DRAFT – UNAUDITED
30 June 2026

Shropshire and Wrekin
Fire and Rescue Authority

Statement of Accounts

2025/26

Contents

Narrative Report

Introduction

This is the statement of accounts for Shropshire and Wrekin Fire and Rescue Authority, for the financial year ended 31 March 2026. 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 2025/26 (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 Audit and Standards 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, with the exception of number of all fires, which followed a national trend of fires caused by increased temperatures, and fires contained within room of origin, which was slightly below tolerance.

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.

Financial Planning 2025/26

Following the settling of operational and support pay, the main focus of the 2025/26 budget setting process was growth and investment in a number of areas, with emphasis on the CRMP and its recommendations.

Work began in 2023/24 to develop the CRMP objectives for 2025-2029 – using data to determine where assets are located to meet risk and tackling new and emerging risks. It was recognised then that investment would be required to meet both current and future demands, and £250,000 was included in the revenue budget planning from 2025/26.

The structure of the Service was also being reviewed and following the provision of temporary staff for 2024/25, funds were included from 2025/26 to invest in identified skills gaps and roles required in line with the new structure.

Expenditure

A budget review factored in committed costs of the Service's replacement Command & Control system and mobile data terminals, agreed by the Authority in December 2023 and February 2024.

Following protracted negotiations in 2022/23 and 2023/24, the pay award for staff conditioned to the Grey and Green books were quickly agreed in 2024/25 at 4% and 3% respectively. Current contingencies for pay award were set at 4% in 2025/26, reducing to 3% from 2026/27. However, at the Budget on 30 October 2024, it was stated that "over the medium-term, above inflation pay awards are only affordable if they can be funded from improved productivity". It was therefore proposed that pay awards were provided for at 2% per year for Grey, Green and Gold book staff, with any awards over and above this level being found from efficiencies found within current budgets.

Autumn Budget 2024/25

The Chancellor of the Exchequer of the newly formed Government presented her first Autumn Budget on 30 October 2024. Settlements for individual government departments were outlined in the Budget, and a policy statement outlining the Government's intentions would be published prior to the provisional settlement for individual authorities.

The Chancellor outlined aspects of the Local Government Finance Settlement for 2025/26, as follows:

- An inflationary increase based on September 2024 CPI (1.7%) was anticipated for local government
- Inflation expected to fall from 2.6% in 2025 to 2.1% in 2027
- Core spending power for the Fire sector, which includes precept, to increase in real terms by approximately 3.2%

No announcement was made on referendum spending limits for the Fire sector.
A provisional one year settlement was expected prior to Christmas, with a multi-year spending review for subsequent years expected in Spring 2025.

In order to test the Authority's financial resilience and ability to adapt to changing conditions, a number of scenarios were developed to test the sensitivity to changes in planning assumptions.

Local Government Finance Policy Statement 2025/26

The government published its policy statement in October which confirmed its intentions for the finance settlement for 2025/26.

The statement confirmed the following:

• Standalone fire authorities could increase precept by £5 without requiring a referendum
• Rural Services Delivery Grant, Services Grant and Minimum Funding Guarantee were removed in full
• A one off Recovery Grant would be introduced, based on deprivation, but was unlikely to be allocated to the Fire Authority
• Local authorities would be compensated in the usual way for the freeze in the small business rate multiplier.

The flexibility of a £5 precept increase was welcomed following lobbying by major stakeholders including the Home Office, Local Government Association, National Fire Chiefs Council and the Authority. However, the loss of three grants from the settlement far outweighed any potential benefit to the Authority of an increased referendum threshold.

Provisional Grant Settlement 2025/26
The provisional finance settlement was announced on 18 December 2024, providing numbers for 2025/26 only. It confirmed the announcements in the government's policy statement.

National Insurance Contribution (NICS) Costs
A total grant of £515m was announced to support additional NICS costs. This only covered around 50% of the additional costs, therefore an additional £150,000 was required in the revenue budget to cover these costs.

Fire Pension Scheme Valuation 2020
The Treasury completed its analysis of the outcomes of the 2020 valuation in 2024; the impact of the valuation on the schemes was an increase in employer contributions, from 30.2% to 37.6%. The total costs of this increase for 2024/25 were funded by government; this continued for 2025/26. The contribution increase represented an increase in the revenue budget of around £800,000 per year.

Future Growth and Investment

As budget setting progressed, it was clear that future growth and investment within the Service was to focus on several priority areas aimed at reducing risk and vulnerability in the community and ensuring all staff are competent to perform their roles effectively.

The main areas were:

• The consultation of the Fire Authority's Community Risk Management Plan (CRMP) used an evidence-led approach to identify key areas to mitigate and manage risk, areas such as specialist training and technology requiring investment.
• In November 2024, His Majesty's Inspector of Constabulary and Fire and Rescue Service (HMICFRS) report highlighted several critical findings across the Service and provided areas for improvement and a cause of concern. Officers and members accepted all of these recommendations and submitted a comprehensive plan to address the areas for improvement and the cause of concern.

• The development of the Strategic Priorities for 2025/26, approved by the Authority in February 2025, identifying essential investments in people, processes, and systems.
• A Service Structural Review was completed to ensure the structure enabled the delivery of the CRMP and the Strategic priorities for 2025/26, it addressed identified skills gaps to improve service delivery and enhance overall organisational effectiveness.

Whilst these priority areas had not yet been finalised, it was proposed that a sum of money was allocated within the budget to make this investment.

An investment of £250,000 was approved for 2025/26 with details of the expenditure reported to members through future monitoring reports.

There was a medium term approach to this investment, with some areas being addressed in years 2 and 3 of the planning period. However, given the move to a multi year settlement from 2026/27, this could not be planned with certainty until the settlement was published from 2026/27.

In order to reflect the ongoing investment required, a notional amount of £250,000 was added to the revenue budget for both years 2 and 3, and £150,000 for systems investment was also added.

Consideration of Precept Increases

The referendum spending limit for 2025/26 was increased to £5 for standalone fire authorities, giving some flexibility to the precept increase decision. However, members had seen the effect of the cessation of grants on the Authority's planning above.

When making decisions on precept strategy, it was important that the Authority considered the current position of the Service and its requirements to address the cause for concern and areas for improvement within its HMICFRS inspection report, as well as completing priorities from the Community Risk Management Plan (CRMP).

Although the later years of the planning period included notional amounts for investment required, members were reminded that it was not yet certain how the introduction of a multi year settlement would affect existing income streams or precept referendum thresholds. This will be reviewed as details of the multi year settlement are made available.

Members considered a range of precept increase options and the consequences of these options.

A precept increase of 2.99%, or 6p per week, would enable the Authority to cover inflationary pressures but would not service its capital programme, or provide any opportunity for growth and investment into the Service or its staff. Efficiencies in non pay costs would be sought and productivity will be reviewed and improvements identified. Any further funds required to balance the budget would be found in reserves in the short term.

