DRAFT Statement of Accounts 2024/25

Nottinghamshire Fire and Rescue Service

CREATING
SAFER
COMMUNITIES

NOTTINGHAMSHIRE & CITY OF NOTTINGHAM

NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

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Introduction

As the Treasurer to the Fire Authority and as the Officer designated under Section 112 of the Local Government Act 1972, I am pleased to present the Nottinghamshire and City of Nottingham Fire Authority's Statement of Accounts 2024/25. My role is to act on behalf of the Fire Authority in providing oversight and ensuring legal compliance and governance in respect of accounting and financial matters which affect the Authority.

The Narrative Statement introduces the Statement of Accounts 2024/25. The Narrative Statement is intended to provide information to all stakeholders (residents, local businesses, Councillors, partners, employees and members of the public) so that they can:

- gain a clear overview of the Authority's financial performance in the year
- put the Authority's non-financial performance into the context of the financial results.
- have confidence that the Authority has used and accounted for public money in an appropriate manner
- be assured that the financial position of the Authority is sounds and secure.

I recognise that the accounts of the Authority can be quite daunting for readers, especially those who are unfamiliar with accounts in general and local government accounts in particular, so I hope that in taking the time to read the narrative statement, readers will be able to better understand how these accounts are constructed and how best to read and interpret them. It also explains more about what the core financial statements mean and explains how the notes to the accounts provide the reader with the detailed information to support the core statements.

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, which is published by CIPFA.

Background

The Nottinghamshire and City of Nottingham Fire Authority was formed as an independent body on 1st April 1998 following local government reorganisation.

The Nottinghamshire and City of Nottingham Fire Authority is responsible for ensuring Nottinghamshire Fire and Rescue Service has the people, equipment and training needed to carry out its duties for fire prevention, fire safety, firefighting and rescue, road traffic collision extrication and rescue, and other emergency rescue activities such as responding to flooding or terrorism.

The Authority is made up of 6 councillors from Nottingham City Council and 12 councillors from Nottinghamshire County Council. The Nottinghamshire Police and Crime Commissioner is also a voting member of the Authority.

The County of Nottinghamshire covers an area of 838 square miles and borders Derbyshire, Leicestershire, Lincolnshire and South Yorkshire. It has a mixture of urban and rural areas. Much of the county is rural land and forestry, including Sherwood Forest. Several major rivers and canals pass through the county, including the River Trent. In total, there are over 300 miles of waterways in the County.

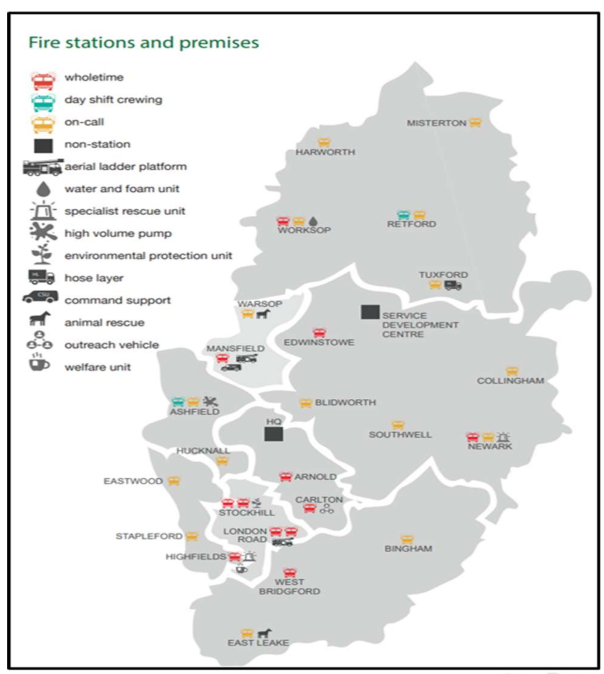
The county has a population of 1.15m people, with 70% living in urban areas. More than half the county's population live in the city of Nottingham and immediate surrounding areas – this is the 9th largest urban area in the UK.

The County has over 6,000 multi-storey buildings more than 11m in height, 4,636 listed buildings, with 72 buildings on the Heritage at Risk Register. There are 3,500 miles of road, 20 miles of tram network.

The Fire Authority has 24 Fire Stations, 8 of which are wholetime. 12 stations are crewed by on call staff and the remaining 4 have a mixture of wholetime and on call crews.

The Fire Authority has 30 Operational Fire Appliances and 13 Special Appliances.

The Fire Authority has 418 wholetime firefighters, 244 On-call firefighters and 173 support service employees.



CREATING SAFER COMMUNITIES

The Community Risk Management Plan 2025-28 sets out the key priorities for the Authority for the three years 2025/26 to 2027/28.

This is broken down into Annual Delivery Plans. Progress against the Plan and relevant performance data can be found in the Annual Statement of Assurance.

The Medium Term Financial Strategy includes budgets for the next four years which support the delivery of services but within the context of financial sustainability.

Performance During 2024/25

2024/25 is the final year of our Community Risk Management Plan 2022-25 (CRMP), with the 2025-28 CRMP approved at February Fire Authority. Performance against the CRMP is reported to Fire Authority each year in the Annual Statement of Assurance (ASOA).

The service attended 11,540 incidents during 2024/25, which was an 8.92% increase from 2023/24.

The service conducted 15,207 safe and well visits, 1,113 fire safety audits, and 1,545 business safety checks, all of which are above the targets as set out in the CRMP. A summary of the Service's performance can be found in the table below

Analysis of Performance during 2023/24 and 2024/25

	2023/24	2024/25	Increase / (Decrease)
Emergencies			
Fires	2,805	2,849	1.57%
False Alarms	4,992	5,176	3.69%
Special Service Calls	2,237	2,257	0.89%
Road Traffic Collisions	561	628	11.94%
Total Incidents	**10,595**	**10,910**	**2.97%**
Average Response Time (min:sec)	08:14	07:58	(0:16)
Other Activity			
Safe and Well Visits	15,765	15,207	(3.54%)
Fire Safety Audits	1,180	1,113	(5.68%)
Business Safety Checks	1,033	1,545	49.56%

More information on all of this data can be found in the ASOA.

Prevention

Our targeted Safe and Well visits offer advice on factors which increase vulnerability to fire and injury. This includes advice on stopping smoking, alcohol addiction, preventing falls, keeping warm in winter and general fire safety.

Our intelligence-led profile, CHARLIE-P, identifies the main factors that could increase a person's risk to a fire occurring in their home. This stands for Care and cooking needs; Hoarding and mental health issues; Alcohol and medication; Reduced mobility; Living alone; Inappropriate smoking; Elderly and electrical and Previous signs of fire.

We use this profile to help improve the way partners notify us of people who may be at risk and to identify homes where we should target our Safe and Well visits.
The Service undertake Community Reassurance and Engagement visits in communities that have experienced a serious fire. They offer safe and well visits to homes as well as general fire safety advice. We also proactively target communities most at risk from have a fire through our Data Intelligence Community Engagement visits.

Protection

Our protection work is focused on keeping people safe from fire in the buildings they live and work in. This includes business premises, hospitals and care homes, high-rise buildings, and apartment blocks. Our Protection department oversees a programme of activities and is responsible for enforcing fire safety legislation.

We have upheld our statutory function as regulator of fire safety standards and have issued 21 Prohibition Notices and 47 Enforcement Notices to premises where safety standards were unacceptable, and people were being placed at risk.

Our work has continued to improve fire safety standards across the county in non-domestic premises as we engage and consult with other regulators including Building Control, Environmental Health, the Health and Safety Executive, Nottinghamshire Police, the Care Quality Commission, Ofsted and the Food Standards Agency.

As part of our statutory duty to educate and advise businesses, our business support team have used a range of activities and methods to engage with local businesses to provide guidance, support and advice on fire safety matters.

HMICFRS inspection

We welcomed an inspection team from Her Majesty's Inspectorate of Fire and Rescue Services during March and April 2024. This is the third national inspection assessing the service's effectiveness and efficiency, and how well it looks after its people.

The regime for undertaking the inspection includes an assessment of 11 areas, with possible gradings of outstanding, good, adequate (an additional grade added as part of the third inspection regime), requires improvement and inadequate for each area.

The outcome of the third inspection was reported to the Fire Authority in September 2025, this graded the service as:

- Good in 10 out of 11 areas, and
- Adequate in one of the areas

This rating demonstrates HCMICFRS found NFRS to be one of the best performing Fire and Rescue Services in the County.

HMICFS published a report on values and culture in the fire and rescue sector on 30 March 23. The report was sector wide and did not specifically relate to NFRS. It identified evidence of bullying, harassment and discrimination, a lack of fairness and diversity along with poor reporting and handling of concerns. On 1 August 2024 HMICFRS released a further report titled, "Standards of Behaviour - The Handling of Misconduct in the Fire and Rescue Service". The service is fully committed to improving our culture, and created action plans to implement the recommendations in the reports, regular progress reports on the actions plans are received by the HR Committee.

Grenfell

We recognise the importance of learning from the tragedy that occurred at Grenfell Tower.

Since the Grenfell Tower inquiry, additional training and equipment have been provided to ensure that we are better prepared to deal with complex incidents in tall buildings. A new tall buildings procedure has been fully implemented and ongoing training exercises with regional partners continues to improve our preparedness for major incidents.

During 2024/25 the Grenfell Tower Inquiry Phase 2 report was published and reported to the September 2024 Fire Authority.

We continue to work with all UK fire and rescue services to develop working practices in response to Grenfell. We work particularly closely with regional partners to ensure interoperability and aligned practice, so we are prepared for significant incidents if they were to occur.

In late September 2024 Central Government wrote to all Mayors requiring them to work with all regulators and other key partners to prepare a local remediation acceleration plan (RAP) to progress removal of unsafe cladding in buildings. NFRS has worked closely with East Midlands Combined County Authority (EMCCA) to prepare the RAP and is committed to delivering the approved EMCCA RAP.

Manchester Arena Inquiry

The service has also continued to implement sector learning following the Manchester Arena Inquiry. Colleagues from Manchester Fire and Rescue Service, who were involved in the Manchester Arena Inquiry, visited the service in February 2024 and presented a case study on the incident, highlighting further learning.

During January 2025 the service undertook a full-scale exercise with all blue light partners to test the application of some of the learning from the Manchester Arena Inquiry. More details and performance statistics on all of the above can be found in the Annual Statement of Assurance.

Corporate Risks

Risk mitigation processes are well embedded in the Authority. A comprehensive set of risk registers is monitored regularly by senior managers and elected members. These are brought together in the Corporate Risk Register which identifies the highest overall risks to the Service.

There are currently no risks identified as 'very high' risks. The high risks currently identified on the Corporate Risk Register are:

- **Balanced Budget** – Medium term risk of not being able to set a balanced budget due to uncertain funding position and economic climate.
- **Firefighter's Pension scheme** – The risk of failure to comply with

the legislation in relation to the McCloud and Matthews / O'Brien remedies is high due to changing national guidance, the specialist nature of this work, and the increased complexity of the work resulting in the statutory deadlines not being met and breaches have been reported to the Pension Regulator. The potential impact on cost to be factored in Medium Term Financial Plan, pension valuations and funding remains uncertain.

- **Mobilising** – The Service is in the process of replacing its current mobilising system. This is the Service's highest value and most complex project. Agreement has recently been reached to extend the go live date. Due to the critical nature of the mobilisation system this project is being closely monitored by the Senior Leadership Team.
- **Loss of ICT Systems**–A malicious cyber-attack is a significant threat across all public sector bodies. The impact of such an attack could result in loss of ICT systems. The inherent risk to the Service is 'Very High', but a number of mitigations are in place relating to cyber security which reduce this to 'High'. There is ongoing monitoring and testing in this area.

The inability to set a balanced budget had been lowered to a medium risk at the beginning of 2024/25 due to the achievement of setting a balanced budget for 2024/25 with the minimum use of general reserve. The risk was then increased in year due to the medium-term financial outlook forecasting a deficit for 2025/26 onwards and the uncertainty in the funding position. It continues to remain a high risk despite setting a balanced budget for 2025/26, as 2026/27 onwards financial outlook shows budget deficits and the funding position has become more uncertain in the short term due to implementation of national funding reforms being implemented for 2026/27.

The risk ratings in relation to the Firefighters Pension Scheme and mobilising have remained unchanged during 2025/26.

The risk in relation to Loss of ICT systems has been reframed and was previously reported as the high risk relating to information and data security.

By its nature, risk will change over time and in response to both external and internal pressures. It is important, therefore, that the Authority's managers remain alert to these developments and the emerging risks.

Value for Money / Efficiency Strategy

Reducing levels of government grant funding, uncertainty about future business rate income, restrictions on the level of council tax which can be raised, and inflationary pressures have resulted in an increased emphasis on seeking value for money in all that we do. The Service has had to find a balance between economy (spending less money), efficiency (working smarter), effectiveness (delivering relevant services).

The Authority set a balanced budget for 2024/25 (£52.688m) with the anticipated use of the budget pressure earmarked reserves of £138k.

The 2024/25 Band D Council Tax level was set at £92.21 (£1.77 per week). Council Tax levels for other property bands can be found in the following table:

2024/25 Council Tax Levels

Band	Council Tax 2024/25 £	Weekly Charge £
A	61.47	1.18
B	71.72	1.38
C	81.96	1.58
D	**92.21**	**1.77**
E	112.7	2.17
F	133.19	2.56
G	153.68	2.96
H	184.42	3.55

The Futures 25 efficiency strategy has been the vehicle through which efficiency and productivity improvements have been delivered during the current CRMP 2022-2025.

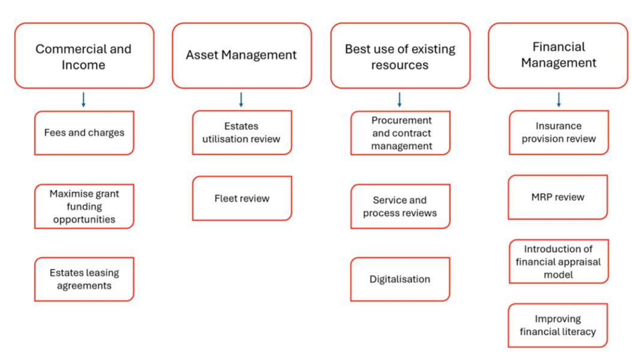
The Futures 25 efficiency strategy included the following reviews:

• Workforce review of Green Book posts at Grade 5 and above
• Fire cover review
• Review of the flexi duty officer collective agreement
• Governance review
• Revenue budget management
• Service redesign
• Culture, EDI and Leadership

The service improvements delivered by the Futures 25 efficiency strategy have now been embedded as business-as-usual activities.

The proposed Efficiency Strategy to improve efficiency and productivity for the next CRMP 2025-2028 is set out in the diagram below:

Efficiency Strategy 2025-2028



The Home Office has required all services to submit Efficiency and Productivity Plans for 2023/24, 2024/25 and 2025/26. The Services' plans can be found on the website.

The Service has underspent against the 2024/25 approved budget resulting in no use of the budget pressure reserve. The underspend has enabled the Service to reduce the borrowing for the capital programme which in turn reduces the borrowing costs for future years and it has enabled other earmarked reserves to be increased to add resilience for known risks. The Service is predicting that it will need to realise savings through the Efficiency Strategy and utilise the Budget Pressure Support Earmarked Reserve to smooth budget deficits going forward for 2026/27 onwards. The Service currently holds £1.126m budget pressure support earmarked reserve for this purpose.

The Core Statements

The Statement of Accounts contains several core statements. Detailed explanation regarding each of the Core Financial Statements is enclosed alongside the relevant statement.

Movement in Reserves Statement (MiRS)

Shows the movement in the year on the different reserves held by the Authority analysed into usable reserves, which can be applied to fund expenditure or reduce local taxation, and other reserves.

Comprehensive Income & Expenditure Statement (CIES)

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. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both Expenditure and Funding Analysis and the Movement in Reserves Statement.

Expenditure & Funding Analysis (EFA)

The EFA reconciles the expenditure shown in the Comprehensive Income & Expenditure Statement with the expenditure to be funded from taxation. Providing a link between the CIES and the MIRS.

Balance Sheet

Is a 'snapshot' of the financial position, showing the assets, liabilities and reserves as at 31 March 2025

Cash Flow Statement

Shows the reasons for changes in cash balances during the financial year.

Annual Governance Statement

This statement sets out the Authority's responsibilities with regard to corporate governance and gives details of key elements of corporate governance in place during the year. It also summarises the Authority's review of the effectiveness of its governance framework, measured against the CIPFA / SOLACE framework, and in which issues for action are highlighted.

Summary of the Year

A summary of the Fire Authority's overall financial results is given in the following paragraphs:

Revenue Income and Expenditure

The 2024/25 revised revenue budget of £52.720m, this budget assumed a £138k use of the budget pressure reserve.
Expenditure on budgeted activity for the year was £51.948m, meaning an underspend of £772k (1.46%). From this underspend the £125k reserve for the budget pressure has not been drawn down, £621k has been transferred to Earmarked Reserves with the balancing £13k transferred from the General Fund Balance.
More information can be found in the Revenue and Capital Outturn report.

A summary of expenditure following movements to Earmarked Reserves is shown below.

The revenue position has slightly changed since the Draft Outturn reported to the Finance and Resources Committee in June 2025, with the previously reported underspend of (£13k) offset by the £26k financing pressure within Non-Domestic Rates. This has meant that a £13k contribution from the General Fund is required to balance the 2024/25 financial position.

Budget Area	Revised Budget 2024/25 £000	Actual 2024/25 £000	Variance 2024/25 £000
Employees	43,361	42,086	(1,275)
Premises	4,423	4,204	(219)
Transport	2,242	2,365	123
Supplies & Services	5,213	4,821	(392)
Third Party	1,018	1,040	22
Support Services	143	137	(6)
Capital Financing Costs	3,304	4,307	1,003
Fees and Charges	(473)	(407)	66
Other Income	(6,511)	(6,605)	(94)
Net Cost	**52,720**	**51,948**	**(772)**
Financed by:			0
Revenue Support Grant	(8,939)	(8,939)	0
Non-Domestic Rates	(11,880)	(11,854)	26
Council Tax	(30,993)	(30,993)	0
Core Spending Power Grant	(738)	(738)	0
General Reserve	(138)	(13)	125
Net Contributions to/(from) Other Earmarked Reserves	(32)	589	621
Funding Total	**(52,720)**	**(51,948)**	**772**
Net General Fund Underspend	**0**	**0**	**0**

Capital Expenditure

Capital expenditure describes the purchasing, upgrading and improvement of Fire Authority assets. These assets are known as "non-current assets" and they provide a benefit to the Authority over a longer period of time than the current financial year. A summary of the Capital Programme and actual expenditure for the year is shown below.

	Revised Budget 2024/25 Adjusted for Revenue Reallocation £000	Actual 2024/25 £000	Variance £000	(Under) / Overspend 2024/25 £000	Slippage to 2025/26 £000
Expenditure					
Transport	1,856	1,850	(6)	0	(6)
Operational Equipment	553	315	(238)	0	(238)
Property	1,323	1,078	(245)	(24)	(221)
IT & Communications	1,655	1,399	(256)	(129)	(127)
Total - Expenditure	**5,387**	**4,642**	**(745)**	**(153)**	**(592)**
Funding					
Borrowing	(3,826)	(4,057)	(231)		
Capital Receipts	(50)	(51)	(1)		
Revenue / Reserves	(1,401)	(408)	993		
Grant	(110)	(126)	(16)		
Total	**(5,387)**	**(4,642)**	**745**		

Provisional expenditure as at 31 March 2025 is £4.642m which is a variance within the year of £745k against the Revised Budget of £5.387m. The Capital Programme variance is split between £592k net slippage and £153k net underspend. This net slippage has been added to the capital programme across the period 2025/26 to 2028/29.

Again, more information can be found in the 2024/25 Revenue and Capital Outturn.

Treasury Management Activity

During the year, £4.057m of capital expenditure was funded from borrowing. The Authority did not take on any new long-term loans. The Authority's level of borrowing at the year end was £28.900m. The capital financing requirement as at 31 March 2025 is £36.472m, which demonstrates that the current level of net borrowing is prudent.

There was no temporary borrowing outstanding at year end to cover cashflow shortfalls. The total borrowing of £28.900m as at 31 March 2025 remains within the Operational Boundary set by Fire Authority of £36.901m.

Reserves

Earmarked Reserves

Earmarked reserves are held either for unspent grant or set aside to fund specific areas of expenditure, usually of a one off nature. Earmarked Reserves are reviewed annually in the Reserves Strategy which can be found appended to the Medium-Term Financial Strategy. Earmarked reserves totalled £6.435m at 31 March 2025. A further breakdown can be found in note 11.

General Reserves
The General Reserve totalled £5.069m at 31 March 2025, against a minimum level set in the Reserves Strategy of £4.25m for 2025/26. No use of general fund reserves was budgeted for in 2024/25 or 2025/26. The service has sufficient reserve levels to enable it to plan for any reductions in funding in a measured way.

Pension Funds
Standard accounting practice requires the Authority to show the full future pensions liabilities at the time that these liabilities are earned by employees. An independent actuary has assessed the liabilities for pension schemes in which the Authority participates, namely the Firefighters' Pension Schemes and the Local Government Pension Scheme. The schemes are currently in deficit, which shows as a total liability of £356.844m on the balance sheet. The largest element of this liability relates to the Firefighters' Pension Schemes and stands at £355.104m.

