditure on the acquisition, creation or enhancement of Property Plant and Equipment is capitalised on an accruals basis, provided it is probable that the future economic benefits or service potential associated with the item will flow to the Fire Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred.

The de minimis level for Property Plant and Equipment is £10,000.

#### Measurement

Property Plant and Equipment is valued on the bases recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).

Operational properties and other operational assets are carried in the Balance Sheet using the following measurement bases:

- Depreciated Replacement Cost (DRC) for specialised properties
- Open Market Value (OMV) for non specialised properties.

## Statement of Accounting Policies

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There are no holdings of non operational assets or community assets, with all fire stations and Service Headquarters and workshops being classified as operational assets.

### Valuation

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end. All land and buildings are currently valued every year. Items within a class of Property Plant and Equipment are revalued simultaneously to avoid selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values as at different dates.

Where buildings are being revalued following a renovation to modern standards, it may be appropriate to increase the useful economic life to longer than 30 years.

The current value of land and buildings is determined by appraisal of appropriate evidence, that is normally undertaken by professionally qualified valuers, who:

- Hold a recognised and relevant professional qualification
- Have sufficient current local and national knowledge of the market, and
- Have the skills and understanding to undertake the valuations competently.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value 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 revaluation 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.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

## Statement of Accounting Policies

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### Impairment

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.

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.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service 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.

### Depreciation

Depreciation is provided for on all Property Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land) and assets that are not yet available for use (ie assets under construction).

Depreciation is provided on the following bases:

- Fire stations and other buildings – straight line allocation over the life of the property as estimated by the valuer.
- Vehicles, plant and equipment – straight line allocation over the life of the asset, as advised by a suitably qualified officer.

Where an item of Property Plant and Equipment has major components whose value makes up more than 25% of the total asset value, the components are depreciated separately.

Currently there are no components of any asset that are depreciated separately.

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.

### Disposal

## Statement of Accounting Policies

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When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts must be credited to the Capital Receipts Reserve and can only be used for new capital investment. Receipts are appropriated to the Reserve from the General Funds Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax, as the cost of non current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### **Charges to Revenue for Non Current Assets**

Services are debited with the following amounts to record the cost of holding non current assets during the year:

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

The Fire Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the Fire Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution of MRP (Minimum Revenue Provision) in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 came into effect on 31 March 2008. These regulations updated the requirement to make provision for the repayment of debt (MRP).

From 2008/09, the following policy has been adopted:

- For all borrowing incurred during or before 2006/07, the MRP applied is calculated on the basis of 4% of the Capital Financing Requirement

## Statement of Accounting Policies

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(CFR). A further voluntary provision of 4% is made for all assets other than land and buildings.

- For all borrowing incurred during and after 2007/08, the MRP applied from 2008/09 is calculated on the basis of the Asset Life Method. This method has been selected because it charges the financing costs of assets over the lives of those assets in equal instalments each year, and follows the same principles made by the Authority from 2006/07.

### 9 Financial Assets

The Authority has financial assets which are classified in the Code as loans and receivables, which are assets that have fixed or determinable payments but are not quoted in an active market. They are initially measured at fair value and carried at their amortised cost in the Balance Sheet. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the Authority's loans, this means the amount presented in the Balance Sheet is the outstanding principal receivable and the interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

### 10 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Fire Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For all of the borrowings the Fire Authority has, this means the amount presented in the Balance Sheet is the outstanding principal repayable, and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

### Fair Value Measurement

The Authority measures some of its financial instruments such as borrowings at fair value at each reporting date. Fair value is the price that would be received to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to transfer the liability takes place either:

- a) In the principal market for the liability, or
- b) In the absence of a principal market, in the most advantageous market for the liability.

The Authority measures the fair value of the liability using the assumptions that market participants would use when pricing the liability, assuming that the market participants act in their economic best interest.

## Statement of Accounting Policies

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The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable outputs.

Inputs to the valuation techniques in respect of liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical liabilities that the Authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the liability, either directly or indirectly
- Level 3 – unobservable inputs for the liability.

### 11 Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value, on a first in first out basis. Obsolescent inventory is written off during the year.

### 12 Investments

The CIPFA Code of Practice for Treasury Management in Local Authorities, which governs the way in which surplus cash is invested, has been adopted. The Authority's surplus cash is invested with other local authorities, approved banks and building societies, as authorised in the Authority's Treasury Policy Statement.

Investments that mature in no more than three months from the date of acquisition, and that are readily convertible to known amounts with insignificant risk of a change in value, are categorised as cash equivalents in the financial statements.

### 13 Government Grants

Whether paid on account, by instalments or in arrears, government grants are recognised as due to the Fire Authority when there is reasonable assurance that:

- The Fire Authority will comply with the conditions attached to the payments, and
- The grant will be received.

Amounts recognised as due to the Fire Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant have been satisfied. Conditions are stipulations that specify the future economic benefits or service potential embodied in the asset acquired using the grant are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

## Statement of Accounting Policies

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Monies advanced as grants for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant is credited to the relevant service line (attributable revenue grants), or Taxation and Non Specific Grants Income (non ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where revenue grants and contributions have been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant recognised as income is transferred to an earmarked reserve. This transfer is recognised in the Movement in Reserves Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustments Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### **14 Events after the Reporting Period**

Events may occur between the financial year end and the date that the Statement of Accounts is authorised for issue. Any such events that existed on the balance sheet date that have a financial impact on the financial statements would be adjusted. Those that did not exist at the balance sheet date may require disclosure in the financial statements.

# Core Financial Statements

## Comprehensive Income and Expenditure Statement

2023/24				2024/25		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
11,240	-124	11,116	Executive and Resources	2,215	-86	2,129
4,245	-47	4,198	Corporate Governance	4,965	-52	4,913
14,863	-165	14,698	Service Delivery	18,735	-199	18,536
<b>30,348</b>	<b>-336</b>	<b>30,012</b>	<b>Cost of Services – continuing operations</b>	<b>25,915</b>	<b>-337</b>	<b>25,578</b>
		-42	Profit on disposal of non current assets			-24
		<b>-42</b>	<b>Other Operating Expenditure</b>			<b>-24</b>
		234	Interest payable and similar charges			232
		-543	Interest and investment income			-474
		8,749	Net interest on the net defined liability (note 5)			8,780
		<b>8,440</b>	<b>Financing and Investment Income and Expenditure (note 5)</b>			<b>8,538</b>
		-23,368	Precepts and Non Domestic Rates (note 6)			-24,526
		-4,361	Government Grants (notes 6 and 10)			-5,858
		<b>-27,729</b>	<b>Taxation and Non Specific Grant Income (note 6)</b>			<b>-30,384</b>
		<b>10,681</b>	<b>Deficit on Provision of Services</b>			<b>3,708</b>
		-930	Surplus arising on the revaluation of property plant and equipment			2,055
		-7,405	Remeasurement of the net defined benefit liability (note 12/23)			-30,229
		<b>-8,335</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>-28,174</b>
		<b>2,346</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>-24,466</b>



# Core Financial Statements

## Movement in Reserves Statement

	Non Earmarked General Fund Balance £'000	Ear- marked General Fund Balance £'000	Total General Fund Balance £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
<b>Balance at 31 March 2024</b>	<b>2,433</b>	<b>11,127</b>	<b>13,560</b>	<b>0</b>	<b>13,560</b>	<b>-160,896</b>	<b>-147,336</b>
<b>Movement in reserves during 2024/25</b>							
Total Comprehensive Income and Expenditure	-3,707		-3,707	0	-3,707	28,173	24,466
Adjustments between accounting basis & funding basis under regulations (note 4)	1,046		1,046	0	1,046	-1,046	0
<b>Increase/- Decrease in 2024/25</b>	<b>-2,661</b>	<b>0</b>	<b>-2,661</b>	<b>0</b>	<b>-2,661</b>	<b>27,127</b>	<b>24,466</b>
<b>Balance as at 31 March 2025 cfwd</b>	<b>-228</b>	<b>11,127</b>	<b>10,899</b>	<b>0</b>	<b>10,899</b>	<b>-133,769</b>	<b>-122,870</b>
Transfers to/from Earmarked Reserves	928	-850	0	0	0	0	0
<b>Balance as at 31 March 2025 cfwd</b>	<b>700</b>	<b>10,277</b>	<b>10,899</b>	<b>0</b>	<b>10,899</b>	<b>-133,769</b>	<b>-122,870</b>