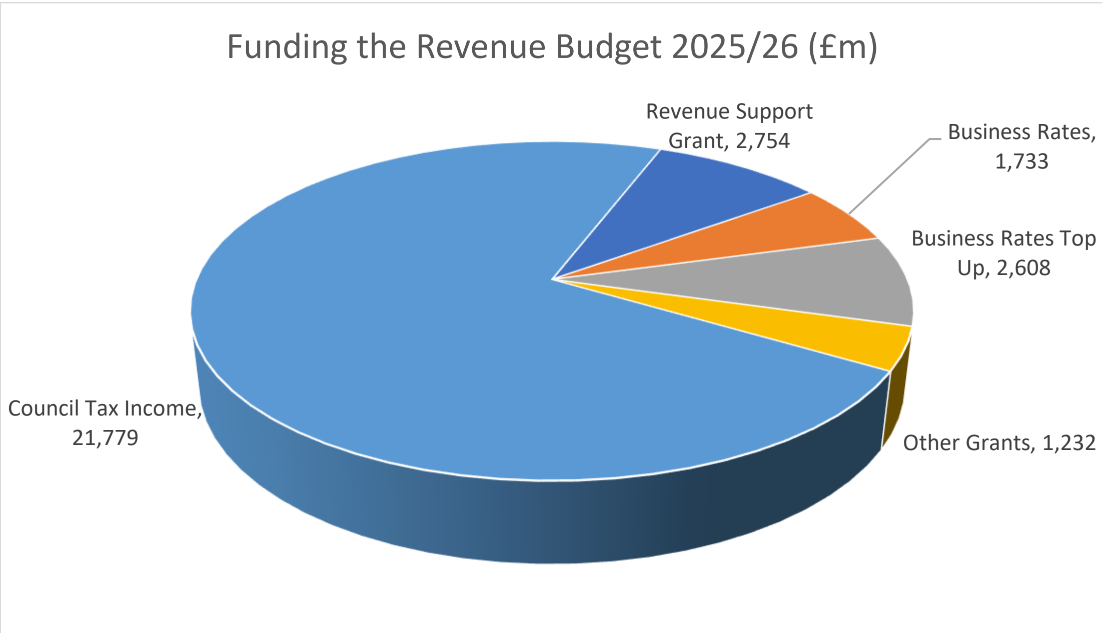
Increasing the precept by £5, or 4.3%, was in line with government assumptions within the calculation of core spending power. The increase would restore some of the loss in grant income within the settlement, whilst also allowing for some growth and investment to be achieved during the first year of the settlement. There was no certainty around future precept threshold limits in the multi year settlement from 2025/26.

Following the recommendation from Strategy & Resources Committee, the Authority's planning model incorporated a precept increase of £5 or 4.33% for 2025/26, in line with the referendum spending limit.

Revenue Budget and Expenditure

In February 2025, Shropshire and Wrekin Fire Authority approved a revenue budget of £30.084m for 2025/26. 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 2025/26 was funded as follows:

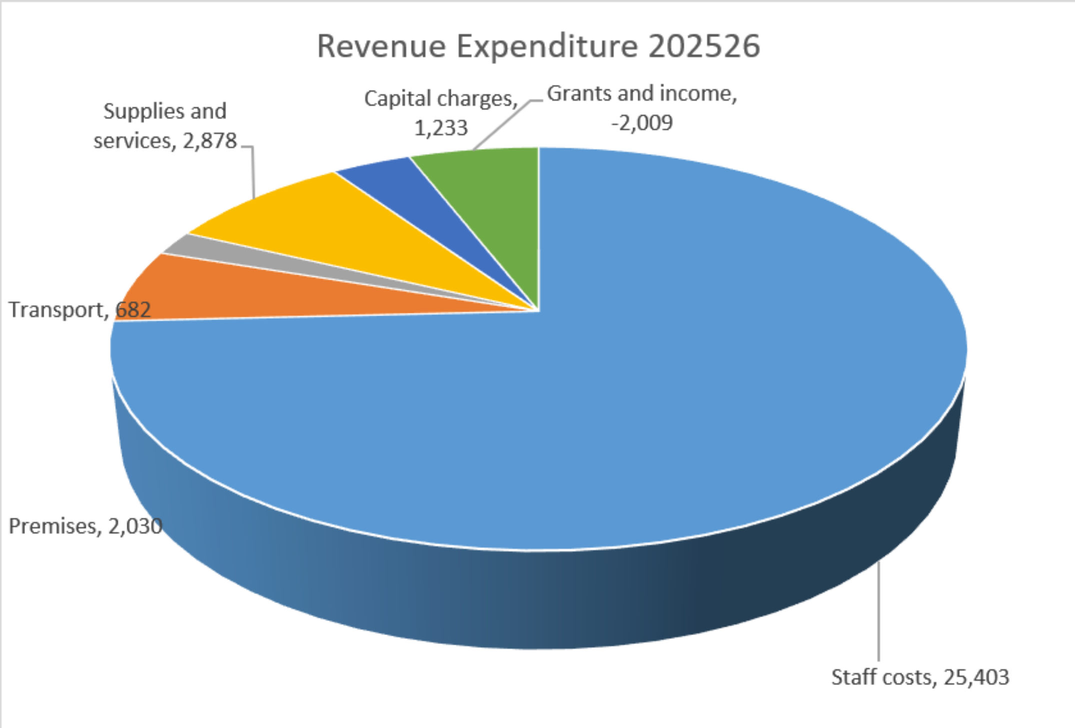


During 2025/26 the Fire Authority received regular updates on financial performance and approved changes of -£0.280m to the revenue budget.

Actual out turn on the revenue budget was £30.036m; further variances of £48,000 have been identified.

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

The remaining variances are shown in the table below.



Efficiencies and other variances	**£'000**
Pay movements	-88
Prevention	18
Debt charges	69
Investment Income	28
Operations	18
Pensions	65
Facilities	-38
Executive costs	-53
Contributions from Reserves	-49
Bad debt provision	-46
Audit Fees	-27
Contingency balance	96
Total	**-7**

Slipped Income and Expenditure	**£'000**
Culture and values project	55
Total	**55**

Income	£’000
Additional grant received	21
	21

Capital Expenditure

In 2025/26 the Fire Authority spent £1.281m on capital projects. These can be summarised as follows:

Scheme	£’000
Building Improvements	245
Vehicles and equipment	389
IT Infrastructure	647
Total	**1,281**

Expenditure on capital projects has been funded from:

Source of Funding	£’000
Major Projects Reserve	615
Revenue	7
Borrowing	659
Total	**1,281**

Reserves - Overview of the Reserves Strategy

The Fire Authority has set out its financial strategy to 2027/28 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.

	31 March 2024 £'000	**31 March 2025 £'000**
General Reserve	456	500
Pensions and Other Staff Issues Reserve	677	1,817
Extreme Weather Reserve	219	219
Major Projects Capital Reserve	6,813	4,552
ICT Reserve	547	613
Usable Capital Receipts Reserve	58	225
Income Volatility Reserve	687	687
Service Transformation Programme Staff Reserve	809	485
Service Delivery Reserve	9	29
Training Reserve	127	90
Operational Equipment Reserve	275	279
Buildings Maintenance Reserve	450	387
General Fund Balance	2,433	-112
Total	**13,560**	**9,771**

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 Integrated Fire Control Collaboration (IFCC) project, which brings together the fire control functions of Shropshire, Hereford & Worcester, Cleveland, and Durham & Darlington, continues to make steady progress.

Since contracts were signed in December 2023, the project has moved through detailed configuration, infrastructure delivery, and system build phases. Significant progress has been made across all workstreams, including system configuration, integration, and preparation for operational use.

While initial plans targeted go live in March 2026, delivery timelines have been adjusted to reflect dependencies relating to external connectivity and integration with third-party systems. These issues have now been resolved, and the programme is progressing through the final stages of delivery.

The programme is currently focused on user acceptance testing, training, and operational readiness activities ahead of go live later in 2026. As a collaborative initiative, the project continues to demonstrate strong joint working across the four services, with a shared approach to governance, decision-making, and system development.

The implementation of a unified mobilising system will enhance resilience and interoperability across all participating services, enabling improved support during major incidents whilst maintaining local control and business continuity for each individual service.