The Firefighters' Pension Schemes are unfunded and the annual cost of benefits is paid for by employee contributions and employer contributions. The Home Office meets any annual shortfall i.e. if the contributions into the fund do not meet the cost of pensions paid in the year. The Authority is required to continue to show the liability in respect of the Firefighter Pension Schemes in its Balance Sheet and notes to the core financial statements.

An employment tribunal case known as the Sergeant/ McCloud was brought against the Government in relation to possible discrimination in relation to the introduction of the 2015 Firefighters' Pension Scheme. The scheme included transitional protection arrangements between the old scheme and the new scheme. These transitional arrangements were found to be unlawful as they discriminated on the grounds of age.

An employment tribunal case known as Matthews was brought against the Government in relation to On-Call firefighters (part-time) not being eligible to join a fire service pension scheme provided solely to full-time firefighters. This case resulted in On-Call firefighters being given access to a modified scheme where they were employed between the 1 July 2000 and 5 April 2006, known as the Matthews first exercise. There then followed another case which ruled On-Call firefighters should be allowed to buy back 2006 scheme membership from the start of their service (which in some cases stetches back to the 1960s), known as the Matthews second exercise.

National regulations for Sargeant/McCloud age discrimination remedy process and the Matthews second options exercise for on-call firefighters both took effect from 1 October 2023, with an initial 18-month implementation period, that has been subsequently extended to 31 March 2026. There remain unresolved complications and uncertainties around the implementation of the remedy processes.

The Authority approved the creation of a £200k earmarked reserve to cover potential pension related remedy costs in April 2022, this balance remains in the reserve. The pension remedies have been identified as a contingent liability in the Accounts.

Looking Forward

Plans for 2025/26

Elected Members of the Fire Authority approved a council tax increase of £5 for 2025/26 with a Band D council tax of £97.21 (£92.21 2024/25) in the Budget Report approved by Fire Authority in February 2025. The revenue budget for 2025/26 has been set at £57.736m (£52.688m 2024/25) with a planned use of the budget pressure support earmarked reserves of £260k (£139k 2024/25).

The budget supports the CRMP and Annual Delivery Plans which outline the priorities for 2025- 2028. Key projects for 2025/26 include:

Replacement mobilising system for NFRS/DFRS.

- Stockhill Replacement.
- Undertake a programme of work to improve accessibility and inclusion across the NFRS estate.
- Heavy Fleet Replacement Programme.
- Undertake at least 16,000 safe and well visits, targeting those at higher risk (over 65's and disabled).
- Complete 2,000 fire safety audits.

The Service submitted an Efficiency and Productivity Plan 2025/26 to the Home Office in April 25 which brought together:

the Service's Efficiency Plan

- a summary of future years budgets
- Collaboration activity
- Return on Investment
- Charging Policies
- Asset Management and Investment in Technology
- Resourcing
- Procurement
- Productivity

Plans for 2026/27 onwards

The Community Risk Management Plan sets out our long-term ambition to be one of the best fire and rescue services in England by 2032, with a continued focus on preventing incidents, protecting you and responding when you need us.

Funding for 2026/27 will be determined as part of the Government's financial settlement which will not be announced until Autumn 2025. The 2026/27 financial settlement has additional uncertainty due to the financial impact of the pending funding reforms including a fair funding review and business rate reset which adds risk that we could lose funding from 2026/27. The reforms will be the start of a multi- year settlement from 2026/27.

There also remains significant uncertainty and risks arounds the global and national economic outlooks due to worldwide events such as the US policy changes on tariffs following the election, the ongoing war in Ukraine and the unrest in the middle east and nationally as we see the implications of the new government's fiscal and taxation changes. All of which impact and add unpredictability to inflation and interest rate changes.

Despite the ongoing uncertainty, the service is confident that it is in a position to react should it find itself needing to reduce expenditure in order to balance the budget in future years.

The service has underspent against the 2024/25 approved budget enabling earmarked reserves to be increased to add resilience for known risks. Reserves are sufficient to allow a period of transition and to support smoothing the budget gaps identified in the Medium-Term Financial Plan along with realising savings through the Efficiency Strategy.

HMICFRS Inspection

NFRS continues to use HMICFRS inspection reports to inform its own improvement and change programme. The Service reviews, and where appropriate adopts the learning from HMICFRS national reports such as the Annual State of Fire Report and thematic audit reports such as the Values and Culture Report and the Standards of Behaviour report.

Since we received our last service specific inspection report in September 2024 we continue to be rated as one of the best performing fire services in the country. Learning identified in this report, which was a single Area for Improvement, and 19 narrative learning areas are tracked through our established governance and scrutiny meetings.

Looking ahead, HMICFRS has now commenced its fourth round of fire service inspections, and we look forward to welcoming the HMICFRS inspection team in spring 2026.

An assessment of the effectiveness and efficiency of each FRS, as well as how well they look after their people remains the core pillars of inspections. It is however anticipated that the fourth-round inspections will have a greater focus on service leadership and its governance.

In relation to efficiency, the two inspection areas of ‘making the best use of resources’ and ‘making the fire and rescue service affordable now and in the future’ have been merged into a single inspection area. No material change is expected in the way HMICFRS undertake their inspection, this is more to simplify how they report their findings.

Bev Bull CPFA
Treasurer to the Nottinghamshire and City of Nottingham Fire Authority

Statement of Responsibilities for the Statement of Accounts 2024/25

The Authority's Responsibilities

The Authority is required to:

i. make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer;

ii. manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

iii. approve the Statement of Accounts.

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Treasurer has:

i. selected suitable accounting policies and then applied them consistently;

ii. made judgements and estimates that were reasonable and prudent;

iii. complied with the local authority Code.

The Treasurer has also:

i. kept proper accounting records which were up to date;

ii. taken reasonable steps for the prevention and detection of fraud and other irregularities.

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

This Statement of Accounts is authorised for issue on *[TBC]* by the Treasurer to the Authority. This is the date up to which events have been considered for recognition in the Statement of Accounts.

Signed ____________________

Bev Bull CPFA (Treasurer)

Dated ____________________

Statement of Approval of the Statement of Accounts 2024/25

I confirm that these accounts were approved by the Nottinghamshire and City of Nottingham Finance and Resources at the meeting held on the *[TBC]*.

Signed on behalf of the Nottinghamshire and City of Nottingham Fire Authority.

Signed ______________________________
(Chair of the Fire Authority)

Dated ______________________________

Auditors Report

Core Financial Statements

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'useable reserves' (i.e. those that can not be applied to fund expenditure or reduce local taxation) and 'other reserves'. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance 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.

Movement in Reserves during 2024/25	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Useable Reserves £000	Unuseable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2024 carried forward	**5,081**	**5,845**	**2**	**142**	**11,070**	**(370,634)**	**(359,564)**
Movement in Reserves during 2024/25							
Total Comprehensive Income and Expenditure	**(5,618)**	0	0	0	**(5,618)**	52,126	**46,508**
Adjustments between accounting basis and funding basis under regulations (Note 10)	**6,195**	0	(2)	(52)	**6,141**	(6,141)	**0**
Increase or Decrease in 2024/25 before Transfers to Earmarked Reserves	**577**	**0**	**(2)**	**(52)**	**523**	**45,985**	**46,508**
Transfers to/from Earmarked Reserves (Note 11)	**(589)**	**589**	0	0	**0**	0	**0**
Increase/(Decrease) in 2024/25	**(12)**	**589**	**(2)**	**(52)**	**523**	**45,985**	**46,508**
Balance at 31 March 2025 carried forward	**5,069**	**6,434**	**0**	**90**	**11,593**	**(324,649)**	**(313,056)**

Movement in Reserves during 2023/24	**General Fund Balance £000**	**Earmarked Reserves £000**	**Capital Receipts Reserve £000**	**Capital Grants Unapplied £000**	**Total Useable Reserves £000**	**Unuseable Reserves £000**	**Total Authority Reserves £000**
Balance at 31 March 2023 carried forward	**4,959**	**5,337**	**0**	**274**	**10,570**	**(376,946)**	**(366,376)**
Movement in Reserves during 2023/24							
Total Comprehensive Income and Expenditure	(7,353)	0	0	0	**(7,353)**	14,165	**6,812**
Adjustments between accounting basis and funding basis under regulations (Note 10)	7,983	0	2	(132)	**7,853**	(7,853)	**0**
Increase or Decrease in 2023/24 before Transfers to Earmarked Reserves	**630**	**0**	**2**	**(132)**	**500**	**6,312**	**6,812**
Transfers to/from Earmarked Reserves (Note 11)	(508)	508	0	0	**0**	0	**0**
Increase/(Decrease) in 2023/24	**122**	**508**	**2**	**(132)**	**500**	**6,312**	**6,812**
Balance at 31 March 2024 carried forward	**5,081**	**5,845**	**2**	**142**	**11,070**	**(370,634)**	**(359,564)**

Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the CFA in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices are presented more fully in the Comprehensive Income and Expenditure Statement.

2023/24				2024/25		
Net Expenditure Chargeable to the General Fund £000	**Adjustments between the Funding and Accounting Basis £000**	**Net expenditure in the Comprehensive Income and Expenditure Statement £000**		**Net Expenditure Chargeable to the General Fund £000**	**Adjustments between the Funding and Accounting Basis £000**	**Net expenditure in the Comprehensive Income and Expenditure Statement £000**
26,844	(1,570)	25,274	Firefighting and Rescue	29,420	(3,217)	26,203
1,666	(73)	1,593	Community Safety	1,815	(109)	1,706
1,374	(72)	1,302	Fire Protection	1,561	(124)	1,437
(192)	(2)	(194)	Resilience	11	(3)	8
			Corporate and Centralised Services:			
5,741	1,614	7,355	Estates and Procurement	6,314	859	7,173
3,562	332	3,894	Equipment	4,282	(245)	4,037
3,965	(168)	3,797	People and Organisational Development	4,057	(279)	3,778
1,115	(20)	1,095	Finance	1,116	(21)	1,095
3,422	233	3,655	ICT	3,757	(302)	3,455
4,390	(122)	4,268	Other	4,611	(219)	4,392
51,887	**152**	**52,039**	**Net Cost of Services**	**56,944**	**(3,660)**	**53,284**
(52,517)	7,832	(44,686)	Other Income and Expenditure	(57,521)	9,855	(47,666)
(630)	**7,984**	**7,353**	**(Surplus) or Deficit**	**(577)**	**6,195**	**5,618**
(4,959)			**Opening General Fund Balance**	**(5,081)**		
(630)			Less/Plus (Surplus) or Deficit on General Fund Balance in Year	(577)		
508			Less/Plus Net Transfers to/(from) Earmarked Reserves	589		
(5,081)			**Closing General Fund Balance**	**(5,069)**		

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. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

IAS 1 requires that where the Statement includes amounts in "Other Comprehensive Income and Expenditure" which will not be reclassified subsequently to the Surplus or Deficit on the Provision of Service as well as amounts which will be, then these two types of transactions should be shown separately on the face of the Statement. The Authority does not have transactions which will be reclassified subsequently to the Surplus or Deficit on the provision of Services, so the items in "Other Comprehensive Income and Expenditure" have not been separated in this way.

2023/24				Notes	2024/25		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000			Gross Expenditure £000	Gross Income £000	Net Expenditure £000
25,640	(366)	25,274	Firefighting and Rescue		26,512	(309)	26,203
1,705	(112)	1,593	Community Safety		1,792	(86)	1,706
1,450	(148)	1,302	Fire Protection		1,588	(151)	1,437
72	(266)	(194)	Resilience		59	(51)	8
			Corporate and Centralised Services:				
7,526	(171)	7,355	Estates and Procurement		7,337	(164)	7,173
4,204	(310)	3,894	Equipment		4,165	(128)	4,037
3,981	(184)	3,797	People and Organisational Development		3,960	(182)	3,778
1,165	(70)	1,095	Finance		1,191	(96)	1,095
3,723	(68)	3,655	ICT		3,493	(38)	3,455
4,286	(18)	4,268	Other		4,418	(26)	4,392
53,752	**(1,713)**	**52,039**	**Cost of Services**		**54,515**	**(1,231)**	**53,284**
153	0	153	Other Operating Expenditure	12	0	(32)	(32)
20,525	(637)	19,888	Financing and Investment Income and Expenditure	13	20,494	(695)	19,799
0	(64,727)	(64,727)	Taxation and Non-Specific Grant Income	14	0	(67,433)	(67,433)
74,430	**(67,077)**	**7,353**	**Surplus (-) or Deficit on Provision of Services**		**75,009**	**(69,391)**	**5,618**
		370	Surplus or deficit on revaluation of property, plant and equipment assets				3,336
		0	Impairment Losses on Non-Current Assets Charged to Revaluation Reserve				0
		(14,535)	Remeasurements on the net defined benefit pension liability				(55,461)
		(14,165)	**Other Comprehensive Income and Expenditure**				**(52,125)**
		(6,812)	**Total Comprehensive Income and Expenditure**				**(46,507)**

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Authority as at the Balance Sheet date. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories.

- The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).
- The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2024 £000		Notes	31 March 2025 £000
68,297	Property, Plant & Equipment	15	64,838
682	Intangible Assets	16	1,629
227	Long Term Debtors	19	242
69,206	**TOTAL LONG TERM ASSETS**		**66,709**
2,393	Assets Held for Sale	21	2,393
1,745	Short Term Investments	17	1,805
372	Inventories	18	320
8,257	Short Term Debtors	19	4,568
7,394	Cash and Cash Equivalents	20	11,634
20,161	**TOTAL CURRENT ASSETS**		**20,720**
(3,049)	Short Term Borrowings	17	(45)
(8,646)	Short Term Creditors	22	(13,345)
(479)	Short Term Provisions	23	(275)
(12,174)	**TOTAL CURRENT LIABILITIES**		**(13,665)**
(29,900)	Long Term Borrowing	17	(29,900)
(82)	Receipts in Advance - General	22	(76)
(406,775)	Pensions Liability	39	(356,844)
(436,757)	**TOTAL LONG TERM LIABILITIES**		**(386,820)**
(359,564)	**TOTAL NET ASSETS/(LIABILITIES)**		**(313,056)**
11,070	Useable Reserves	24	11,593
(370,634)	Unuseable Reserves	25	(324,649)
(359,564)	**TOTAL RESERVES**		**(313,056)**

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by 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 (i.e. borrowing) to the Authority.

2023/24 £000		2024/25 £000
(7,353)	**Net Surplus/(Deficit) on the Provision of Services**	**(5,618)**
8,100	Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	20,080
(2)	Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	(122)
745	Net Cash Flows from Operating Activities (Note 26)	14,340
(4,581)	Investing Activities (Note 27)	(4,099)
3,000	Financing Activities (Note 28)	(6,000)
(836)	Net (Increase) or Decrease in Cash and Cash Equivalents	4,241
8,229	Cash and Cash Equivalents at the Beginning of the Reporting Period	7,393
7,393	**Cash and Cash Equivalents at the End of the Reporting Period (Note 20)**	**11,634**

Notes

Index of Notes to the Core Accounting Statements

Note to the Core Accounting Statements

1. Accounting Policies

General Principles

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

The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a 'going concern' basis.

All figures in the Statement have been rounded to the nearest £1k, which may result in some discrepancies due to rounding.

Going Concern

The concept of a going concern assumes that the functions of Nottinghamshire Fire and Rescue will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which Fire and Rescue services operate. These provisions confirm that, as Fire and Rescue services cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Fire and Rescue services carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If a Fire Authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the functions it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for the financial statements to be provided on anything other than a going concern basis. The Statement of Accounts drawn up under the Code therefore assume that a Fire authority will continue to operate for the foreseeable future.

The Authority set a balanced budget for 2024/25 which relied on the use of £139k of the Budget Pressure Reserve. The service has reduced costs in year by delaying recruitment and holding vacant posts. This has removed the need to use the Budget Pressure Reserve in 2024/25 and enabled majority of the underspend to be using to support the Capital Programme and reduce future year borrowing costs. to be funding to be set aside in earmarked reserves for future costs relating to the escalating costs of the existing mobilisation system pending the implementation of the new replacement mobilising system and allowing for a reserve to be established to support debt costs variations resulting for the capital programme.

Fire Authority approved its Medium Term Financial Strategy (MTFS) for 2025/26 to 2028/29 in December 2024. The final budget was approved by Fire Authority in February 2025. This explored a number of financial scenarios which demonstrate that the service does need to make permanent savings for long term financial sustainability, however it has sufficient reserves to manage any short-term deficits.

Useable Reserves were £11.591m at 31 March 2025. The General Fund balance of £5.067m remained above the £4.3m minimum level set in the Reserves Strategy. The 2025/26 and 2026/27 budgets require the use of the Budget Pressure reserve or the General Fund reserves of £260km and an estimated £1.699xm respectively. During 2025/26 actions will be taken to generate budget savings to reduce the need for use of reserves. The balance on the budget pressure reserve is £1.126m at 31 March 2025.

The Service's Futures 25 Efficiency Strategy was initially outlined at Policy and Strategy Committee in May 22 and updated in September 22, July 2023 and February 2024. It is intended that savings delivered through the Futures 25 and a newly established Efficiency Roadmap will achieve savings for 2025/26 budget onwards. The Service has set aside £576k at 31 March 2024 in Earmarked Reserves to support this programme of works.

Based upon the latest assumptions cash flow forecasts have been prepared out to the end of March 2026 which indicate the service will maintain a strong cash position.

Based on our assessment of the financial and liquidity position of Nottinghamshire Fire and Rescue Service, there are no material uncertainties or concerns on the basis of preparing the 2024/25 financial statements or on the ability to continue to operate as a going concern for a period of 12 months from the date of approval of these financial statements.

Accruals of Expenditure and Income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. This is known as the accruals basis. In particular:

- Supplies are recorded as expenditure when they are consumed. Some supplies are carried as Inventories on the balance sheet.
- Where goods are supplied to or by the Fire Authority in the financial year, but payment does not occur until the following financial year, a short-term Creditor or short-term Debtor for the relevant amount is shown on the Balance Sheet. Exceptions are made to this policy for certain recurring items that cover a specific period, e.g. quarterly energy bills. These items are brought into the accounts in the year they are paid and are not apportioned over the years to which they relate.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made. However, due to a policy change which came into effect on 1 April 2017 an exception is now made to this policy for overtime payments and payments claimed in arrears by retained duty system staff. This expenditure is recognised in the year it is paid rather than the year in which the work was carried out.
- Fees and charges due from customers are recognised as income at the date the Fire Authority provides the relevant services. Debts outstanding at the year-end are assessed for evidence of uncollectability based on past events and a charge is made to revenue where the total value of debts for which there is evidence of impairment
- Impairment loss allowances are not recognised for debts where the counterparty is central government or a local authority, as statutory provisions prevent default. This policy applies to debts from unpaid fees and charges – council tax debtors are subject to a different policy (see below).
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than on the basis of cash flows determined by the contract.
- ***De minimus level is set at £5,000 and anything below this will be accounted for in the year the transaction takes place regardless of which year the income or expense relates to.***

Allocation of Support Service Costs

Support services are provided primarily by the Authority itself although some are purchased directly from the constituent authorities. The provision of a Clerk to the Authority is purchased from Nottingham City Council and some limited financial services are provided by Nottinghamshire County Council and Bradford Metropolitan District Council.

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

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 twenty four hours. Cash equivalents are investments that mature in 90 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

Council Tax Income and Non Domestic Rates

Council tax and non domestic rates are collected from taxpayers by billing authorities both for themselves and substantively as agents, collecting council tax and non domestic rates on behalf of precepting authorities and central government and distributing it to them.

This authority is a precepting authority, and council tax and non domestic rates income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. 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 Collection Fund Adjustment Account on the Balance Sheet and shown within the Movement in Reserves Statement.

Billing authorities prepare a Collection Fund balance sheet for council tax and non domestic rates activities, which is disaggregated and shared between the billing authority and its precepting authorities. This Authority's Balance Sheet contains the following items:

a) Council tax and non domestic rates arrears apportioned in relation to the following year's precept proportions are included as short-term Debtors

b) Impairment allowance for doubtful debts apportioned as for council tax and non domestic rates arrears and deducted from council tax and non domestic rates arrears debtors
c) Council tax and non domestic rates overpayments and prepayment apportioned in relation to the following year's precept proportions are included as short-term Creditors
d) Collection Fund surplus / deficit – the reversing entry to the Comprehensive Income and Expenditure Account adjustment is included in the Collection Fund Adjustment Account
e) Collection Fund cash surplus / deficit held on the authority's behalf by the billing authority is included in short-term Debtors or short-term Creditors

Employee Benefits
Benefits Payable During Employment
Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority.
An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits
Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the appropriate service when the Authority can no longer withdraw the offer of those benefits.
Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the

Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits are not actually payable until the employees retire, the Authority has a commitment to make these payments in the future. This commitment needs to be disclosed at the time that the employees earn their future entitlement.

The Authority participates in five pension schemes, all of which are defined benefit schemes:

- The Local Government Pension Scheme (LGPS) is for administrative and support staff and is administered by Nottinghamshire County Council. This is a funded scheme, which means that contributions are paid into a fund with the intention of balancing pension liabilities with pension assets.
- The Firefighters' Pension Scheme 1992 has been closed to new entrants since 6 April 2006. Its members are wholetime firefighters. It is an unfunded pension scheme, meaning that there are no investment assets to meet the cost of pension liabilities and cash has to be generated to meet pension payments as they fall due. The cost of the scheme is met from contributions paid by employees and the Authority, with any deficit in the funding required being met by a top-up grant from the Home Office. Any surplus funding is paid over to the Home Office. Active members were transferred to the Firefighters' Pension Scheme 2015 on 1 April 2022.
- The Firefighters' Pension Scheme 2006 is also an unfunded pension scheme. This scheme came into being with effect from April 2006 and its members are retained firefighters and wholetime firefighters. Like the 1992 Scheme, the cost of the scheme is met from contributions paid by employees and the Authority, with any deficit in the funding required being met by a top-up grant from the Home Office and any surplus being paid over to them. The Firefighters' Pension Scheme (England)(Amendment) Order 2014 introduced a new modified version of the 2006 Scheme which is available to individuals who were employed as retained firefighters during the period 1 July 2000 to 5 April 2006. The modified version of the scheme

has different benefits to the main 2006 Scheme. The 2006 Scheme has been closed to new entrants since April 2015 and active members were transferred to the Firefighters' Pension Scheme 2015 on 1 April 2002.