Note 24

Note 23

# Core Financial Statements

## Movement in Reserves Statement

	Non Earmarked General Fund Balance £'000	Ear-marked General Fund Balance £'000	Total General Fund Balance £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
<b>Balance at 31 March 2023</b>	<b>1,723</b>	<b>11,095</b>	<b>12,818</b>	<b>0</b>	<b>12,818</b>	<b>-157,808</b>	<b>-144,990</b>
<b>Movement in reserves during 2023/24</b>							
Total Comprehensive Income and Expenditure	-10,681	0	-10,681	0	-10,681	8,335	-2,346
Adjustments between accounting basis & funding basis under regulations (note 4)	11,423	0	11,423	0	11,423	-11,423	0
<b>Increase/- Decrease in 2023/24</b>	<b>742</b>	<b>0</b>	<b>742</b>	<b>0</b>	<b>742</b>	<b>-3,088</b>	<b>-2,346</b>
<b>Balance as at 31 March 2023 cfwd</b>	<b>2,465</b>	<b>11,095</b>	<b>13,560</b>	<b>0</b>	<b>13,560</b>	<b>-160,896</b>	<b>-147,336</b>
Transfers to/from Earmarked Reserves	-32	32	0	0	0	0	0
<b>Balance as at 31 March 2024 cfwd</b>	<b>2,433</b>	<b>11,127</b>	<b>13,560</b>	<b>0</b>	<b>13,560</b>	<b>-160,896</b>	<b>-147,336</b>

Note 24

Note 23

# Core Financial Statements

## Balance Sheet

31 March 2024 £'000		Note	31 March 2025 £'000
	<b>Property Plant and Equipment</b>		
27,610	Land and Buildings	15	32,520
6,852	Vehicles Plant Furniture and Equipment	15	9,139
<b>34,462</b>	<b>Total Long Term Assets</b>		<b>41,659</b>
322	Inventories	17	308
2,377	Short Term Debtors	18	1,812
1,000	Investments	16	0
6,012	Cash and Cash Equivalent	19	8,387
<b>9,711</b>	<b>Total Current Assets</b>		<b>10,507</b>
-2,652	Short Term Creditors	20	-7,475
-932	Grants Receipts in Advance - Revenue	21	-1,209
0	Short Term Provisions	22	-78
-210	Short Term Borrowing	16	0
<b>-3,794</b>	<b>Current Liabilities</b>		<b>-8,762</b>
-83	Long Term Provisions	22	-124
-5,045	Long Term Borrowing	16	-5,045
-182,587	Pension Liability	23	-161,105
<b>-187,715</b>	<b>Long Term Liabilities</b>		<b>-166,274</b>
<b>-147,336</b>	<b>Net Liabilities</b>		<b>-122,870</b>
-13,560	<b>Usable Reserves</b>		-10,899
160,896	<b>Unusable Reserves</b>		133,769
<b>147,336</b>	<b>Total Reserves</b>		<b>122,870</b>

Signed by the Treasurer

## Core Financial Statements

### Cash Flow Statement

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<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
-10,681	Net surplus on the provision of services	-3,708
13,440	Adjustments to net surplus or deficit on the provision of services for non cash movements (see Note 26)	11,455
-309	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (see Note 27)	-242
2,450	Net cash flows from operating activities	7,505
-1,509	Investing Activities (see Note 28)	-5,162
309	Financing Activities (see Note 29)	32
1,250	Net increase or decrease in cash and cash equivalents	2,375
4,762	Cash and cash equivalents at the beginning of the period	6,012
<b>6,012</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>8,387</b>

# Notes to the Core Financial Statements

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## 1. ACCOUNTING POLICIES

### **Accounting standards that have been issued but have not yet been adopted**

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Authority.

There are no standards issued that will have a material effect on the financial statements.

### **IFRS16 Leases**

This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces the previous standards IAS17 *Leases* and related IFRIC and SIC interpretations.

The Authority does not hold any leases and therefore the introduction of this standard will not have a material effect on the financial statements.

## 2. ASSUMPTIONS MADE ABOUT THE FUTURE, OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGEMENTS

The Statement of Accounts contains estimated figures based on assumptions made by the Authority about the future or that are otherwise uncertain. As some balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Estimates are made taking into account historical experience, current trends and other relevant factors:

### **Pensions Liability**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.

A firm of actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. They provide an assessment of changes in the assumptions used in estimating the pension and assets included in the accounts according to the requirements of IAS19.

# Notes to the Core Financial Statements

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## Property Plant and Equipment

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, although the Authority does not feel that this poses any immediate quantifiable risk.

Property is valued at depreciated replacement cost, and this is based on an estimate of the gross replacement cost of the building. The Authority engages a qualified valuer to offer expert advice about the assumptions to be applied.

The carrying value of depreciating assets at 31 March 2025 is £34m. If the useful life of the assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for property plant and equipment assets would increase by £582k for every year that useful lives had to be reduced.

In applying the accounting policies set out in the Statement of Accounting Policies, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

## 3. EXPENDITURE AND FUNDING ANALYSIS

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

# Notes to the Core Financial Statements

2024/25

	As reported for resource management	Adjustment to arrive at the net amount chargeable to the General Fund balance (Note 3a)	Net expenditure chargeable to the General Fund balance	Adjustments between funding and accounting basis (Note 4)	Net expenditure in the Comprehen- sive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Executive & Resources	5,089	4,800	9,889	-7,760	2,129
Corporate Governance	5,032	0	5,032	-119	4,913
Service Delivery	18,241	0	18,241	295	18,536
<b>Net Cost of Services</b>	<b>28,362</b>	<b>4,800</b>	<b>33,162</b>	<b>-7,584</b>	<b>25,578</b>
Profit on disposal of non current assets	0	-141	-141	117	-24
Financing and Investment Income	0	-242	-242	8,780	8,538
Precepts and Grants	0	-30,118	-30,118	-266	-30,384
<b>Surplus (-) or Deficit</b>	<b>28,362</b>	<b>-25,701</b>	<b>2,661</b>	<b>1,047</b>	<b>3,708</b>
Opening General Fund balance			13,560		
Surplus / deficit on General Fund balance during year			-2,661		
Closing General Fund balance			<b>10,899</b>		

# Notes to the Core Financial Statements

2023/24

	As reported for resource management	Adjustment to arrive at the net amount chargeable to the General Fund balance (Note 3a)	Net expenditure chargeable to the General Fund balance	Adjustments between funding and accounting basis (Note 4)	Net expenditure in the Comprehen- sive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Executive and Resources	2,959	3,263	6,222	4,894	11,116
Corporate Governance	4,752	0	4,752	-554	4,198
Service Delivery	16,566	0	16,566	-1,868	14,698
<b>Net Cost of Services</b>	<b>24,277</b>	<b>3,263</b>	<b>27,540</b>	<b>2,472</b>	<b>30,012</b>
Profit on disposal of non current assets		-135	-135	93	-42
Financing and Investment Income	0	-309	-309	8,749	8,440
Precepts and Grants	0	-27,838	-27,838	109	-27,729
<b>Surplus (-) or Deficit</b>	<b>24,277</b>	<b>-25,019</b>	<b>-742</b>	<b>11,423</b>	<b>10,681</b>
Opening General Fund balance			12,818		
Surplus / deficit on General Fund balance during year			742		
Closing General Fund balance			<b>13,560</b>		



# Notes to the Core Financial Statements

## 3a Note to the Expenditure and Funding Analysis

2024/25

	Adjustments to arrive at amount chargeable to General Fund  £'000	Adjust- ment for capital purposes  £'000	Net change for the Pensions Account  £'000	Other differ- ences  £'000	Total adjustment between funding and accounting basis £'000
Conts to reserves	3,361				
External interest	-232				
Invest income	475				
Government grant	1,055				
Disposals income	141				
<b>Total</b>	<b>4,800</b>				
External interest	232				
Investment income	-475				
Precept and grants	-30,384				
MRP		-387			-387
Depreciation		2,903			2,903
Impairment		-6,110			-6,110
Profit on disposal of non current assets		117			117
Capital from revenue		-3,969			-3,969
Pensions			8,747		8,747
Collection fund				-266	-266
Accumulated Absences				12	12
<b>Total</b>	<b>-25,827</b>	<b>-7,446</b>	<b>8,747</b>	<b>-254</b>	<b>1,047</b>