Training Facilities Improvements at Telford

Following a training facilities review, the Service are planning to invest up to £5m in improvements to its training facilities and its fire stations in Telford, Ludlow, Oswestry, Prees and Shrewsbury.

The expected outcomes of the investment into the Service’s Training Facilities are:

- Enhanced operational competence through high-quality Compartment Fire Behaviour Training (CFBT) facilities, enabling firefighters to better anticipate and respond to rapidly changing fire dynamics.
- Improved effectiveness in domestic and complex structure firefighting through realistic Fire House simulations that reflect contemporary building layouts and risks.
- Increased casualty survival and responder safety through Road Traffic Collision (RTC) facilities that replicate high-pressure, real-world crash scenarios.
- Reduced risk of injury and enhanced incident readiness via upgraded Working at Height and Confined Space training aligned with Community Risk Management Plan (CRMP) priorities and emerging operational data.
- Greater accessibility and training realism across all sites, ensuring facilities are fit for purpose and capable of delivering high-quality, scenario-based learning for all roles.

- Accelerated innovation and standardisation in core disciplines through structured local working groups linked into National operational development programmes.
- Capability uplift in emerging or underrepresented risk areas, with provisions established for subjects identified through operational learning, assurance, or CRMP analysis.

The investment is envisaged to be split into two parts; the first part being the existing training infrastructure which is co-located on the newly refurbished and extended Telford Central station site and the second part being the Smoke Houses at Ludlow, Oswestry and Prees and the Fire House at Shrewsbury.

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.

Members are being issued with Remedial Service Statements, which detail the benefits and associated costs of the remedy. Some pensioners are expected to receive additional lump sum payments and increased pension benefits; however, this work has commenced and is still ongoing.

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.

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.

Further legislation was laid in April 2026 which broaden the scope of the exercise and provide new options to some members, and additional provision for families of deceased firefighters.

Details of members who have opted to join or extend their membership in the scheme have been provided to the administrators, West Yorkshire Pension Fund. They are currently in the process of creating records and contacting members.

For individuals who have already reached retirement age, payment of the scheme's lump sum and pension benefits is underway.

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

The Plan was finalised following public consultation, 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

Projects emanating from the Plan will remain a focus for the Service over the coming year. To enable to Plan to remain dynamic and react to new risks facing the Service will face, the Fire Authority has approved the extension of the Plan to 2030.

Service Restructure

A Service restructure was undertaken during 2024/25, 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 was to ensure that the Service and the Fire Authority were positioned to deliver statutory responsibilities, strategic goals and the Community Risk Management Plan (CRMP).

The proposed changes were 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.

Proposals from the first year of the restructure were added to the revenue budget in 2025/26 and posts have been recruited into.

The Fire Authority received a three year financial plan as part of the Local Government Finance Settlement which began on 1 April 2026, and during the budget setting process, the second year proposals from the restructure were not affordable. The Service will review all requests for additional resource and assess them in terms of potential risk and affordability.

The Financial Statements

The core financial statements are set out on pages 45 to 49 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

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 achieving value for money.

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 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 2025/26 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 through the Community Risk Management Plan;
- establish clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation;
- review the Authority's vision and performance through effective 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;
- identify the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training;
- develop, communicate and embed codes of conduct, which define the standards of behaviour for members and staff in accordance with the core code of ethics;
- review and update standing orders, financial regulations, 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)
- enable whistleblowing and the receiving and investigating of complaints from the public;
- 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; 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 Fire Authority 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 Members within the Authority, who have overall responsibility for the development and maintenance of the governance environment, as well as:

- the Section 151 Officer & Treasurer;
- the Fire Authority's Monitoring Officer;
- Legal advisors to the Fire Authority;
- Internal Auditors; and
- Shropshire Fire and Rescue Service managers, who have day-to-day responsibility for ensuring the governance framework is functioning correctly.

Fire Authority Members have been subject to training as part of ensuring effective governance. During 2025/26, this has included….

In 2025, a governance review commenced to identify opportunities for improvements to governance arrangements and ensure effective delivery of functions.

As part of the review, the total Fire Authority Member representation increased from 15 to 17. The review assessed the supporting committees of the Fire Authority, and it was decided to introduce a third Committee to ensure sufficient scrutiny and challenge of the Service. This has resulted in the following Fire Authority Committees to strengthen overall governance:

- Strategy and Resources Committee
- Audit and Standards Committee
- Performance and Scrutiny Committee

In addition to the formation of the Performance and Scrutiny Committee, this has also appointed three independent people to bring external skills and expertise to enhance the level of oversight to the Service.

A Portfolio Management Office was introduced during 2025/26 to strengthen the governance and oversight of service change activity. A system has been developed to provide a more structured approach to managing programmes and projects, enabling clearer prioritisation, improved monitoring and stronger control over delivery. This change is intended to ensure that projects are aligned to organisational priorities, that benefits are identified and realised, and that change is implemented in a more consistent and effective way within the Service.

Throughout 2025/26 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.

Internal Audit

An internal audit plan was agreed at the start of the year and have been undertaken by Worcester Internal Audit Shared Services. Each internal audit 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 the Audit and Standards Committee.

Audits completed and assurance opinion by Internal Audit during 2025/26 related to:

- Treasury Management - Reasonable;
- Contract Management - Limited;
- Payroll and Pensions - Substantial;
- Risk Management - Limited;
- Data Quality - Reasonable;

Based on the work undertaken and management responses received, the Head of Internal Audit will offer an overall assurance opinion for the 2025/26 year for the Authority's framework for governance, risk management and internal control processes.

The progress made by management in implementing the actions arising from audits has been ongoing. Implementation of improvement actions strengthens the organisation's framework of governance, risk management and control.

The Audit and Standards Committee agree the Internal Audit will be conducting audits in the following areas during 2026/27:

- Procurement (deferred from 2025/26)
- Main Financial Ledger
- Data Protection
- Corporate Governance Arrangements
- Project Management (deferred from 2025/26)
- Organisational Assurance
- Cyber Security

External Audit

A number of key recommendations were raised in the External Auditor's Annual Audit Report 2024/25. The report reiterated the requirements of the HMICFRS report, with the following governance arrangements recommendations being addressed:

- Culture and Leadership
- Decision-Making
- Capacity of Statutory Officers
- Managing Conflicts of Interest
- Risk Management

The Role of the Chief Financial Officer

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

During 2025/26, a Section 151 Officer & Treasurer (Director of Finance & Resources) was appointed as a permanent position within the Service to replace a Service Level Agreement between Shropshire Council and Shropshire and Wrekin Fire and Rescue Authority, for the provision of financial advice and representation. This has therefore strengthened the Statutory Officer representation and capacity within the Service, recognised previously as a cause of concern.

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 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 Audit and Standards Committee
    - Meetings of the Performance and Scrutiny Committee

- Regular Chair's briefings, a member of the Service Executive Leadership Team, contribution to the Service Management Team internal governance, as well as leadership of the Service Finance Team and line management of the Head of Finance (Deputy Section 151 Officer).

Shropshire Council continues to provide access to Treasury services on investments and borrowing to meet the needs of the Service.

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 Financial 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 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.

His Majesty's Inspectorate of Constabulary and Fire and Rescue Service (HMICFRS)

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.

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 conducted 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.

Corporate Risk Management

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.

Annual Governance Statement Improvement Plan

The Fire Authority Annual Governance Statement improvement plan supports the continuous improvement of governance and effectiveness of the Service. The improvement plan is being updated to directly link to the internal audit management action plans and external audit recommendations as highlighted within the statement.

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 Audit and Standards Committee	Chief Fire Officer	S151 Officer

Statement of Responsibilities

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 2026.