- The Firefighters' Pension Scheme 2015 came into effect on 1 April 2015. Like the 2006 and 1992 Schemes, the cost of the scheme is met from contributions paid by employees and the Authority, with any deficit in the funding required being met by a top-up grant from the Home Office and any surplus being paid over to them. Unlike the other firefighters' schemes, it is a career average rather than a final salary scheme. Its members are retained firefighters and wholetime firefighters who were first appointed by an English fire and rescue authority on or after 1 April 2015, and firefighters who were transferred from the 1992 or 2006 Schemes.
- The Firefighters’ Compensation Scheme (England) Order 2006 makes provision for the payment of pensions, allowances and gratuities to and in respect of persons who die or are permanently disabled as a result of an injury sustained or disease contracted while employed by a fire and rescue authority. The Firefighter Compensation Scheme (FFCS) is treated as an unfunded defined benefit scheme. The cost of this scheme is met by the Authority.

The arrangements for the three Firefighters’ pension schemes and the Firefighters’ Compensation Scheme are determined by the Home Office. In order to identify the amount of top-up grant receivable from / surplus payable to the Home Office the Authority is required to produce separate Pension Fund Statements for the firefighters’ pension schemes (excluding the Compensation Scheme, which is funded from the Authority's revenue budget). Additional accounting policies can be found in the notes to these statements.

The Authority is required by the CIPFA Code of Practice to account for pensions in accordance with International Accounting Standard 19 Employee Benefits (IAS 19). One of the objectives of IAS 19 is to ensure that an employer’s financial statements reflect a liability when employees have provided services in exchange for benefits to be paid in the future.

All five pension schemes are accounted for as defined benefit schemes:

The liabilities of the LGPS and the firefighters' schemes are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date be employees, based on

assumptions about mortality rates, employee turnover rates etc, and estimates of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using relevant discount rates that are based on the yields of AA-rated corporate bonds of currency and term appropriate to the currency and term of the scheme's liabilities.
- The assets of the LGPS pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
    - quoted securities - current bid price
    - unquoted securities - professional estimate
    - property - market value
- The change in the net pensions liability is analysed into the following components:
    - Service cost comprising:
        - Current service cost - the increase in liabilities as a result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee 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. This is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
    - Net interest on the net defined benefit liability, i.e. the net interest expense for the Authority - the change during the period in the net defined benefit liability that arises from the passage of time. This is charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.
    - Remeasurements comprising:
        - The return on plan assets - excluding amounts included in net interest on the net defined benefit liability. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
        - 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. This is charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

- Contributions paid to the pension fund - cash paid as employer's contributions to the pension funds in settlement of liabilities.
- When the actuary’s valuation (for IAS19 purposes) of the Authority’s share of the LGPS Pension Fund assets have exceeded the pension fund liabilities results in a net asset on the balance sheet, an Asset Ceiling adjustment is applied in accordance with International Financial Reporting Interpretation Committee (IFRIC) 14. IFRIC14 states that an organisation shall only recognise a net asset on its balance sheet to the extent the asset represents real economic benefit to the organisation.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers 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 fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures 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 are earned by employees.

Further detail on post-employment benefits accounting policies is given in note 39 to the core financial statements.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. The amortised cost will include any interest accrued and not paid as at the Balance Sheet date. Where the transaction costs of borrowing are immaterial and there is no premium or discount on borrowing and the interest rate is fixed for the loan term, then the actual interest rate has been used to calculate interest payable as this is the same as the effective interest rate. 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.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss
- Fair value through other comprehensive income

The Authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal of interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific

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

Inventories (Stocks)
Inventories are included in the Balance Sheet at the lower of cost and net realisable value. cost of inventories is assigned using the First In, First Out (FIFO) costing formula.

Leases
The Fire Authority accounts for leases as finance leases when substantially all of the risks and rewards relating to the leased asset transfer to the Authority. All other leases are classified as operating leases.
Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Finance Leases (the Authority as Lessee)
Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset.
Lease rentals payable are apportioned between:

- A charge for the acquisition of the interest in the asset applied to write down the lease liability and;
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Non current assets recognised under finance leases are accounted for using the policies generally applied to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life. Finance charges are accounted for on a straight line basis over the term of the lease.

Operating Leases (the Authority as Lessee)
Rentals payable are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from the use of the asset. Charges are made on a straight line basis over the term of the lease (unless the arrangement specifies a rental pattern which is not straight line, in which case this will be disclosed).

Operating Leases (the Authority as Lessor)
Income from operating leases is recognised in the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease, with the exception of the lease relating to the property at Clifton. In this instance, as the annual payments vary, the income is recognised based on the specific cash flows as notated in the lease agreement.

Non Current Assets
Property, Plant and Equipment *(PPE)*
Non current assets which have physical substance and are held for use in the provision of services or for administrative purposes and are expected to be used for more than one year are classified as PPE.
The value of assets shown is subject to a £30,000 de minimis level. Assets with a value less than £30,000 will, however, be capitalised if they form part of a larger project.

Recognition
Expenditure on the acquisition, creation or enhancement of ***PPE*** is capitalised on an accruals basis, provided that it yields benefits for more than one financial year. Expenditure on repairs and maintenance is charged as an expense when it is incurred.
<u>Measurement</u>
Assets are initially measured at cost, comprising

- the purchase price
- any expenditure directly attributable to bringing the asset to the location and condition for its intended use.

The Authority does not capitalise the cost of borrowing while the assets are classed as under construction.
Donated assets are measured initially at fair value with the difference between fair value and any consideration paid being credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held on the Balance Sheet in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.
Assets are then carried in the balance sheet using the following measurement bases:

- Land and Buildings – classed as operational or non operational and carried at current value in existing use (i.e. Existing Use Value – EUV). Specialised, operational assets (e.g. Fire Stations) and specialised, non operational assets are valued at Depreciated Replacement Cost (DRC).
- Surplus Assets – carried at fair value as defined under IFRS
- Assets Under Construction – carried at historical cost
- All other Assets – carried at depreciated cost

Valuation

Assets carried at current value are revalued sufficiently regularly to ensure their carrying amount is not materially different from their current value at the year end, but full valuation is carried out every 5 years as a minimum.
Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.
Where decreases in value and impairments are identified, they are accounted for by:

a) 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).
b) 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 line(s) 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.

Charges to Revenue for Non Current Assets

Services and support services are charged annually with the following amounts to record the real cost to the Authority of holding non current assets during the year:

a) Depreciation attributable to the assets used by the relevant service.

b) Revaluation and impairment losses on assets used by the service, where there are insufficient accumulated gains in the Revaluation Reserve balance for that asset against which the losses can be written off.

c) Amortisation of intangible non current assets attributable to the service.

The Authority is not required to raise council tax to cover these charges. It is, however, 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 as set out in the Authorities Minimum Revenue Provision (MRP) policy.

Depreciation and Amortisation

Depreciation is provided for on non current assets with a determinable finite life by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Buildings: straight line allocation over the remaining useful life as estimated by the external valuer ~~Valuation Office~~
- Furniture and Fittings: 20% of the balance at the beginning of the financial year
- All other Assets – straight line allocation over estimated useful life.

Part year depreciation is charged from the start of the month of acquisition. 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 historic cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The de minimis threshold for componentisation is a current net book value of £150k, ***componentisation*** will then be applied to any such assets where individual components with a different useful life to the overall item has a cost at least 20% of the overall asset

Impairment

Assets are assessed at each year end as to whether there is any indication that an assets may be impaired. 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 line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) 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.

Disposals

Amounts received for the disposal of any assets previously qualifying as Capital Expenditure are categorised as capital receipts. Capital receipts are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment, or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the Reserve from the General Fund 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.

Re-classification of Assets Under Construction to Operational Assets
Assets under construction which are subsequently identified as being operational will be reclassified in the quarter following the date when the asset became operational.

Intangible Assets
Intangible assets are identifiable, non financial, non current assets controlled by the Authority which do not have physical substance, and are capitalised when it is expected that a future economic benefit will flow from the asset for a period of greater than 1 year.
This Authority has one type of intangible non current asset, which is software. This software is initially measured at cost and subsequently shown in the Balance Sheet at amortised historic cost. Amortisation is charged to the Comprehensive Income and Expenditure Account over the economic life of the asset.
The value of assets capitalised is subject to a £30,000 de minimis level. Assets with a value of less than £30,000 will, however, be capitalised if they form part of a larger asset.

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors
Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.
Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance.
Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.
Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Provisions, Contingent Liabilities and Contingent Assets

- **Provisions**

  Provisions are made where an event has taken place which gives the Fire Authority an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.

  Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement when the authority becomes aware of the obligation, based on the best estimate of the likely settlement.

  When payments are eventually made, they are charged to the provision carried in the balance sheet. Estimated settlements are reviewed at the end of each financial year and a provision may then be reversed and credited back to the relevant service.

- **Contingent Liabilities**

  A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

  Contingent liabilities 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 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 and*** liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

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 in that year in that year to score against the Cost of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance that there is no net charge against Council Tax for the expenditure.

Two useable reserves are shown on the face of the Balance Sheet. These are:

- General Reserve

  This reserve is the surplus or deficit of income over expenditure in the 2024/25 financial year, and the cumulative effect of such surpluses or deficits carried forward from previous years. See note 24.
- Earmarked Reserve

  This reserve contains funds built up to meet expected liabilities. The movement of this reserve is shown in note 11.

Certain reserves are kept to manage the accounting processes for non-current assets (e.g. Revaluation Reserve, Capital Adjustment Account), financial instruments, collection fund, pension liabilities and employee benefits and do not represent usable resources for the Authority - these reserves are explained in the relevant policies.

Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. Accounting Standards Issued, Not Adopted

The Code of Practice requires the disclosure of the impact of an accounting change arising from a new accounting standard which has been issued but not yet adopted by the Code for the relevant financial year.

The standards introduced by the 2025/26 Code of Practice are:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) treatment of currency that is not exchangeable.
- IFRS 17 Insurance Contracts sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- The changes to the measurement of non-investment assets within the 2025/26.

The above changes are not expected to have a material impact on future years statement of accounts.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- Future Funding

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

The Authority has a balanced budget for 2025/26 and is anticipating containing spend within this budget. The Government will provide indicative settlement figures for future years as part of the funding settlement in Autumn 2025. The Authority is in a good financial position to allow it to properly plan for any reductions in budgets over the next three years should this be required.

- Valuation method

The Authority has valued its Fire Stations at depreciated replacement cost, as there is no market-based evidence of fair value due to the specialised nature of the assets.

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

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
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,	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £74k for every year that useful lives had to be reduced.

	bringing into doubt the useful lives assigned to assets.	
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 consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. A sensitivity analysis showing the impacts of changes in the discount rates used is included in note 39.

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

5. Material Items of Income and Expense

Within the Comprehensive Income and Expenditure Statement are a number of material items of income and expense in Net Cost of Services which are not disclosed separately.

2023/24 £000	Description of Item	Income or Expense	2024/25 £000
3,112	Depreciation and Amortisation of Non Current Assets	Expense	2,757
(2)	Capital Receipt	Income	(51)

6. Events after the balance sheet date

The Statement of Accounts was authorised for issue by the Treasurer to the Authority on *[TBC]*. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. Note to the expenditure and funding analysis

Adjustments between Funding and Accounting Basis 2024/25

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amount 2024/25	Adjustment for Capital purposes £000	Net change for the Pension Adjustment £000	Other Differences £000	Total Adjustments £000
Firefighting and Rescue	0	3,186	31	**3,217**
Community Safety	0	115	(6)	**109**
Fire Protection	0	121	3	**124**
Resilience	0	3	0	**3**
Corporate and Centralised Services:				
Estates & Procurement	(890)	32	(1)	**(859)**
Equipment	224	22	(1)	**245**
People and Organisation Development	0	271	8	**279**
Finance	0	21	0	**21**
Information Communication and Technology	263	42	(3)	**302**
Other Corporate and Centralised Services	0	199	20	**219**
	(403)	4,012	51	**3,660**
Other income and expenditure	**32**	**(9,542)**	**(345)**	**(9,855)**
	(371)	**(5,530)**	**(294)**	**(6,195)**

Adjustments between Funding and Accounting Basis 2023/24

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amount 2023/24	Adjustment for Capital purposes £000	Net change for the Pension Adjustment £000	Other Differences £000	Total Adjustments £000
Firefighting and Rescue	0	1,603	(33)	**1,570**
Community Safety	0	78	(5)	**73**
Fire Protection	0	72	0	**72**
Resilience	0	2	0	**2**
Corporate and Centralised Services:				
Estates & Procurement	(1,638)	22	2	**(1,614)**
Equipment	(353)	22	(1)	**(332)**
People and Organisation Development	0	175	(7)	**168**
Finance	0	20	0	**20**
Information Communication and Technology	(272)	42	(3)	**(233)**
Other Corporate and Centralised Services	0	126	(4)	**122**
	(2,263)	**2,162**	**(51)**	**(152)**
Other income and expenditure	(153)	(8,061)	382	**(7,832)**
	(2,416)	**(5,899)**	**331**	**(7,984)**

8. Expenditure and Income Analysis by Nature

2023/24 £000		2024/25 £000
	Expenditure	
56,344	Employee Benefits Expenses	57,248
471	Other Employee Expenses	407
4,078	Premises Related Expenses	4,204
2,420	Transport Related Expenditure	2,366
4,571	Supplies and Services	4,821
1,024	Third Party Payments	1,041
127	Support Services	137
4,454	Depreciation, amortisation, impairment and loss on disposal of non-current assets	3,801
941	Interest Payments	984
74,430	**Total Expenditure**	**75,009**
	Income	
(980)	Fees, charges and other service income	**(642)**
(637)	Interest and investment income	**(696)**
(33,888)	Income from council tax and non-domestic rates	**(42,817)**
(31,572)	Government grants	**(25,204)**
0	Income from profit on disposal of non-current assets	**(32)**
(67,077)	**Total Income**	**(69,391)**
7,353	**(Surplus)/Deficit on Provision of Services**	**5,618**

9. Revenue from Contracts with Service Recipients

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients.

2023/24 £000		2024/25 £000
914	Revenue from contracts with service recipients	781
914	**Total Included in Comprehensive Income and Expenditure Statement**	781

10. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund 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. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2023/24				2024/25		
General Fund Balance £000	**Capital Receipts Reserve £000**	**Capital Grants Unapplied £000**		**General Fund Balance £000**	**Capital Receipts Reserve £000**	**Capital Grants Unapplied £000**
			Adjustments to the Revenue Resources			
			Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
(5,899)	0	0	Pension costs (transferred to (or from) the Pensions Reserve)	(5,530)	0	0
382	0	0	Council tax and NDR (transfers to or from the Collection Fund Adjustment Account)	(342)	0	0
(50)	0	0	Holiday pay (transferred to the Accumulated Absences Reserve)	52	0	0
(4,456)	0	0	Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(3,817)	0	0
(10,023)	**0**	**0**	**Total Adjustments to Revenue Resources**	**(9,637)**	**0**	**0**
			Adjustments between Revenue and Capital Resources			
2	(2)	0	Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	49	(49)	0
0	0	0	Transfer of capital grants and contributions to capital grants unapplied	74	0	(74)
0	0	0	Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	0	0
1525	0	0	Statutory and voluntary provisions for the repayment of debt (transfer from the Capital Adjustment Account)	2911	0	0
513	**0**	**0**	**Capital expenditure financed from revenue balances (transfer** to the Capital Adjustment Account)	**408**	**0**	**0**
2,040	**(2)**	0	**Total Adjustments between Revenue and Capital Resources**	**3,442**	**(49)**	**(74)**
			Adjustments to Capital Resources			
0	0	0	Use of the Capital Receipts Reserve to finance capital expenditure	0	51	0
0	0	132	Application of capital grants to finance capital expenditure	0	0	126
0	**0**	**0**	**Cash payments in relation to** deferred capital receipts	**0**	**0**	**0**
0	**0**	**132**	**Total Adjustments to Capital Resources**	**0**	**51**	**126**

11. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves either to meet General Fund expenditure in the year, or because the earmarked reserve was no longer required.

Balance at 31 March 2023 £000	Transfers out 2023/24 £000	Transfers in 2023/24 £000		Balance at 31 March 2024 £000	Transfers out 2024/25 £000	Transfers in 2024/25 £000	Balance at 31 March 2025 £000
(1,579)	264	(875)	Information Communication and Technology	(2,190)	423	(399)	(2,166)
(261)	79	(161)	Prevention, Protection and Partnerships	(343)	69	(203)	(477)
(36)	3	0	Resilience	(33)	4	(6)	(35)
0	0	(303)	Capital	(303)	129	(195)	(369)
(480)	350	(53)	Operational	(183)	63	0	(120)
(49)	49	0	Transition	0	0	0	0
(2,458)	352	(297)	Other	(2,403)	154	(612)	(2,861)
(14)	14	0	Covid - 19	0	0	0	0
(360)	71	0	Transformation and Collaboration	(289)	150	(166)	(305)
(100)	0	(1)	Regional Funds	(101)	0	0	(101)
(5,337)	**1,182**	**(1,690)**	**Sub Total**	**(5,845)**	**992**	**(1,581)**	**(6,434)**

12. Other Operating Expenditure

2023/24 £000		2024/25 £000
153	Gains/(Losses) on the disposal of non-current assets	(32)
153	**Total**	**(32)**

13. Financing and Investment Income & Expenditure

2023/24 £000		2024/25 £000
941	Interest payable and similar charges	984
19,584	Net interest on defined pension liability	19,510
(637)	Interest receivable and similar income	(695)
19,888	**Total**	**19,799**

14. Taxation and Non-Specific Grant Income

2023/24 £000		2024/25 £000
29,746	Council tax income and surplus on collection	30,993
4,142	Non domestic rates	3,833
11,523	Pension top up grant	9,968
23	Council Tax Income guarantee scheme	0
6,189	Non ringfenced government grants	8,939
7,638	Non domestic rates tax top-up grant	7,991
3,017	Business Rates Tax Loss Reimbursement Grant	3,726
8	Transparency grant	8
2,340	Fire Pension Grant	1,776
91	Levy Account Surplus Grant	91
10	Green Plant & Machinery Grant	0
0	Electric Vehicle Charging Capital Grant	74
0	Decarbonisation Grant	34
64,727	**Total**	**67,433**

15. Plant Property & Equipment

Movements in 2023/24						Movements in 2024/25				
Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000		Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
61,351	**21,797**	**190**	**0**	**83,338**	**Cost or Valuation at 01 April**	**59,688**	**22,201**	**185**	**3,812**	**85,886**
1,626	951	0	3,812	**6,389**	Additions	967	1,008	0	1,652	**3,627**
(2,073)	0	(5)	0	**(2,078)**	Revaluation Increases/(decreases) recognised in the Revaluation Reserve	(4,995)	0	(139)	0	**(5,134)**
(1,190)	0	0	0	**(1,190)**	Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,035)	0	(9)	0	**(1,044)**
(26)	(525)	0	0	**(551)**	Derecognition - Disposals	0	(337)	0	0	**(337)**
0	(22)	0	0	**(22)**	Derecognition - Other	0	0	0	0	**0**
0	0	0	0	**0**	Assets reclassified (to)/from Held for Sale	0	(12)	0	0	**(12)**
0	0	0	0	**0**	Assets reclassified (to)/from Assets Under Construction	0	687	0	(687)	**0**
0	0	0	0	**0**	Correction of classification	(1)	17	0	0	**16**
59,688	**22,201**	**185**	**3,812**	**85,886**	**At 31 March**	**54,624**	**23,564**	**37**	**4,777**	**83,002**

Accumulated Depreciation & Impairment 2023/24						Accumulated Depreciation & Impairment 2024/25				
Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000		Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
(456)	**(16,208)**	**0**	**0**	**(16,664)**	**At 01 April**	**(415)**	**(17,174)**	**0**	**0**	**(17,589)**
(1,685)	(1,358)	(8)	0	**(3,051)**	Depreciation & Impairment Charges	(1,357)	(1,324)	(26)	0	**(2,707)**
1,700	0	8	0	**1,708**	Depreciation written out to the Revaluation Reserve	1,772	0	26	0	**1,798**
	22	0	0	**22**	Derecognition- Disposals	0	0	0	0	**0**
26	370	0	0	**396**	Derecognition- Other	0	321	0	0	**321**
0	0	0	0	**0**	Other movements in Depreciation & Impairment	0	13	0	0	**13**
(415)	**(17,174)**	**0**	**0**	**(17,589)**	**At 31 March**	**0**	**(18,164)**	**0**	**0**	**(18,164)**
59,273	**5,027**	**185**	**3,812**	**68,297**	**Net Book Value at 31st March**	**54,624**	**5,400**	**37**	**4,777**	**64,838**

Capital Commitments

At 31 March 2025 the Authority had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment the outstanding purchase orders at 31 March 2025 are £3.000m. The major commitments are in relation to the following Capital projects:

- Fire Appliances £1.770m
- Special Appliances £807k
- Access and Inclusion £85k
- Replacement Duty Rig £83k
- Vans & Other Light Vehicles £66k
- Replacement Equipment £55k
- Other Schemes under £25k £134k

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations are carried out Bruton Knowles with all land and building assets being fully revalued at the 31 March 2025. Valuations of the buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. The basis of valuation for various types of property is given in Accounting Policies Note 1.