# Notes to the Core Financial Statements

2023/24

	Adjustments to arrive at amount chargeable to General Fund	Adjust- ment for capital purposes	Net change for the Pensions Account	Other differ- ences	Total adjustment between funding and accounting basis
	£'000	£'000	£'000	£'000	£'000
Conts to reserves	1,691				
External interest	-234				
Invest income	543				
Government grant	1,128				
Capital grant	0				
Disposals income	135				
<b>Total</b>	<b>3,263</b>				
External interest	234				
Investment income	-543				
Precept and grants	-27,729				
MRP		-260			<b>-260</b>
Depreciation		2,677			<b>2,677</b>
Impairment		5,165			<b>5,165</b>
Profit on disposal of non current assets		93			<b>93</b>
Capital grant		0			<b>0</b>
Capital from revenue		-1,214			<b>-1,214</b>
Pensions			4,831		<b>4,831</b>
Collection fund				109	<b>109</b>
Accumulated Absences				22	<b>22</b>
<b>Total</b>	<b>-24,775</b>	<b>6,461</b>	<b>4,831</b>	<b>131</b>	<b>11,423</b>

# Notes to the Core Financial Statements

## 3b Expenditure and Income Analysed by Nature

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
	<b>Expenditure</b>	
24,661	Employee benefit expenses	31,377
6,552	Other service expenses	6,502
7,842	Depreciation and impairment	-3,207
234	Interest payments	232
<b>39,289</b>	<b>Total Expenditure</b>	<b>34,904</b>
	<b>Income</b>	
-336	Fees and charges and other service income	-337
-23,368	Income from council tax and business rates	-24,526
-4,361	Government grant and contributions	-5,858
-543	Interest and investment income	-475
<b>-28,608</b>	<b>Total Income</b>	<b>-31,196</b>
<b>10,681</b>	<b>Total Net Expenditure</b>	<b>3,708</b>

# Notes to the Core Financial Statements

## 4. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

<b>2024/25</b>	<b>General Fund Balance</b>	<b>Movement in Unusable Reserves</b>
	<b>£'000</b>	<b>£'000</b>
<b>Adjustments primarily involving the Capital Adjustment Account:</b>		
<b>Reversal of items debited or credited to the Comp I&amp;E Statement:</b>		
Charges for depreciation of non current assets	-2,903	2,903
Revaluation losses on Property Plant and Equipment	6,110	-6,110
Non-current assets written off on disposal	-117	117
<b>Insertion of items not debited or credited to the Comp I&amp;E Statement:</b>		
Statutory provision for the financing of capital investment	387	-387
Capital expenditure charged against the General Fund Balance	3,968	-3,968
<b>Adjustments primarily involving the Pensions Reserves:</b>		
Reversal of items relating to retirement benefits debited or credited to the Comp I&E Statement	-16,096	16,096
Employer's pensions contributions and direct payments to pensioners payable in the year	7,349	-7,349
<b>Adjustment primarily involving the Collection Fund Adjustment Account:</b>		
Amount by which council tax income credited to the Comp I&E Statement is different from council tax calculated for the year in accordance with statutory requirements	266	-266
<b>Adjustment primarily involving the Accumulated Absences Account:</b>		
Amount by which officer remuneration charged to the Comp I&E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-11	11
<b>Total Adjustments</b>	<b>-1,047</b>	<b>1,047</b>

# Notes to the Core Financial Statements

<b>2023/24</b>	<b>General Fund Balance</b>	<b>Movement in Unusable Reserves</b>
	<b>£'000</b>	<b>£'000</b>
<b>Adjustments primarily involving the Capital Adjustment Account:</b>		
<b>Reversal of items debited or credited to the Comp I&amp;E Statement:</b>		
Charges for depreciation of non current assets	-2,677	2,677
Revaluation losses on Property Plant and Equipment	-5,165	5,165
Non-current assets written off on disposal	-93	93
<b>Insertion of items not debited or credited to the Comp I&amp;E Statement:</b>		
Statutory provision for the financing of capital investment	260	-260
Capital expenditure charged against the General Fund Balance	1,214	-1,214
<b>Adjustments primarily involving the Pensions Reserves:</b>		
Reversal of items relating to retirement benefits debited or credited to the Comp I&E Statement	-11,821	11,821
Employer's pensions contributions and direct payments to pensioners payable in the year	6,990	-6,990
<b>Adjustment primarily involving the Collection Fund Adjustment Account:</b>		
Amount by which council tax income credited to the Comp I&E Statement is different from council tax calculated for the year in accordance with statutory requirements	-109	109
<b>Adjustment primarily involving the Accumulated Absences Account:</b>		
Amount by which officer remuneration charged to the Comp I&E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-22	22
<b>Total Adjustments</b>	<b>-11,423</b>	<b>11,423</b>

# Notes to the Core Financial Statements

## 5. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2024/25 £'000	2023/24 £'000
Interest payable and similar charges	232	234
Pensions interest cost and expected return on pensions assets	8,780	8,749
Interest receivable and similar income	-474	-543
<b>Total</b>	<b>8,538</b>	<b>8,440</b>

## 6. TAXATION AND NON SPECIFIC GRANT INCOME

	2024/25 £'000	2023/24 £'000
Precept income	-20,358	-18,295
Non domestic rates	-4,168	-3,722
<b>Sub total</b>	<b>-24,526</b>	<b>-22,017</b>
*Non ringfenced government grants	-5,858	-4,333
<b>Total</b>	<b>-30,384</b>	<b>-26,350</b>

\*see also note 10

## 7. MEMBERS' ALLOWANCES

The Authority paid the following amounts to members of the Authority during the year.

	2024/25 £'000	2023/24 £'000
Allowances	89	89
Expenses	0	0
<b>Total</b>	<b>89</b>	<b>89</b>

# Notes to the Core Financial Statements

## 8. OFFICERS REMUNERATION

The number of employees whose remuneration, excluding pension contributions was £50,000 or more in bands of £5,000 were:

Remuneration band	Number of Employees	
	2024/25	2023/24
£50,000 - £54,999	31	29
£55,000 - £59,999	11	11
£60,000 - £64,999	14	18
£65,000 - £69,999	13	8
£70,000 - £74,999	2	4
£75,000 - £79,999	4	1
£80,000 - £84,999	0	2
£85,000 - £89,999	1	0
£90,000 - £94,999	0	0
£95,000 - £99,999	1	1
£100,000 - £104,999	0	0
£105,000 - £109,999	0	0
£110,000 - £114,999	0	1
£115,000 - £119,999	0	0
£120,000 - £124,999	0	0
£125,000 - £129,999	0	0
£130,000 - £134,999	0	0
£135,000 - £139,999	0	0
£140,000 - £144,999	1	0
£145,000 - £149,999	0	1
£150,000 - £154,999	0	0
£155,000 - £159,999	0	0
£160,000 - £164,999	0	0
£165,000 - £169,999	0	0
£170,000 - £174,999	1	0

# Notes to the Core Financial Statements

Where applicable, these bandings include officers whose salaries are shown in the table below.

## 2024/25

Senior officers' emoluments (Chief Fire Officer and persons for whom the Chief Officer is directly responsible)

	Salary & allowances	Terminations	Benefits in kind	Total	Pension Conts.	Total
Post	£		£	£	£	£
Chief Fire Officer	142,801		-	142,801	53,693	196,494
Deputy Chief Fire Officer (July 24 – Mar 25)	89,179		-	89,179	33,531	122,710
Assistant Chief Fire Officer – Corporate Services (Jun 24 – Aug 24)	26,546		-	26,546	9,981	36,527
Assistant Chief Fire Officer – Corporate Services (Apr 24 – Oct 24)	54,300	117,856	-	172,156	20,417	192,573
Assistant Chief Fire Officer – Service Delivery (Jun 24)	8,125		-	8,125	3,055	11,180
Assistant Chief Fire Officer – Service Delivery (Apr 24 to Jun 24)	18,703		-	18,703	7,032	25,735
Head of Resources (Apr 24 – Feb 25)	59,619		787	60,406	10,135	70,541
Head of Finance (pro rata)	57,071		-	57,071	9,702	66,773

## 2023/24

Senior officers' emoluments – (Chief Fire Officer and persons for whom the Chief Officer is directly responsible)

	Salary & allowances	Benefits in kind	Total	Pension Conts.	
Post	£	£	£	£	Total
Chief Fire Officer	149,345		149,345	43,011	192,356
Assistant Chief Fire Officer – Corporate Services	110,526		110,526	23,616	134,142
Assistant Chief Fire Officer – Service Delivery (April 23 to Dec 23)	69,292		69,292	19,956	89,249



# Notes to the Core Financial Statements

Assistant Chief Fire Officer – Service Delivery (Oct 23 to March 24)	54,320		54,320	15,638	69,958
Head of Resources	67,160	887	68,047	11,417	79,464
Head of Finance (pro rata)	60,881		60,881	10,343	71,224

## TERMINATION BENEFITS

The number of termination payments with total cost per band are set out in the table below.