S151 OFFICER Jacqueline Dungey
Dated: 30 June 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 (November 2026).

Chair of the Audit & Standards Committee
Dated:
*A signed copy of the statement is held at Brigade Headquarters

Audit Certificate

(Due November 2026)

Statement of Accounting Policies

1 General Principles

The Statement of Accounts summarises the Fire Authority's transactions for the 2025/26 financial year and its position at the year end of 31 March 2026. 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 2025/26, supported by International Financial Accounting Standards (IFRS).

The draft Statement of Accounts for 2025/26 must be available for approval by 30 June 2026, and the audited accounts must be approved and published by 31 January 2027.

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 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

- **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. The reserve also covers other staff matters such as employment settlements.

- **Extreme Weather Reserve** – costs for incidents attended by on call 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. The balance remaining is to be used against future capital schemes, following approval by the Authority.

- **Earmarked Capital Reserve** – this reserve was used to fund smaller capital projects, therefore reducing the need to borrow. It is currently depleted.

- **ICT Reserve –** this reserve 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** –Funding for projects identified as strategic priorities for the Authority have been taken into account in the revenue budget and the capital programme. This reserve was set up to cover the staff elements of the projects.

- **Income Volatility Reserve** –This reserve was set up to smooth any volatility or fluctuations in the funding received against estimates in the Service Plan.

Statement of Accounting Policies

- **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 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.

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.

Statement of Accounting Policies

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 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:

Statement of Accounting Policies

- 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.
    - 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

Statement of Accounting Policies

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.

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

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom requirements changed in respect of revaluations of property, plant and equipment.

Valuations of land and property will be valued every five years and supported by indexation in intervening years.

In the event that no indices can be obtained without undue cost or effort, a desktop valuation may be undertaken in year three.

This change in policy will be applied prospectively, with no restatement of prior year figures.

A full valuation should not be a default process to demonstrate that there has not been a material impairment of an asset.

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.

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

Statement of Accounting Policies

- 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.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the authority as a result of past events (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are measured initially at cost. Thereafter they are carried at cost less accumulated depreciation and any accumulated impairment loss. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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.

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 Leases
The authority as lessee
The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement
Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.
The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined.

Statement of Accounting Policies

Lease payments included in the measurement of the lease liability include:
- fixed payments
- variable lease payments
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement
The right-of-use asset is subsequently measured using the fair value model. It is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption. The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:
- there is a change in future lease payments arising from a change in index or rate
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption
As permitted by the Code, the authority excludes leases:
- for low-value items that cost less than £5,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months

12 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.

13 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.

Statement of Accounting Policies

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.

14 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.
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.

Statement of Accounting Policies

15 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

2024/25				2025/26		
Gross Expenditure	**Gross** Income	**Net** Expenditure		**Gross** Expenditure	**Gross** Income	**Net** Expenditure
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
2,215	-86	2,129	Executive and Resources	6,679	-127	6,552
4,965	-52	4,913	Corporate Governance	4,907	-76	4,831
18,735	-199	18,536	Service Delivery	19,154	-304	18,850
25,915	**-337**	**25,578**	**Cost of Services – continuing operations**	**30,740**	**-507**	**30,233**
		-24	Profit on disposal of non current assets			-20
		-24	**Other Operating Expenditure**			**-20**
		232	Interest payable and similar charges			225
		-474	Interest and investment income			-348
		8,780	Net interest on the net defined liability (note 5)			8,900
		8,538	**Financing and Investment Income and Expenditure (note 5)**			**8,777**
		-24,526	Precepts and Non Domestic Rates (note 6)			-25,854
		-5,858	Government Grants (notes 6 and 10)			-5,187
		-30,384	**Taxation and Non Specific Grant Income** (note 6)			**-31,041**
		3,708	**Deficit on Provision of Services**			**7,949**
		2,055	Surplus arising on the revaluation of property plant and equipment			-840
		-30,229	Remeasurement of the net defined benefit liability (note 12/23)			-1,014
		-28,174	**Other Comprehensive Income and Expenditure**			**-1,854**
		-24,466	**Total Comprehensive Income and Expenditure**			**6,095**

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
Balance at 31 March 2025	**700**	**10,199**	**10,899**	**0**	**10,899**	**-133,769**	**-122,870**
Movement in reserves during 2025/26							
Total Comprehensive Income and Expenditure	-7,949		-7,949		-7,949	1,854	-6,095
Adjustments between accounting basis & funding basis under regulations (note 4)	6,821		6,821		6,821	-6,821	0
Increase/-Decrease in 2025/26	**-1,128**	**0**	**-1,128**		**-1,128**	**-4,967**	**-6,095**
Balance as at 31 March 2026 cfwd	**-428**	**10,199**	**9,771**		**9,771**	**-138,736**	**-128,965**
Transfers to/from Earmarked Reserves	316	-316	0		0	0	0
Balance as at 31 March 2026 cfwd	**-112**	**9,883**	**9,771**		**9,771**	**-138,736**	**-128,965**

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
Balance at 31 March 2024	**2,433**	**11,127**	**13,560**	**0**	**13,560**	**-160,896**	**-147,336**
Movement in reserves during 2024/25							
Total Comprehensive Income a nd 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
Increase/-Decrease in 2024/25	**-2,661**	**0**	**-2,661**	**0**	**-2,661**	**27,127**	**24,466**
Balance as at 31 March 2025 cfwd	**-228**	**11,127**	**10,899**	**0**	**10,899**	**-133,769**	**-122,870**
Transfers to/from Earmarked Reserves	928	-928	0	0	0	0	0
Balance as at 31 March 2025 cfwd	**700**	**10,199**	**10,899**	**0**	**10,899**	**-133,769**	**-122,870**
		Note 24				**Note 23**	

Core Financial Statements
Balance Sheet

31 March 2025 £'000		Note	31 March 2026 £'000
	Property Plant and Equipment		
32,520	Land and Buildings	15	32,795
9,139	Vehicles Plant Furniture and Equipment	15	8,639
	Intangible Assets	15	134
41,659	**Total Long Term Assets**		**41,568**
325	Inventories	17	335
1,613	Short Term Debtors	18	1,830
2,000	Investments	16	2,000
2,517	Cash and Cash Equivalent	19	2,517
10,507	**Total Current Assets**		**6,682**
-7,475	Short Term Creditors	20	-6,456
-1,209	Grants Receipts in Advance - Revenue	21	-96
-8,762	**Current Liabilities**		**-6,552**
-124	Long Term Provisions	22	-171
-5,045	Long Term Borrowing	16	-5,045
-161,105	Pension Liability	23	-165,447
-166,274	**Long Term Liabilities**		**-170,663**
-122,870	**Net Liabilities**		**-128,965**
-10,899	**Usable Reserves**		-9,771
133,769	**Unusable Reserves**		138,736
122,870	**Total Reserves**		**128,965**

Signed by the Treasurer

Core Financial Statements
Cash Flow Statement

2024/25 £'000		2025/26 £'000
-3,708	Net surplus on the provision of services	-7,949
11,455	Adjustments to net surplus or deficit on the provision of services for non cash movements (see Note 26)	5,359
-242	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (see Note 27)	-123
7,505	Net cash flows from operating activities	-2,713
-5,162	Investing Activities (see Note 28)	-1,281
32	Financing Activities (see Note 29)	123
2,375	Net increase or decrease in cash and cash equivalents	-3,871
6,012	Cash and cash equivalents at the beginning of the period	8,387
8,387	**Cash and cash equivalents at the end of the reporting period**	**-4,516**

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.

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.

