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2024-2025 Draft Statement of Accounts and Narrative Report

PREVENTING PROTECTING RESPONDING

Avon Fire Authority

Statement of Accounts 2024/2025

Contents

2024/2025 Narrative Report

A) Introduction

Avon Fire & Rescue Service (AF&RS) provides emergency, Prevention, Protection and Response services to the communities of Bath and North-East Somerset, Bristol, North Somerset and South Gloucestershire. We are committed to providing a safer place for people to live, work and visit across the area made up of 132,609 hectares and a residential population of more than 1.1 million people, living in over 480,000 homes. We also provide the same services for millions of visitors and those that travel through our area each year.

i) Our role:

Our role is to provide an effective, efficient and economic fire and rescue service which meets the public's expectations and our legislative requirements, and is delivered by safe, professional and well-trained staff across our core functions of 'Preventing', 'Protecting' and 'Responding'.

In addition to emergency response, we deliver prevention and protection services where our work focuses on how we can prevent accidents and emergencies from happening, as we believe this is the best way to protect our communities. We do this by providing safety advice and education through events, visits, campaigns and partnership working; and business safety advice through audits and inspections to ensure legislative compliance.

We are a key partner of the South West Emergency Services Collaboration Group (SWESC) and the Avon and Somerset Local Resilience Forum (ASLRF) which allows us to co-ordinate a shared understanding of risk within our community, and a joined-up approach to addressing the risk and improve prevention. We are also members of the West of England Road Safety Partnership, and both Bristol and Bath Water Safety Partnerships. More information about our collaborative activities is available in our Collaboration Strategy 2021-2026 here:
https://avonfire.moderngov.co.uk/documents/s1816/CollaborationStategydocument2022Update.pdf

ii) Our Service Plan:

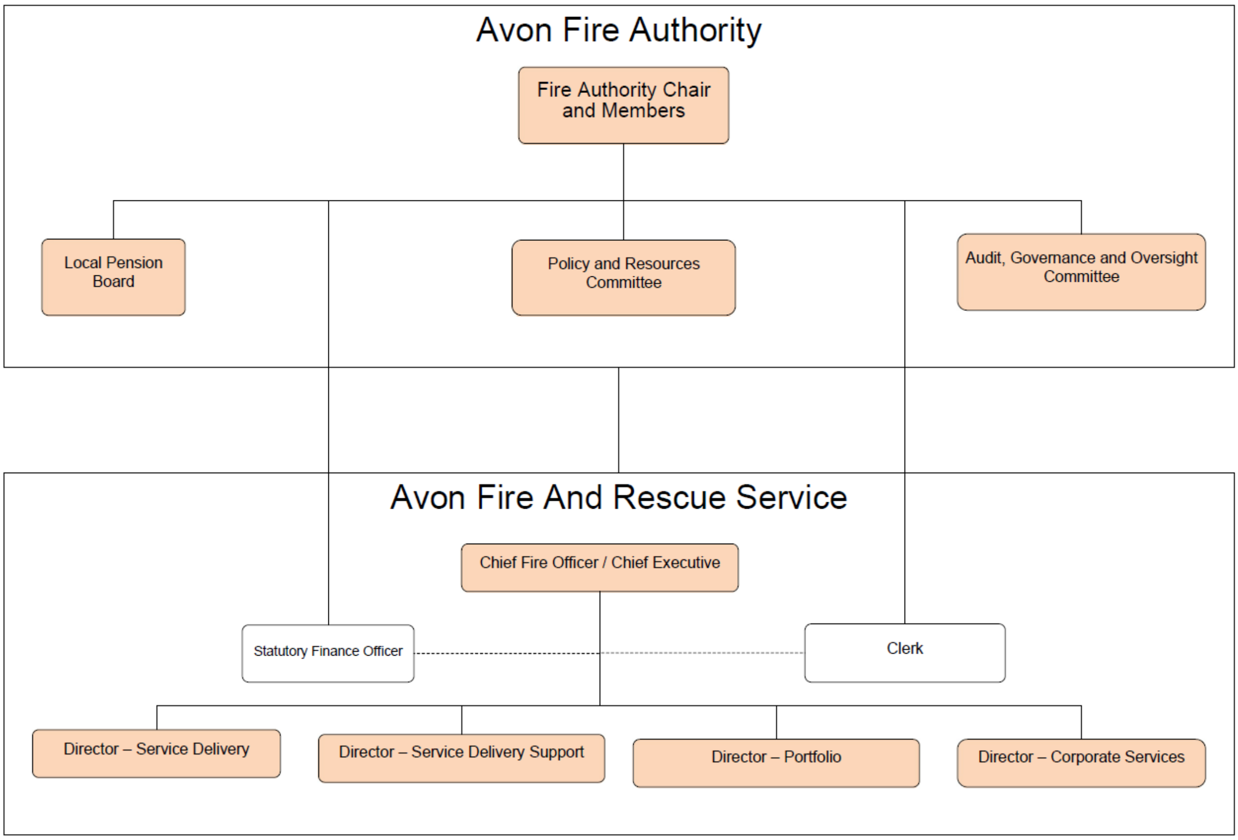
Following consultation with local communities, stakeholders and staff, our Service Plan 2024-2028 has been reviewed and approved by the Avon Fire Authority in March 2025. The four-year plan outlines our vision for the future of Avon Fire & Rescue Service and what we need to do to keep our communities safer and make our Service stronger. The plan is available here: https://www.avonfire.gov.uk/publications/service-plan/ and is our commitment to our local communities. It includes how we reduce risk across our Service area and how we ensure our Service is a great place to work.

iii) The Fire Authority:

Avon Fire Authority is responsible for ensuring that it delivers its services in accordance with the prevailing legislation, regulations and Government guidance and that proper standards of stewardship, conduct, probity and professional competence are set and adhered to by all those working for and with the Authority. This will ensure the services provided to the people of Avon are delivered efficiently, effectively and fairly and that public money is used wisely, is properly accounted for and achieves optimum Value for Money.

The Fire Authority is committed to continuously improving its services to meet the needs of the public, reviewing and developing what it does and consulting with the public about its activities on a regular basis. In discharging these responsibilities, the Authority is required to ensure that appropriate arrangements are put in place for the control and management of its business affairs, Service performance, finances and for the management of the key risks the organisation faces.

The Authority's Governance structure is shown below;



iv) The Fire and Rescue Service:

The Service is led by the Chief Fire Officer / Chief Executive with the support of the Service Leadership Board (SLB), which consists of the most senior executive officers of the Service (the Chief Fire Officer / Chief Executive and the Directors of Service Delivery, Service Delivery Support, Corporate Services and the Statutory Finance Officer), supported by the Clerk.

During 2024/25 a temporary Assistant Chief Fire Officer (ACFO) post (Director – Portfolio) was introduced to lead on the improvement work required within the Service. This post was initially appointed until 31 March 2025, but has since been extended to 31 March 2026 due to the extent of the improvement, efficiencies and savings work required.

The SLB has overall responsibility for the organisation's strategic direction, leadership, strategic financial planning and decision making. The Board considers strategic, legal, operational and financial issues and risk. It has overall responsibility for management of the organisation, the establishment of strategy, direction-setting and both capital and revenue requirements. The SLB monitors and oversees Service operations, ensuring competent and prudent management, good governance, sound planning and suitable procedures for the maintenance of adequate systems of internal control and for compliance with statutory and regulatory obligations.

The Service Leadership Team (SLT) provides day to day leadership and management for the Service, overseeing a working environment which supports the effective achievement of goals and priorities (both operational and non-operational), maintains all necessary standards of compliance and good practice, and ensures that the Service is a great place to work. The SLT has delegated responsibility for developing and delivering against the Service Plan, as well as other supporting Service strategies, action plans and budgets.