One of the payments is referred to in the officers' emoluments table above

Termination Payment Band (£)	Number of Payments in Band	Total Value of Payments in Band (£)
20,000 – 40,000	1	23,018
100,000 – 150,000	1	117,856

## 9. EXTERNAL AUDIT COSTS

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts and statutory inspections to non audit services provided by the Authority's external auditors:

	2024/25 £'000	2023/24 £'000
Fees paid with regard to external audit services carried out by the appointed auditor for the year	98	92
Uplift of fees on previous year charges	7	9
<b>Total Audit Fees</b>	<b>105</b>	<b>101</b>

# Notes to the Core Financial Statements

## 10. GRANT INCOME

The Authority credited the following grants to the Comprehensive Income and Expenditure Statement in 2024/25:

	2024/25 £'000	2023/24 £'000
<b>MHCLG Revenue Grants:</b>		
Revenue Support Grant	-2,701	-1,501
Pensions Grant 2016 Valuation (24/25 in revenue support grant)	0	-1,101
Pensions Grant 2020 Valuation	-909	0
Funding Guarantee Grant	-373	0
Rural Service Delivery Grant	-435	-375
Business Rates Uplift Grants	-1,250	-1,097
New Dimension Grant	-7	-7
Business Rates Reconciliation Grant	17	-64
Transparency Code Grant	-8	-8
Services Grant	-27	-159
Protection Uplift Grant	-132	0
Levy Surplus Grant	-33	-33
Redmond Review – Audit Fees Grant	0	-12
Green Grant		-4
<b>Total</b>	<b>-5,858</b>	<b>-4,361</b>

## 11. RELATED PARTIES

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

### Central Government

The UK Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides a proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (ie council tax bills). Grants received from government departments are set out in note 10.

# Notes to the Core Financial Statements

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## Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in note 7.

There are no instances of transactions involving these related parties which require disclosure.

## Officers

There are no instances of transactions involving these related parties which require disclosure.

## Other Public Bodies (subject to common control by the UK Government)

The Associate Director: Policy & Governance at Telford & Wrekin Council is also the Clerk of Shropshire and Wrekin Fire Authority.

The Executive Director of Resources at Shropshire Council is also the Treasurer of Shropshire and Wrekin Fire Authority.

Shropshire Council and Telford & Wrekin Council provide a number of support services for Shropshire and Wrekin Fire Authority. The gross payments made to these authorities were £581,718 to Shropshire Council and £176,602 to Telford & Wrekin Council.

# Notes to the Core Financial Statements

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## 12. PARTICIPATION IN PENSION SCHEMES

As part of the terms and conditions of employment of its officers and other employees, the Fire Authority makes contributions towards the cost of retirement benefits. Although these benefits will not actually be payable until the employees retire, the Fire Authority has a commitment to make the payments, and this commitment needs to be disclosed at the time employees earn their future entitlement.

The Fire Authority participates in four pension schemes:

**Local Government Pension Scheme:** non operational staff are eligible for membership of the Shropshire County Pension Fund administered by Shropshire Council. This is a funded defined benefit average salary scheme, meaning that the Fire Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Shropshire County Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Shropshire Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the Committee.

**Firefighters Pension Schemes (three of the four schemes):** on 1 April 2006 new financial arrangements were introduced for both the 1992 and the newly established 2006 Firefighter Pension Schemes.

The Firefighters' Pension Scheme 2015 was introduced at the beginning of the financial year 2015/16. This is a career average scheme and is available to operational firefighters appointed on or after 1 April 2015. At that time, serving firefighters were transferred into the scheme, unless they had protected status under one of the existing schemes. The scheme is regulated by the Home Office. All schemes are unfunded, defined benefit schemes, and are regulated by the Home Office. Contributions to the schemes are made by the Fire Authority and employees, and are paid into a separate Pensions Fund Account, from which most commutations and regular payments will be made. Any deficit on this account will be met by the Home Office, and any surplus at the end of the year will be paid back to the Home Office.

The **principal risks** to the Authority of the schemes are the longevity assumptions, statutory changes to the schemes (ie large scale withdrawals from the schemes), changes to inflation, and in the case of the Local Government Pension Scheme, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amounts required by statute as described in the accounting policies.

### Impact of McCloud / Sargeant ruling on pension accounts disclosure

Two employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the

# Notes to the Core Financial Statements

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introduction of the reformed 2015 public service pension schemes from 1 April 2015. Transitional protection enabled some members to remain in their pre-2015 schemes after 1 April 2015 until retirement or the end of a pre-determined tapered protection period. The claimants challenged the transitional protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination.

The first case (McCloud) relating to the Judicial Pension Scheme was ruled in favour of the claimants, while the second case (Sargeant) in relation to the Fire scheme was ruled against the claimants. Both rulings were appealed and as the two cases were closely linked, the Court of Appeal ruled that the transitional protection offered to some members as part of the reforms amounted to unlawful discrimination. On 27 June 2019 the Supreme Court denied the Government's request for an appeal in the case.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to Firefighters' Pension Schemes and LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the Treasury published the response to their consultation on 4 February 2021, confirming their approach to remedying age discrimination, in line with their proposals.

In the case of the Fire Schemes, the key feature of the proposed remedy was to extend the final salary protection to 31 March 2022 and to give protected members a one off choice, in relation to the protected period of 1 April 2015 to 31 March 2022, to either retain their legacy final salary benefits or the reformed career average benefits. This applied to members who were active on or before 31 March 2012 and either remain in active service or left service before 1 April 2015 (including to those members who no longer have a benefit entitlement from the Schemes). It has now been announced that members will make this choice at retirement ('deferred choice' approach). It is assumed that during the protected period members will accrue service in their legacy scheme. All active members in service as at 31 March 2022 would then accrue benefits in the reformed career average scheme.

The accounting figures prepared in 2021 included an allowance for McCloud that was substantially in line with the above eligibility criteria and assumes protected members currently accrue benefits in their legacy scheme. As the fire schemes have been fully recalculated, this assumption has been included within the figures.

## **Impact of Matthews ruling on pension accounts disclosure**

Following the Matthews vs Kent and Medway Towns Fire Authority & others court ruling, retained firefighters employed between 1 July 2000 and 5 April 2006 were allowed to join the Firefighters' Pension Scheme 2006 (FPS2006) as 'special' members.

A time limited options exercise took place between 2014 and 2015 to allow eligible individuals to join the FPS. While the benefits awarded to special members largely mirrored the FPS1992, the FPS2006 was amended as the FPS1992 was closed.

## Notes to the Core Financial Statements

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More work has taken place on the pensions aspect of the case, and the judgment held that remedy could extend back before the Part-time Workers Directive was required to be implemented on 7 April 2000.

Retained firefighters in scope will be able to purchase pension entitlement as a special member for some of all of their service between 7 April 2000 and 5 April 2006, and /or continuous service from 5 April 2006.

A second options exercise is underway but any obligation has not been calculated with certainty.

### **Asset Ceiling**

Measurement of a net defined benefit asset is limited to the lower of the surplus in the defined benefit plan and 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 there is no unconditional right to a refund, available economic benefits have been assessed with reference to reductions in future contributions and future service costs, in accordance with IFRIC 14.

At 31st March 2025 the estimated present value of minimum funding contributions exceed the estimated present value of future service costs and therefore there is deemed to be no economic benefit and the asset ceiling is calculated as £nil.

The adjustment to the defined benefit plan asset as a result of applying the asset ceiling test is reported as part of the remeasurement of the net defined benefit pension liability/asset appearing in the Other Comprehensive Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

### **Transactions Relating to Retirement Benefits**

The costs of retirement benefits are recognised in the reported cost of services when they are earned by employees, rather than when the benefits are actually paid as pensions. However the required charge against council tax is based on the cash payable in the year, so the real cost of post employment and retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

# Notes to the Core Financial Statements

	Shropshire County Pension Fund		Fire Pension Schemes				
	2024/25 £'000	2023/24 £'000	'1992' 2024/25 £'000	'2006' 2024/25 £'000	'2015' 2024/25 £'000	Total 2024/25 £'000	Total 2023/24 £'000
<b>Comprehensive I&amp;E Statement</b>							
<b>Cost of Services:</b>							
Service cost comprising:							
Current service cost	592	585	348	0	2,144	2,492	2,422
Past service cost	0	0	0	713	0	713	65
<b>Financing and Investment Income and Expenditure:</b>							
Net Interest Expense	-32	74	7,250	968	565	8,783	8,648
Administration Cost	29	27	0	0	0	0	0
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	589	686	7,598	1,681	2,709	11,988	11,135
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:</b>							
Remeasurements (assets)	-75 -3,392	-1,394 -847	0 18,763	0 4,283	0 3,716	0 26,762	-5,494
Remeasurements (liabilities)							
Impact of asset ceiling	3,849	330	0	0	0	0	0
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	382	-1,911	18,763	4,283	3,716	26,762	-5,494
<b>Movement in Reserves Statement</b>							
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	589	-686	7,598	1,681	2,709	11,988	11,135