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 2026 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 £726k 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

2025/26

	As reported for resource management **£'000**	**Adjustment to arrive at the net amount chargeable to the General Fund balance (Note 3a)** **£'000**	**Net expenditure chargeable to the General Fund balance** **£'000**	**Adjustments between funding and accounting basis (Note 4)** **£'000**	**Net expenditure in the Comprehen-sive Income and Expenditure Statement** **£'000**
Executive & Resources	4,501	2,365	6,866	-314	6,552
Corporate Governance	5,945	0	5,945	-1114	4,831
Service Delivery	19,771	0	19,771	-921	18,850
Net Cost of Services	**30,217**	**2,365**	**32,582**	**-2,349**	**30,233**
Profit on disposal of non current assets		-26	-26	6	-20
Financing and Investment Income		-123	-123	8,900	8,777
Precepts and Grants		-31,305	-31,305	264	-31,041
Surplus (-) or Deficit	**30,217**	**-29,091**	**1,126**	**6,821**	**7,949**
Opening General Fund balance			10,899		
Surplus / deficit on General Fund balance during year			-1,128		
Closing General Fund balance			**9,771**		

Notes to the Core Financial Statements

2024/25

	As reported for resource management £'000	Adjustment to arrive at the net amount chargeable to the General Fund balance (Note 3a) £'000	Net expenditure chargeable to the General Fund balance £'000	Adjustments between funding and accounting basis (Note 4) £'000	Net expenditure in the Comprehen-sive Income and Expenditure Statement £'000
Executive and 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
Net Cost of Services	**28,362**	**4,800**	**33,162**	**-7,584**	**25,578**
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
Surplus (-) or Deficit	**28,362**	**-25,701**	**2,661**	**1,047**	**3,708**
Opening General Fund balance			13,560		
Surplus / deficit on General Fund balance during year			-2,661		
Closing General Fund balance			**10,899**		

3a Note to the Expenditure and Funding Analysis

2025/26

	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	1,015				
External interest	-225				
Invest income	348				
Government grant	1,201				
Disposals income	26				
Total	**2,365**				
External interest	225				
Investment income	-348				
Precept and grants	-31,041				
MRP		-386			**-386**
Depreciation		2,963			**2,963**
Impairment		-758			**-758**
Profit on disposal of non current assets		6			**6**
Capital from revenue		-622			**-622**
Pensions			5,357		**5,357**
Collection fund				264	**264**
Accumulated Absences				-3	**-3**
Total	**-28,799**	**1,203**	**5,357**	**261**	**6,821**

Notes to the Core Financial Statements

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				
Total	**4,800**				
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**
Total	**-25,827**	**-7,446**	**8,747**	**-254**	**1,047**

Notes to the Core Financial Statements

3b Expenditure and Income Analysed by Nature

2023/24 £'000		2024/25 £'000
	Expenditure	
30,097	Employee benefit expenses	31,377
7,318	Other service expenses	6,502
2,205	Depreciation and impairment	-3,207
225	Interest payments	232
39,845	**Total Expenditure**	**34,904**
	Income	
-507	Fees and charges and other service income	-337
-25,855	Income from council tax and business rates	-24,526
-5,187	Government grant and contributions	-5,858
-347	Interest and investment income	-475
-31,896	**Total Income**	**-31,196**
7,949	**Total Net Expenditure**	**3,708**

4. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2025/26	General Fund Balance £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:		
Reversal of items debited or credited to the Comp I&E Statement:		
Charges for depreciation of non current assets	-2,963	2,963
Revaluation losses on Property Plant and Equipment	758	-758
Non-current assets written off on disposal	-6	6
Insertion of items not debited or credited to the Comp I&E Statement:		
Statutory provision for the financing of capital investment	386	-386
Capital expenditure charged against the General Fund Balance	622	-622
Adjustments primarily involving the Pensions Reserves:		
Reversal of items relating to retirement benefits debited or credited to the Comp I&E Statement	-8,900	8,900
Employer's pensions contributions and direct payments to pensioners payable in the year	3,543	-3,543
Adjustment primarily involving the Collection Fund Adjustment Account:		
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	-264	264
Adjustment primarily involving the Accumulated Absences Account:		
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	3	-3
Total Adjustments	**-6,821**	**6,821**

Notes to the Core Financial Statements

2024/25	General Fund Balance £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:		
Reversal of items debited or credited to the Comp I&E Statement:		
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
Insertion of items not debited or credited to the Comp I&E Statement:		
Statutory provision for the financing of capital investment	387	-387
Capital expenditure charged against the General Fund Balance	3,968	-3,968
Adjustments primarily involving the Pensions Reserves:		
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
Adjustment primarily involving the Collection Fund Adjustment Account:		
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
Adjustment primarily involving the Accumulated Absences Account:		
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
Total Adjustments	**-1,047**	**1,047**

5. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2025/26 £'000	2024/25 £'000
Interest payable and similar charges	225	232
Pensions interest cost and expected return on pensions assets	8,900	8,780
Interest receivable and similar income	-348	-474
Total	**8,777**	**8,538**

6. TAXATION AND NON SPECIFIC GRANT INCOME

	2025/26 £'000	2024/25 £'000
Precept income	-21,628	-20,358
Non domestic rates	-4,226	-4,168
Sub total	**-25,854**	**-24,526**
*Non ringfenced government grants	-5,187	-5,858
Total	**-31,041**	**-30,384**

*see also note 10

7. MEMBERS' ALLOWANCES

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

	2025/26 £'000	2024/25 £'000
Allowances	94	89
Expenses	0	0
Total	**94**	**89**

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 2025/26	Number of Employees 2024/25
£50,000 - £54,999	27	31
£55,000 - £59,999	27	11
£60,000 - £64,999	11	14
£65,000 - £69,999	14	13
£70,000 - £74,999	6	2
£75,000 - £79,999	7	4
£80,000 - £84,999	1	0
£85,000 - £89,999	0	1
£90,000 - £94,999	0	0
£95,000 - £99,999	2	1
£100,000 - £104,999	1	0
£105,000 - £109,999	0	0
£110,000 - £114,999	0	0
£115,000 - £119,999	0	0
£120,000 - £124,999	1	0
£125,000 - £129,999	0	0
£130,000 - £134,999	0	0
£135,000 - £139,999	0	0
£140,000 - £144,999	0	1
£145,000 - £149,999	1	0
£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	0	1

Notes to the Core Financial Statements

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

2025/26

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

	Salary & allowances	Termin-ations	Total	Pension Conts.	
Post	**£**	**£**	**£**	**£**	**Total**
Chief Fire Officer	148,139		148,139	55,700	203,839
Deputy Chief Fire Officer	121,456		121,456	40,266	161,722
Assistant Chief Fire Officer – Service Delivery (Nov 25 to Dec 25)	17,410		17,410	5,620	23,029
Assistant Chief Fire Officer – Corporate Services (Jan 26 to Mar 26)	32,987		32,987	12,406	45,390
Assistant Chief Fire Officer – Service Delivery (from Mar 26)	8,247		8,247	2,459	10,706
Assistant Chief Fire Officer (Aug 26)	0	78,500	78,500	0	78,500
Director of Finance and Resources/Section 151 Officer (from Jan 26)	14,661		14,661	2,492	17,153

2024/25

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

	Salary & allowances	Termin-ations	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

TERMINATION BENEFITS

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

Termination Payment Band (£)	Number of Payments in Band	Total Value of Payments in Band (£)
0 – 20,000	1	4,509
60,000 – 80,000	1	78,500

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:

	2025/26 £'000	2024/25 £'000
Fees paid with regard to external audit services carried out by the appointed auditor for the year	101	98
Uplift of fees on previous year charges	17	7
Total Audit Fees	**118**	**105**

10. GRANT INCOME

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

	2025/26 £'000	**2024/25 £'000**
MHCLG Revenue Grants:		
Revenue Support Grant	-2,754	-2,701
Pensions Grant 2020 Valuation	-845	-909
Funding Guarantee Grant	0	-373
Rural Service Delivery Grant	0	-435
Business Rates Uplift Grants	-1,232	-1,250
New Dimension Grant	-7	-7
Business Rates Reconciliation Grant	0	17
Transparency Code Grant	0	-8
Services Grant	0	-27
Protection Uplift Grant	-49	-132
Levy Surplus Grant	0	-33
Redmond Review – Audit Fees Grant	-25	0
NICS Support Grant	-188	0
Pension Compensation Grant	-87	0
Total	**-5,187**	**-5,858**

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

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2025/26 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 was also the Treasurer of Shropshire and Wrekin Fire Authority until December 2025.