B) Governance & Assurance

The Governance and Assurance Framework 2024-2028 explains how the Fire Authority delivers good governance and how it reviews the effectiveness of its governance arrangements. It can be viewed here:
https://avonfire.moderngov.co.uk/ecCatDisplayClassic.aspx?sch=doc&cat=13201&path=13198

The following key documents and processes are required to support the Governance & Assurance of the organisation:

i) Annual Governance Statement

Under the Accounts and Audit Regulations 2015, the Fire Authority is required to produce an Annual Governance Statement which is signed and published alongside the Statement of Accounts. This document sets out a framework by which the Fire Authority's internal systems and processes are directed and controlled. The aim is to provide an accurate representation of the corporate governance arrangements and controls in place that have supported the delivery of organisational objectives during the year. The AGS provides information about where arrangements have been effective and notes where any improvements are required.

ii) Statement of Assurance

The Fire and Rescue National Framework for England, published in May 2018, sets out the requirement for all Fire and Rescue Authorities in England to publish an annual statement of assurance.

The statement should outline the way in which the Authority and its FRS has had regard to the Framework, the Community Risk Management Plan (CRMP), and to any strategic plan (e.g. the Service Plan) prepared by the Authority for that period. Each Authority must also provide assurance on financial, governance and operational matters.

The most efficient way to meet both the National Framework and the Accounts and Audit Regulations 2015 requirements is through the creation of one report entitled 'Annual Governance and Assurance Statement'. This final 2024/25 statement will be signed and published alongside the Statement of Accounts here:
https://www.avonfire.gov.uk/publications/statement-of-accounts/

iii) Fire and Rescue Service Inspections

Avon Fire & Rescue Service is regularly inspected by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) and its Round 3 inspection was undertaken in summer 2023 to assess the Service against the three principal areas of effectiveness, efficiency and how we look after our people.

On 16 August 2023, HMICFRS published two accelerated causes of concern (ACoC) – one relating to the management of site-specific risk information and the other to technical issues with our mobilising system. We submitted action plans to address these two ACoC on 19 September 2023.

The Inspectorate's full Round 3 report was subsequently published on 22 November 2023; across the eleven diagnostics, HMICFRS graded Avon Fire & Rescue Service as 'adequate' in two, 'requires improvement' in five and 'inadequate' in four. It issued a total of 31 areas for improvement (AFIs) and four Causes of Concern (including the two ACoC published in August 2023 – with 20 associated recommendations overall). We submitted further action plans to address the two Causes of Concern in January 2024.

HMICFRS revisited the Service to assess progress against our ACoC action plans in early December 2023. A second revisit took place in March 2024 focussing on the mobilising IT system accelerated cause of concern. HMICFRS recognised the progress made to date in their revisit outcome letters.

The Service has strengthened its governance arrangements and introduced a Service Improvement Board to monitor progress and provide strategic assurance, and more recently introduced an Internal Improvement Board which reviews evidence of actions completed. It also provides 'critical friend' support to action owners. The Service also reports into the central Fire Performance Oversight Group (FPOG) as a result of entering enhanced monitoring known as 'engage' – addressing concerns by strengthening strategic scrutiny and oversight.

A third revisit took place in the first two weeks of September 2024 where progress against all four causes of concern were reviewed. Following this revisit, HMICFRS closed eight of the 20 recommendations in the original report and discharged the Accelerated Cause of Concern relating to the Service's mobilising IT system.

The Service continues to work hard on delivering the improvements necessary to resolve the remaining issues highlighted by HMICFRS at the original inspection. A further revisit is taking place in early July 2025 to look at progress made against two of the three remaining causes of concern. The other cause of concern will be looked at as part of the next full inspection. The FRS 2025/27 inspection programme commences in the summer of 2025. Avon's inspection will likely take place in late 2025 or early 2026.

Progress reports are presented to the Service Leadership Team bi-monthly and to the Policy and Resources Committee quarterly.

Full details of the HMICFRS Round 3 inspection can be found on the Inspectorate's website at https://hmicfrs.justiceinspectorates.gov.uk/fire-and-rescue-services/avon/

The first revisit letter (published January 2024) can be found here; https://hmicfrs.justiceinspectorates.gov.uk/publications/avon-frs-causes-of-concern-revisit-letter-january-2024/

The second revisit letter (published May 2024) can be found here; https://hmicfrs.justiceinspectorates.gov.uk/publications/avon-frs-cause-of-concern-revisit-letter-may-2024/

The third revisit letter (published October 2024) can be found here; https://hmicfrs.justiceinspectorates.gov.uk/publications/avon-frs-causes-of-concern-revisit-letter-october-2024/

iv) Internal Audit function

Internal audit services are provided by RSM UK Risk Assurance Services LLP and reported to AGOC. Internal Audit is an independent and objective assurance service to the AFA which completes a programme of reviews throughout the year, to provide an opinion on the internal control, risk management and governance arrangements of the AFA. During 2024/25 the auditors were contracted for 50 audit days using an appropriate mix of resources from their pool of qualified audit staff. There were five audits undertaken and delivered in line with the agreed Audit Plan for 2024/25.

The draft internal audit opinion for the 2024/25 year was presented in March 2025 with the conclusion that the Service has 'an adequate and effective framework for risk management, governance and internal control'. The final audit opinion will be presented to the Authority in June 2025, which is expected to be unchanged. The Service is satisfied that the internal audit provision is adequate and effective.

C) Performance

Organisational Performance

AF&RS continues to make excellent progress in lowering risk in our community by meeting targets for the number and impact of incidents attended. We have met our target for reducing deliberate vehicle fires and deliberate small fires and were just off target for accidental dwelling fires and deliberate large fires in buildings.

Each incident that is prevented represents a reduction of risk in our community. Overall, we received 24,754 calls for emergency assistance and attended 12,415 incidents, both increased from the year before. We exceeded our targets for response standards across each of the two key response criteria (emergency critical target 8 minutes and actual 7 minutes 28 seconds, emergency non-critical target 12 minute and actual 7 minute 46 seconds)

We are committed to doing all that we can to make our community safer and our Service stronger. We continue to analyse our data to show us what additional interventions and initiatives we can take.

Our Performance Report will be published later this year on our website https://www.avonfire.gov.uk/publications/performance-reports/ and will give full information about our progress against our targets

A summary of the service provided to our communities can be seen in the diagram below:

IN 2024/25 AVON FIRE & RESCUE SERVICE

HANDLED 24,754 EMERGENCY CALLS

ATTENDED 12,415 EMERGENCY INCIDENTS

ATTENDED 505 ACCIDENTAL FIRES IN THE HOME

CARRIED OUT 5,674 FIRE SAFETY VISITS IN THE HOME

RESCUED 1,231 PEOPLE FROM FIRE AND OTHER EMERGENCIES

FITTED 4,791 SMOKE ALARMS

REDUCED OUR CARBON EMISSIONS -55% (FROM 2020) CO_2

ATTENDED 445 VEHICLE FIRES

WAS CALLED TO 594 ROAD TRAFFIC COLLISIONS

ATTENDED 277 FLOODING INCIDENTS

1,066 EVENTS TO DELIVER AN EDUCATIONAL MESSAGE

WE ARE HERE TO HELP 24 HOURS A DAY | SEVEN DAYS A WEEK 365 DAYS A YEAR

ALL FOR ONLY 12P A DAY FOR EACH PERSON IN AVON

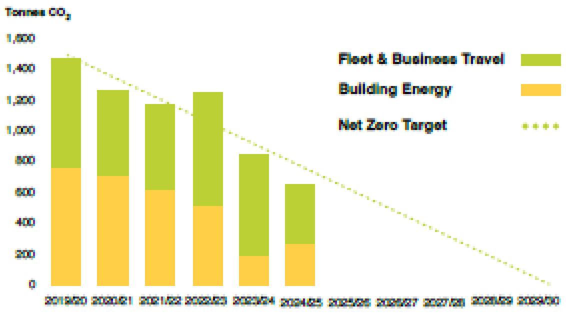
Environmental performance

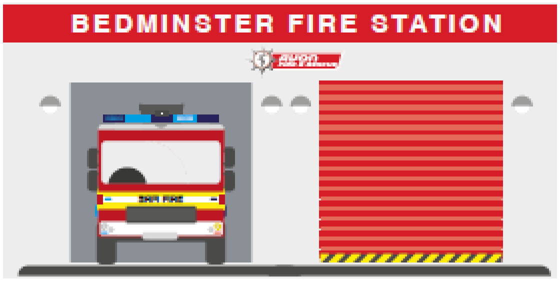
Avon Fire & Rescue Service 2025

55%

reduction in carbon emissions

We've reduced our carbon emissions by 55% since the baseline 2019/20 - towards our Net Zero by 2030 goal.



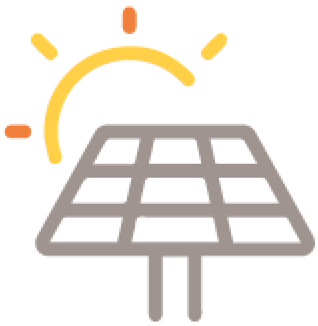


5.5 tonnes of CO2e emissions removed from the environment.

Food waste was collected by community project, The Heart of BS13, using an electric bike and taken to be composted

Change to fluorine-free foam on all fire appliances

Transition away from fluorinated foams which containing 'persistent' chemicals



13% of our energy is generated from solar panels on AF&RS buildings

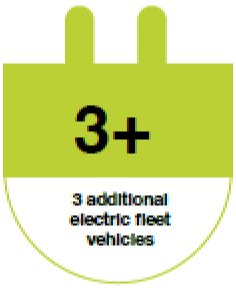
HVO (Hydrotreated Vegetable Oil

Sustainable fuel was trialled with one training appliance, the first step to decarbonise our diesel fleet.

Environmental Management System in place

Aligned to internationally recognised standard ISO14001

Litter picks at Weston June 2024 as part of Big Green Week



Recycling Legislation

Implementation of consistent recycling and food waste segregation in all whole-time stations in preparation for new waste legislation.

Our Annual Environmental Report 2024/2025 Report gives more detail:
https://www.avonfire.gov.uk/publications/environmental-reports/

D) Transformation Programme

The 2024/25 financial year was the final year of the Service's Transformation programme. The programme was made up of interlinked projects designed to review, develop and improve the Service's policies, processes and systems, often using technology more effectively to maximise efficiency. Significant progress has been made across the projects. All service policies have been reviewed and streamlined. Key policies have been overhauled and several supporting toolkits developed to assist managers and staff in the understanding and application of those policies. All policies are in a newly designed Sharepoint hub on the recently rolled out replacement intranet. Key processes such as the recruitment, onboarding and induction process for corporate staff have been comprehensively redesigned. Digital tools have been developed to assist recruiting managers and new staff members now have a much improved experience when joining the service. Some processes have moved on-line, increasing efficiency and consistency.

Several upgrades have been made to the Firewatch IT system. This is a core integrated system covering Human Resources, staff availability and people development which supports the maintenance of skills and training. Investment has been made in additional devices for fire appliances (mobile data terminals), and further upgrades will follow.

Most of the work in the programme had been delivered by the time the programme ended on 31 March 2025. The remaining residual work has either been passed to other teams in the service to follow through to completion or has been reprioritised to form part of future work.

E) Financial Performance

i) Financial Overview:

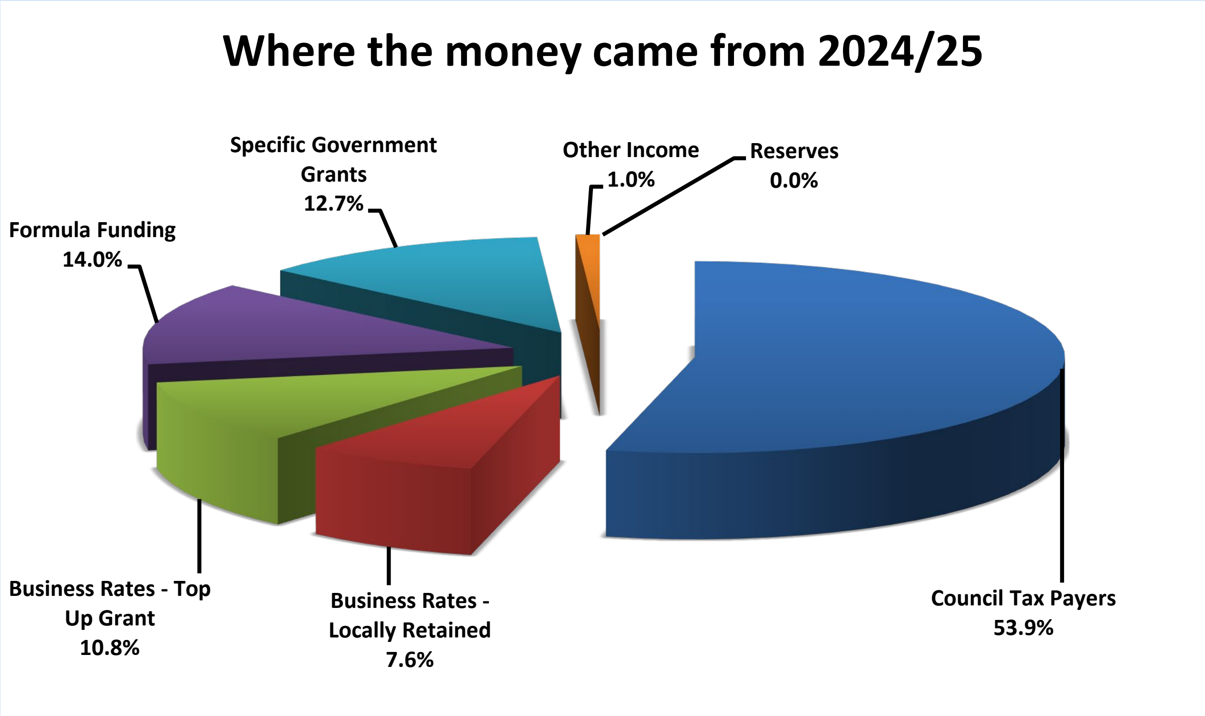
The key financial matters arising from the 2024/2025 Statement of Accounts are:

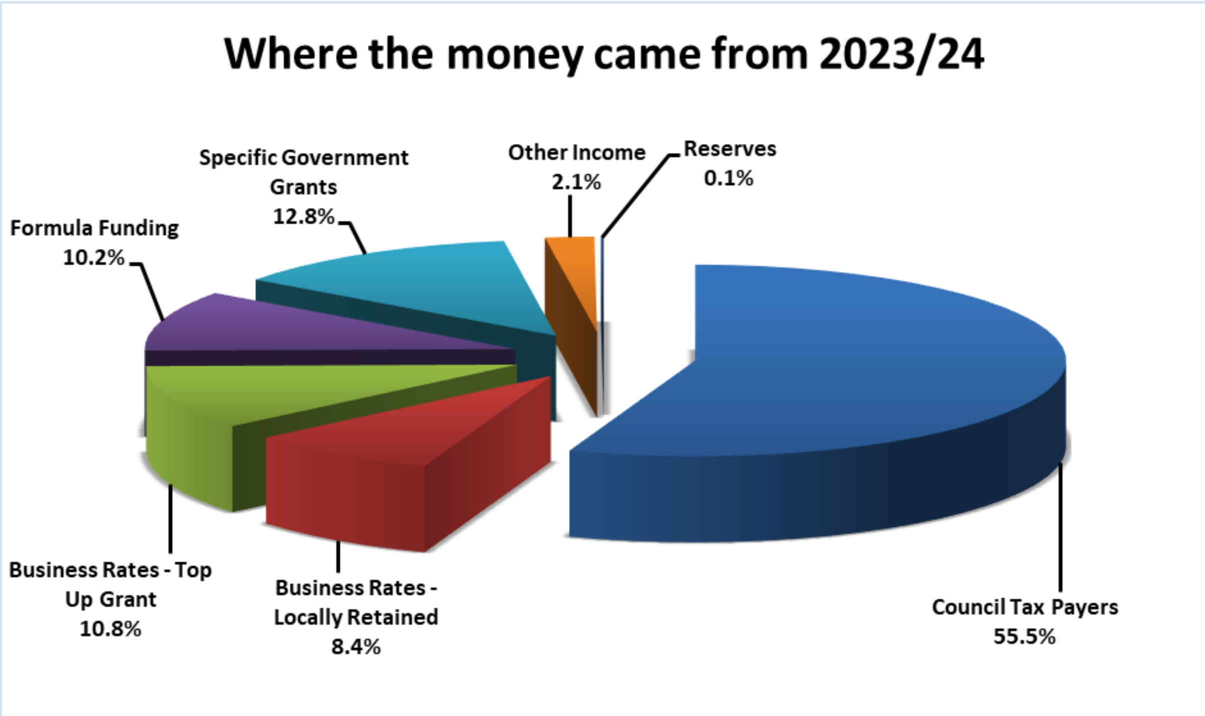
- The 2024/2025 final revenue results showed a break-even position (2023/2024 break-even).
- The capital programme for 2024/2025 was £5.5m (2023/2024 £6.3m) and there has been capital expenditure of £1.9m (2023/2024 £4.3m). The majority of the remaining allocation has now been carried forward into the 2025/2026 Capital Programme, as will be approved by the Fire Authority on 30 June 2025.
- A full review of reserves has been undertaken by the Statutory Finance Officer and the Service Leadership Board (SLB) and transfers between reserves were made during the year and are described in the reserves section of this report.
- The General Fund Reserve (working balance) remained at £1.5m for 2024/2025 (2023/2024 £1.5m). This sum is intended to meet unforeseen expenditure and, if called upon, would then need to be replaced.

ii) 2024/2025 Revenue Budget:

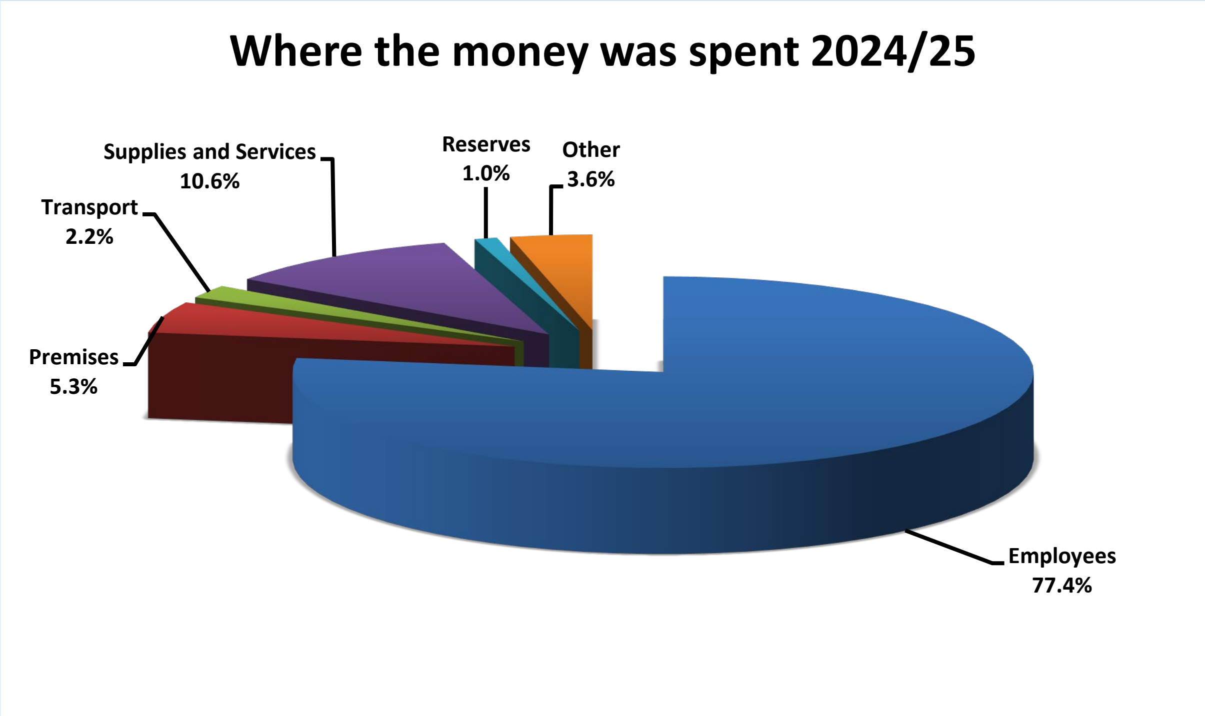
The original Annual Budget approved by the Fire Authority for 2024/2025 totalled £61.82m (2023/2024 £55.62m) and this budget remained unchanged at the year-end (2023/2024 unchanged). The key movements to the Income annual budgets approved by the Fire Authority for 2024/25, when compared to the 2023/24 annual budget, related to an additional funding guarantee of £900k in 2024/25, along with an increase in Council Tax requirement of around £1.5m.

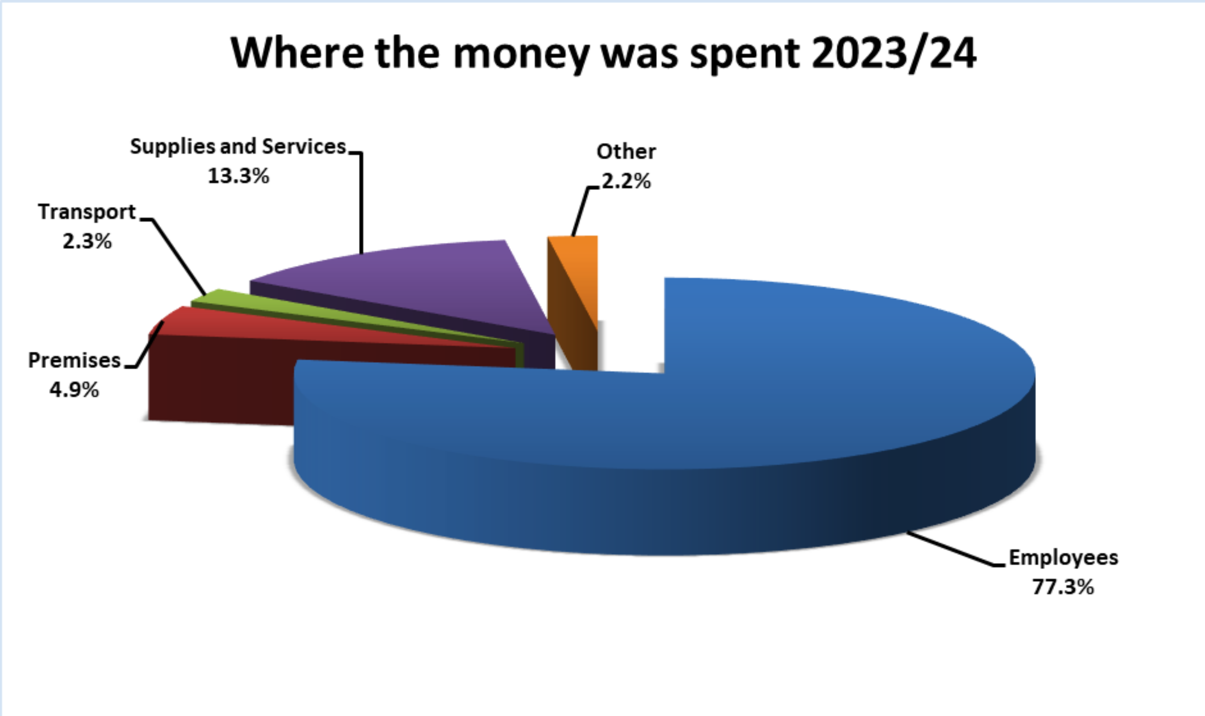
53.9% (2023/2024 55.5%) of the Fire Authority's funding came from the local council taxpayer, with 10.8% (2023/2024 10.8%) from business rates top up grant from central government and 7.6% (2023/2024 8.4%) from locally retained business rates. Most of the remainder of the funding comes from Central Government, for items such as formula funding and specific government grants, for example pension contribution grant and USAR (Urban Search and Rescue) support grant.