## Notes to the Core Financial Statements

<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>							
Employers contributions payable to the scheme	-641	-600	0	0	-3,916	-3,916	-2,811
Top up Grant			-7,396	-244	5,267	-2,373	-3,233
Retirement benefits payable to pensioners	0	0	-419			-419	-346

### Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

	Shropshire County Pension Fund		Fire Pension Schemes				
	2024/25 £'000	2023/24 £'000	'1992' 2024/25 £'000	'2006' 2024/25 £'000	'2015' 2024/25 £'000	Total 2024/25 £'000	Total 2023/24 £'000
Present value of the defined benefit obligation	19,213	21,670	132,873	17,039	11,192	161,104	182,586
Fair value of plan assets	-23,062	-22,000	0	0	0	0	0
Impact of asset ceiling	3,849	330	0	0	0	0	
<b>Net liability arising from defined benefit obligation</b>	<b>0</b>	<b>0</b>	<b>132,873</b>	<b>17,039</b>	<b>11,192</b>	<b>161,104</b>	<b>182,586</b>



# Notes to the Core Financial Statements

## Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of the movements in the fair value of scheme liabilities:

Funded Liabilities	Shropshire County Pension Fund		Fire Pension Schemes				
	2024/25 £'000	2023/24 £'000	'1992' 2024/25 £'000	'2006' 2024/25 £'000	'2015' 2024/25 £'000	Total 2024/25 £'000	Total 2023/24 £'000
Opening balance 1 April	21,670	21,249	151,853	19,885	10,848	182,586	183,335
Current service cost	592	585	348	0	2,144	2,492	2,422
Interest cost	1,045	1,013	7,250	968	565	8,783	8,648
Contributions by scheme participants	236	219	0	181	1,354	1,535	1,284
Benefits paid	-938	-549	-7,815	-425	-3	-8,243	-7,674
Remeasurements (actuarial gains and losses):							
Experience loss	-5	142	-152	-8	-24	-184	1,035
Gain in financial assumptions	-3,321	-739	-18,360	-4,232	-3,662	-26,254	-3,027
Gain in demographic assumptions	-66	-250	-251	-43	-30	-324	-3,502
Past service costs	0	0	0	713	0	713	65
Closing balance 31 March	<b>19,213</b>	<b>21,670</b>	<b>132,873</b>	<b>17,039</b>	<b>11,192</b>	<b>161,104</b>	<b>182,586</b>

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

	Shropshire County Pension Fund	
	2024/25 £'000	2023/24 £'000
Opening balance 1 April	22,000	19,424
Interest income	1,077	939
Administration cost	-29	-27
Remeasurements (assets)	75	1,394
Employer contributions	641	600
Contributions by scheme participants	236	219
Benefits paid	-938	-549
	<b>23,062</b>	<b>22,000</b>
Impact of asset ceiling	-3,849	-330
Closing balance 31 March	<b>19,213</b>	<b>21,670</b>

# Notes to the Core Financial Statements

The firefighter schemes are unfunded with no assets held, and so are not included in the reconciliation of assets.

**Top up grant** - these are grants payable by government, to those fire authorities whose Pension Fund Accounts are in a deficit position. The grant assists employers with management of benefit payments under the Fire pension schemes.

Top up grant has been included within employer contributions as income into the schemes. Disclosures in the statement reflect top up grant of £2.373m in 2024/25, and £3.233m in 2023/24.

## Basis for Estimating Assets and Liabilities

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. Both the Fire Schemes and the Shropshire County Pension Fund liabilities have been assessed by Mercers, an independent firm of actuaries, with estimates for the Shropshire County Pension Fund incorporating the outcomes of the 2016 actuarial valuation.

The principal assumptions used by the actuary have been:

	<b>Shropshire County Pension Fund</b>		<b>Fire - All Pension Schemes</b>	
	<b>2024/25</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2023/24</b>
<b>Mortality Assumptions:</b> Longevity at 60 (65 County) for future pensioners: Men Women	21.8yrs 24.3yrs	23.1yrs 26.0yrs	27.3yrs 27.3yrs	27.3yrs 27.3yrs
Rate of inflation CPI	2.6%	2.6%	2.6%	2.7%
Rate of increase in salaries - 2015	-	-	3.85%	3.95%
Rate of increase in salaries - other	3.85%	3.85%	4.1%	4.2%
Rate of increase in pensions	2.7%	2.7%	2.7%	2.8%
Rate for discounting scheme liabilities	5.9%	4.9%	5.8%	4.9%

*\*Increase for 2015 scheme is the rate of revaluation of CARE pensions*

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some or all of the

## Notes to the Core Financial Statements

assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the schemes, ie on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used for the previous period.

### Impact on the Defined Benefit Obligation in the Schemes

	Shropshire County Pension Fund		Fire Pension Schemes	
	Increase in assumption £'000	Decrease in assumption £'000	Increase in assumption £'000	Decrease in assumption £'000
Longevity (increase or decrease in one year)	368	-368	3,090	-3,090
Rate of inflation (increase or decrease by 0.1%)	728	-728	6,586	-6,586
Rate of increase in salaries (increase or decrease by 0.1%)	183	-183	1,533	-1,533
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	-1,378	1,378	-11,592	11,592
Level of investment returns on assets (increase or decrease by 1%)	0	0	-	-

The Fire Pension Schemes have no assets to cover their liabilities. The Shropshire County Pension Fund's assets consist of the following categories, by proportion of the total assets held.

	31 March 2025 £'000	31 March 2025 %	31 March 2024 £'000	31 March 2024 %
Equity investments	13,595	59.0	12,439	56.5
Bonds	3,099	13.4	3,210	14.6
Property	1,008	4.4	774	3.5
Private equity	1,741	7.5	1,806	8.2
Infrastructure	1,358	5.9	1,373	6.2
Hedge funds	971	4.2	926	4.2
Other assets	1,289	5.6	1,472	6.8
	23,061	100.0	22,000	100.0

### Impact on the Authority's Cash Flows – Local Government Pension Scheme

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The administering authority has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over approximately 22 years. Funding levels are monitored on an annual basis. The latest triennial valuation was completed in 2022.

# Notes to the Core Financial Statements

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The scheme will need to take account of the national changes to the scheme under the Public Pension Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Authority anticipated to pay £641,000 expected contributions to the scheme in 2025/26.

The weighted average duration of the defined benefit obligation for scheme members is 19 years in 2024/25 (19 years in 2023/24).

**Injury Awards** – 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 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 IAS19, in the same manner as for the main pension scheme benefits.

The majority of injury awards have been made to members of the 1992 pension scheme and are therefore reported as part of this scheme.

## 13. CONTINGENT LIABILITIES AND ASSETS

### Pensions

**McCloud Sargeant** - On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to Firefighters’ Pension Schemes and LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the Treasury published the response to their consultation on 4 February 2021, confirming their approach to remedying age discrimination, in line with their proposals.

The legislation around retrospective remedy was laid in October 2023. Since then, prospective retirement cases have been processed in line with the new legislation and provided retirees with their option of either legacy or reformed benefits for the remedy period 01/04/2015 - 31/03/2022.

Financial and contribution data was provided to WYPF for all active and deferred members to allow them to provide annual benefit statements by the statutory deadline of 31<sup>st</sup> August 2024. However, due to system issues this deadline was not met and the breach has been reported to The Pensions Regulator.

Due to continued system issues at WYPF, RSS statements were not produced by the deadline of 31<sup>st</sup> March 2025, which have been recorded and reported to the TPR as a breach.

# Notes to the Core Financial Statements

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Data has been shared with West Yorkshire Pension Fund (WYPF) for those cases facing immediate detriment because of the changes made in 2015. WYPF are now in a position, pending their own workloads, to process cases and provide these members with their Remedial Service Statement (RSS).

**Matthews** – In 2014 /2015, it was ruled that retained firefighters employed between 1 July 2000 and 5 April 2006 were allowed to join the Firefighters' Pension Scheme 2006 (FPS2006) as 'special' members.

A time limited options exercise took place between 2014 and 2015 to allow eligible individuals to join the FPS. While the benefits awarded to special members largely mirrored the FPS1992, the FPS2006 was amended as the FPS1992 was closed.

Retained firefighters in scope will be able to purchase pension entitlement as a special member for some of all of their service between 7 April 2000 and 5 April 2006, and /or continuous service from 5 April 2006.