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 £845,976 to Shropshire Council and £745,380 to Telford & Wrekin Council.

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

The McCloud / Sargeant remedy of the Firefighter's Pension Scheme has defaulted eligible scheme members back to their final salary scheme for the period 01/04/2015

– 31/03/2022, with an option to receive either final salary or reformed scheme benefits for this period at retirement.

Certain pensioner members will be given an immediate choice of benefit which will result in additional sums being payable, however, any obligation has not been calculated with certainty.

Impact of Matthews ruling on pension accounts disclosure

In 2014, following a court ruling (often referred to as ‘Matthews’), an options exercise took place that allowed eligible on-call firefighters, employed between 01/07/2000 and 05/04/2006, to join the Firefighters’ Pension Scheme 2006 as ‘special’ members.

However, the ruling only allowed membership to be backdated as far back as 01/07/2000.

Another court decision in 2022, has extended the scope of the exercise to include individuals employed in an on-call role between 07/04/2000 to 30/06/2000 and allows backdating of membership for all eligible individuals to when they joined the fire service.

A second options exercise is underway, and additional sums will be payable immediately to individuals who are already of retirement age, however, 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				
	2025/26 £'000	2024/25 £'000	'1992' 2025/26 £'000	'2006' 2025/26 £'000	'2015' 2025/26 £'000	Total 2025/26 £'000	Total 2024/25 £'000
Comprehensive I&E Statement							
Cost of Services:							
Service cost comprising:							
Current service cost	493	592	292	0	1,577	1,869	2,492
Past service cost	0	0	0	2,787	0	2,787	713
Financing and Investment Income and Expenditure:							
Net Interest Expense	-248	-32	7,490	950	666	9,106	8,783
Administration Cost	42	29					0
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	287	589	7,782	3,737	2,243	13,762	11,988
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:							
Remeasurements (assets)	-552	-75					0
Remeasurements (liabilities)	746	-3,392	-2,048	806	34	-1,208	26,762
Impact of asset ceiling	4,098	3,849					0
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	4,292	382	-2,048	806	34	-1,208	26,762
Movement in Reserves Statement							
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	287	589	7,782	3,737	2,243	13,762	11,988

Actual amount charged against the General Fund Balance for pensions in the year:							
Employers contributions payable to the scheme	-730	-641	-7,081	-1,316	580	-4,238	-3,916
Top up Grant						-3,579	-2,373
Retirement benefits payable to pensioners	0	0	-394	0	0	-394	-419

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**				
	2025/26 £'000	**2024/25 £'000**	**'1992' 2025/26 £'000**	**'2006' 2025/26 £'000**	**'2015' 2025/26 £'000**	**Total 2025/26 £'000**	**Total 2024/25 £'000**
Present value of the defined benefit obligation	21,123	19,213	131,132	20,266	14,049	165,447	161,104
Fair value of plan assets	-25,221	-23,062	0	0	0	0	0
Impact of asset ceiling	4,098	3,849					0
Net liability arising from defined benefit obligation	**0**	**0**	**131,132**	**20,266**	**14,049**	**165,447**	**161,104**

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				
	2025/26 £'000	2024/25 £'000	'1992' 2025/26 £'000	'2006' 2025/26 £'000	'2015' 2025/26 £'000	Total 2025/26 £'000	Total 2024/25 £'000
Opening balance 1 April	19,213	21,670	132,873	17,039	11,192	161,104	182,586
Current service cost	493	592	292	0	1,577	1,869	2,492
Interest cost	1,121	1,045	7,490	950	666	9,106	8,783
Contributions by scheme participants	271	236	47	426	1,465	1,938	1,535
Benefits paid	-721	-938	-7,522	-1,742	-885	-10,149	-8,243
Remeasurements (actuarial gains and losses):							
Experience loss	882	-5	-1,131	1,113	358	340	-184
Gain in financial assumptions	-2	-3,321	-1,617	-362	-327	-2,306	-26,254
Gain in demographic assumptions	-134	-66	700	55	3	758	-324
Past service costs	0	0	0	2,787	0	2,787	713
Closing balance 31 March	**21,123**	**19,213**	**131,132**	**20,266**	**14,049**	**165,447**	**161,104**

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

	Shropshire County Pension Fund	
	2025/26 £'000	2024/25 £'000
Opening balance 1 April	23,062	22,000
Interest income	1,369	1,077
Administration cost	-42	-29
Remeasurements (assets)	552	75
Employer contributions	730	641
Contributions by scheme participants	271	236
Benefits paid	-721	-938
	25,221	**23,062**
Impact of asset ceiling	-4,098	-3,849
Closing balance 31 March	**21,123**	**19,213**

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 £3.579m in 2025/26, and 2.373m in 2024/25.

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:

	Shropshire County Pension Fund		**Fire - All Pension Schemes**	
	2025/26	**2024/25**	**2025/26**	**2024/25**
Mortality Assumptions: Longevity at 60 (65 County) for future pensioners: Men Women	22.9yrs 25.7yrs	21.8yrs 24.3yrs	27.6yrs 27.6yrs	27.3yrs 27.3yrs
Rate of inflation CPI	2.9%	2.6%	2.9%	2.6%
Rate of increase in salaries - 2015	-	-	4.4%	3.85%
Rate of increase in salaries - other	4.15%	3.85%	4.4%	4.1%
Rate of increase in pensions	3.0%	2.7%	3.0%	2.7%
Rate for discounting scheme liabilities	6.2%	5.9%	6.2%	5.8%

**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 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)	412	-412	3,617	-3,617
Rate of inflation (increase or decrease by 0.1%)	762	-762	5,859	-5,859
Rate of increase in salaries (increase or decrease by 0.1%)	131	-131	859	-859
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	-1,446	1,446	-11,077	11,077
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 2026 £'000	31 March 2026 %	31 March 2025 £'000	31 March 2025 %
Equity investments	14,056	55.8	13,595	59.0
Bonds	4,482	17.8	3,099	13.4
Property	1,148	4.6	1,008	4.4
Private equity	1,700	6.7	1,741	7.5
Infrastructure	1,324	5.2	1,358	5.9
Hedge funds	1,090	4.3	971	4.2
Other assets	1,421	5.6	1,289	5.6
	25,221	100.0	23,061	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.

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 £569,000 expected contributions to the scheme in 2026/27.

The weighted average duration of the defined benefit obligation for scheme members is 19 years in 2025/26 (19 years in 2024/25).

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

The age discrimination remedy legislation was laid in October 2023.

Prospective retirement cases continue to be processed in line with the new legislation.

Most active members have been rolled back into their legacy scheme and issued a remedial service statement. Contribution adjustment amounts have been calculated, and payments have been made where members have requested a contribution refund.