The following table shows the progress of the Authority's rolling programme for the revaluation of non-current assets.

	Other Land & Buildings £000	Vehicles, Plant, Equipment £000	Assets under Construction £000	Surplus Assets £000	Assets Held for Sale £000	Total £000
Carried at Historical cost	0	5,400	4,777	0	0	**10,177**
Valued at Fair Value as at:						
31 March 2025	54,624	0	0	37	3003	**57,664**
Total Cost or Valuation	**54,624**	**5,400**	**4,777**	**37**	**3,003**	**67,841**

16. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

The basis of valuation and amortisation of intangible assets is outlined in Accounting Policies Note 1.

Software 2023/24 £000	Software Under Construction 2023/24 £000		Software 2024/25 £000	Software Under Construction 2024/25 £000
		Balance at start of year:		
2,601	17	Gross carrying amounts	2,616	584
(2,457)	0	Accumulated amortisation	(2,518)	0
144	**17**	**Net carrying amount at start of year**	**98**	**584**
0	0	Assets Reclassified	0	(18)
15	567	Purchases	6	1,009
(61)	0	Amortisation for the period	(50)	0
98	**584**	**Net carrying amount at end of year**	**54**	**1,575**
		Comprising:		
2,616	584	Gross Carrying Amounts	2,622	1,575
(2,518)	0	Accumulated amortisation	(2,568)	0
98	**584**		**54**	**1,575**

17. Financial Instruments

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

31 March 2024			31 March 2025	
Non-current £000	Current £000		Non-current £000	Current £000
		Financial assets		
0	1,745	Investments measured at amortised cost	0	1,805
0	7,394	Cash & cash equivalents measured at amortised cost	0	11,634
227	5,085	Debtors measured at cost	242	2,364
227	**14,224**	**Total financial assets**	**242**	**15,803**
		Financial liabilities		
(29,900)	(3,048)	Loans measured at amortised cost	(29,900)	(45)
(82)	(4,345)	Creditors measured at cost	(76)	(12,567)
(29,982)	**(7,393)**	**Total financial liabilities**	**(29,976)**	**(12,612)**

Note: the figures for debtors and creditors in the above table include grant receipts in advance but exclude Council Tax and Non Domestic Rates (NDR) debtors and creditors because Council Tax is a statutory debt not arising from a contract and therefore falls outside the scope of financial instruments. The table below provides a reconciliation between the figures in the above table and those on the Balance Sheet.

Short term debtors and creditors are carried at cost rather than amortised cost as this is a fair approximation of their value.

The values for financial instruments in the above table, and on the Balance Sheet, are all gross figures i.e. no netting of financial instruments has taken place.

31 March 2004 £000		31 March 2025 £000
	Current Debtors	
8,257	Debtors - as shown on Balance Sheet	4,568
(2,009)	Less: Council Tax and NDR debtors	(2,204)
6,248	**Current Debtors Classified as Financial Instruments**	**2,364**
	Non-current Debtors	
227	Long term debtors - as shown on Balance Sheet	**242**
	Current Creditors	
(8,646)	Creditors - as shown on Balance Sheet	(13,345)
718	Less: Council Tax NDR prepayments / overpayments	778
(7,928)	**Current Creditors Classified as Financial Instruments**	**(12,567)**
	Non-current Creditors	
0	Creditors - as shown on Balance Sheet	0
(82)	Grant Receipts in Advance - as shown on Balance Sheet	(76)
(82)		**(76)**

Income, Expense, Gains and Losses

Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000		Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
		Interest revenue:		
(637)	0	Financial assets measured at amortised cost	(695)	0
0	0	Financial assets measured at fair value through other comprehensive income	0	0
(637)	**0**	**Total interest revenue**	**(695)**	**0**
941	**0**	**Interest expense**	**984**	**0**

Fair Value of Financial Assets and Financial Liabilities

The fair value of financial instruments has been determined by calculating the net present value (NPV) of future cashflows. The discount rates used in the NPV calculations are equivalent to the current rates in relation to the same or similar instruments of the same remaining duration from comparable lenders on the date of the valuation. A more detailed explanation of the rates used is given below. Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

The fair value of Public Works Loan Board (PWLB) loans of £16.0m is based on new PWLB borrowing rates. This fair value measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for new PWLB loans undertaken at the balance sheet date. The difference between the carrying value and the fair value measures the interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing PWLB rates.

The Authority also has the ability to prematurely repay its PWLB loans, however the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that would not be paid. The fair value of PWLB loans calculated using premature repayment rates is £18.1m. This fair value is £2.1m higher than that calculated using the PWLB new loans rates because the discount rate is lower and hence the premium payable would be higher.

There have been limited trades in the Lender Option Borrower Option (LOBO) market during the financial year ended 31 March 2025, so comparable market rates are not available. A proxy LOBO new loans rate has been derived by applying a margin of 90 basis points above the corresponding gilt rates. The fair value of the non-PWLB LOBO loan calculated using PWLB premature repayment rates as a market illustration is £4.9m. This fair value is £1.8m higher than that calculated using new loan rates (£3.1m) because the discount rate is lower and hence the premium payable would be higher.

31 March 2024			31 March 2025	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
		Financial Liabilities at amortised cost		
(28,938)	(20,347)	- PWLB Loans	(25,936)	(16,004)
(4,011)	(3,423)	- Other Loans	(4,010)	(3,084)

The fair value of borrowings is lower than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2025) arising from a commitment to pay interest to lenders below current market rates.

31 March 2024			31 March 2025	
Carrying Amount £000	**Fair Value £000**		**Carrying Amount £000**	**Fair Value £000**
1,745	1,745	Investments held at amortised cost	1,805	1,805
7,394	7,394	Cash and cash equivalents held at amortised cost	11,634	11,634

All of the investments and cash equivalents held by the Authority have a maturity of less than 12 months. The carrying value is therefore taken to be a reasonable approximation of the fair value.

The 2024/25 CIPFA Accounting Code of Practice ("the Code") requires authorities to maximise the use of relevant observable inputs and minimise the use of unobservable inputs when measuring fair value. To achieve this objective, authorities are required to follow a fair value hierarchy, which categorises the inputs to valuation techniques used to measure fair value into three levels as follows:

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

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value in the Balance Sheet

31 March 2025				
Recurring fair value measurements using:	**Quoted prices in active markets for identical assets (Level 1) £000**	**Other significant observable inputs (Level 2) £000**	**Significant unobservable inputs (Level 3) £000**	**Total £000**
Financial liabilities				
Loans held at amortised cost	0	(19,088)	0	(19,088)
Financial assets				
Investments, cash & cash equivalents held at amortised cost	0	13,439	0	13,439
Total	**0**	**(5,649)**	**0**	**(5,649)**

31 March 2024 Comparative Year				
Recurring fair value measurements using:	**Quoted prices in active markets for identical assets (Level 1) £000**	**Other significant observable inputs (Level 2) £000**	**Significant unobservable inputs (Level 3) £000**	**Total £000**
Financial liabilities Loans held at amortised cost	0	(23,770)	0	(23,770)
Financial assets Investments, cash & cash equivalents held at amortised cost	0	9,139	0	9,139
Total	**0**	**(14,631)**	**0**	**(14,631)**

The fair value for financial liabilities and financial assets that are not measured at fair value included in level 2 in the previous table have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of cash flows that will take place over the remaining term of the instruments, using the following assumptions:

Financial Assets	Financial Liabilities
• no early repayment or impairment is recognised • estimated ranges of interest rates as 31 March 2025 of 0.00% to 4.45% for short term investments and cash equivalents, based on new lending rates for equivalent assets at that date • the fair value of trade and other receivables is taken to be the invoiced or billed amount	• no early repayment is recognised • estimated ranges of interest rates at 31 March 2025 of 4.81% to 5.99% for loans payable based on new lending rates for equivalent loans at that date

18. Inventories

31 March 2024 £000		31 March 2025 £000
257	**Balance Outstanding at start of year**	**372**
688	Purchases	469
(592)	Recognised as an expense in year	(522)
19	Written off balances	1
372	**Balance outstanding at year end**	**320**

19. Debtors

31 March 2024 £000		31 March 2025 £000
4,653	NNDR and council tax	5,043
317	Trade Receivables	812
5,123	Other Debtors	846
(2,239)	Provision for bad debts	(2,434)
403	Prepayments and Accrued Income	301
8,257	**Total Short Term Debtors**	**4,568**
227	Prepayments and Accrued Income	242
227	**Long Term Debtors**	**242**
8,484	**Total**	**4,810**

20. Cash and Cash Equivalents

31 March 2024 £000		31 March 2025 £000
	Cash held by the Authority	
43	Bank Current Accounts	89
7,351	Short-term deposits with banks and building societies	11,545
7,394	**Total Cash and Cash Equivalents**	**11,634**

21. Assets Held for Sale

As at 31st March 2025 the Authority has 2 assets held for sale, both are carried at Fair Value as at 31st March 2025:

1) The previous headquarters carried at £2.390m
2) Surplus vehicle carried at £3k.

22. Creditors

31 March 2024 £000		31 March 2025 £000
(2,658)	Trade Creditors	(3,213)
(1,546)	NNDR and Council Tax	(2,193)
(4,442)	Other Creditors	(4,907)
0	Receipts in Advance - General	(3,032)
(8,646)	**Short Term Creditors**	**(13,345)**
0	Other Creditors	0
(82)	Receipts in Advance - General (long term)	(76)
(82)	**Long Term Creditors**	**(76)**
(8,728)	**Total**	**(13,421)**

23. Short Term Provisions

	Joint Headquarters £000	Prevention Restructure £000	Tribunals £000	Non Domestic Rates Appeals £000	Total Provision £000
Balance at 1 April 2024	**(30)**	**(77)**	**0**	**(373)**	**(480)**
Additional provisions made in 2024/25	0	0	(10)	0	**(10)**
Amounts used in 2024/25	0	0	0	108	**108**
Unused amounts reversed in 2024/25	30	77	0	0	**107**
Balance at 31 March 2025	**0**	**0**	**(10)**	**(265)**	**(275)**

Joint Headquarters

Changes to the scope of the new Joint Headquarters in the later stages to create additional offices caused a delay in the completion of the project. This project is now complete with the unused balance released.

Non Domestic Rates Appeals

From 2013/14, a proportion of Non Domestic Rates collected by Nottinghamshire collecting authorities is retained locally, rather than paid directly to central government. Part of these retained rates are collected on behalf of NFRS, and so a portion of any related provisions must now be recognised by NFRS. This provision allows for possible losses arising from any successful appeals of business premises rateable values in 2025/26.

Prevention Restructure

The restructure of the Prevention department was agreed as part of efficiency savings in 2023/24. The £77k covered the cost arising from the restructure.

Tribunals
This liability arises from a current tribunal case presented during 2024/25 due to be finalised during 2025/26.

24. Useable Reserves

Useable reserves contain resources which the Authority can apply to the provision of services, either by incurring expenditure or by undertaking capital investment

31 March 2024 £000		31 March 2025 £000
5,081	General Fund	5,069
5,845	Earmarked Reserves	6,434
2	Capital Receipts Reserve	0
142	Capital Grants Unapplied	90
11,070	**Total Useable Reserves**	**11,593**

General Fund

The General Fund reserve contains accumulated surplus funds which have arisen either as a result of general underspending against the revenue budget or as a result of decisions to transfer revenue resources to the General Fund reserve. This reserve contains resources which could be used to fund any future unforeseen and unbudgeted significant expenditure.

2023/24 £000		2024/25 £000
4,959	**Balance at 1 April**	**5,081**
630	Transfer (to)/from General Fund Reserve	577
(508)	Transfer from General Fund Reserve to Earmarked Reserves	(589)
5,081	**Balance at 31 March**	**5,069**

Earmarked Reserves

Earmarked Reserves contain resources set aside for specific purposes such as future projects. The reserves are created by appropriating amounts out of the General Fund Balance (shown in the Movement in Reserves Statement). When expenditure to be financed from an earmarked reserve is incurred, it is charged to the appropriate service 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 that there is no net charge against council tax for the expenditure.

2023/24 £000		2024/25 £000
5,337	**Balance at 1 April**	**5,845**
(1,182)	Application of Earmarked Reserves to finance expenditure	(992)
1,690	Transfer from General Fund Reserve	1,581
0	Write back reserves no longer required	0
5,845	**Balance at 31 March**	**6,434**

Capital Receipts Reserve

The Capital Receipts Reserve holds resources arising from capital receipts which have not yet been applied to finance new capital expenditure or to repay debt.

2023/24 £000		2024/25 £000
0	**Balance at 1 April**	**2**
2	Capital Receipts in Year	49
0	Capital Receipts applied in year to finance capital	(51)
2	**Balance at 31 March**	**0**

Capital Grants Unapplied

The Capital Grants Unapplied Account holds capital grants received in the year, which have not yet been applied to finance new capital expenditure.

2023/24 £000		2024/25 £000
274	**Balance at 1 April**	**142**
0	Capital Grants received in Year	74
(132)	Capital Grants applied in year to finance capital	(126)
142	**Balance at 31 March**	**90**

25. Unuseable Reserves

31 March 2024 £000		31 March 2025 £000
23,584	Revaluation Reserve	19,457
12,381	Capital Adjustment Account	12,853
(406,775)	Pensions Reserve	(356,844)
494	Collection Fund Adjustment Account	151
(318)	Accumulated Absences Account	(266)
(370,634)	**Total Unuseable Reserves**	**(324,649)**

Revaluation Reserve

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

- Re-valued 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.

2023/24 £000		2024/25 £000
24,668	**Balance at 1 April**	**23,584**
1,300	Upward revaluations of assets	3,336
(1,670)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(6,672)
(370)		(3,336)
24,298	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**20,248**
(714)	Difference between fair value depreciation and historical cost depreciation	(791)
(714)	Amount written off to the Capital Adjustment Account	(791)
23,584	**Balance at 31 March**	**19,457**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to 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 gains recognised on donated assets that have yet to be consumed by the Authority, and also contains revaluation gains accumulated on Property, Plant and Equipment before April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2023/24 £000		2024/25 £000
13,954	**Balance at 1 April**	**12,381**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Account (CIES)	
(3,051)	Charges for depreciation and impairment of non-current assets	(2,707)
(1,190)	Revaluation losses on Property, Plant and Equipment and reversal of previous impairments	(1,044)
(61)	Amortisation of intangible assets	(50)
(155)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(16)
(4,457)		**(3,817)**
714	Adjusting amounts written out of the Revaluation Reserve	789
(3,743)	Net written out amount of the cost of non-current assets consumed in the year	**(3,028)**
	Capital financing applied in the year:	
0	Use of Capital Receipts Reserve to finance new capital expenditure	51
132	Capital grants and contributions credited to the CIES that have been applied to capital financing	126
1,525	Statutory provision for the financing of capital investment charged against the General Fund balance	1,629
0	Voluntary provision for the financing of capital investment charged against the General Fund balance	1,286
513	Capital expenditure charged against the General Fund balance	408
2,170		3,500
12,381	**Balance at 31 March**	**12,853**

Pension Reserve

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

2023/24 £000		2024/25 £000
(415,411)	**Balance at 1 April**	**(406,775)**
14,535	Remeasurements on the net defined benefit pension liability	55,461
(25,341)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(25,082)
19,442	Employers pensions contributions and direct payments to pensioners payable in the year	19,552
(406,775)	**Balance at 31 March**	**(356,844)**

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 and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2023/24 £000		2024/25 £000
111	**Balance at 1 April**	**493**
382	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(342)
493	**Balance at 31 March**	**151**

Accumulated Absences Adjustment Account

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

2023/24 £000		2024/25 £000
(268)	**Balance at 1 April**	**(318)**
268	Settlement or cancellation of accrual made at the end of the preceding year	318
(318)	Amounts accrued at the end of the current year	(266)
(50)	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**52**
(318)	**Balance at 31 March**	**(266)**

26. Cashflow Statement – Operating Activities

2023/24 £000		2024/25 £000
7,353	**Net (Surplus) or Deficit on the Provision of Services**	**5,213**
	Adjust net surplus or deficit on the provision of services for non cash movements	
(3,051)	Depreciation	(2,707)
(1,190)	Impairment and revaluations	(1,044)
(61)	Amortisation	(50)
158	(Increase)/Decrease in impairment for bad debts	2,004
(179)	(Increase)/Decrease in Creditors	(6,380)
2,108	Increase/(Decrease) in Debtors	(6,646)
123	Increase/(Decrease) in Inventories	(53)
(5,899)	Pension Liability	(5,530)
(83)	Contributions (to)/from Provisions	204
(155)	Carrying amount of non-current assets sold (property plant and equipment, investment property and intangible assets)	(16)
129	Accrued Interest	64
(8,100)		**(20,154)**
	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	
	Capital Grants credited to surplus or deficit on the provision of services	74
2	Proceeds from the sale of property plant and equipment, investment property and intangible assets	48
2		**122**
(745)	**Net Cash Flows from Operating Activities**	**(14,130)**

The cash flows for operating activities include the following items:

2023/24 £000		2024/25 £000
(259)	Interest received	(386)
616	Interest paid	1,314

27. Cashflow Statement – Investing Activities

2023/24 £000		2024/25 £000
6,083	Purchase of property, plant and equipment and intangible assets	4,223
7,500	Purchase of short-term and long-term investments	7,000
(2)	Proceeds from the sale of property, plant and equipment, investment property and intangible asset	(49)
(9,000)	Proceeds from short-term and long-term investments	(7,000)
0	Other receipts from investing activities	(75)
4,581	**Net cash flows from investing activities**	**4,099**

28. Cashflow Statement – Financing Activities

2023/24 £000		2024/25 £000
(3,000)	Cash receipts of short and long-term borrowing	0
0	Repayments of short and long-term borrowing	6,000
(3,000)	**Net cash flows from financing activities**	**6,000**

29. Reconciliation of Liabilities arising from Financing Activities

	1 April 2024 £000	Financing cash flows £000	Non-cash changes £000	31 March 2025 £000
Long-term borrowings	(29,900)	0	0	(29,900)
Short-term borrowings	(3,049)	6,000	(2,996)	(45)
Total liabilities from financing activities	**(32,949)**	**6,000**	**(2,996)**	**(29,945)**

	1 April 2023 £000	Financing cash flows £000	Non-cash changes £000	31 March 2024 £000
Long-term borrowings	(29,900)	0	0	(29,900)
Short-term borrowings	(3,048)	(3,000)	2,999	(3,049)
Total liabilities from financing activities	**(32,948)**	**(3,000)**	**2,999**	**(32,949)**

30. Pooled Budgets

The Authority has a pooled budget arrangement with the Local Resilience Forum, which is a multi-agency project for planning and coordinating response to major incidents. This forum involves various public bodies from the Nottinghamshire area including Health Bodies and Local Government Authorities.

The Authority has a pooled budget arrangement for the Multi-Agency Coordination Centre, which is a premise at which a coordinated response to major incidents can be managed. Various Nottinghamshire public bodies, including Health Bodies, Local Government, and Police Authorities are parties to this arrangement.

	Local Resilience Forum £000	Multi Agency Co-ordination Centre £000	2024/25 £000
Opening Balance	67	14	**81**
Income in Year	0	0	0
Expenditure in Year	3	0	3
Balance carried forward	**64**	**14**	**78**

	Local Resilience Forum £000	Multi Agency Co-ordination Centre £000	2023/24 £000
Opening Balance	68	14	**82**
Income in Year	0	0	**0**
Expenditure in Year	1	0	**1**
Balance carried forward	**67**	**14**	**81**

31. Members' Allowance

The following amounts were paid to Members of the Authority during the year.

2023/24 £000		2024/25 £000
137	Allowances	142
1	Expenses	1
138	**Total**	**143**

32. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

Role	Date	Salary, Fees and Allowances £	Expenses Allowances £	Compensation for loss of employment £	Total Remuneration excluding Pension Contributions £	Pension Contribution £	Total £
Chief Fire Officer Craig Parkin	2024/25	179,161	55	0	**179,216**	67,361	**246,577**
Started 16/04/2022	2023/24	175,047	52	0	**175,099**	50,380	**225,479**
Assistant Chief Officer	2024/25	134,960	55		**135,015**	50,720	**185,735**
Left 14/01/2024	2023/24	130,349	52	0	**130,401**	30,692	**161,093**
Assistant Chief Officer	2024/25	127,652	53		**127,705**	47,969	**175,674**
Started 15/01/2024 Left 01/05/2024	2023/24	0	0	0	**0**	0	**0**
Assistant Chief Officer	2024/25	0	0	0	**0**	0	**0**
Started 14/03/2022	2023/24	110,286	41	0	**110,327**	20,911	**131,238**
Head of Finance and Treasurer	2024/25	0	0	0	**0**	0	**0**
Left 05/11/2023	2023/24	25,734	11	0	**25,745**	4,890	**30,635**
Head of Finance and Treasurer	2024/25	80,035	55	0	**80,090**	15,207	**95,297**
Started 04/03/2024	2023/24	5,849	4	0	**5,853**	1,111	**6,964**
Assistant Head of Finance	2024/25	0	0	0	**0**	0	**0**
Started 06/11/2023 Left 06/03/2024	2023/24	52,135	52	0	**52,187**	9,768	**61,955**
Total	**2024/25**	**521,808**	**218**	**0**	**522,026**	**181,257**	**703,283**
	2023/24	**520,317**	**233**	**0**	**494,805**	**121,742**	**611,657**

This table shows the number of employees whose remuneration was £50,000 or more, in bands of £5,000. It includes the senior officers shown in the previous table. Remuneration is defined as pay, taxable expenses allowances and the monetary value of any benefits such as a provided car. Employer's pension contributions are excluded.