Expenditure for the year was incurred in the following main areas:





Most of the expenditure continues to relate to employee staff costs which increased to 77.4% in 2024/2025 from 77.3% in 2023/2024. Supplies & Services expenditure relates to areas including Communications and IT, Equipment and key contracts for services including the Financial Services and Occupational Health contracts. Premises expenditure covers key areas which include Property Repairs, Rent, Rates and Utilities. Central Government continues to subsidise the increase in Firefighter pension contributions by issuing a grant of £1.877m (2023/2024 £2.407m), against a total employer pension cost of £7.630m (2023/2024 £5.853m).

Set out below is a comparison between the actual revenue expenditure in 2024/2025 and the budget for the year.

	Original Budget 2024/2025 £'000	Revised Budget 2024/2025 £'000	Actual Expenditure 2024/2025 £'000
Expenditure on services			
Employees (net)	48,207	48,458	47,552
Premises	2,890	2,976	3,246
Transport	1,550	1,550	1,349
Supplies and Services	8,427	8,090	6,514
Other Costs	1,421	1,421	2,198
Income	(8,367)	(8,367)	(8,092)
Net Expenditure	**54,128**	**54,128**	**52,767**
Transfers to / from revenue reserves			
Transfers from Reserves	(672)	(672)	-
Transfers to Reserves	-	-	611
Net Expenditure after transfers to / from reserves	**53,456**	**53,456**	**53,378**
Local Taxpayers			
Council Tax	(33,133)	(33,133)	(33,133)
Locally Retained Business Rates	(4,685)	(4,685)	(4,654)
Collection Fund (Surpluses)/Deficits	(29)	(29)	29
Central Government			
Formula Funding	(6,645)	(6,645)	(6,645)
Non-Domestic Rates Redistribution	(8,633)	(8,633)	(8,633)
West of England City Region Deal	(331)	(331)	(342)
Working Balance	**-**	**-**	**-**

These budget and actual amounts comprise the net expenditure chargeable to the General Fund, which relates to council tax, business rates and formula funding from Central Government. This is before statutory accounting adjustments relating to pensions, capital and other differences, to get to the net expenditure in the Comprehensive Income and Expenditure Statement.

iii) Reserves:

Reserves are an essential tool to ensure long-term budget stability and Fire Authorities are expected to provide for reserves to manage their financial position and to manage risks. There is no statutory maximum level of reserves and traditionally AF&RS has held £1.5m (2.4% of the total 2024/25 income base) in the general reserve to manage the impact of uneven cash flows and unexpected events or emergencies as well as earmarked reserves (sums set aside to meet known or predicted specific requirements).

A full review of reserves is carried out at a minimum annually to ensure continuing relevance and adequacy of the Avon Fire Authority reserves. The 2024/2028 Reserve Strategy will be presented to the Fire Authority on 30 June 2025. The previous review in June 2024 can be viewed here:

https://avonfire.moderngov.co.uk/ieListDocuments.aspx?CId=144&MId=432&Ver=4

iv) 2024/2025 Capital Budget and Spending:

The Fire Authority determines its capital investment plans and consequent level of borrowing in accordance with guidelines laid out in the Prudential Code issued by CIPFA. The Prudential Code requires the Fire Authority to ensure that its capital investment plans are affordable, prudent and sustainable.

For 2024/2025, the Fire Authority set a revised capital programme of £5.5m as part of the rolling 3-year capital programme (the 3-year capital programme for 2023/2024 was £6.3m). Capital expenditure (excluding the PFI scheme) for the year is shown in the table below:

Area	Revised Budget 2023/2024 £'000	Outturn £'000	Overspend/ (Underspend) £'000
Fleet	1,499	222	(1,277)
Premises	2,808	1,125	(1,683)
Operational Equipment	100	43	(57)
IT	300	28	(272)
Transformation	50	-	(50)
Control	730	485	(245)
Total Programme	5,487	1,903	(3,584)

Funding for the programme was met from the following sources:

Funding Source	2023/2024 Funding £'000
Capital Receipts / Capital Reserves	1,903
Capital Grant and Contributions	-
Total Funding	1,903

The Fire Authority invested in the following material assets during the year:

Premises - £1.1m (2023/24 £2.66m)

- The majority of expenditure in the year relates to major refurbishments at Bedminster station (£750k).
- £132k relates to the upcoming redevelopment of Bath Fire Station.
- The remaining £235k relates to various small works within the ongoing capital plan.

Capital Budget underspend:

The budgets for several capital items were not spent in the year, with the main reasons for this described below:

Fleet:

- The underspend of £1.3m relates to delays to the completion of the Hovercraft and Heavy Rescue Tender and pushing back the purchase of new type B appliances.

Premises:

- The underspend of £1.7m arises as a result of some slippage of both the programme of works for the replacement of Bath Station as well as other general renewal projects.

IT:

- Lower than expected IT spend has resulted from delays to the IT hardware infrastructure project. The new Head of ICT has provided an updated IT strategy which will guide investment going forward.

Control:

- Control spend was mostly in line with expectation however the mobilisation project was treated as revenue spend in the year instead of capital as budgeted. £230k was planned to be spent on the project to replace the 999 lines within the Service, this has now been delayed to 2025/26.

F) Strategic Financial Planning

i) Medium-Term Financial Planning

The Fire Authority prepares a 4-year revenue Medium-Term Financial Plan (MTFP) to ensure that it has adequate resources to deliver its services into the future. This Financial Strategy document supports the approved Service Plan to ensure the key priorities are delivered within the funding available. Whilst continued pressures on Government funding and additional pension costs are a key driver for change, it remains important that the Fire Authority's future strategies continue to be service-led and aligned to risk.