Work is ongoing in provided remedial service statements to deferred and pensioner members. Thirty three pensioner members are likely to be due additional lump sum and pension amounts, and 8 of these have received their additional payments.

Matthews

The Matthews second options exercise remains in progress, with activity focused on identifying and contacting individuals impacted by the recent legislative changes, laid in April 2026.

Of 257 expressions of interest received, 252 statements have been issued. The remaining five have been referred to the Government Actuary's Department for manual calculation.

To date, 204 members have elected to join or extend membership through the second options exercise, including 100 pensioner members for whom immediate payment will be due.

The remedy may create financial obligations for the Fire Authority. Although statements have been issued to most members, the total liability has not yet been estimated with certainty.

Further detail is provided 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 contributed 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   June 2026.

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.

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 2025/26. Provision has been made for the expenditure incurred.

Notes to the Core Financial Statements

15. PROPERTY PLANT AND EQUIPMENT

Movements in 2025/26	Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Intangible Assets £'000	Property Plant & Equipment £'000
Cost or Valuation	**32,555**	**27,076**	**0**	**59,631**
At 1 April 2025				
Additions	245	965	70	1,280
Revaluation increases / - decreases recognised in the Revaluation Reserve	-726	0	0	-726
Revaluation increases / - decreases recognised in the Surplus/Deficit on the Provision of Services	758	0	0	758
Reclassification	0	-100	100	0
Disposals	0	-191	0	-191
At 31 March 2026	**32,832**	**27,750**	**170**	**60,752**
Accumulated Depreciation and Impairment	**-35**	**-17,937**	**0**	**-17,972**
As at 1 April 2025				
Depreciation charge	-1,568	-1,359	-36	-2,963
Revaluation	1,566	0	0	1,566
Disposals	0	185	0	185
At 31 March 2026	**-37**	**-19,111**	**-36**	**-19,184**
Net Book Value at 31 March 2026	**32,795**	**8,639**	**134**	**41,568**
At 31 March 2025	**32,520**	**9,139**		**41,659**

Movements in 2024/25	Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Property Plant & Equipment £'000
Cost or Valuation **At 1 April 2024**	**27,645**	**23,442**	**51,087**
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
At 31 March 2025	**32,555**	**27,076**	**59,631**
Accumulated Depreciation and Impairment **As at 1 April 2024**	**-35**	**-16,590**	**-16,625**
Depreciation charge	-1,338	-1,565	-2,903
Revaluation	1,338	0	1,338
Disposals	0	218	218
At 31 March 2025	**-35**	**-17,937**	**-17,972**
Net Book Value at 31 March 2025	**32,520**	**9,139**	**41,659**
At 31 March 2024	**27,610**	**6,852**	**34,462**

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.

Capital Commitments

At 31 March 2026 the Authority had entered a number of contracts in 2025/26.

The commitments were:

	£'000
Mobile data terminals software	229
IT Equipment	6
Water carrier	180
Command & control system replacement	270
Total	**685**

Similar commitments at 31 March 2025 were £270,000.

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 2026, 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.

In addition to the programme of full valuation, an impairment review of the Authority's land and buildings has been undertaken at the end of the financial year. The review for 2025/26 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	Intangible Assets £'000	Total £'000
Carried at historical cost	46	8,639	134	8,819
Carried at current value as at 31 March 2026	32,749	0	0	32,749
Total	**32,795**	**8,639**	**134**	**41,658**

16. FINANCIAL INSTRUMENTS

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

	Long Term		Current	
	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000
Cash and cash equivalents				
Cash and bank accounts	0	0	17	-113
Short term deposits with bank	0	0	500	8,500
Short term deposits with local authorities	0	0	2,000	
Total cash and cash equivalents	**0**	**0**	**2,517**	**8,387**
Investments				
Investments with bank	0	0	1,800	0
Investments with local authorities	0	0	0	0
Investments with DMO	0	0	200	0
Total investments	**0**	**0**	**2,000**	**0**

Debtors Financial assets carried at amortised cost	0	0	87	431
Total debtors	**0**	**0**	**87**	**431**

	Long Term		Current	
	31 March 2026 £'000	**31 March 2025 £'000**	**31 March 2026 £'000**	**31 March 2025 £'000**
Borrowings Financial liabilities at amortised cost	5,045	5,045	0	0
Total borrowings	**5,045**	**5,045**		
Creditors Financial liabilities carried at amortised cost	0	0	873	1,123
Total creditors	**0**	**0**	**873**	**1,123**

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:

	2025/26		2024/25	
	Liabilities at amortised cost £'000	**Assets – loans and receivables £'000**	**Liabilities at amortised cost £'000**	**Assets – loans and receivables £'000**
Interest expense	225	0	232	0
Total expense in Surplus or Deficit on the Provision of Services	**225**	**0**	**232**	**0**
Interest revenue	0	348	0	475
Total income in Surplus or Deficit on the Provision of Services	**0**	**348**	**0**	**475**
Net gain for the year	**225**	**348**	**232**	**475**

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.

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 2026 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 2026		31 March 2025	
	Carrying amount £’000	Fair Value £’000	Carrying amount £’000	Fair Value (Level 2) £’000
Financial liabilities	5,045	4,812	5,045	4,927

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

	31 March 2026 £'000	31 March 2025 £'000
Loan Source		
Public Works Loan Board	5,045	5,045
Analysis by Maturity		
Less than 1 year	194	0
Between 1 and 2 years	195	194
Between 2 and 5 years	480	395
Between 5 and 10 years	2,153	2,083
Between 10 and 20 years	363	713
Between 20 and 30 years	1,460	1,460
Between 30 and 40 years	200	200

17. INVENTORIES

2025/26	Vehicle Parts £'000	Oil £'000	Diesel £'000	Uniforms £'000	Operational Equipment £'000	Fire Ground Feeding £'000	Total £'000
Balance outstanding at start of year	**132**	**7**	**13**	**71**	**84**	**1**	**308**
Purchases	98	3	105	158	179	11	**554**
Recognised as an expense within Executive and Resources during the year	-93	-3	-84	-164	-174	-10	**-527**
Balance outstanding at year end	**136**	**7**	**34**	**66**	**90**	**2**	**335**

2024/25	Vehicle Parts £'000	Oil £'000	Diesel £'000	Uniform £'000	Operational Equipment £'000	Fire Ground Feeding £'000	Total £'000
Balance outstanding at start of year	**127**	**6**	**3**	**100**	**84**	**2**	**322**
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
Balance outstanding at year end	**132**	**7**	**13**	**71**	**84**	**1**	**308**

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.

	31 March 2026 £'000	31 March 2025 £'000
Central government bodies	155	107
Other local authorities	1,295	1,129
Other entities and individuals	435	585
Less Provision for Bad or Doubtful Debts	-55	-9
Total	**1,830**	**1,812**

19. CASH AND CASH EQUIVALENTS

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

	31 March 2026 £'000	31 March 2027 £'000
Bank current accounts	17	-113
Short term deposits with bank	500	4,500
Short term deposits with local authorities	2,000	4,000
Total	**2,517**	**8,387**

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.