2023/24 Number of employees	Remuneration Band	2024/25 Number of employees
52	£50,000-£54,999	45
27	£55,000-£59,999	24
21	£60,000-£64,999	21
17	£65,000-£69,999	17
14	£70,000-£74,999	16
7	£75,000-£79,999	6
4	£80,000-£84,999	5
5	£85,000-£89,999	2
	£90,000-£94,999	1
	£95,000-£99,999	1
	£100,000-£104,999	
3	£105,000-£109,999	2
1	£110,000-£114,999	
1	£115,000-£119,999	
1	£120,000-£124,999	
	£125,000-£129,999	1
1	£130,000-£134,999	1
	£135,000-£139,999	
	£140,000-£144,999	
	£145,000-£149,999	
	£150,000-£154,999	
	£155,000-£159,999	
	£160,000-£164,999	
	£165,000-£165,999	
	£170,000-£174,999	
1	£175,000-£179,999	1

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band		(e) Total cost of exit packages in each band £000's	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
£0-£20,000	0	2	3	0	3	0	22	26
£20,001 - £40,000	1	0	0	0	1	0	36	0
£40,001 - £60,000	0	0	1	0	1	0	41	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	1	0	1	0	83	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
Total	**1**	**2**	**5**	**0**	**6**	**0**	**182**	**26**

33. External Audit Costs

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

2023/24 £000		2024/25 £000
95	Fees payable with regard to external audit services carried out by the appointed auditor for the year	105
95	**Total**	**105**

34. Grant Income

The Authority credited the following grants, contributions and donations to the Net Cost of Services in the Comprehensive Income and Expenditure Statement. Other grants have been credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

These grants are detailed in note 14.

2023/24 £000		2024/25 £000
	Credited to Services	
(239)	Firelink grant (part of the Fire Revenue grant DCLG)	(159)
(101)	New Dimension grant (part of the Fire Revenue grant DCLG)	(27)
(147)	Fire Protection, Protection Uplift Grant	(128)
(179)	Apprenticeship Levy	(182)
(13)	Redmond Review Implementation	(13)
(51)	Building Safety Regulator Grant	(43)
(3)	McCloud Remedy Compensation Grant	(36)
(733)	**Total**	**(588)**

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income because they have conditions attached to them that will require the monies or property to be returned to the giver if the conditions are not met. The balances at the year-end are as follows:

31 March 2024 £000		31 March 2025 £000
(67)	Local Resilience Forum	(64)
(14)	Multi Agency Coordination Centre	(14)
(81)		**(78)**

As these balances are expected to be held for more than 12 months they have been categorised as non-current liabilities on the 2024/25 balance sheet.

35. Related Parties

The Authority is required to disclose material transactions with related parties, which are 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

Central government has significant influence over the general operations of the Authority. It is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills). Grants received from government departments are set out in the analysis in Note 34 and Note 14.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. Details of members' allowances and expenses are shown in Note 31.

Officers

Some senior employees have significant influence over the Authority’s activities. Details of senior officers’ remuneration are shown in Note 32.

Nottinghamshire County Council and Nottingham City Council

The Authority is made up of 12 members from Nottinghamshire County Council and 6 members from Nottingham City Council, and so a related party relationship exists between the Authority and these Councils by way of common control. Significant transactions are detailed below, and include expenditure on cleaning and maintenance services and income from partnership working. The Police and Crime Commissioner attends the Combined Fire Authority meetings in a non voting capacity.

	Nottinghamshire County Council		Nottingham City Council		Nottinghamshire Police & Crime Commissioner	
	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000
Expenditure during year	665	744	160	59	654	521
Income during year	0	0	51	166	336	202
Creditor at 31 March	41	38	52	54	14	142
Debtor at 31 March	0	0	20	54	65	18

Other Public Bodies

Some members of the Authority are also members of other local Borough or District Councils in Nottinghamshire. Other public bodies such as Fire Authorities are subject to varying degrees of common control or significant influence by central government. The Authority carries out transactions with such bodies from time to time, including income and expenditure from the provision of goods or services, partnership working and pooled budgets, including transactions at other than commercial value. Note that council tax receipts from collecting authorities and transactions with tax authorities are considered to be agency arrangements, and do not qualify as related party relationships.

	Derbyshire Fire & Rescue Service		Leicestershire Fire & Rescue Service	
	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000
Expenditure during year	1,629	2,227	173	2
Income during year	30	71	31	0
Creditor at 31 March	455	0	16	0
Debtor at 31 March	8	14	16	0

36. 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. The change in the CFR is analysed in the second part of this note.

2023/24 £000		2024/25 £000
30,533	**Opening Capital Financing Requirement**	**35,331**
(3)	Capital receipt not applied in year	0
	Capital Investment	
6,389	Property, Plant and Equipment	3,627
582	Intangible Assets (including under construction)	1,015
	Sources of Finance	
0	Capital Receipts	(51)
(132)	Government grant and other contributions	(126)
	Sums set aside from revenue:	
(513)	Direct revenue contributions	(408)
(1,525)	Minimum Revenue Provision	(1,629)
0	Voluntary Revenue Provision	(1,286)
35,331	**Closing Capital Financing requirements**	**36,473**
4,798	**(Decrease) / Increase in Capital Financing Requirement**	**1,142**

37. Leases

Council as Lessee

The Authority has one arrangement where it is Lessee which is in relation to Hucknall Fire Station lease, no finance liability has been generated as it is a peppercorn arrangement. The Authorities interest has been valued at £1.101m within the Property, Plant and Equipment balance.

Council as Lessor

The Authority has a number of lease arrangements with respect to its properties. The future minimum lease payments are:

Future contracted receipts	£000
Within 1 year	73
Within 2 to 5 years	119
Over 5 years	78

38. Termination Benefits

In 2024/25 the Authority has funded termination benefits totalling £26k from its revenue budget, including £2k in pension strain payments. A further £160k has been funded by provisions and creditors created in 2023/24. Termination benefits have been received by 5 individuals, 3 of whom were accounted for in 2023/24 and are not included in the Exit Packages table in note 32.

39. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make these payments in the future.

As at 31 March 2025 the Authority participates in four post-employment schemes, all of which are defined benefit schemes:

1) **The Local Government Pension Scheme (LGPS)**

This scheme is for administrative and support employees. It is a funded scheme, which means that contributions are paid into a fund with the intention of balancing pension liabilities with pension assets. It is administered in accordance with the Local Government Pension Scheme Regulations 2013, and it provides benefits based on career average revalued earnings.
The administering authority for the fund is Nottinghamshire County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day Fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisors. The administering authority is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These should be amended when appropriate based on the Fund's performance and funding.
By participating in the Local Government Scheme, the Authority is exposed to a number of risks:

a) Investment risk: The Fund holds investments in assets such as equities which have volatile market values and, while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
b) Interest rate risk: The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities, the value of assets and liabilities may not move in the same way.
c) Inflation risk: All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
d) Longevity risk: In the event that the members live longer than assumed, a deficit will emerge in the fund. There are also other demographic risks.
e) "Orphan" liability risk: As many unrelated employers participate in the Nottinghamshire County Council Pension Fund, there is an orphan liability risk that employers may leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers

These risks are mitigated to a certain extent by the requirement to charge the General Fund with the amounts payable to the pension fund or pensioners at the year end, in accordance with statute.

2) **The Firefighters' Pension Scheme 1992 (1992 FPS)**

The Firefighters' Pension Scheme 1992 is an unfunded pension scheme. This scheme has been closed to new entrants since 6 April 2006. Its members are wholetime firefighters. It is a defined benefit, final salary scheme and its arrangements are governed by statute (the Firemen's Pension Scheme Order 1992). All active members were transferred to the Firefighters' Pension Scheme 2015 on 1 April 2022.

3) **The Firefighters' Pension Scheme 2006 (2006 NFPS)**

The Firefighters' Pension Scheme 2006 is also an unfunded pension scheme. This scheme came into effect from April 2006 and its members are retained firefighters and wholetime firefighters. Like the 1992 FPS it is a defined benefit, final salary scheme and its arrangements are governed by statute (the Firefighters' Pension Scheme (England) Order 2006). The Firefighters' Pension Scheme (England) (Amendment) Order 2014 introduced a new modified version of the 2006 Scheme which is available to individuals who were employed as retained firefighters during the period 1 July 2000 to 5 April 2006. This was followed by the

Firefighters' Pension Schemes (England) (Amendment) Order 2023 which extended access to the modified version of the scheme to those employed as retained firefighters between 7 April 2000 and 5 April 2006. The 2023 Order also enabled firefighters to purchase pension entitlement in respect of all uninterrupted service, rather than service from 1 July 2000 as was previously the case. Although this modified version does not constitute a scheme on its own, it has different benefits to the main 2006 Scheme. The 2006 Scheme has been closed to new entrants since 1 April 2015. All active members were transferred to the Firefighters' Pension Scheme 2015 on 1 April 2022.

4) The Firefighters' Pension Scheme 2015 (2015 FPS)

The Firefighters' Pension Scheme 2015 came into effect on 1 April 2015. Like the 1992 FPS and the 2006 NFPS, it is an unfunded defined benefit scheme and its arrangements are governed by statute (the Firefighters' Pension Scheme (England) Regulations 2014). However, unlike the other two firefighters' schemes, it is a career average rather than a final salary scheme.

The three Firefighters' Schemes are very similar in nature. They are unfunded pension schemes, meaning that there are no investment assets to meet the cost of pension liabilities and cash has to be generated to meet pension payments as they fall due. The Authority has primary responsibility for meeting the costs and managing the risks relating to the firefighters' pension arrangements. However, there is currently an arrangement in place whereby the cost of the schemes are met from contributions paid by employees and the Authority, with any deficit in the funding required being met by a top-up grant from the Home Office. Any surplus funding is paid over to the Home Office.

The 1992 FPS and 2006 NFPS provide benefits based on final salary and length of service at retirement, and the 2015 FPS provides benefits based on revalued average salary. The governance arrangements are managed by the Authority, and this essentially involves managing the cash flows and being responsible for the administration of the schemes. The day to day administration is carried out by West Yorkshire Pension Fund (WYPF) on behalf of the Authority.

Given that the pension schemes are unfunded, the contributions payable are simply those which are sufficient to meet the benefit outgo as and when it arises. As mentioned above, this benefit outgo is largely underwritten by the Home

Office. By participating in these pension schemes, the Authority is exposed to some risks:

a) There are no investment risks in relation to these schemes as they are unfunded. The greatest single risk is that the government could change the arrangements for meeting part of the benefit outgo, which could increase the Authority's contributions.
b) There is a risk that changes in the assumptions (e.g. life expectancy, price inflation, discount rate) could increase the defined benefit obligation. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material.

A Pension Top-up Grant is received annually from the government to meet the cost of the net funding deficit for the three firefighters' schemes. It is paid directly to the Firefighters' Pension Fund (see the Pension Fund statements on pages 105 to 106) and it is therefore not the Authority's income. However, in IAS 19 terms it is a current contribution towards the Authority's liabilities for retirement benefits. The grant is therefore credited to other operating income in the Comprehensive Income and Expenditure Statement. The grant is not treated as an asset of the firefighters' pension schemes, but as a source of income to the schemes it does reduce the year end pension liability.

The Authority also participates in the Firefighters' Compensation Scheme. The Firefighters' Compensation Scheme (England) Order 2006 makes provision for the payment of pensions, allowances and gratuities to and in respect of persons who die or are permanently disabled as a result of an injury sustained or disease contracted while employed by a fire and rescue authority. The level of benefits payable is dependent on salary, service and the degree of disablement of the individual at the time the injury is incurred. Therefore, the level of long term benefits can be both material and volatile. For this reason the Compensation Scheme is treated as an unfunded defined benefit scheme and accounted for, under International Accounting Standard 19 (IAS 19), in the same manner as for the Firefighters' Pension Schemes.

The Compensation Scheme is administered by the Authority in accordance with statutory arrangements. The cost of the scheme is met solely by the Authority. The risks arising from the Authority's participation in this scheme are as follows:

a) There is a risk that changes in the assumptions (e.g. life expectancy, price inflation, discount rate) could increase the defined benefit obligation. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material.

b) There is a risk that the government could change the arrangements of the scheme in such a way that the costs incurred by the Authority are significantly increased.

Historically the number of firefighters who are permanently disabled or who die as a result of injuries sustained, or diseases contracted whilst in the employment of the Authority is very low, so the number of injury pension recipients is relatively small. However, the Authority is committed to pay benefits as and when they fall due, so if the number of occurrences were to increase it could have a significant impact on the amounts payable.

Court of Appeal ruling for Firefighters/Judges Pension Schemes (the Sargeant and McCloud cases)

The decisions of the Court of Appeal in the Sargeant/McCloud cases (generally referred to as the "McCloud Judgment") ruled that the transitional protections afforded to older members when public service pension schemes were amended constituted unlawful age discrimination. The remedy for the McCloud decision will be delivered in two phases, prospective and retrospective, through the Public Service & Judicial Offices Act and secondary legislation.

The first phase is the prospective remedy which entails closing the legacy final salary schemes and transferring members to the reformed career average scheme (the 2015 FPS) from 1 April 2022. This phase was delivered by the Police and Firefighters' Pension Schemes (Amendment) Regulations 2022.

The second phase is the retrospective remedy. For the remedy period (1 April 2015 to 31 March 2022), eligible members are able to choose to receive legacy pension scheme benefits (benefits under their former final salary scheme). This choice is offered at retirement on what is known as Deferred Choice Underpin. The regulations for the retrospective remedy came into force on 1 October 2023.

When assessing the potential implications of McCloud in the March 2019 IAS 19 exercise the actuaries calculated the additional liability that would have arisen had members who were not afforded protection continued to accrue benefits in the older final salary schemes. The approximate costs were included in the overall pension liability figure as at 31 March 2019 as a past service cost. In preparing the 31 March 2025 accounting figures, the actuaries have continued to reflect the potential costs arising from the McCloud Judgement on an approximate basis. Once the remedy has been fully implemented by the administration team at WYPF the figures will be incorporated into the next set of full actuarial membership calculations, which are scheduled for 31 March 2026. The impact of the remedy will then emerge as an experience gain/loss.

Transactions Relating to Post-employment Benefits

Past service costs of £91k are recognised under Corporate and Centralised Services in the Comprehensive Income and Expenditure Statement. £56k of this relates to the 2006 NFPS and is for the purchasing of back service credits by members of the modified version of the Scheme. The remaining £35k is a curtailment cost relating to an LGPS member becoming entitled to unreduced early retirement benefits.

The Authority recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund to the Pension Reserve 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:

LGPS £000 2023/24	Firefighters' schemes £000 2023/24		LGPS £000 2024/25	Firefighters' schemes £000 2024/25
		Comprehensive Income and Expenditure Statement		
		Cost of Services		
		Service cost comprising:		
1,034	4,641	- current service costs	936	4,523
0	62	- past service costs, including curtailments	35	56
20	0	Administration expenses	22	0
		Financing and Investment Income and Expenditure		
209	19,375	Net interest expense	17	19,493
1,263	**24,078**	***Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services***	**1,010**	**24,072**
		Other Post-employment Benefit charges to the Comprehensive Income and Expenditure Statement		
		Remeasurement of the net defined benefit liability comprising:		
(1,477)	0	Return on plan assets (excluding the amount included in the net interest expense)	541	0
(580)	(7,940)	Actuarial (gains) and losses arising on changes in demographic assumptions	(102)	(740)
(1,203)	(6,272)	Actuarial (gains) and losses arising on changes in financial assumptions	(5,796)	(54,193)
371	2,566	Experience (gains) and losses	(83)	(462)
0	0	Impact of asset ceiling	5,374	0
(1,626)	**12,432**	***Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement***	**944**	**(31,323)**
		Movement in Reserves Statement		
(1,263)	(24,078)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(1,010)	(24,072)
		Actual amount charged against the General Fund Balance for pensions in the year.		
1,364	**17,257**	**Employers' contributions payable to the scheme**	**1,253**	**17,501**
	821	**Retirement benefits payable to pensioners**		**798**

	Firefighters’ Pension Scheme 1992		Firefighters’ Pension Scheme 2006		Firefighters' Pension Scheme 2015		Firefighters’ Compensation Scheme	
	£000 2023/24	**£000 2024/25**	**£000 2023/24**	**£000 2024/25**	**£000 2023/24**	**£000 2024/25**	**£000 2023/24**	**£000 2024/25**
Comprehensive Income and Expenditure Statement								
Cost of Services								
Service cost comprising:								
current service cost	0	0	0	0	3,734	3,626	907	897
past service cost	0	0	62	56	0	0	0	0
Financing and Investment Income and Expenditure								
Net interest expense	15,717	15,388	1,842	1,875	769	1,094	1,047	1,136
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	**15,717**	**15,388**	**1,904**	**1,931**	**4,503**	**4,720**	**1,954**	**2,033**
Other Post-employment Benefits charges to the Comprehensive Income and Expenditure Statement								
Remeasurement of the net defined benefit liability comprising:								
Actuarial (gains) and losses arising on changes in demographic assumptions	(7,283)	(550)	(829)	(80)	(394)	(53)	566	(57)
Actuarial (gains) and losses arising on changes in financial assumptions	(4,385)	(36,477)	(907)	(7,805)	(586)	(6,493)	(394)	(3,418)
Experience (gains) and losses	2,225	(410)	87	5	184	(44)	70	(13)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	**6,274**	**(22,049)**	**255**	**(5,949)**	**3,707**	**(1,870)**	**2,196**	**(1,455)**
Movement in Reserves Statement								
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(15,717)	(15,388)	(1,904)	(1,931)	(4,503)	(4,720)	(1,954)	(2,033)
Actual amount charged against the General Fund Balance for pensions in the year.								
Employers’ contributions payable to the scheme (inclusive of government top-up grant)	19,423	19,900	375	358	(2,541)	(2,757)		
Retirement benefits payable to pensioners	0						821	798

Pension Assets and Liabilities Recognised in the Balance Sheet

Reconciliations of the amounts included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans:

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Unfunded Liabilities: Firefighters' Pension Scheme 1992		Unfunded Liabilities: Firefighters' Pension Scheme 2006		Unfunded Liabilities: Firefighters' Pension Scheme 2015		Unfunded Liabilities: Firefighters' Compensation Scheme	
	£000 2023/24	£000 2024/25	£000 2023/24	£000 2024/25	£000 2023/24	£000 2024/25	£000 2023/24	£000 2024/25
Opening balance at 1 April	**(337,148)**	**(323,999)**	**(38,569)**	**(38,449)**	**(12,893)**	**(19,141)**	**(21,762)**	**(23,137)**
Current service cost	0	0	0	0	(3,734)	(3,626)	(907)	(897)
Past service cost	0	0	(62)	(56)	0	0	0	0
Interest cost	(15,717)	(15,388)	(1,842)	(1,875)	(769)	(1,094)	(1,047)	(1,136)
Contributions from scheme participants	0	(31)	(41)	4	(2,564)	(2,600)	0	0
Remeasurement gains and (losses):								
Actuarial gains/losses arising from changes in demographic assumptions	7,283	550	829	80	394	53	(566)	57
Actuarial gains/losses arising from changes in financial assumptions	4,385	36,477	907	7,805	586	6,493	394	3,418
Experience gains/losses on defined benefit obligation	(2,225)	410	(87)	(5)	(184)	44	(70)	13
Benefits paid net of transfers (in)/out	19,423	19,931	416	354	23	(157)	821	798
Closing balance at 31 March	**(323,999)**	**(282,050)**	**(38,449)**	**(32,142)**	**(19,141)**	**(20,028)**	**(23,137)**	**(20,884)**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

Local Government Pension Scheme:

Funded Liabilities: Local Government Pension Scheme		
2023/24 £000		**2024/25 £000**
(45,647)	**Opening balance at 1 April**	**(45,632)**
(1,034)	Current service cost	(936)
0	Curtailments	(35)
(2,148)	Interest cost	(2,185)
(391)	Contributions from scheme participants	(387)
	Remeasurement gains and (losses):	
580	Actuarial gains/(losses) arising from changes in demographic assumptions	102
1,203	Actuarial gains/(losses) arising from changes in financial assumptions	5,796
(371)	Experience gains/(losses) on defined benefit obligation	83
2,158	Benefits paid net of transfers (in)/out	2,732
18	Unfunded pension payments	17
(45,632)	**Closing balance at 31 March**	**(40,445)**

Reconciliation of the Movements in the Fair Value of the Local Government Pension Scheme Assets

Local Government Pension Scheme		
2023/24 £000		**2024/25 £000**
40,608	**Opening fair value of scheme assets**	**43,583**
1,939	Interest income	2,168
	Remeasurement gain/(loss):	
1,477	The return on plan assets, excluding the amount included in the net interest expense	(541)
1,364	Contributions from employer	1,236
391	Contributions from employees into the scheme	387
(2,176)	Benefits paid (including unfunded benefits)	(2,732)
(20)	Administration expenses	(22)
43,583	**Closing fair value of scheme assets**	**44,079**

The above tables exclude any impact of the Asset Ceiling.