The revised four-year Medium-Term Financial Plan covering the period 2024/2025 to 2027/2028 was approved by the Fire Authority on 19 March 2025 and is published here (item 11, appendix 1):
https://avonfire.moderngov.co.uk/ieListDocuments.aspx?CId=144&MId=441&Ver=4

It is summarised below:

Medium Term Financial Plan Summary 2025/2026 to 2028/2029				
Funding, Income and Expenditure	**2025/2026 Annual Budget £'000**	**2026/2027 Annual Budget £'000**	**2027/2028 Annual Budget £'000**	**2028/2029 Annual Budget £'000**
Home Office & Local Authority Funding	(56,628)	(57,840)	(59,099)	(60,407)
Grants and Income Contributions	(7,076)	(6,911)	(6,911)	(6,911)
Total Funding and Income	**(63,704)**	**(64,751)**	**(66,010)**	**(67,318)**
Employees	51,156	52,180	53,222	54,288
Premises	3,506	3,611	3,720	3,831
Transport	1,582	1,629	1,678	1,728
Supplies and Services	9,121	9,322	9,602	9,890
Capital Financing Costs	979	2,072	3,294	3,634
Other Expenditure/(Savings)	(1,864)	(3,793)	(5,506)	(6,053)
Transfer to/(from) reserves	(776)	(270)		
Total Expenditure	**63,704**	**64,751**	**66,010**	**67,318**
Total Deficit	**-**	**-**	**-**	**-**

The objectives of the MTFP are:

- To ensure the Authority's strategic priorities can be delivered within the funding envelope available;
- To ensure expenditure commitments do not exceed forecast resources over the four-year period;
- To ensure the revenue implications of proposed Capital Programmes are affordable;
- To look for more efficient ways of delivering services, ensuring Value for Money is delivered within the Service.
- To manage the resources available effectively and to ensure the budget is aligned with corporate objectives;
- To ensure that Precept increases are contained within the Government's referendum limit; and,
- To ensure the Authority maintains a realistic level of general reserves to meet unforeseen events and to mitigate risk for the Service.

The MTFP for 2024/2025 to 2027/2028 was approved by the Fire Authority in March 2024 and considers all current risks and cost pressures such as increasing inflation, increases to pay awards interest rate fluctuations and increases to capital financing costs as a result of prudential borrowing. All these ongoing factors are also reported throughout the financial year for consideration by the Service Leadership Team, Service Leadership Board and the Fire Authority as part of our in-year financial monitoring.

The current approved MTFP (for the period 2025/2026 – 2028/2029) demonstrates the financial challenges facing the Service in future years, with increasing pressures on the revenue budget created due to the capital financing costs associated with the approved Capital Programme, resulting in the requirement to identify efficiency savings to balance the budget in future years. The Service has established an Efficiencies and Savings Team and continues to review the MTFP assumptions and associated forecast deficit, to ensure a balanced budget is delivered in future years.

ii) Capital Strategy:

The revised 3-year Capital Programme covering the period 2025/2026 to 2027/2028 will be approved by the Fire Authority on 30 June 2025 and published here:
https://avonfire.moderngov.co.uk/ieListDocuments.aspx?CId=144&MId=478&Ver=4
It is summarised below:

Capital Programme 2024/2025 to 2026/2027 Funding and Expenditure	2025/2026 £'000	2026/2027 £'000	2027/2028 £'000
Capital Receipt from fleet disposals	275	25	25
Capital Reserve	3,352	-	-
Prudential borrowing	11,800	14,994	7,550
Total Funding	**15,427**	**15,019**	**7,575**
Premises	11,883	12,750	5,800
Fleet	1,925	1,783	1,320
Control	490	16	0
ICT	832	350	335
Portfolio	130	-	-
Operational Equipment	167	120	120
Total Expenditure	**15,427**	**15,019**	**7,575**

To help support the oversight of the Capital Programme, capital planning reviews and controls are adopted by the Service. These include:

- A Capital Steering and Prioritisation Group which considers all proposed capital projects and ensures these are prioritised according to Service need and objectives whilst remaining affordable.
- Regular capital reporting to both SLB and SLT, aligned with revenue reporting, to ensure capital spend is similarly monitored and scrutinised.

These reviews and controls support the current reporting of the Capital Programme to the Fire Authority and the Policy and Resources Committee

iii) Financial Risks

The following issues are considered to represent the key financial risks facing the Fire Authority:

- Uncertainty over future funding levels as a result of the 1-year settlement for 2024/25 and 2025/26.
- A potential reduction in future Central Government and Local Government funding as a result of future austerity.
- Increased Employers National Insurance contributions in future years with only partial funding confirmed to offset this (2025/26 onwards).
- Increased collection fund deficits above those assumed in the MTFP.
- Pay awards being confirmed at rates above those included in the MTFP.
- Non-pay inflation rates over and above the level assumed, particularly on certain materials such as fuel and vehicle parts.
- Increase in pension costs not funded centrally as a result of actuarial review or immediate detriment processing.
- Uncertainty as a result of the current conflict within Europe and its impact on supply chain and costs.
- Requirement to seek Prudential Borrowing to fund the Capital Programme and increased cost of capital funding, over and above the level assumed in the MTFP.
- Higher than anticipated costs associated with delivery against the HMICFRS action plan.

Given the above financial risks facing the Authority, coupled with the significant deficits it expects over the current 4-year MTFP, the Authority has given some consideration to the risk of a S114 notice being required. The Authority does not expect this risk to materialise during the coming (2025/26) financial year, due to the plans and mitigations that are currently being put in place to balance the revenue budget, which are due to be presented to the Fire Authority for approval on 30 June 2025. The Service has extended the appointment of the Efficiencies and Savings Team to continue to explore options available to deliver our services in a more efficient and cost effective way, to help to mitigate the risk of a S114 notice being required in future. The Statutory Finance Officer, along with the SLB, are regularly reviewing and updating the assumptions within the MTFP to ensure any efficiency plans align with the latest financial picture. The Service anticipates a multi-year funding settlement during 2025/26 and will assess the impact of this on the 4-year MTFP, when available.

We actively monitor risks and mitigate these risks through a variety of measures including:

- Financial Modelling, including sensitivity analysis, has been undertaken in key areas to assess risk levels within the MTFP.
- The MTFP has been based on robust 2024/2025 Annual Budgets, which were approved by the Fire Authority in March 2024, along with 2024/25 expected outturn at the time of preparing the budget.
- A Devolved Budgetary Framework has been implemented across the Service to help improve oversight and management of budgets in all areas.
- Finance Business partnering has been adopted, which helps to strengthen the management of financial resources within the organisation. The Service is looking to further improve and embed financial management processes from 2025/26.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required:

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

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

to approve the statement of accounts.

The Statutory Finance Officer’s Responsibilities

The Statutory Finance Officer 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.

In preparing this statement of accounts, the Statutory Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the code of practice.

The Statutory Finance Officer has also:

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

Certificate of the Statutory Finance Officer

I certify that the statement of accounts on pages 18 - 90 provide a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2025.

Signed

V. Lee

Verity Lee
Statutory Finance Officer of the Avon Fire Authority
16th June 2025

Comprehensive Income and Expenditure Statement for the year ending 31 March 2025

This statement shows the accounting cost in the year of providing services in accordance with Generally Accepted Accounting Principles (GAAP), 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.

2023/2024				2024/2025		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
55,077	(8,621)	46,456	Fire fighting and rescue operations	58,441	(8,552)	49,889
55,077	**(8,621)**	**46,456**	**Cost of Services**	**58,441**	**(8,552)**	**49,889**
		(106)	Loss / (gain) on disposal of Property, Plant & Equipment			(25)
		(13,430)	Firefighter Pension Top up Grant			(12,421)
		23,454	Financing and investment income and expenditure (note 28)			23,498
		(48,964)	Taxation and non-specific grant income (note 27)			(53,282)
		7,410	**Deficit on Provision of Services**			**7,659**
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision on Services			
		(395)	Surplus on revaluation of non-current assets			(1,864)
		(5,899)	Remeasurements of the net defined benefit liability (note 26)			(51,638)
		(6,294)	**Other Comprehensive Income and Expenditure**			**(53,502)**
		1,116	**Total Comprehensive Income and Expenditure**			**(45,843)**

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 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.