Of 236 expressions of interest received, 231 statements have been provided. The remaining 5 statements need referral to the Governments Actuary Department for manual calculation. So far 162 members have chosen to join or extend their membership through the second options exercise and of these 84 are pensioner members, meaning immediate payment will be due to them.

There are potential obligations upon the Fire Authority. Although some members have received statements, the total obligation has not been estimated with certainty.

Further information can be found on page 14.

## Staff Issues

A number of senior officers left or resigned from the Service during 2023/24. In April 2024, a number of allegations were made against the Fire Authority and members of its leadership team; this led to senior members of staff being absent from the Service.

The Authority has made a contribution to the Pensions and Other Staff Issues Reserve to mitigate the impact of future employment liabilities.

There are no further exit packages that are demonstrably committed to and no present obligation resulting from past events. It is not probable that there will be an outflow of resources that represent economic benefits.

## 14. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was signed off by the Treasurer on July 2025.

Events may occur between the financial year end and the date that the Statement of Accounts is authorised for issue. Any such events that existed on the balance sheet date that have a financial impact on the financial statements would be adjusted.

## Notes to the Core Financial Statements

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Those that did not exist at the balance sheet date may require disclosure in the financial statements.

An adjusting event has occurred after the end of the reporting period, that provides further evidence of conditions that existed at the end of the reporting period. This event relates to a payment following staff issues that occurred during 2024/25. Provision has been made for the expenditure incurred.

# Notes to the Core Financial Statements

## 15. PROPERTY PLANT AND EQUIPMENT

<b>Movements in 2024/25</b>	<b>Land &amp; Buildings £'000</b>	<b>Vehicles, Plant, Furniture &amp; Equipment £'000</b>	<b>Property Plant &amp; Equipment £'000</b>
<b>Cost or Valuation</b>	<b>27,645</b>	<b>23,442</b>	<b>51,087</b>
<b>At 1 April 2024</b>			
Additions	2,193	3,969	6,162
Revaluation increases / -decreases recognised in the Revaluation Reserve	-3,393	0	2,717
Revaluation increases / -decreases recognised in the Surplus/Deficit on the Provision of Services	6,110	0	0
Disposals	0	-335	-335
<b>At 31 March 2025</b>	<b>32,555</b>	<b>27,076</b>	<b>59,631</b>
<b>Accumulated Depreciation and Impairment</b>	<b>-35</b>	<b>-16,590</b>	<b>-16,625</b>
<b>As at 1 April 2024</b>			
Depreciation charge	-1,338	-1,565	-2,903
Revaluation	1,338	0	1,338
Disposals	0	218	218
<b>At 31 March 2025</b>	<b>-35</b>	<b>-17,937</b>	<b>-17,972</b>
<b>Net Book Value at 31 March 2025</b>	<b>32,520</b>	<b>9,139</b>	<b>41,659</b>
<b>At 31 March 2024</b>	<b>27,610</b>	<b>6,852</b>	<b>34,462</b>

## Notes to the Core Financial Statements

<b>Movements in 2023/24</b>	<b>Land &amp; Buildings £'000</b>	<b>Vehicles, Plant, Furniture &amp; Equipment £'000</b>	<b>Property Plant &amp; Equipment £'000</b>
<b>Cost or Valuation</b>			
<b>At 1 April 2023</b>	27,605	22,861	50,466
Additions	5,675	834	6,509
Revaluation increases / -decreases recognised in the Revaluation Reserve	-470	0	-470
Revaluation increases / -decreases recognised in the Surplus/Deficit on the Provision of Services	-5,165	0	-5,165
Disposals	0	-253	-253
<b>At 31 March 2024</b>	<b>27,645</b>	<b>23,442</b>	<b>51,087</b>
<b>Accumulated Depreciation and Impairment</b>			
<b>As at 1 April 2023</b>	-35	-15,473	-15,508
Depreciation charge	-1,400	-1,277	-2,677
Revaluation	1,400	0	1,400
	0	160	160
<b>At 31 March 2024</b>	<b>-35</b>	<b>-16,590</b>	<b>-16,625</b>
<b>Net Book Value at 31 March 2024</b>	<b>27,610</b>	<b>6,852</b>	<b>34,462</b>
<b>At 31 March 2023</b>	<b>27,570</b>	<b>7,388</b>	<b>34,958</b>

### Depreciation

Depreciation is provided on the following bases:

- Fire stations and other buildings – straight line allocation over the life of the property as estimated by the valuer.
- Vehicles, plant and equipment – straight line allocation over the life of the asset, as advised by a suitably qualified officer.



# Notes to the Core Financial Statements

## Capital Commitments

At 31 March 2025 the Authority had entered a number of contracts in 2024/25.

The commitments were:

	£'000
Command & control system replacement	270
<b>Total</b>	<b>270</b>

Similar commitments at 31 March 2024 were £3.443m.

## Revaluations

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. Valuations of land and buildings have been carried out at 31 March 2025, by Chris Wilkinson from Capita, under instruction from the Authority. The valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The valuations have been undertaken on the following assumptions:-

- The properties are free from any undisclosed onerous burdens, outgoings or restrictions and good title can be shown.
- The land and properties are not contaminated (including Radon Gas)
- The properties and their values are unaffected by any matters which could be revealed by Local Search or inspection of any register and the use and occupation of the asset is lawful.
- In valuing the property, plant and machinery has been excluded unless forming part of the structure and normally valued with the buildings.
- The report does not take account of any liability for taxation which may arise on disposal whether actual or notional.
- Details of title have been taken from previous records supplied by Shropshire Fire and Rescue Service.
- Where there are user rights these have not been considered as having a value because of the inability to transfer such rights.
- Where the property in the ownership of Shropshire Fire and Rescue Service is subject to user rights, the value of the affected parts of the property have been excluded, except where the occupation has approximately twelve months or less to run to the expiry date.

Items within a class of property plant and equipment are revalued simultaneously to avoid selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values as at different dates. As the Authority only holds one class of asset, all land and buildings are revalued each year.

# Notes to the Core Financial Statements

In addition to the programme of full valuation, an impairment review of the Authority's land and buildings is undertaken at the end of each financial year. The review for 2024/25 was undertaken by Chris Wilkinson from Capita, following instruction from the Authority.

## Valuation of Non Current Assets carried at Current Value

	Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Total £'000
Carried at historical cost	48	9,139	9,187
Carried at current value as at 31 March 2025	32,472	0	32,472
<b>Total</b>	<b>32,520</b>	<b>9,139</b>	<b>41,659</b>

## 16. FINANCIAL INSTRUMENTS

### Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long Term		Current	
	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000
<b>Cash and cash equivalents</b>				
Cash and bank accounts	0	0	-113	12
Short term deposits with bank	0	0	8,500	6,000
Short term deposits with local authorities	0	0		
<b>Total cash and cash equivalents</b>	<b>0</b>	<b>0</b>	<b>8,387</b>	<b>6,012</b>
<b>Investments</b>				
Investments with bank	0	0	0	1,000
Investments with local authorities	0	0	0	0
Investments with DMO	0	0	0	0
<b>Total investments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,000</b>
<b>Debtors</b>				
Financial assets carried at amortised cost	0	0	431	988
<b>Total debtors</b>	<b>0</b>	<b>0</b>	<b>431</b>	<b>988</b>

# Notes to the Core Financial Statements

	Long Term		Current	
	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000
<b>Borrowings</b>				
Financial liabilities at amortised cost	5,045	5,045	0	210
<b>Total borrowings</b>	<b>5,045</b>	<b>5,045</b>		<b>210</b>
<b>Creditors</b>				
Financial liabilities carried at amortised cost	0	0	1,123	1,392
<b>Total creditors</b>	<b>0</b>	<b>0</b>	<b>1,123</b>	<b>1,392</b>

## Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	2024/25		2023/24	
	Liabilities at amortised cost £'000	Assets – loans and receivables £'000	Liabilities at amortised cost £'000	Assets – loans and receivables £'000
Interest expense	232	0	234	0
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>232</b>	<b>0</b>	<b>234</b>	<b>0</b>
Interest revenue	0	475	0	543
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>475</b>	<b>0</b>	<b>543</b>
<b>Net gain for the year</b>	<b>232</b>	<b>475</b>	<b>234</b>	<b>543</b>

**Nature and extent of risk arising from financial instruments:** The Authority's activities expose it to a variety of financial risks:

**Credit Risk** –this is the possibility other parties may fail to pay amounts due to the Authority. This arises from the lending of surplus funds to banks, building societies and other local authorities, as well as credit risks to the Authority's customers. The Authority, with support and guidance from Treasury Services at Shropshire Council, work to minimise the exposure to the unpredictability of financial markets and to protect the financial resources available to fund services.