Asset Ceiling Adjustment

As at 31st March 2025, the LGPS pension valuation by the Authority's actuary, Barnett Waddingham, determined that the fair value of the scheme assets exceeded the present value of the plan obligations, reporting an unadjusted net asset of £3.820m. This excludes an unfunded obligation of £186k. IFRIC 14 states that an organisation should only recognise a net pension asset on the balance sheet to the extent that the asset represents real economic value to the organisation. Where a pension plan asset exists, it should be measured at the lower of (i) the surplus on the defined benefit plan or (ii) the asset ceiling which represents the present value of any economic value attributable to the Authority in the form of refunds or reduced future contributions.

In 2024/25, the actuary assessed the value of this economic benefit to the Authority to be nil. The Authority is currently paying deficit contributions towards a funding deficit. The actuary has assessed this minimum funding requirement and calculated that it constitutes an onerous funding commitment, so there is an additional liability of £1.554m to be recognised. The total asset ceiling to be applied is therefore £5.374m (initial asset ceiling of £3.820m plus the additional liability of £1.554m). This asset ceiling adjustment has been applied to reduce the value on the balance sheet from a net asset of £3.634m (including the unfunded obligation of £186k) to a net liability of £1.740m.

Reconciliation of the Effect of the Asset Ceiling:

2023/24 £000		2024/25 £000
(45,421)	Present value of the defined benefit obligation	(40,259)
(211)	Present value of unfunded obligation	(186)
(45,632)	**Unadjusted Total Funded Liabilities**	**(40,445)**
43,583	Unadjusted fair value of fund assets	44,079
(2,049)	Unadjusted (deficit)/surplus	3,634
0	Impact of Asset Ceiling	(5,374)
(2,049)	**Adjusted net defined benefit (liability)/asset**	**(1,740)**

Local Government Pension Scheme assets comprised:

Fair value of scheme assets at 31 March 2024				Fair value of scheme assets at 31 March 2025		
£000	% Quoted	% Unquoted		£000	% Quoted	% Unquoted
			Equities:			
7,345	17%	0%	• UK investments	6,467	15%	0%
19,011	44%	0%	• Overseas investments	16,383	38%	0%
1,396	0%	3%	• Private equity investments – unspecified origin	1,535	0%	3%
27,752	**61%**	**3%**	**Equities subtotal**	**24,385**	**53%**	**3%**
			Gilts:			
1,044	2%	0%	• UK fixed interest gilts	1,373	3%	0%
0	0	0%	• UK index linked government securities	2,287	5%	0%
1,044	**2%**	**0%**	**Gilts subtotal**	**3,660**	**8%**	**0%**
			Other Bonds:			
0	0%	0%	• UK corporate bonds	810	2%	0%
2,162	5%	0%	• Overseas corporate bonds	2,026	5%	0%
2,162	**5%**		**Bonds subtotal**	**2,836**	**7%**	**0%**
4,633	0%	11%	Property	4,519	0%	10%
2,624	0%	6%	Cash / temporary investments and credit	2,400	0%	5%
2,217	0%	5%	Inflation-linked pooled fund	3,049	0%	7%
3,151	0%	7%	Infrastructure	3,230	0%	7%
43,583	**68%**	**32%**	**Total**	**44,079**	**68%**	**32%**

Further information about the Fund's assets can be obtained from the Pension Fund Annual Report, which can be accessed online at www.nottspf.org.uk.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The liabilities of the Local Government Pension Scheme and the Firefighters' schemes have been assessed by Barnett Waddingham and Mercer Limited respectively, both of whom are independent firms of actuaries.

The most recent full actuarial valuations for the Local Government Pension Scheme and the Firefighters' schemes were both carried out at 31 March 2022. Both firms of actuaries have adopted a roll-forward approach to updating the net liabilities as at 31 March 2025. This approach takes into account the cashflows paid into and out of each scheme before taking into consideration any changes in assumptions.

The rate of interest used to discount the post-employment benefit obligations is based on the market yields at the reporting date on high quality corporate bonds of equivalent currency and term to the scheme liabilities. In assessing the liabilities for retirement benefits at 31 March 2025 Barnett Waddingham has used a discount rate of 5.85% for the Local Government Pension Scheme (compared with 4.95% at 31 March 2024), and Mercer Ltd has used a rate of 5.8% for the Firefighters' Schemes (compared with 4.9% at 31 March 2024). These increases in the discount rates have led to decreases in the liabilities.

The principal assumptions used by the actuaries in their calculations were:

	Local Government Pension Scheme		Firefighters' Schemes 1992, 2006 and 2015		Firefighters' Compensation Scheme	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
Mortality assumptions:						
Longevity at 60 for current firefighter pensioners						
Men			25.3	25.3	25.3	25.3
Women			25.3	25.3	25.3	25.3
Longevity at 65 for current LGPS & firefighter pensioners						
Men	20.4	20.4	20.8	20.7	20.8	20.7
Women	23.3	23.3	20.8	20.7	20.8	20.7
Longevity at 60 for future firefighter pensioners						
Men			27.3	27.3	27.3	27.3
Women			27.3	27.3	27.3	27.3
Longevity at 65 for future LGPS & firefighter pensioners						
Men	21.7	21.7	22.4	22.4	22.4	22.4
Women	24.7	24.7	22.4	22.4	22.4	22.4
Rate of inflation (CPI)	2.85%	2.95%	2.70%	2.60%	2.70%	2.60%
Rate of increase in salaries	3.85%	3.95%	4.20%	4.10%	4.20%	4.10%
Rate of increase in pensions	2.85%	2.95%	2.80%	2.70%	2.80%	2.70%
Rate of revaluation of CARE pensions (2015 Scheme only)			3.95%	3.85%		
Rate for discounting scheme*	4.95%	5.85%	4.90%	5.80%	4.90%	5.80%

*The discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonable 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. This approach is not necessarily realistic, since some assumptions are related: for example, if inflation were to increase it might be reasonable to expect that nominal yields on corporate bonds will increase also. However, it enables the reader to isolate one effect from another.

Sensitivity analysis for the Firefighters' Scheme

	Firefighters' Schemes (consolidated)		
	Impact on the defined benefit liability £000	**Impact on the projected service cost £000**	**Impact on the projected interest cost £000**
Increase discount rate by 0.5% p.a.	(24,101)	(596)	200
Increase inflation by 0.25% p.a.	13,602	346	799
Increase pay growth by 0.25% p.a.	2,820	32	164
Increase life expectancy by 1 year	7,126	92	416

Sensitivity analysis for the LGPS

	LGPS	
	Impact of an increase of +0.1%/+ 1 year* £000	**Impact of an decrease of - 0.1%/- 1 year* £000**
Adjustment to discount rate:		
Impact on the defined benefit liability	(628)	644
Impact on the projected service cost	(26)	28
Adjustment to long term salary increase:		
Impact on the defined benefit liability	51	(51)
Impact on the projected service cost	0	0
Adjustment to pension increases and deferred revaluation:		
Impact on the defined benefit liability	610	(595)
Impact on the projected service cost	29	(27)
*Adjustment to mortality age rating assumption**:		
Impact on the defined benefit liability	1,179	(1,145)
Impact on the projected service cost	28	(27)

Asset and Liability Matching Strategy

The Local Government Pension Scheme does not use any asset and liability matching strategies to manage risk. The Pension Fund Annual Report details the nature and extent of risks arising from financial instruments, and the Fund's Risk Management Strategy and Risk Register details the measures taken to mitigate those risks. These documents are available at www.nottspf.org.uk.

Impact on the Authority's Cash Flows

The defined benefit liability shows the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £357m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, however statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The net liability on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary. The aims of the Fund are to keep employer contribution rates as constant as possible. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The most recent actuarial valuation of the Fund was carried out as at 31 March 2022 and has set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the long term funding objective is for the Fund to achieve and then maintain sufficient assets to cover 100% of projected accrued liabilities.
- Finance is only required to be raised to cover firefighter pensions when the pensions are actually paid, and any shortfalls are currently met by the Home Office.
- Finance is only required to be raised to cover the costs of the firefighters' compensation scheme when the pensions are actually paid, and these costs are included in the Authority's annual budget. The amount spent in 2024/25 was 799k.

The total contributions expected to be made by the Authority to the Local Government Pension Scheme in the year to 31 March 2026 is £1.248k. The total expected contributions for the Firefighters' Pension Schemes and Compensation Scheme are £18.299km inclusive of government top-up grant.

The weighted average duration of the defined benefit obligation for the Local Government Pension Scheme is 17 years. The weighted average durations of the defined benefit obligations of the 1992 FPS, 2006 NFPS, 2015 FPS and the Firefighters' Compensation Scheme are 17 years, 28 years, 36 years and 22 years respectively.

40. Contingent Assets and Liabilities

At 31 March 2025, the Authority has no contingent assets to declare.

At 31 March 2025, the Authority has a contingent liability relating to the 2015 Firefighters' Pension Scheme. An employment tribunal case was brought against the Government in relation to possible discrimination in relation to the introduction of the 2015 Firefighters' Pension Scheme. The scheme included transitional protection arrangements between the old scheme and the new scheme. These transitional arrangements were found to be unlawful as they discriminated on the grounds of age. Nationally, an Immediate Detriment remedy was issued prior to the new legislation, this was to help Fire Authorities implement in a timely manner, however it was withdrawn due to the difficulties particularly around tax arrangements. Due to the requirement to implement the remedy in a timely manner and due to the risk of future litigation, the Authority approved continuation of applying immediate detriment remedy at its Policy and Strategy meeting on 1 April 2022. The new legislation setting out the remedies took effect from 1 October 2023, with an 18-month implementation period. However, there continues to be numerous complexities, with issues arising nationally. It is not yet clear what future costs the Authority will face in implementing the remedies and whether the costs will be fully met from the government. The Authority approved the creation of a £200k earmarked reserve to cover potential pension remedy costs in April 2022.

An issue with Continual Professional Development (CPD) payments to on-call firefighters has been identified, with some individuals being underpaid since the inception of CPD in July 2007. This is a national issue being dealt by the Fire Brigades Union and until the scope of the exercise is agreed, it is difficult to estimate the amount of arrears that may be outstanding. The Authority will work with representatives of the Fire Brigades Union to reach an agreement, but the ability to deliver a solution will depend upon the availability of the necessary data.

41. Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- Re-financing risk – the possibility that the Authority may be required to renew a financial instrument on maturity at less advantageous interest rates or terms
- Market risk – the possibility that financial loss might arise as a result of changes in, for example, interest rates.

Overall Procedures for Managing Risk

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Finance Team, in conjunction with treasury advisors from MUFG Corporate Markets Treasury. Risk Management policies are approved by the Authority.

The procedures for managing risk are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance. Overall, these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
    - The Authority's overall borrowing;
    - Its maximum and minimum exposures to the maturity structures of its debt;
    - Its management of interest rate exposure;
    - Its maximum annual exposures to investments maturing beyond a year.

- by approving an investment strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

The annual Treasury Management Strategy and Prudential Code Indicators for 2024/25 were approved by the Authority on 23 February 2024. The key issues within the treasury management strategy were:

- The Authorised Limit for 2024/25 was set at £44.7m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was set at £39.9m. This is the expected maximum level of debt and other long term liabilities during the year.
- The maximum proportions of fixed and variable interest rate exposure were set at 100% and 30% respectively.
- Maximum and minimum exposures to the maturity structure of debt were set, which restricted the amount of short term debt as a way of reducing exposure to re-financing risk.
- An upper limit of £2.0m was set for principal sums invested for longer than 365 days.

The Authority has adopted the CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (updated) and sets prudential and treasury indicators each year to control the key risks arising from financial instruments.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. The risk is minimised through the Annual Investment Strategy, which is contained within the Annual Treasury Management Strategy.

The Annual Investment Strategy required that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's, and Standard & Poor's Credit Rating Services. The Authority has a list of approved banks and financial institutions to which it will lend surplus cash. The list is based on minimum independent credit ratings from the Credit Rating Services, which are overlaid by credit outlooks, credit default swap spreads and sovereign ratings to give an overall rating for each counterparty which indicates a maximum term for investments. The annual investment strategy also considers maximum amounts to be deposited with any one institution. The Authority is advised of ratings changes by MUFG Corporate Markets Treasury and the list is updated accordingly on an ongoing basis.

The Authority's maximum exposure to credit risk in relation to its investments with banks and other local authorities cannot be assessed generally as the risk of any institution failing to make interest payments or to repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments, and there was no evidence at 31 March 2025 that any of the Authority's deposits might not be repaid.

Invoices to customers for chargeable services are usually of relatively low value. The Authority actively pursues outstanding debts, and the Debt Recovery Policy provides for non emergency services to be ceased to non paying customers.

Amounts arising from Expected Credit Losses
Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses, particularly where risk has increased significantly since the investment or debtor was initially recognised. Impairment is based on the principle of credit loss, which is defined as cash shortfalls measured by the difference between the cash flows that are contractually due to the Authority, and the cash flows that the Authority expects to receive.

Changes to credit risk relating to investments are assessed based on information obtained from Credit Rating Services, the financial press, and the Authority's treasury advisors. Credit risk relating to investments will also be deemed to have increased significantly should contractual payments of principal or interest become more than 30 days overdue.

Since the Annual Investment Strategy prohibits the use of investment counterparties that do not meet minimum creditworthiness criteria, all investments are considered to have low credit risk upon initial recognition.

Credit risk relating to trade receivables is not deemed to have increased significantly until payments become more than 120 days overdue. The Authority is very successful at collecting trade debtors, which is reflected by the fact that no amounts were written off in 2024/25. Experience therefore shows that debts are highly likely to be recovered.

In accordance with the Authority's accounting policies, lifetime expected credit losses have been calculated for trade receivables and 12-month expected credit losses have been calculated for investments.

The lifetime expected credit losses were assessed using a provision matrix which calculates a fixed provision rate based on the number of days that a receivable is past due, assessed on the basis of historical experience from the previous five years and adjusted (if necessary) to reflect current conditions and forecasts of future conditions. A loss allowance is not recognised for expected credit losses on a financial instrument where the counterparty is central government or a local authority for which relevant statutory provisions prevent default.

The calculation for the 12-month expected credit losses was based on the historic default rate for A-rated investments which was produced by combining multi-year historic default rate data up to the end of December 2024 from the three main credit rating agencies. The credit losses were found to be immaterial and have therefore not been recognised.

During the year the Authority has not written off any financial assets.

The Authority has the following exposure to credit risk at 31 March 2025:

	Credit risk rating / Provision matrix category	Historical experience of default	Gross Carrying amount £000
12-month expected credit losses	AAA	0.04%	0
	AA	0.02%	0
	A	0.05%	13,439
Simplified approach (lifetime credit losses for trade receivables)	Not due	0.00%	16
	1-30 days	0.00%	0
	31-60 days	0.00%	0
	61-90 days	0.00%	0
	91-120 days	0.00%	0
	121+ days	13.60%	7

Liquidity Risk

Liquidity Risk

The Authority manages its liquidity position through the risk management procedures outlined above (the setting and approval of prudential indicators and the approval of the treasury management strategy), as well as through cash flow management processes. This ensures that sufficient cash balances are maintained to meet daily revenue requirements without recourse to borrowing other than short term borrowing to deal with temporary cash flow deficits.
The Authority has ready access to borrowings from the money markets to cover any day to day cash flow needs and is able to access borrowings from the Public Works Loan Board for longer term funds so there is no significant risk that it will be unable to raise funds in order to meet its commitments relating to financial liabilities.

Re-financing and Maturity Risk

The risk to which the Authority is exposed is that it will need to replenish its borrowings when interest rates are unfavourable. The Authority's strategy is to place limits on the percentage of borrowings due to mature within 10 years, as follows: maturing within 12 months – less than 20%; maturing 12 months to 5 years – less than 30%; maturing 5 years to 10 years – less than 75%. Between 0% and 100% of borrowings may fall due for repayment after 10 years, and between 30% and 100% of borrowings may fall due for repayment after 20 years. This strategy allows the Authority time to restructure debt when interest rates are favourable.
The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above ensure adequate liquidity, longer-term risk to the Authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Finance team manages the risk within the approved parameters by:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs, and the spread

of longer-term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period:

	Approved minimum limits	Approved maximum limits	Actual 31 March 2024 £000	Actual 31 March 2025 £000
Less than 1 year	0%	20%	3,049	45
Between 1 and 5 years	0%	30%	2,000	3,500
Between 5 and 10 years	0%	75%	3,500	2,000
Between 10 and 20 years	0%	100%	2,000	2,000
Over 20 years	30%	100%	22,400	22,400
Total			**32,949**	**29,945**

Market Risk

Price risk

The Authority has no investments in equity shares and therefore has no exposure to loss arising from movements in share prices.

Foreign exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from exchange rate movements.

Interest rate risk

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

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances)
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The strategy is to set a maximum proportion of interest on borrowing which is subject to variable rates. This maximum is determined annually, kept under review and reported to the Fire Authority through the Treasury Management Strategy. In 2024/25 this maximum was set at 30%. In addition, the annual Treasury Management Strategy includes an expectation of interest rate movements, which can be taken into account when planning borrowing and investment activities and when determining whether fixed or variable rate instruments are appropriate. The portfolio of long term borrowings is kept under review and may be restructured when interest rate changes make it advantageous to do so.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000
Decrease in fair value of fixed rate borrowings	2,265

The impact of a 1% fall in interest rates would be an equivalent increase in fair value.

Pension Fund Statement

2023/24 £000		2024/25 £000
	Contributions Receivable	
	Fire Authority:	
(5,453)	Contributions in relation to pensionable pay	(7,533)
(264)	Other (Ill Health Retirements)	(231)
(2,536)	Firefighters' contributions	(2,677)
(8,253)		**(10,441)**
(1)	Transfers in from other schemes	(216)
	Benefits Payable	
16,777	Pensions	18,040
2,936	Commutations and lump sum retirement benefits	2,778
0	Lump sum death benefits	114
97	Other	29
19,810	**Total Benefits Payable**	**20,961**
0	Transfer out to other schemes	26
11,556	**Net Amount payable for the year before top-up grant from Central Government**	**10,330**
(8,477)	Top-up grant received from Central Government	**(15,113)**
(3,079)	**Balance of top-up grant for the year (receivable from)/payable to Central Government**	**4,783**

Pension Net Assets Statement

The net current assets and liabilities arising from the operation of the pension fund are shown in this statement. This statement does not take account of liabilities to pay pensions and other benefits after the period end. Such liabilities are shown in the core accounting statements and are explained in more detail in note 39.

2023/24 £000		2024/25 £000
	Current Assets	
0	Contributions from employer	20
0	Contributions due from members	216
0	Transfer into Scheme Receivable	1,199
1,190	Prepaid Pensions	3,959
3,135	Pension top-up grant receivable from Central Government	0
4,325	**Total Current Assets**	**5,394**
	Current Liabilities	
(94)	Unpaid pension benefits	(451)
(145)	Tax payable on behalf of members	(134)
0	Transfers out of Scheme Payable	(26)
(4,086)	Amount owing (to)/from General Fund	0
0	Pension top-up grant payable to Central Government	(4,783)
(4,325)	**Total Current Liabilities**	**(5,394)**
0	**Net Assets**	**0**

Notes to the Pension Statements

1. The Firefighters’ Pension Fund

The Firefighters' Pension Fund was established for Fire Authorities in England under the Firefighters' Pension Scheme (Amendment) (England) Order 2006.

All Firefighters' Pension Schemes are unfunded, and consequently the fund holds no investment assets. Benefits are payable to pensioners in accordance with the regulations. Benefits payable are funded by contributions from employees and from the Authority, and any deficit in the funding required is met by a top-up grant from the Home Office. If the amounts receivable exceed the amounts payable then the surplus is paid over to the Home Office. Employees' and employer's contribution rates are set nationally by central government and are subject to a triennial review by the Government Actuary's Department.

The majority of top-up grant funding is received in advance in July of the financial year. If the amount received exceeds the Authority’s actual requirement then the surplus funding is clawed back by the government in the following July.

The fund is administered by the Authority in accordance with the regulations. The primary objective of the Pension Fund Statements is to demonstrate the balance of transactions taking place over the year in order to identify the amount of top-up grant payable from, or surplus payable to, the Home Office.

Details of the firefighters' pension schemes can be found in note 39 from page 83.

2. Accounting Policies for the Pension Fund

General Principles

The Pension Fund Account and Net Assets Statement summarise the Pension Fund transactions for the 2024/25 financial year and its position at the year end of 31 March 2025. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Accruals

Activity is generally accounted for in the year that it takes place, not simply when cash payments are made or received. This is known as the accruals basis. Ordinarily, employee and employer contributions are not accounted for on an accruals basis as the effect of doing so is not material. Accruals are shown as debtors and creditors in the Net Assets Statement. In all cases, reasonably accurate calculations of accruals have been possible with the information available at the time of preparing the financial statements.

Administration Costs

The cost of managing pension activities, which includes part of the costs of Human Resources, Payroll and Finance staff as well the cost of pension administration services and actuarial services, are not accounted for within the Pension Fund but are included in the Authority’s Comprehensive Income and Expenditure Statement.

The Liability to Pay Pensions

The Pension Fund financial statements show the income and expenditure for the year. They do not take account of the liability to pay future retirement benefits. This liability has been assessed by an independent firm of actuaries and is shown in the Authority's balance sheet. Further details of this liability can be found in note 39 to the core financial statements.