	General Fund Balance £'000	Earmarked Fund Reserves £'000	**Total Usable reserves £'000**	Unusable Reserves £'000	**Total Authority Reserves £'000**
Balance at 1 April 2023	**1,500**	**13,358**	**14,858**	**(445,291)**	**(430,433)**
Movement in reserves during 2023/2024					
Deficit on the provision of services	(7,410)	-	(7,410)	-	(7,410)
Other Comprehensive Expenditure	-	-	-	6,294	6,294
Total Comprehensive Income and Expenditure	**(7,410)**	**-**	**(7,410)**	**6,294**	**(1,116)**
Adjustments between accounting basis & funding basis under regulations (note 13)	7,090	-	7,090	(7,090)	-
Net Increase before Transfers to Earmarked Reserves	**(320)**	**-**	**(320)**	**(796)**	**(1,116)**
Transfers to/from earmarked Reserves (note 24)	320	(3,947)	(3,627)	3,627	-
Increase/(Decrease) in 2023/2024	**-**	**(3,947)**	**(3,947)**	**2,831**	**(1,116)**
Balance at 31 March 2024 carried forward	**1,500**	**9,411**	**10,911**	**(442,460)**	**(431,549)**
Movement in reserves during 2024/2025					
Deficit on the provision of services	(7,659)	-	(7,659)	-	(7,659)
Other Comprehensive Income and Expenditure	-	-	-	53,502	53,502
Total Comprehensive Income and Expenditure	**(7,659)**	**-**	**(7,659)**	**53,502**	**45,843**
Adjustments between accounting basis & funding basis under regulations (note 13)	8,047	-	8,047	(8,047)	-
Net Increase before Transfers to Earmarked Reserves	**388**	**-**	**388**	**45,455**	**45,843**
Transfers to/from earmarked Reserves (note 24)	(388)	(1,490)	(1,878)	1,878	-
Increase/(Decrease) in 2024/2025	**-**	**(1,490)**	**(1,490)**	**47,333**	**45,843**
Balance at 31 March 2025 carried forward	**1,500**	**7,921**	**9,421**	**(395,127)**	**(385,706)**

Balance Sheet as at 31 March 2025

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. 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-Mar-24 £’000		Notes	31-Mar-25 £’000
74,364	Property, Plant & Equipment	14	75,070
33	Intangible assets	14	-
74,397	**Long-term Assets**		**75,070**
-	Assets held for Sale	14	260
11,222	Short-term Debtors	18	7,092
372	Inventories		308
1,770	Cash and Cash Equivalents	19	7,948
13,364	**Current Assets**		**15,608**
(502)	Short-term Provisions	23	(469)
(4,999)	Short-term Creditors	20	(8,615)
(5,501)	**Current Liabilities**		**(9,084)**
(7,000)	Long-term borrowing	21	(7,000)
	Other Long-term Liabilities		
(505,791)	Net Pensions Liability	26	(458,661)
(1,018)	Deferred Liability	7 & 8	(1,639)
(513,809)	**Long-term Liabilities**		**(467,300)**
(431,549)	**Net Liabilities**		**(385,706)**
10,911	Usable Reserves	24	9,421
(442,460)	Unusable Reserves	25	(395,127)
(431,549)	**Total Reserves**		**(385,706)**

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Signed

V. Lee

Paul Goggin
Chair of the Avon Fire Authority

Verity Lee
Statutory Finance Officer of the Avon Fire Authority
16th June 2025

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.

2023/2024 £'000		2024/2025 £'000
(7,410)	Net deficit on the provision of services	(7,659)
4,972	Adjustments to net deficit on the provision of services for non-cash movements (note 29)	16,422
(2,438)	Net cash flows from Operating Activities	8,763
(4,127)	Net cash flows from Investing Activities (note 30)	(1,878)
(269)	Net cash flows from Financing Activities (note 31)	(707)
(6,834)	Net increase / (decrease) in cash and cash equivalents	6,178
8,604	Cash and cash equivalents at the beginning of the reporting period	1,770
1,770	**Cash and cash equivalents at the end of the reporting period (note 19) in-hand**	**7,948**

Notes to the Core Financial Statements

1. **Statement of Accounting Policies**

i General Principles

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

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

ii Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

- Revenue from the sale of goods is recognised when the Authority transfers the significant control of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii Cash and Cash Equivalents and Bank Overdrafts

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term investments 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.

When the gross deficit of cash overdrawn on bank accounts has no offsetting arrangements the balance sheet shows the balance as Bank Overdrafts.

iv Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

v 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 where 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. There have been no prior period corrections in these accounts.

vi Charges to Revenue for Non-Current Assets

Services and support services are charged with the following amounts to record the cost of holding fixed assets during the year:

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

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

vii Employee Benefits

<u>Benefits Payable During Employment</u>

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 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 calculated for all employees using current salaries. 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, whether they are 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, are charged on an accruals basis to the relevant service line (or in discontinued operations) in the Comprehensive Income and Expenditure Statement.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Authority's 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

Employees of the Authority are divided between the 1992, 2006 and 2015 Firefighters Pension Schemes for its uniformed Firefighters and the Local Government Scheme for support staff and abated Firefighters:

- The Firefighters Pension Schemes are administered in accordance with Department for Levelling Up, Housing and Communities (DLUHC) regulations. As of 29 February 2024 administration of the Firefighters Pension Schemes passed from Bath & North East Somerset Council, to West Yorkshire Pension Fund.
- The Local Government Pensions Scheme (called the Avon Pension Fund) is administered by Bath & North East Somerset Council.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Authority.

The Firefighters Pension Schemes

These are unfunded schemes. For such schemes, as there are no investment assets, IAS 19 requires recognition of the liability and pension reserve in the Balance Sheet and transactions in the Comprehensive Income and Expenditure statement.

The Local Government Pension Scheme

The Avon Pension Fund is accounted for as a defined benefits scheme:

- The liabilities of the Avon Pension Fund attributable to the Authority 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 by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using an appropriate discount rate based on the return for high quality corporate bonds.
- The assets of Avon Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
    - Quoted securities – current bid price;
    - Unquoted securities – professional estimate;
    - Unitised securities – current bid price; and
    - Property – market value.

- The movement on the net pensions liability is analysed into the following constituents:
  - Service cost comprising:
    - Current Service cost - the increase in the present value of a defined benefit obligation (liabilities) resulting from employee service in the current period.
    - Past service cost – (where applicable) the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the Authority in the number of employees covered by a plan).
    - Any gain or loss on settlement – (where applicable) arising when an authority enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan.
  - Net Interest on the defined benefit liability/(asset) – the change during the period in the net defined benefit liability/(asset) that arises from the passage of time.
  - Expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
  - Gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
  - Remeasurements of the net defined benefit liability/(asset) comprising:
    - Actuarial gains and losses – changes in the present value of the defined benefit obligation resulting from: a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects of changes in actuarial assumptions.
    - the Return on plan assets – excluding amounts included in net interest on the net defined benefit liability/(asset).
  - Contributions by scheme participants – the increase in scheme liabilities and assets due to payments made into the scheme by employees (where increased contribution increases pensions due to the employee in the future).
  - Contributions by the Employer – the increase in scheme assets due to payments made into the scheme by the employer.
  - Benefits paid – payments to discharge liabilities directly to pensioners.

In relation to retirement benefits, statutory provisions require the Authority's 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 appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension 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.

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.

Long-term Disability Benefit

In accordance with IPSAS 25 and the code, the Authority has rebutted the presumption to account for long-term disability benefit in the same way as other long-term benefits under IAS 19. The Authority considers that these could be both significant and volatile given the nature of the service provision and therefore accounts for them, under IAS 19, as defined post-employment benefits.

viii Events After the Balance Sheet Date

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.