The Authority has adopted CIPFA's Code of Treasury Management Practices, and an Annual Treasury Management Strategy has also been approved by the Authority.

## Notes to the Core Financial Statements

**Liquidity Risk** – this is the possibility the Authority may not have funds available to meet its commitments to make payments. As the Authority has ready access to borrowings, there is no significant risk it will be unable to raise finance to meet its commitments.

**Market Risk** – this is the possibility financial loss might arise for the Authority as a result of changes in such measures as interest rates. Changes in interest receivable on variable rate investments will be posted to the Comprehensive Income and Expenditure Statement and will therefore directly affect the General Fund Balance.

### Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried in the Balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Estimated ranges of interest rates at 31 March 2025 of 4.05% to 4.80% for loans from the PWLB
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as followed:

	31 March 2025		31 March 2024	
	Carrying amount £'000	Fair Value £'000	Carrying amount £'000	Fair Value (Level 2) £'000
Financial liabilities	5,045	4,927	5,255	5,470

# Notes to the Core Financial Statements

Additional information in respect of the Authority's borrowing is given below

	<b>31 March 2025 £'000</b>	<b>31 March 2024 £'000</b>
<b>Loan Source</b>		
Public Works Loan Board	5,045	5,255
<b>Analysis by Maturity</b>		
Less than 1 year	0	210
Between 1 and 2 years	194	194
Between 2 and 5 years	395	395
Between 5 and 10 years	2,083	1,448
Between 10 and 20 years	713	1,348
Between 20 and 30 years	1,460	1,130
Between 30 and 40 years	200	530

## 17. INVENTORIES

<b>2024/25</b>	<b>Vehicle Parts £'000</b>	<b>Oil £'000</b>	<b>Diesel £'000</b>	<b>Uniform £'000</b>	<b>Operational Equipment £'000</b>	<b>Fire Ground Feeding £'000</b>	<b>Total £'000</b>
<b>Balance outstanding at start of year</b>	<b>127</b>	<b>6</b>	<b>3</b>	<b>100</b>	<b>84</b>	<b>2</b>	<b>322</b>
Purchases	96	3	90	266	97	7	559
Recognised as an expense within Executive and Resources during the year	-91	-2	-80	-294	-97	-8	-572
<b>Balance outstanding at year end</b>	<b>132</b>	<b>7</b>	<b>13</b>	<b>71</b>	<b>84</b>	<b>1</b>	<b>308</b>

# Notes to the Core Financial Statements

2023/24	Vehicle Parts £'000	Oil £'000	Diesel £'000	Uniforms £'000	Operational Equipment £'000	Fire Ground Feeding £'000	Total £'000
<b>Balance outstanding at start of year</b>	<b>115</b>	<b>3</b>	<b>9</b>	<b>129</b>	<b>84</b>	<b>2</b>	<b>342</b>
Purchases	179	5	83	177	125	8	<b>577</b>
Recognised as an expense within Executive and Resources during the year	-167	-2	-89	-206	-125	-8	<b>-597</b>
<b>Balance outstanding at year end</b>	<b>127</b>	<b>6</b>	<b>3</b>	<b>100</b>	<b>84</b>	<b>2</b>	<b>322</b>

## 18. DEBTORS

Debtors represent sums owed to the Authority for supplies and services provided before 31 March in the relevant year but still outstanding at that date.

	<b>31 March 2025 £'000</b>	<b>31 March 2024 £'000</b>
Central government bodies	107	1,000
Other local authorities	1,129	944
Other entities and individuals	585	444
Less Provision for Bad or Doubtful Debts	-9	-11
<b>Total</b>	<b>1,812</b>	<b>2,377</b>

## 19. CASH AND CASH EQUIVALENTS

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

	<b>31 March 2025 £'000</b>	<b>31 March 2024 £'000</b>
Bank current accounts	-113	12
Short term deposits with bank	4,500	6,000
Short term deposits with local authorities	4,000	
<b>Total</b>	<b>8,387</b>	<b>6,012</b>

# Notes to the Core Financial Statements

## 20. CREDITORS

These represent sums owed by the Authority for supplies and services provided before 31 March in the relevant year but still outstanding at that date.

	<b>31 March 2025 £'000</b>	<b>31 March 2024 £'000</b>
Central government bodies	5,644	504
Other local authorities	946	798
Other entities and individuals	885	1,350
<b>Total</b>	<b>7,475</b>	<b>2,652</b>

## 21. GRANTS RECEIPTS IN ADVANCE – REVENUE

These represent grants that has yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver. The balances at the year-end re as follows:

	<b>31 March 2025 £'000</b>	<b>31 March 2024 £'000</b>
Balance at 1 April	932	834
Movement during year	277	98
<b>Balance as at 31 March</b>	<b>1,209</b>	<b>932</b>

## 22. PROVISIONS

The Authority held 2 provisions as at 31 March 2025

- the Authority's share of appeals made by NNDR payers at billing authorities
- legal fees relating to potential staff liabilities

	<b>NNDR Appeals £'000</b>	<b>Staff Liabilities £'000</b>	<b>Total £'000</b>
Balance at 1 April 2023	149	0	149
Movement during year	-66	0	-66
<b>Balance at 1 April 2024</b>	<b>83</b>	<b>0</b>	<b>83</b>
Movement during year – long term	-1	42	41
<b>Balance as at 31 March 2025</b>	<b>82</b>	<b>42</b>	<b>124</b>

Balance at 1 April 2024	0	0	0
Movement during year – short term	0	78	78
<b>Balance as at 31 March 2025</b>	<b>0</b>	<b>78</b>	<b>78</b>

# Notes to the Core Financial Statements

## 23. UNUSABLE RESERVES

<b>31 March 2024 £'000</b>		<b>31 March 2025 £'000</b>
14,750	Revaluation Reserve	11,884
7,072	Capital Adjustment Account	15,328
0	LGPS Pensions Reserve	0
-182,587	Fire Pensions Reserve	-161,105
61	Collection Fund Adjustment Account	328
-192	Accumulated Absences Account	-204
<b>-160,896</b>	<b>Total Unusable Reserves</b>	<b>-133,769</b>

### Revaluation Reserve

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

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

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

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
14,648	Balance at 1 April	14,750
0	Downward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services	0
930	Surplus on revaluation of non current assets not posted to the Surplus/Deficit on the Provision of Services	-2,055
-828	Difference between fair value depreciation and historical costs depreciation  Upward revaluation of Assets	-811
<b>14,750</b>	<b>Balance as at 31 March</b>	<b>11,884</b>



# Notes to the Core Financial Statements

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from 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, impairments 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.

The Account contains revaluation gains accumulated on Property Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains. Note 3 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
12,705	<b>Balance at 1 April</b>	7,072
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
-2,677	Charges for depreciation and impairment of non current assets	3,207
-93	Loss on sale of Property Plant and Equipment	-117
-5,165	Revaluation losses on Property Plant and Equipment	0
<b>4,770</b>	<b>Total</b>	<b>10,162</b>
-2092 828	Adjusting amounts written out of the Revaluation Reserve	811
	<b>Net written out amount of the cost of non current assets consumed in the year</b>	
	Capital financing applied in the year:	
0	Application of grants to capital financing from the Capital Grants Unapplied Account	0
260	Statutory provision for the financing of capital investment charged against the General Fund balance	387
1,214	Capital expenditure charged against the General Fund balance	3,968
<b>7,072</b>	<b>Balance as at 31 March</b>	<b>15,328</b>

# Notes to the Core Financial Statements

## Pensions Reserves

The Pensions Reserves absorb the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing 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 Reserves therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has to set aside to meet them. The statutory arrangements will ensure funding will have been set aside by the time the benefits come to be paid.

2023/24 £'000				2024/25 £'000		
Fire	LGPS	Total		Fire	LGPS	Total
183,335	1,826	185,161	<b>Balance at 1 April</b>	<b>182,587</b>	<b>0</b>	<b>182,587</b>
-5,494	-2,241	-7,735	Actuarial gains or losses on pensions assets and liabilities	-26,762	-3,467	-30,229
	330	330	Impact of asset ceiling		3,519	3,519
11,136	685	11,821	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	11,988	589	12,577
-6,390	-600	-6,990	Employer's pension contributions and direct payments to pensioners payable in the year	-6,708	-641	-7,349
<b>182,587</b>	<b>0</b>	<b>182,587</b>	<b>Balance at 31 March</b>	<b>161,105</b>	<b>0</b>	<b>161,105</b>

# Notes to the Core Financial Statements

## Collection Fund Adjustment Account

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 compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
170	<b>Balance at 1 April</b>	61
-109	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax and business rates income calculated for the year in accordance with statutory requirements	267
<b>61</b>	<b>Balance at 31 March</b>	<b>328</b>

## Accumulated Absences Account

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, ie annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
-170	Balance at 1 April	-192
170	Settlement or cancellation of accrual made at the end of the preceding year	192
0	Amount accrued at the end of the current year	0
-192	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 requirements	-204
<b>-192</b>	<b>Balance at 31 March</b>	<b>-204</b>

# Notes to the Core Financial Statements

## 24. USABLE RESERVES

The Fire Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement.