Nottinghamshire and City of Nottingham Fire and Rescue Authority –

Draft Annual Governance Statement

1. Scope of Responsibility

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

1.2. In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, use of its resources and including arrangements for the management of risk and the maintenance of an effective internal control environment.

1.3. In 2017 the Authority approved and adopted a new local code of corporate governance, which is consistent with the principles of the 2016 CIPFA (Chartered Institute of Public Finance and Accountancy) / Solace framework Delivering Good Governance in Local Government:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.

- Developing the entity’s capacity, including the capability of its leadership and the individuals within it.

- Managing risks and performance through robust internal control and strong public financial management.

- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

1.4. This statement sets out how the Authority has complied with the Code and also meets the requirements of regulation 6 of the Accounts and Audit (England) Regulations 2015 in relation to the publication of an annual governance statement.

2. The Purpose of the Governance Framework

2.1. The governance framework comprises the systems, processes, cultures and values for the direction and control of the Authority and the activities through which it is accountable to, engages with, and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.

2.2. 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 part of an on-going process designed to identify and prioritise the risks to the achievement of Nottinghamshire 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.

3. The Governance Framework

3.1. In addition to the Annual Governance Statement the Authority has a Code of Corporate Governance that the Authority is committed to when carrying out its duties and responsibilities. In this document, officers have identified against each of the Code’s principles what source documentation or existing practice demonstrates how the Authority complies with the principles that make up the Code.

3.2. In developing a code of corporate governance, the Authority had the aim of seeking compliance with the CIPFA / Solace guidelines and recognised that these constitute good practice for local authority organisations.

3.3. The Local Code of Corporate Governance was adopted by the Authority in February 2017. This Annual Governance Statement, and the annual review of governance is against this framework.

3.4. Summarised below are some of the key elements of the systems and processes that underlie the Authority's governance arrangements:

3.5. **Identifying and Communicating the Authority's vision and outcomes for citizens and service users**

3.6. After consulting with the citizens of Nottinghamshire and service users, assessing current risks and service priorities, the Authority is required to prepare an Integrated Risk Management Plan (IRMP) that sets out the vision and service objectives for the organisation. The IRMP is delivered via the Community Risk Management Plan (CRMP). The CRMP 2022-25 (CRMP) was approved by Fire Authority in February 2022. During 2024-25 the CRMP 2025-28 has been developed and consulted on and was approved by Fire Authority in February 2025.

3.7. The CRMP supports how the service aims to achieve its vision of creating safer communities and its ambition to be an outstanding fire and rescue service by 2032, delivering exceptional outcomes for our communities.

3.8. During 2022-25 CRMP the achievement of the ambition was focused around four strategic pillars:
- Community Outcomes,
- Equality Diversity and Inclusion,
- Strong governance and financial sustainability,
- Our professional and committed workforce.

3.9. For the 2025-28 CRMP these have been refreshed to become:

- Communities feel safe and protected by NFRS,
- Our services are built on efficient and effective practices, that are continually improving,
- Our people are professional, proud and passionate to serve our Communities,
- The Service contributes to a more sustainable future.

3.10. The plan sets out our priorities, focusing on six strategic goals which explain how we will deliver for our commitments.

- Strategic goal 1: Prevent - We will help people stay safe from fires and other emergencies
- Strategic goal 2: Protect - We will improve fire safety in the buildings people live and work in
- Strategic goal 3: Response - We will respond immediately and effectively to emergency incidents
- Strategic goal 4: People and Culture - We will continue to support and develop our workforce and promote an inclusive Service
- Strategic goal 5: Service Improvement - We will continue our improvement journey to deliver an outstanding Service
- Strategic goal 6: Sustainability - We will manage and invest in our Service to ensure it is fit for the future

3.11. The Plan sets out to achieve these goals using annual delivery plans which detail the key objectives for the year ahead. These cascade down to departmental business plans. Progress is monitored by the CRMP Assurance Board and reviewed through Fire Authority governance. Every year a Statement of Assurance is produced which outlines how the service has performed against the Strategic Plan. The 2024/25 Statement of Assurance will be presented for approval by Fire Authority in July 2025.

3.12. **The Internal Control Environment**

The Authority's internal control environment comprises many systems, policies, procedures, and operations. These can be broadly split into risk management, internal check/financial control, and internal audit. Internal check and financial control are targeted towards financial matters whereas risk management has a much broader brief and is more associated with the risk of non-achievement of objectives and targets. The system cannot eliminate all risks of failure to achieve the Authority's aims and objectives.

Once a risk has been identified the Authority, where possible, will eliminate that risk. If this is not possible or not cost effective then procedures are established to manage the risk effectively, efficiently, and economically. Some of the significant control processes are outlined below.

3.13. **Policy and Decision-Making Process**
The Authority has democratic control over its activities via an approved committee structure with agreed powers and duties that are periodically reviewed. The Authority has a written constitution that sets out how the Authority operates, how decisions are made and the procedures which are followed to ensure these are efficient, transparent, and accountable. There is a formal briefing process prior to reports being finalised for Committee or Fire Authority meetings thus allowing key Members an opportunity to scrutinise proposed reports in detail. The Authority also runs Member seminars and training sessions to help Members discuss issues in more detail and in an informal environment.

3.14. **Management Structure**
The Authority has a clear management structure with defined roles and responsibilities. The Strategic Leadership Team (SLT) includes all department heads as well as the Principal Officers. The current structure empowers managers to make appropriate decisions but also places accountability at the centre of this process.

3.15. The Authority has an approved scheme of delegation to officers that is reviewed periodically by the Chief Fire Officer and the Clerk to the Fire Authority, with any changes being approved by the Fire Authority.

3.16. **Established Policies, Procedures & Regulations**
The Authority ensures compliance with established policies, procedures, laws, and regulations. The information regarding policies and procedures is held on the intranet, and these are continually enhanced and developed through the introduction of new policies and procedures as and when required. The Authority has established policies on anti-fraud and whistleblowing. The Authority carries out a regular review of financial regulations which clearly define how decisions are taken and the processes and controls required to manage risk. The list below outlines some of the key

policies and process in place to enhance the internal control system, which are reviewed as and when required:

- Treasury Management Strategy including Treasury Management Practices
- Procurement Policy
- Scheme of Financial Management including Financial Principles, Statement of Delegations, Financial Regulations and Financial Procedures
- Counter Fraud, Money Laundering, Corruption and Bribery policy
- Whistleblowing Policy
- Complaints procedure
- Local Code of Corporate Governance
- Constitution
- Code of Conduct
- Code of Ethics
- Equality and Diversity framework
- Workforce plan
- Full range of robust policies and procedures to underpin the conduct of staff from operational procedures, discipline processes, through to performance development reviews.

3.17. **Internal Audit Function**

The requirement for an Authority to maintain an Internal Audit function is derived from local government legislation, including Section 112 of the Local Government Finance Act 1988 and the Accounts and Audit Regulations 2015 in that a relevant body must:

> *"maintain an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices"*

3.18. The responsibility for ensuring an effective internal audit function rests with the Authority Treasurer as part of their Section 112 obligations.

3.19. The Authority has a strong Internal Audit function arrangement with Nottinghamshire County Council and has well-established protocols for working with External Audit. Finance and Resources Committee review all internal audit reports and receive an annual internal audit report providing an audit opinion on the Authority's arrangements for governance, risk management and control as well as details of audits to be completed in the forthcoming year.

3.20. The Authority reviews Internal Audit as an integral part of the corporate governance framework.

3.21. **Risk Management Policy**
The Authority has a well-established and embedded risk management framework. This is managed at the corporate/strategic level by The Finance and Resources Committee which receive regular reports on risk exposures both in terms of existing and emergent risk. Members scrutinise the Corporate Risk Register and receive explanations for changes. The Committee is advised by the Head of Finance and the Service's Head of Risk and Assurance on behalf of the Chief Fire Officer.

3.22. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Service policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised and facilitate a risk management culture to enable risks to be effectively assessed, managed, monitored and reported**.**

3.23. **Business Continuity Management (BCM)**
Under the Civil Contingencies Act (2004) (Part 1. Para 2(1) (C)) and The Fire and Rescue Services Act 2004 there is a duty for all Category 1 Responders to prepare plans to ensure so far as reasonably practicable, that if in an emergency the Service can perform its core functions.

3.24. **Best Value Duty / Efficiency**
The Local Government Act 1999 requires that the Authority makes arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Fire and Rescue National Framework for England also requires that the Authority to produce an annual Productivity and Efficiency Plan, which for 2024/25 was delivered through our Futures 2025 Efficiency Strategy. The requirement to deliver services within a reducing budget over recent years has increased the focus on Best Value. The Authority has

procurement policies in place, providing a framework within which to buy goods and services which offer good value for money.

3.25. In 2023/24, 2024/25 and 2025/26 the Home Office has required that the Authority produce and publish Productivity and Efficiency plans. The plan requires the authority to demonstrate 2% non-pay efficiency savings and 3% increase in productivity. The Productivity and Efficiency plans are published in the website.

3.26. **Financial Management**

Financial management in the Authority and the reporting of financial standing is undertaken through a financial system which integrates the general ledger, sales ledger and purchase ledger functions and facilitates good budgetary control. Budget Managers are supported by Finance Officers in the use of this system for monitoring financial performance.

3.27. The timetable for publishing and auditing the Authority's Statement of Accounts is set out in the Accounts and Audit Regulations 2015, amended by the Accounts and Audit (Amendments) Regulations 2024. The deadline for publishing the unaudited accounts for 2024/25 is the 30 June 2025 and the approval by Fire Authority of the audited accounts is due by the 27 February 2026.

3.28. **Financial Management Code**

In October 2019, CIPFA issued a new Financial Management Code. The purpose of the code is to support good practice in financial management and to assist authorities in demonstrating their financial sustainability. It contains a set of minimum standards for financial management for local authorities, including fire authorities. These cover the areas of:

- Organisational leadership – clear strategic direction.
- Accountability – based on medium term financial planning.
- Transparency – using consistent, meaningful and understandable data.
- Adherence to professional standards.
- Assurance.
- Long term sustainability.

3.29. The Financial Management Code was adopted by the Authority in July 2021.

4. Review of Effectiveness

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

4.2. Maintaining and reviewing the effectiveness of the governance framework throughout the financial year has been carried out by the following:

- The Authority and its Committees
- Management Review
- Internal audit
- HMICFRS (Her Majesty's Inspectorate of Constabulary and Fire & Rescue)
- External bodies

4.3. **The Authority and its Committees**

The format and structure of the Authority's democratic decision process is re-affirmed at the Annual General Meeting of the Fire Authority in May of each year and approval is given to the powers and make-up of the following committees:

- The Policy and Strategy Committee.
- The Finance and Resources Committee (which undertakes the role of the Audit Committee).
- The Community Safety Committee.
- The Human Resources Committee.

4.4. In addition to the above Committees, there are also panels for appointments, Equalities, Personnel matters, and the Firefighters' Pension Schemes.

4.5. Terms of reference and responsibilities for all these Committees form part of the Authority's Governance arrangements.

4.6. **Management Review**

Included in the day-to-day management of the organisation are a number of key officers, systems and procedures designed to provide core elements of the internal control mechanism, with a nominated lead officer responsible for reviewing the effectiveness of these systems.

4.7. **Performance Management**
There is a system of performance management and review embedded within the Authority's management structure and processes. The Corporate Risk Management Plan (CRMP) sets out the Authority's key objectives and these are broken down into annual delivery plans. These plans, along with any areas for improvement identified as part of the HMICFRS assessment, are monitored by the CRMP Assurance Board (which is made up of SLT members) and managed by the individual departmental management teams. The Board uses a performance management framework to monitor progress against the CRMP targets and HMICFRS recommendations.

4.8. Performance against the CRMP is reviewed in the Annual Statement of Assurance published each year.

4.9. **Risk Management**
Risk management at the strategic / corporate level forms part of the overall responsibilities of The Finance and Resources Committee and Members of this committee take a keen interest in the Corporate Risk Register which is reported to the Committee every six months. A revised Corporate Risk Register was introduced in early 2025.

4.10. Risk Management is an integral part of project management and business planning within the Corporate Support department and both this and operational risk management are considered strong. The Service has a Risk Assurance Team which is responsible for corporate risk, operational risk and health and safety risk. The purpose of this is to enhance the co-ordination of assurance activities and management of risk within the Service.

4.11. Business Continuity
NFRS has a dedicated Business Continuity and Emergency Planning Manager. Business Continuity plans draw on in depth experience of proactive and response management for a range of business disruptions that range from dealing with major events such as covid, planning for

industrial action (significant loss of workforce), or the failure of a work process. All departments have business continuity plans and they are reviewed and tested on a rolling programme.

4.12. Business continuity practices for the service are aligned to all relevant guidance and the fire services, National Fire Chiefs Council Corporate Risk and Business Continuity working group of which we are an active member. This ensures we have insight into new practices and new risk areas which we then adopt into our organisational ways of working.

4.13. In May 2024 we received the outcome of an internal audit of our business continuity practices. The overall finding was a rating of Substantial Assurance over the controls in place, which is the highest of our ratings, and means that risk levels are low.

4.14. **Professional Staff**

The Authority employs appropriate professional staff:

- A Statutory Monitoring Officer is responsible for ensuring the legality of Authority actions and supporting the Committee decision making process. No actions of the Authority were deemed ultra vires in the year. All relevant laws and regulations are being complied with. Historically the monitoring officer role has been fulfilled by a qualified solicitor provided on a contractual basis to the Authority by the Legal Services Department of Nottingham City Council. However, from the 28 April 2024 the post holder has retired from Nottingham City Council and the Authority has approved the appointment of the post holder as Monitoring Officer employed directly by the Authority. Nottingham City Council continue to provide support for the Authority's wider governance structure.
- The Treasurer to the Authority ensures the proper and effective administration of the financial affairs of the Authority and holds the key statutory responsibilities under Section 112 of the Local Government and Finance Act 1988. The role of Treasurer is provided by the Head of Finance and Treasurer post within the Service. The current post holder has been in post since March 2024. The post holder is responsible for advising both senior managers and elected members on all financial matters in line with CIPFA's document *The Role of the Chief Financial Officer*.

4.15. **Financial Planning**

The Medium-Term Financial Strategy sets out a 4-year financial plan which is approved by Fire Authority in December each year. This, alongside the CRMP, provides the framework for developing the annual budget for the coming year.

4.16. The draft budget is scrutinised by the Finance and Resources Committee in January each year prior to final approval in February by Fire Authority. This process ensures that a realistic and affordable budget is achieved.

4.17. The Authority continued to ensure it had good arrangements for managing its finances including strong leadership throughout the year. The financial planning process is well embedded and understood across the Authority. It ensures that funding is matched to the strategic goals identified in the CRMP. An in-house financial team, managed by the Head of Finance and Treasurer, maintains the correct competencies and ensures that the Strategic Leadership Team receives all appropriate information to support the key decisions and objectives of the service.

4.18. **Budget Monitoring / Efficiency**

Budget monitoring remains robust at both strategic and service level via the production of regular financial monitoring reports for both capital and revenue budgets alongside monitoring of treasury activity against the Prudential Indicators for the year. These reports, as well as being scrutinised by budget managers are reported to the Strategic Leadership Team and quarterly to the Finance and Resources Committee. The reporting to Finance and Resources Committee also includes progress against the annual efficiency target set in the annual Productivity and Efficiency Plan.

4.19. Functional Heads also exercise a detailed degree of budget monitoring against both revenue and capital budgets.

4.20. The service presented its Futures 25 Efficiency Strategy to Policy and Strategy Committee in May 2022, with further reports being considered by the Authority in September 22, July 2023 and February 2024. The Strategy has remained the vehicle for transforming the service and increasing efficiency and effectiveness in 2024/25, with a final update and closure report being presented to Policy and Strategy Committee in November 2024.

A new Efficiency Strategy has been developed as part of the MTFS 2025/26 onwards.

4.21. The 2025/26 budget report considered by Fire Authority in February 2025 identified a potential £1.7m gap in funding for 2026/27 which remains to be addressed through careful budgeting and savings to be identified through the new Efficiency Strategy. The service is predicting that it will need to utilise the earmarked budget pressure reserve to smooth the budget gap whilst savings are fully achieved and embedded.

4.22. **Financial Management Code**

The Financial Management Code was adopted by the Authority in July 2021. A gap analysis was undertaken where a small number of improvements were identified.

4.23. During 2021/22 Internal Audit undertook an audit of the Service's compliance against the Code. This provided a Reasonable Assurance level – i.e. that risk levels were acceptable. The report acknowledged that effective controls were in place regarding self-assessment, leadership, accountability, long term sustainability and value for money.

4.24. The report identified four recommendations, three of which have been actioned. The remaining one is still in progress:

- Professional Standards – Financial Regulations, Financial Procedures and Statement of Financial Principles which make up the Scheme of Financial Delegations are out of date – these have been reviewed and updated, there has been a delay in finalising them due to the change in Head of Finance and Treasurer. The revised Scheme of Financial Delegations will be completed and presented to the Fire Authority in July 25.

4.25. **Internal Audit**

The Authority views Internal Audit as an integral part of the corporate governance framework, particularly in so far as it relates to the system of Internal Control. Whilst it is acknowledged that Internal Control is a managerial responsibility, it is considered that Internal Audit can provide managers with independent assurance that the system is working effectively and draw any deficiencies in the system to the attention of managers and elected Members.

4.26. These assurances, however, can only be relied upon providing the internal audit service is adequate to meet the needs of the organisation and is provided professionally.

4.27. The Internal Audit Service of the Authority is provided under a Service Level Agreement with Nottinghamshire County Council and requires the Auditors to operate within the Public Sector Internal Audit Standards set down by the Chartered Institute of Public Finance and Accountancy (CIPFA). Operating to these standards will ensure that the Authority meets its obligations under statute.

4.28. CIPFA published a guide on the role of the Head of Internal Audit in 2019 which led to the adoption of an Audit Charter in June 22, improved planning of audits and closer engagement with the Strategic Leadership Team (SLT) and the Chair of Finance and Resources Committee, which fulfils the role of the Audit Committee.

4.29. The annual audit plan is reviewed each year by SLT and Finance and Resources Committee but remains flexible to enable the Treasurer to adapt to any changing needs within the year.

4.30. All internal audit reports include an assessment of the internal controls and prioritised action plans, if relevant, to address any areas needing improvement. These reports are submitted to the Chief Fire Officer, the Head of Finance, Chair of the Finance and Resources Committee and the relevant managers as appropriate. All finalised reports are reviewed by SLT and submitted to the Finance and Resources Committee acting in its role as Audit Committee.

4.31. The Internal Audit Annual Report for 2024/25 was reported to Fire Authority on the 20 June 2025. Within the report the auditors provided a view on the internal control environment and concluded that:

> *"Based on the coverage and detailed outcomes, overall, we consider the collective evidence provides **substantial assurance** concerning the arrangements in place for corporate governance, risk management and the control environment."*

4.32. Substantial Assurance means that arrangements are effective at managing the risks and achieving the objectives, with no or few control weaknesses.

4.33. The rationale for this opinion is as follows:

- *The assurance opinions on our audits for 2024/25 are equally split between substantial and reasonable assurances, and in the past years have mainly been substantial assurances in particular for the core systems audited in previous years*
- *There were positive outcomes from following up the implementation of agreed actions from previous audit reports.*
- *Other sources provided positive assurance in relation to governance, risk management, and control.*

4.34. Six 2024/25 audits have been finalised during the year a summary of the assurance levels are provided in the table below:

Summary of 2024/25 Audits

Report	Assurance Level
Procurement	Reasonable
Data Protection (GDPR)	Reasonable
Payments to On-Call Firefighters claimed through the Fire Service Rota	Substantial
'Leading the Service'	Reasonable
Replacement Mobilisation System (RMS)	Substantial
Corporate Governance	Substantial

4.35. The annual report also provided substantial assurance regarding each individual strand of governance, risk management and control arrangements, concluding that:

*Our opinion is that there is **substantial assurance** over the **Governance** arrangements:*

- *Governance arrangements are well structured with comprehensive reporting.*
- *Plans are in place to achieve strategic goals and to identify and realise improvements.*
- *There are regular reviews of performance.*

*Our opinion is that there is **substantial assurance** over the **Risk Management** arrangements:*

- *Risks are managed including through a corporate risk register that is actively maintained – reviewed, updated, and reported.*
- *Community Risk Management Plan (CRMP) is in place, with arrangements to measure progress on its delivery.*
- *Emerging national and local risk issues are identified and addressed by local actions.*

*Our opinion is that there is **substantial assurance** over the **Control** arrangements:*

- *Close control over the finances, including current and future spending, and the financial assets held.*
- *Proactive work to ensure Productivity and Efficiency and achieve Value for Money.*
- *Workforce staffing requirements are managed.*

4.36. **External Review**
The External Auditors are appointed through a national contract via Public Sector Audit Appointments (PSAA). The External Auditors from 2023/24 to 2027/28 are KPMG LLP. For the prior period 2018/19 to 2022/23 the appointed External Auditors were Ernst Young LLP.

4.37. The External Auditors are required by the International Standard on Auditing 260 (ISA 260) to communicate about the audit of the Authority's financial statements with those charged with governance. This communication is in the form of a written report which is presented to Fire Authority on completion of the Audit.

4.38. The principal purposes of the Auditors' report are:

- To present key issues identified during the audit of the financial statements for the year ended 31 March and any material misstatements in the accounts,
- To report on any key issues for governance,
- To provide a commentary on Value for Money,
- To give an "audit opinion" on the financial statements,

- To report on the implementation of any recommendations in the previous year's ISA 260 report,
- To seek approval to the management representation letter, which confirms the Authority's responsibilities and actions in relation to the financial statements.