	31 March 2026 £'000	31 March 2025 £'000
Central government bodies	495	5,644
Other local authorities	1,178	946
Other entities and individuals	4,785	885
Total	**6,458**	**7,475**

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:

	31 March 2026 £'000	31 March 2025 £'000
Balance at 1 April	1,209	932
Movement during year	-1,113	277
Balance as at 31 March	**96**	**1,209**

22. PROVISIONS

The Authority held 2 provisions as at 31 March 2026

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

	NNDR Appeals £'000	Staff Liabilities £'000	Total £'000
Balance at 1 April 2024	**-83**	**0**	**-83**
Movement during year	1	-42	-41
Balance at 1 April 2025	**-82**	**-42**	**124**
Movement during year – long term	-47	0	-46
Balance as at 31 March 2026	**-129**	**-42**	**171**

Balance at 1 April 2025	**0**	**-78**	**-78**
Movement during year – short term	0	78	78
Balance as at 31 March 2026	**0**	**0**	**0**

23. UNUSABLE RESERVES

31 March 2025 £'000		31 March 2026 £'000
11,884	Revaluation Reserve	12,098
15,328	Capital Adjustment Account	14,750
0	LGPS Pensions Reserve	0
-161,105	Fire Pensions Reserve	-165,447
328	Collection Fund Adjustment Account	64
-204	Accumulated Absences Account	-201
-133,769	**Total Unusable Reserves**	**-138,736**

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.

2024/25 £'000		2025/26 £'000
14,750	Balance at 1 April	11,884
0	Downward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services	0
-2,055	Surplus on revaluation of non current assets not posted to the Surplus/Deficit on the Provision of Services	840
-811	Difference between fair value depreciation and historical costs depreciation Upward revaluation of Assets	-626
11,884	Balance as at 31 March	**12,098**

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.

2024/25 £'000		**2025/26 £'000**
7,072	**Balance at 1 April**	15,328
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
3,207	Charges for depreciation and impairment of non current assets	-2,206
-117	Loss on sale of Property Plant and Equipment	-6
0	Revaluation losses on Property Plant and Equipment	0
10,162	**Total**	
811	Adjusting amounts written out of the Revaluation Reserve	626
	Net written out amount of the cost of non current assets consumed in the year	
	Capital financing applied in the year:	
0	Application of grants to capital financing from the Capital Grants Unapplied Account	0
387	Statutory provision for the financing of capital investment charged against the General Fund balance	386
3,968	Capital expenditure charged against the General Fund balance	622
15,328	**Balance as at 31 March**	**14,750**

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.

2024/25 £'000				**2025/26 £'000**		
Fire	**LGPS**	**Total**		**Fire**	**LGPS**	**Total**
182,587	**0**	**182,587**	**Balance at 1 April**	**161,105**	**0**	**161,105**
-26,762	-3,467	-30,229	Actuarial gains or losses on pensions assets and liabilities	-1,208	194	-1,014
	3,519	3,519	Impact of asset ceiling		249	249
11,988	589	12,577	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	13,762	287	14,049
-6,708	-641	-7,349	Employer's pension contributions and direct payments to pensioners payable in the year	-8,211	-730	-8,941
161,105	**0**	**161,105**	**Balance at 31 March**	**165,448**	**0**	**165,448**

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.

2024/25 £'000		2025/26 £'000
61	**Balance at 1 April**	328
267	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	264
328	**Balance at 31 March**	**64**

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.

2024/25 £'000		2025/26 £'000
-192	Balance at 1 April	-204
192	Settlement or cancellation of accrual made at the end of the preceding year	204
0	Amount accrued at the end of the current year	0
-204	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	-201
-204	**Balance at 31 March**	**-201**

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

	Balance 31 Mar 2024 £'000	Transfers Out 2024/25 £'000	Transfers In 2024/25 £'000	Balance 31 Mar 2025 £'000	Transfers Out 2025/26 £'000	Transfers In 2025/26 £'000	Balance 31 Mar 2026 £'000
General Fund Balance	**2,433**	-2,433	700	**700**	-700	-112	**-112**
General Reserve	**456**	0	121	**577**	-77	0	**500**
Major Projects Capital Reserve	**6,813**	-3,962	2,040	**4,891**	-615	276	**4,552**
Extreme Weather Reserve	**219**	0	0	**219**	0	0	**219**
Pensions and Other Staff Issues Reserve	**677**	-216	1,382	**1,843**	-26	0	**1,817**
ICT Reserve	**547**	-41	0	**506**	-102	209	**613**
STP Staff Reserve	**809**	-496	0	**313**	-253	425	**485**
Income Volatility Reserve	**687**	0	0	**687**	0	0	**687**
Service Delivery Reserve	**9**	-6	0	**3**	0	26	**29**
Training Reserve	**127**	0	104	**231**	-141	0	**90**
Building Maintenance Reserve	**450**	-2	0	**448**	-61	0	**387**
Operational Equipment Reserve	**275**	-44	40	**271**	-32	40	**279**
Usable Capital Receipts Reserve	**58**	0	152	**210**	0	15	**225**
Total	**13,560**	**-7,200**	**4,539**	**10,899**	**-2,007**	**879**	**9,771**

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.

	2025/26 £'000	2024/25 £'000
Opening Capital Financing Requirement	**14,448**	**12,641**
Capital investment		
Property Plant and Equipment	1,280	6,162
Sources of Finance		
Sums set aside from revenue: Direct revenue contributions MRP	 -622 -386	 -3,968 -387
Closing Capital Financing Requirement	**14,720**	**14,448**
Explanation of movements in year		
Increase / -decrease in underlying need to borrowing (unsupported by government financial assistance)	272	1,807
Increase / -decrease in Capital Financing Requirement	**272**	**1,087**

26. CASH FLOW STATEMENT – NON CASH ITEMS

2024/25 £'000		**2025/26 £'000**
-2,903	Depreciation	-2,963
6,110	Losses / gains on asset revaluations	758
-117	Loss on sale of non current assets	-6
-8,747	IAS19 pension adjustments	-5,357
266	Collection Fund adjustment	-264
-12	Accumulated Absences adjustment	3
	Non cash income and other movements	206
-13	Movement on inventory	27
-5,207	Movement on creditors	2,412
-712	Movement on debtors	-175
-120	Movement in provisions	0
-17,565		**-5,359**

27. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2024/25 £'000		**2025/26 £'000**
474	Interest received	348
-232	Interest paid	-225
242	**Net Interest**	**123**

28. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2024/25 £'000		**2025/26 £'000**
6,162	Purchase of property plant and equipment	1,281
-1,000	Other payments from investing activities	0
5,162	Net cash flows from investing activities	**1,281**

29. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2024/25 £'000		2025/26 £'000
-474	Other receipts from financing activities	-348
442	Other payments for financing activities	225
-32	Net cash flows from financing activities	**-123**

Pension Fund Accounts

Year ended 31 March 2025 £'000		Year ended 31 March 2026 £'000
	Income to the fund	
	Contributions receivable:	
	From employer:	
-3,916	Normal: 2015 scheme	-4,237
-19	Early Retirements	-23
	From members:	
-1,355	Normal: 2015 scheme	-1,562
-178	Past Service: 2006 modified scheme	-157
	Transfers in:	
-10	Individual transfers from other schemes	-2
-5,478	**Income to the Fund**	**-5,981**
	Spending from the Fund:	
	Benefits payable:	
6,675	Pensions	7,798
1,169	Commutations on pensions and lump sum retirement benefits	1,644
	Payments to and on account of leavers:	
0	Individual transfers out of the scheme	0
2,366	**Deficit for the year before top up grant receivable from Central Government**	**3,461**
-7,699	Top Up grant received	-7,370
752	Top Up grant	4,583
-4,581	**Net amount receivable / payable for the year**	**674**

Pension Fund Accounts

Net Assets Statement as at 31 March 2026

2024/25 £'000	Current Assets	2025/26 £'000
-4,581	Amounts due from General Fund	674
	Current Liabilities	
4,581	Top Up grant payable to / receivable from Government	-674
0		**0**

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

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

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

Glossary of Terms

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

Revaluation Reserve
Contains revaluation gains recognised since 1 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.