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

### Transfers To / From Earmarked Reserves

	<b>Balance 31 Mar 2023 £'000</b>	<b>Transfers Out 2023/24 £'000</b>	<b>Transfers In 2023/24 £'000</b>	<b>Balance 31 Mar 2024 £'000</b>	<b>Transfers Out 2024/25 £'000</b>	<b>Transfers In 2024/25 £'000</b>	<b>Balance 31 Mar 2025 £'000</b>
General Fund Balance	<b>1,723</b>	-1,723	2,433	<b>2,433</b>	-2,433	700	<b>700</b>
General Reserve	<b>577</b>	-121	0	<b>456</b>	0	121	<b>577</b>
Major Projects Capital Reserve	<b>6,634</b>	-975	1,154	<b>6,813</b>	-3,962	2,040	<b>4,891</b>
Extreme Weather Reserve	<b>219</b>	0	0	<b>219</b>	0	0	<b>219</b>
Pensions and Other Staff Issues Reserve	<b>687</b>	-10	0	<b>677</b>	-216	1,382	<b>1,843</b>
ICT Reserve	<b>834</b>	-287	0	<b>547</b>	-41	0	<b>506</b>
STP Staff Reserve	<b>869</b>	-310	250	<b>809</b>	-496	0	<b>313</b>
Income Volatility Reserve	<b>687</b>	0	0	<b>687</b>	0	0	<b>687</b>
Service Delivery Reserve	<b>118</b>	-109	0	<b>9</b>	-6	0	<b>3</b>
Training Reserve	<b>13</b>	-36	150	<b>127</b>	0	104	<b>231</b>
Building Maintenance Reserve	<b>300</b>	0	150	<b>450</b>	-2	0	<b>448</b>
Operational Equipment Reserve	<b>116</b>	-31	190	<b>275</b>	-44	40	<b>271</b>
Usable Capital Receipts Reserve	<b>41</b>	-129	146	<b>58</b>	0	152	<b>210</b>
<b>Total</b>	<b>12,818</b>	<b>-3,731</b>	<b>4,473</b>	<b>13,560</b>	<b>-7,200</b>	<b>4,539</b>	<b>10,899</b>

# Notes to the Core Financial Statements

## 25. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	<b>2024/25 £'000</b>	<b>2023/24 £'000</b>
<b>Opening Capital Financing Requirement</b>	<b>12,641</b>	<b>7,606</b>
<i>Capital investment</i>		
Property Plant and Equipment	6,162	6,509
<i>Sources of Finance</i>		
Sums set aside from revenue:		
Direct revenue contributions	-3,968	-1,214
MRP	-387	-260
<b>Closing Capital Financing Requirement</b>	<b>14,448</b>	<b>12,641</b>
<b>Explanation of movements in year</b>		
Increase / -decrease in underlying need to borrowing (unsupported by government financial assistance)	1,807	5,035
<b>Increase / -decrease in Capital Financing Requirement</b>	<b>1,087</b>	<b>5,035</b>

## Notes to the Core Financial Statements

### 26. CASH FLOW STATEMENT – NON CASH ITEMS

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
-2,677	Depreciation	-2,903
-5,165	Losses / gains on asset revaluations	6,110
-93	Loss on sale of non current assets	-117
-4,831	IAS19 pension adjustments	-8,747
-109	Collection Fund adjustment	266
-22	Accumulated Absences adjustment	-12
-21	Movement on inventory	-13
-346	Movement on creditors	-5,207
-176	Movement on debtors	-712
0	Movement in provisions	-120
<b>-13,440</b>		<b>-17,565</b>

### 27. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
543	Interest received	474
-234	Interest paid	-232
<b>309</b>	<b>Net Interest</b>	<b>242</b>

### 28. CASH FLOW STATEMENT – INVESTING ACTIVITIES

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
6,509	Purchase of property plant and equipment	6,162
-5,000	Other payments from investing activities	-1,000
<b>1,509</b>	<b>Net cash flows from investing activities</b>	<b>5,162</b>

# Notes to the Core Financial Statements

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## 29. CASH FLOW STATEMENT – FINANCING ACTIVITIES

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
-543	Other receipts from financing activities	-474
234	Other payments for financing activities	442
<b>-309</b>	<b>Net cash flows from financing activities</b>	<b>-32</b>

## Pension Fund Accounts

Year ended 31 March 2024 £'000		Year ended 31 March 2025 £'000
	<b>Income to the fund</b>	
	<b>Contributions receivable:</b>	
	<b>From employer:</b>	
-2,811	Normal: 2015 scheme	-3,916
-76	Early Retirements	-19
	<b>From members:</b>	
-1,261	Normal: 2015 scheme	-1,355
-23	Past Service: 2006 modified scheme	-178
	<b>Transfers in:</b>	
-96	Individual transfers from other schemes	-10
<b>-4,267</b>	<b>Income to the Fund</b>	<b>-5,478</b>
	<b>Spending from the Fund:</b>	
	<b>Benefits payable:</b>	
6,204	Pensions	6,675
1,220	Commutations on pensions and lump sum retirement benefits	1,169
	<b>Payments to and on account of leavers:</b>	
0	Individual transfers out of the scheme	0
<b>3,157</b>	<b>Deficit for the year before top up grant receivable from Central Government</b>	<b>2,366</b>
-2,405	Top Up grant received	-7,699
-752	Top Up grant	752
<b>0</b>	<b>Net amount receivable for the year</b>	<b>-4,581</b>



## Pension Fund Accounts

### Net Assets Statement as at 31 March 2025

2023/24 £'000	Current Assets	2024/25 £'000
752	Amounts due from General Fund	-4,581
	<b>Current Liabilities</b>	
-752	Top Up grant payable to Government	4,581
<b>0</b>		<b>0</b>

### Notes to the Pension Fund Accounts

- 1. Firefighters Pension Schemes** – on 1 April 2006 new financial arrangements were introduced for both the 1992 and the newly established 2006 Firefighter Pension Schemes. The Pension fund was established under the Firefighters Pension Fund Regulations 2006.  
The Firefighters' Pension Scheme 2015 was introduced at the beginning of the financial year. This is a career average scheme, and is available to operational firefighters appointed on or after 1 April 2015. Serving firefighters will also have been transferred into the scheme, unless they have protected status under one of the existing schemes. The scheme is regulated by the Home Office.
- 2.** The Pension Fund is regulated by Home Office, and the pension schemes are managed and administered locally by each Fire Authority. Both are unfunded, defined benefit schemes; contributions to the schemes are made by firefighters and employers, and paid into the Fund, from which most commutations and regular pension payments are made. Any deficit on the Fund will be met by Government, and any surplus at the end of the year will be repaid to Government.
- 3.** The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end; information on the Authority's long term pensions obligations can be found at note 13 to the main financial statements.
- 4.** Employees and employers contribution levels are set nationally by the Home Office and subject to triennial revaluation by the Government's Actuary Department.
- 5.** The accounts are prepared in accordance with the same Code of Practice and accounting policies as the main financial statements – they can be found at page 29.

# Glossary of Terms

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**Accrual**

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

**Capital Adjustment Account**

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

**Capital Expenditure**

Expenditure on the acquisition of non current assets such as land, buildings, 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.

**Corporate and Democratic Core**

Represents the costs of corporate policy making and member based activities. Other costs relate to the general running of the Fire Authority including corporate management and public accountability.

**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 dependant 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, ie stocks, debtors, cash.

**Current Liabilities**

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

# Glossary of Terms

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## **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.

## **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 Authority.

## **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 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)**

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 for provision for credit liabilities, previously 4% of the capital financing requirement.

## **Non Current Assets**

Assets that yield benefits to the Fire Authority and the services it provides for a period of more than one year.

## **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 a 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

# Glossary of Terms

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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 April 2007 only, the date of its formal implementation.

**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.

**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 a non current asset.

**Virement**

The transfer of resources between budget heads. Virements must be properly authorised by the appropriate committee or by officers under delegated powers.