4.39. The external audits of 2021/22 and 2022/23 Statement of Accounts were delayed due to resourcing issues at EY. This was a national issue caused by the increased amount of regulatory requirement and the lack of audit resources within the public sector. In September 2024 legislation was laid setting statutory backstop dates for the publication of statement of accounts, starting with 13 December 2024, to clear unaudited accounts up to 31 March 2023. The backstop date for the 2023/24 Statement of Accounts was 28 February 2025 and for 2024/25 Statement of Accounts it is the 27 February 2026.

4.40. Following the backstop legislation Ernst Young LLP issued disclaimed audit opinions for 2021/22 and 2022/23 Statement of Accounts, due to not having the resources available to complete the required audit work by the backstop date. KPMG LLP issued a disclaimed opinion on 2023/24 Statement of Accounts due to the previous years' disclaimed opinions, meaning they cannot rely on the 2023/24 opening and comparative balances. KPMG did complete additional work to start to rebuild assurances relating to the previous years' figures but were not able to complete this to a sufficient level not to disclaim the accounts prior to the February 2025 backstop date. They will continue to rebuild assurance for the 2024/25 Statement of Accounts.

4.41. The External Auditors commentary on the arrangements to secure Value for Money (VFM) in the use of our resources concludes they have identified no significant weaknesses and that the Fire Authority had proper arrangements in place in relation to financial sustainability, governance and improving economy, efficiency and effectiveness.

4.42. The financial statements for 2021/22, 2022/23 and 2023/24 have been published on the Authorities website along with the External Auditors Annual Reports including the disclaimed audit opinions and the commentary on VFM.

4.43. The contracted audit fee for the 2024/25 Statement of Accounts is £105,360 (£94,838 for 2023/24). There has been a significant increase in audit fees, this is due to additional work that is required by the Code of Audit Practice and supporting guidance published by the National Audit Office on behalf of the Comptroller and Auditor General, and following the PSAA's national auditor appointment procurement for the period 2023/24 to 2027/28, which has resulted in a procurement adjustment of 151% for the new contract rates for audit firms.

4.44. **Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) Inspection**
In addition to the usual Internal and External Audit reviews, the Authority had a third inspection by the HMICFRS during Services during March and April 2024. The inspection includes an assessment of 11 areas, with possible gradings of outstanding, good, adequate (an additional grade added as part of the third inspection regime), requires improvement and inadequate for each area.

4.45. The 2024 inspection report for the Service was published on 18 September 2024. HMICFRS graded the Service as 'Good' in 10 areas with one area receiving 'Adequate'. There was one Area For Improvement (AFI) given relating to the inspection area of Protection: 'The Service should assure itself that its risk-based inspection programme prioritises the highest risks and includes proportionate activity to reduce risk.' Fire Authority have acknowledged the AFI and delegated monitoring the progress and management of the AFI to the Community Safety Committee. This committee received a progress update on the AFI in March 2025.

4.46. **Other External Audits**
The National Resilience Assurance Team (NRAT) seek to provide assurance to the Government relating to national resilience arrangements. They do this through a comprehensive assurance programme. The Service had 4 areas audited by NRAT during 2024/25.

- **Marauding Terrorist Attack Capability.** NRAT concluded that the Service demonstrated that the MTA capability is in a very strong position with an effective and tested response evidenced. The audit highlighted that the Service's MTA specialist responders are well-trained and wellequipped, and that the Service has evidenced strategic planning, allowing a swift and coordinated response to a terror attack. New ballistic equipment has been provided to all MTA teams and NILO officers, which is now being utilised across all specialist responders.

- **National Interagency Liaison Officer Capability.** The Service were deemed to have a capable, knowledgeable, well-trained, and prepared NILO cadre and were commended by the national NILO group. Two actions for improvements were required, which have been actioned and closed.
- **High Volume Pump Capability.** The Service received 15 instances of good and 1 area requiring improvement which has been actioned and closed.
- **Service's Flood and Rescue Capability**. The audit determined that the Service were deemed to have a prepared and capable flood rescue asset and were commended in the report. There was one area for improvement which has been actioned and closed. The Service is currently not providing a flood response for National Resilience.

4.47. **National Fire Standards**

The National Fire Chief's Council (NFCC) are undertaking a body of work to set minimum standards for key operational and non-operational areas of work. To date 19 have been released:

- Fire Investigation
- Operational Competence
- Operational Learning
- Operational Preparedness
- Code Of Ethics
- Community Risk Management Plans
- Emergency Preparedness and Resilience
- Emergency Response Driving
- Prevention
- Protection
- Safeguarding
- Communications and Engagement
- Data Management
- Leading the Service
- Leading and Developing People

- Fire Control
- Internal Assurance and Governance
- Procurement and Commercial
- Digital and Cyber

4.48. The Service has undertaken gap analyses for the above standards and is undertaking a programme of work to ensure compliance. This is being monitored by SLT through the CRMP Assurance Board.

4.49. In relation to the National Fire Standard on 'Internal Governance & Assurance. An assessment completed in April 2025 showed that for the 44 criteria included in the standard:

- 30 were 'substantial assurance'
- 12 were 'reasonable assurance'
- 2 were 'limited assurance'

Actions are in progress that will improve this position.

4.50. **HMICFRS Report on Values and Culture of the Fire and Rescue Service**
Following reports of misconduct, and the findings of the Independent Cultural Review of London Fire Brigade, the Minister of State for Crime, Policing and Fire commissioned a spotlight report into the values and culture of the Fire and Rescue Service.

4.51. HMICFRS considered the specific themes of values and culture (including bullying, harassment, and discrimination); training and skills; fairness and diversity; and leadership. The report was published on 30 March 2023.

4.52. The report presents 35 recommendations from HMICFRS to improve the sector. Of note, 20 are detailed as a requirement for Chief Fire Officers to deliver, whilst the other recommendations are directed to other national bodies such as the Local Government Association, the National Fire Chiefs' Council, the Home Office, Government, the Fire Standards Board, and Chief Constables.

4.53. An update report was presented to Human and Resources Committee 19 April 2024. In relation 20 recommendations owned by Chief Fire Officer, whilst some of the timescales have lapsed on these recommendations, 12 have been completed, with work well underway on the remaining eight recommendations.

4.54. **HMICFRS Report on Standards of Behaviour**

HMICFRS released a further report in August 2024 "Standards of Behaviour – The Handling of Misconduct in the Fire and Rescue Service". The report makes 15 recommendations to reduce the levels and improve the handling of misconduct cases in the sector. Of the 15 recommendations, six have been closed, two recommendations require national work to progress, work to complete the remaining seven is underway. A summary of the main findings from the report was presented to the Fire Authority in September 2024, with Members agreeing to receive further updates via the Human Resources Committee. The first update report was received by Human Resources Committee in January 2025.

4.55. A Peoples Strategy has been developed to support the delivery of the CRMP 2025-2028 and this includes development activity to support culture, diversity and inclusion and to progress the recommendations from the HMICFRS on Values and Culture and Standards of Behaviour. The Service continues to invest in the workforce and community engagement, via staff networks, the community advisory group and the community befriending scheme, and embedding the new prevention service structure that has enhanced the dedicated resources for community engagement.

5. Significant Issues for Governance in 2025/26

5.1. **Fire Authority Governance Arrangements**

In May 2022 the Home Office released a White Paper on Reforming Fire and Rescue Services. This is the Government response to the recommendations from the Grenfell Tower Inquiry, the Kerslake Review (on the Manchester Arena Attack) and to build on the findings from Sir Thomas Windsor's State of Fire and Rescue reports. The White Paper covers three key areas: people; professionalism; and governance. It includes consultation on whether to transfer governance to an executive model such a Combined Authority Mayor or to the Police, Fire and Crime Commissioner model. The consultation ended on 26 July 2022, the response from the consultation was issued by Government in December 2023. An update on the consultation response was reported to the Fire Authority meeting 23 February 2024.

5.2. In summary, many of the consultation responses require further detail for the implications to be clearly understood and any implementation of changes identified will require legislative change, or changes to the National Framework Document. Fire Authority will continue to receive further updates on sector reform.

5.3. **East Midlands Combined County Council Authority - Devolution Programme**
In February 2024 regulations were passed to allow the East Midland Combined County Council Authority (EMCCA) to be created and in May 2024 an election to appoint the first Mayor of the EMCCA took place. The creation of the EMCCA covering Nottingham, Nottinghamshire and Derby and Derbyshire, sees the creation of a long-term investment fund totalling £1.14bn over 30 years to improve people's lives through better housing, improved transport, and new job opportunities.

5.4. In December 2024, the government issued the English Devolution White Paper which aims to develop Mayoral Authorities into Strategic Authorities and sets out the intention to make the Mayor responsible for Police and Crime Commissioner and Fire and Rescue Authorities. It is intended this will take place where the geographies align with the Strategic Authority first, and the English Devolution Bill will then explore the possibility of a single Mayor taking on Police and Crime Commissioner and Fire and Rescue Authority responsibilities across two or more Police Force and Fire and Rescue Authorities, where boundaries align. Fire Authority will continue to receive further updates on sector reform.

5.5. In late September 2024 Central Government wrote to all Mayors requiring them to work with all regulators and other key partners to prepare a local remediation acceleration plan (RAP) to progress removal of unsafe cladding in buildings following on from the Grenfell Tower enquiry. NFRS has worked closely with East Midlands Combined County Authority (EMCCA) to prepare the RAP and is committed to delivering the approved EMCCA RAP by providing specialists post to support the work funded through grant provided via EMCCA.

5.6. The Service will continue to support EMCCA it its role and seek future opportunities to work with EMCCA where the Communities benefit from the additional investment within the County.

5.7. **2025/26 Budget**
The Authority approved a budget for 2025/26 in February 2025 which required £260k use of the Budget Pressure Earmarked Reserve. This includes an approved council tax increase of £5. Monitoring of expenditure against the budget is reported to Finance and Resources Committee.

5.8. **Medium Term Financial Strategy and 2026/27 onwards Budget**
Budgets for 2025/26 to 2028/29 were agreed by Fire Authority in February 2025. When the current budget was set in February 2025 there was a forecast deficit position of £1.699m for 2026/27.

5.9. A new Efficiency Strategy has been developed as part of the MTFS presented to Fire Authority in December 2024. The strategy supports the 2025/26 budget onwards to deliver savings and ensure alignment of the new CRMP with the MTFS.

5.10. Funding for 2026/27 will be determined as part of the Government's financial settlement which will be announced Autumn 2025. This will be following funding reforms including a fair funding review and business rate reset which are underway, this adds risk that we could lose funding from 2026/27 and increases the uncertainty in the funding forecasts for 2026/27. The 2026/27 is expected to be a multi- year settlement and therefore should increase the funding certainty for future years.

5.11. The Fire Authority has an efficiency/transformation earmarked reserve to provide resources to implement any necessary support and investments to deliver efficiencies. It also has a Budget Pressure reserve to support future year budget gaps. Given these earmarked reserves and anticipated savings Efficiency Strategy, the service is confident that it will be financially secure going forward.

5.12. **Pensions**

5.13. **McCloud**
The McCloud remedy is ongoing regarding the transition arrangements in the 2015 firefighter's pension scheme which were found to be discriminatory on the grounds of age in December 2018. All members have now been moved to the 2015 pension scheme as from 1 April 22. The transition arrangements effective between 1 April 2015 and 31 March 22 need to be

removed and members given the choice between their legacy scheme and the 2015 scheme between this period.

5.14. Alongside the settlement agreement, the Local Government Association (LGA) and Fire Brigades Union (FBU) negotiated a Memorandum of Understanding (MoU) and a Framework agreement for handling Immediate Detriment cases. This was made available in early October 2021 and adopted by NFRS on 12 November 2021. Several cases for remedy were progressed under this MoU.

5.15. However, in late November 2021, the Home Office guidance underpinning the MoU was withdrawn following intervention by Her Majesty's Treasury (HMT), due to apparently fresh concerns about the level of risk and uncertainties relating to tax and associated matters. This unexpected development added to the complexities facing FRAs.

5.16. In the light of this, a report was considered by Policy and Strategy Committee on 1 April 22 where approval was gained to continue with implementing the remedy.

5.17. New pension legislation was passed in October 23 which provides more certainty about how the remedy is to be applied. The service had a further 18 months to ensure that it is properly implemented. it was recognised that further provisions may be needed, beyond those in the existing legislation.

5.18. All active and deferred members (i.e. not yet receiving a pension) and pensioners who retired before 30 September 2023 and have service within the remedy period must receive a combined Annual Benefit Statement - Remediable Service Statement (ABS-RSS) or an Immediate Choice Remediable Service Statement (IC-RSS) 31 March 2025.

5.19. The ABS-RSS and the IC-RSS are produced by West Yorkshire Pension Fund (WYPF) as Scheme Administrator. WYPF have not been able to provide the statements by the deadline due to delays in provision of the software from their supplier. This breach in pension regulation has been reported to the NFRS Pension Board and the Pension Regulator.

5.20. The Service continues to work alongside WYPF and the LGA to ensure that the McCloud remedy and the Matthews 2ND Options Exercise are implemented in accordance with the legislation. The Corporate Risk Register has been amended to reflect the reduction in risk now that the revised legislation is in place and there is now certainty regarding the direction of travel. However, risks remain high due to the complexities being identified, which are causing further delays and in some circumstances are requiring additional legislation to be passed to enable cases to progress, and due to the amount of work involved in its implementation and the national lack of skilled resources.

5.21. **Matthews**

On-call firefighters employed between 1 July 2000 and 4 April 2006 were retrospectively allowed to join 2006 Firefighters' Pension Scheme in 2014 following the Matthews court case. Following a further European Court of Justice case (O'Brien) the UK Government have recognised the right for on-call firefighters employed before 1 July 2000 to elect to join the pension scheme from the start of their employment. Revised legislation was passed in October 2023 and the service have a further 18 months to implement the remedy.

5.22. An exercise has been completed to contact the individuals who are affected, calculations are in progress and adjustments have begun to be processed. Due to the volume of individuals involved and national issues with the Government Actuary's Department (GAD) calculator that is used to calculate the financial implications and complications and uncertainties around interest and tax implications there have been delays to implementation.

5.23. The Home Office have consulted on proposed amendments to the Matthews remedy. One key proposal was extending the closure date for the 2023 Options exercise from 31 March 2025 to 31 March 2026. The Home Office are currently reviewing the consultation responses before publishing the government's formal response however, they have confirmed it is the Home Office's intention to extend the deadline for the 2023 Options exercise.

5.24. The Service continues to work alongside WYPF and the LGA to ensure that the McCloud and Matthews remedies are implemented in accordance with the legislation. The corporate risk register includes a high risk in relation to the service ability to implement the pension remedies for McCloud and Matthews within the timescales due to the complexities and delays and due to the amount of work involved in its implementation and the national lack of skilled resources.

5.25. The Authority approved the creation of a £200k earmarked reserve to cover potential pension related remedy costs in April 2022 which remains in full, and the pension remedies have been identified as a contingent liability in the Accounts.

5.26. **Internal Audit**

- The 2025/26 Internal Audit Plan has been approved by Finance and Resources Committee in June 2025. It includes provision for 6 audits during 25/26. These are:
- Establishment Control,
- Control over payments,
- Cardiff checks (lifecycle review of a procurement and finance transaction, from the initial order to the final payment),
- Annual delivery plan programme tracker,
- Management of Externa Project Managers,
- ICT Strategy.

5.27. **External Audit**

KPMG LLP issued a disclaimed opinion on 2023/24 Statement of Accounts due to the prior years' disclaimed opinions, meaning they cannot rely on the 2023/24 opening and comparative balances. KPMG did complete additional work to start to rebuild assurances relating to the previous years' figures but were not able to complete this to a sufficient level not to disclaim the accounts prior to the February 2025 backstop date. They will continue to complete additional work to rebuild assurance for the 2024/25 Statement of Accounts, but it is likely will receive a disclaimed opinion for 2024/25.

5.28. **HMICFRS**

The Service will continue to implement the HMICFRS recommendations of the Values and Culture and Standards of Behaviours reports in line with the People's Strategy and Annual Delivery Plan that support the CRMP. If there are any future HMICFRS spotlight/sector wide reports THE Service will review the reports and adopt the required recommendations.

5.29. The HMICFRS are conducting its fourth round of inspections for Fire and Rescue Services (FRSs), commencing in June 2025. There will be a focus on leadership and an evaluation of governance. NFRS anticipates there fourth inspection being undertaken in Spring 2026.

6. Conclusion

6.1. Nottinghamshire Fire and Rescue Authority has well developed and evolving governance arrangements in place that are fit for purpose.

6.2. The Service's policies and procedures continue to be updated and reviewed (section 3.16).

6.3. The Local Code of Corporate Governance was adopted by the Authority in February 2017 and CIPFA's Financial Management Code was adopted by the Authority in July 2021 (section 1.3 and 3.28 - 3.29). The Authority's compliance against the Financial Management Code was reviewed by Internal Audit in 2021/22 – the report acknowledged that effective controls were in place regarding self-assessment, leadership, accountability, long term sustainability and value for money.

6.4. The 2023/24 Statement of Accounts were disclaimed by KPMG due to the 2021/22 and 2022/23 accounts being disclaimed by Ernst & Young (EY) (sections 4.36-4.40). This relates to the national circumstances of the financial audit back logs. The Service is not alone, with multiple Local Authorities in the same position. Central Government has emphasised that this should not be considered to the detriment of Authorities. Prior to the backlog arrangements the authority received unqualified audits.

6.5. The External Auditors commentary on the arrangements to secure Value For Money (VFM) in the use of our resources for 2023/24, 2022/23 and 2021/22 concluded they have identified no significant weaknesses and that the Fire Authority had proper arrangements in place in relation to financial sustainability, governance and improving economy, efficiency and effectiveness (section 4.41).

6.6. The Internal Audit Charter was adopted by Finance and Resources Committee in June 2022 (section 4.28). The annual Internal Audit Plan is reviewed by SLT and approved by Finance and Resources Committee (section 4.29). All recommendations arising from internal audit reviews are actioned and monitored by SLT and Finance and Resources Committee (section 4.30).

6.7. The Service's internal auditors (Nottinghamshire County Council) have completed a comprehensive audit programme which provides a high level of assurance. The Internal Audit Annual Report provided a judgement of Substantial Assurance regarding the arrangements in place for corporate governance, risk management and the control environment (section 4.35).

6.8. Six internal audits have been completed within the year, 3 being graded as having Substantial Assurance and 3 having Reasonable Assurance (section 4.34).

6.9. The Service's third full HMICFRS inspection provided a rating of Good against 10 areas of assessment and adequate for 1 area of assessment (sections 4.44 - 4.45).

6.10. Four other external reviews have taken place (see section 4.46), which in the main received reasonable or substantial assurance and action plans are being implemented for any required improvements.

6.11. The Service continues to address any governance issues as they arise and commits to keeping governance arrangements under review (see sections 4.1 – 4.2).

Signed..	Signed..
Councillor Audra Wynter	Craig Parkin
CHAIR OF THE FIRE AUTHORITY	**CHIEF FIRE OFFICE**

Links to Supporting Documents:

- Efficiency and Productivity Plan
- Governance Update
- Website

Glossary

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

Budget - A statement of the policy of the Authority expressed in financial terms. The budget is the financial element of a range of plans adopted by the Authority which include the Medium Term Financial Strategy and the Community Safety Plan.

Capital Expenditure - Expenditure on the acquisition of assets or expenditure which adds to, and not merely maintains, the value of existing assets.

Capital Receipts - Income derived from the sale of capital assets.

Chartered Institute of Public Finance and Accountancy (CIPFA) - The principal accountancy body dealing with Local Authority and Public Sector finance.

Contingent Liability - A possible obligation arising from past events whose existence will be confirmed by the occurrence of an uncertain future event not wholly within the Authority's control. It can also be a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or where the amount of the obligation is uncertain.

Creditors - Amounts owed by the Authority for which no payment has been made at the end of the financial year.

Debtors - Amounts due to the Authority for which no payment has been received at the end of the financial year.

Depreciation - The measure of the wearing out, consumption or other reduction in the useful economic life of an asset during an accounting period.

Finance Leasing - A method of financing the acquisition of assets. Legally the assets are owned by the lessor, although the risks and rewards of ownership of the asset pass to the lessee. The assets are shown on the Balance Sheet of the Authority.

Financial Instrument - Any contract which gives rise to a financial asset of one entity and a financial liability of another. Typical financial instruments are: trade payables, borrowings, bank deposits, trade receivables and investments.

Non-Current Assets - Tangible or intangible assets which yield benefits to the Authority for a period of more than one year. Tangible assets include land and buildings and certain specialist vehicles and equipment. Intangible assets include software.

Impairment - A reduction in the value of an asset, which is additional to the expected depreciation of that asset. Impairment may be a result of, for example, physical damage or reducing prices.

Operating Leasing - A method of financing the acquisition of assets, notably vehicles, plant and equipment which involves the payment of an annual rental for a period which is usually less than the useful life of the asset.

Provision - A liability or loss which is likely or certain to be incurred but where the date and precise amount are uncertain.

Reserve - An amount set aside for purposes outside the definition of provisions. Reserves include earmarked reserves set aside for specific policy purposes and balances which represent resources set aside for general contingencies.

Revenue Contribution to Capital Outlay - A fixed asset purchased directly from revenue contributions.

Revenue Expenditure and Income - That expenditure and income which relates to the day-to-day activities of the Authority.