No events have taken place after the date of authorisation for issue that are not reflected in the Statement of Accounts.

ix Financial Instruments and Fair Value Measurement

The Authority's financial assets and financial liabilities are classified as held at amortised cost.

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 are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
    - Receivables are measured at fair value and carried at their amortised cost.
    - There are no material loans which require separate classification and accounting treatment.
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.
    - There are no available for sale assets which require separate classification and accounting treatment.

Fair value measurement

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

a) in the principal market for the asset or liability, or

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

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

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

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability.

Financial instruments as set out in note 22 are classified at the following levels in the hierarchy:

- Level 1 – Short-term Creditors, Debtors, Cash & Cash Equivalents and Leases deferred liability.
- Level 2 – Borrowings including both Public Works Loan Board (PWLB) & Local Authority loans, PFI deferred liability and IFRS 16 lease deferred liability.

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

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

Monies advanced as grants 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. Where 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.

xi Intangible Assets

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised on a straight line basis over its useful life of 5 years to the Fire fighting and rescue operations service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the Authority’s Fund Balance. The gains and losses are therefore reversed out of the Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for sale proceeds) the Capital Receipts Reserve.

xii. Property, Plant and Equipment

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

Recognition

Assets costing individually or collectively less than £5,000 are classed as de-minimis and are not capitalised. The expenditure is charged direct to the appropriate service line.

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

Measurement

Assets are initially measured at cost, comprising:

- the purchase price; and
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Valuation

Assets are then carried in the Balance Sheet using the following measurement bases:

- operational land and properties and other operational assets – either depreciated replacement costs for specialised assets, or at existing use value for other assets;
- vehicles, plant and equipment – depreciated historical cost, as a proxy for fair value; and
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Property valuations are undertaken by an external professional valuer independent of the Fire Authority in accordance with the RICS Valuation – Global Standards.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. The depreciated replacement cost assumes that the asset would be replaced with a modern equivalent, not a building of identical design, with the same service potential as the existing asset.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end and as a minimum every five years. 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 are identified, they are accounted for by:

- 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 in the Comprehensive Income and Expenditure Statement.

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

The last full valuation was completed for the year ended March 2024 by Bruton Knowles. A desktop valuation of the entire portfolio was again completed by Bruton Knowles for the year ended March 2025, except for Bedminster Station which had a full valuation and transferred back to Land and Buildings following the completed capital works.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- 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 lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets).

For all assets with a finite life, depreciation is calculated on a straight line basis over the assessed useful life of the asset.

Depreciation is not charged in the year of acquisition.

Where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

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

Amounts received for a disposal in excess of £5,000 are categorised as capital receipts. The balance of receipts is 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 (the capital financing requirement). 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 fixed 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.

xiii Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor.

Under the Joint Training PFI Scheme the Authority is deemed to control, along with the other partners, the services that are provided under the PFI scheme, and neither the Authority, other partners, nor the Service Provider, retains any residual interest in the property at the end of the 25-year service period. For these reasons the Authority carries its share of the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

With effect from 1 April 2024, IFRS 16 applies to service concession arrangements including PFI and similar schemes. Under IFRS 16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires remeasurement rather than expensing the increased payment as contingent rent. The net present value of future payments that comprise the liability is recalculated based on the revises level of payments.

PFI lease liabilities have been calculated as if IFRS 16 had always applied but recognised in the year of adoption and not by adjusting prior year figures. The original recognition of the PPE is balanced by the recognition of a liability for the amount due to the scheme operator to pay for the assets.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority.

The amounts payable to the PFI operator each year are analysed into four elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- Lifecycle replacement costs – recognised as non-current assets on the Balance Sheet.

The Government provides some revenue support to the project in the form of grants (PFI credits) and the three authorities fund the balance by making contributions, from within their own resources.

The grant from the Government, together with the contributions from the partners is paid into an equalisation fund, which is administered by Gloucestershire County Council on behalf of the partners. Surpluses on the equalisation fund are invested in order to ensure that adequate funding throughout the life of the contract is available. The fund is reviewed, and if necessary, contributions amended every three to five years with the intention that the balance of the fund at the end of the contract will be nil.

xiv Leases

IFRS 16 – Leases

The Authority has adopted IFRS 16 in its 2024-25 financial statements.

The Authority does not presently expect this standard to have a material effect on the presentation of future financial information or transactions but has nevertheless reviewed the existing contracts and service arrangements to assess the likely impact.

The Authority recognises in the balance sheet ‘right-of-use’ assets at fair value using discounted cash flows based upon lease rental payments. This applies principally to arrangements where The Authority is the lessee and benefits from the use of assets supplied by a third party.

Lessor accounting arrangements, whereby The Authority allows use of its own assets to others, remain largely unchanged.

For the purposes of assessing whether a “right of use” exists, and therefore whether to recognise or de-recognise assets on the balance sheet together with any corresponding liability for future rental payments, The Authority applies prevailing guidance within the CIPFA Code of Practice. Where assets are recognised on the balance sheet this also results in depreciation charges to service revenue accounts over the term of the lease rental payments.

Where The Authority is lessee, there is a revenue charge for interest payable on the value of outstanding rentals, calculated by reference to the interest rate implicit in the lease. Where the rate is not known or determinable the interest shall be charged at a rate commensurate with the PWLB maturity borrowing rate for the fair value of the assets obtained and for the term of the lease.

There is no requirement to reassess whether existing contracts in place on 1 April 2024 (the initial IFRS 16 application date) are, or contain, a lease except for those provided at nil consideration or below market rate. Thus, The Authority has reviewed and retained the lease classifications obtained under previous assessments for contracts and service arrangements in place at, and continuing beyond, 1 April 2025

As required by the accounting Code of Practice, The Authority applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Exemptions are applied to the extent that they are available in respect of licences of intellectual property, service concession arrangements, and rights held by a lessee under licensing agreements.

The Authority also has discretion to determine a “low-value assets” recognition exemption. The Authority has determined that individual assets with a fair value less than £5,000 are considered to be “low-value assets” in line with its de-minimis limit within the asset capitalisation policy. Where recognition of a lease under IFRS 16 would have no material impact on the Comprehensive Income and Expenditure Statement, The Authority may choose to apply a recognition exemption on an individual lease-by-lease basis.

Lease payments on short-term leases, leases of low-value assets and those leases judged by management to be materially unaffected by IFRS 16 recognition shall be recognised as an expense on a straight-line basis over the lease term.

xv Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

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

Contingent Assets

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

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

xvi Reserves

The Authority sets aside specific amounts as reserves for future strategic priorities, aligning to the current Service Plan objectives, 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 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.

Certain reserves are kept to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

xvii VAT

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

xviii Council Tax and Non-Domestic Rates

Council tax and Non-Domestic rate income included within the Comprehensive Income and Expenditure Statement includes the Fire Authority's share of the surplus or deficit from other Local Authorities' collection funds.

2. Critical Judgements, Assumptions and Accounting Standards not yet adopted

a. Critical Judgements in Applying Accounting Policies

In applying the policies set out in the Statement of Accounting Policies, the Authority has to make certain judgements about complex transactions or those involving uncertainty about future events. It is felt that there are no critical judgements required in relation to applying accounting policies.

b. Assumptions made about the future and other 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 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 risk of adjustment in the forthcoming financial year are as follows:

- The actuary has provided an assessment of the effect of changes in the assumptions used in estimating pension assets and liabilities included in the accounts according to the requirements of IAS 19, as reported in note 26.

- Estimation of the net liability to pay pensions depends on a number of complex estimates 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. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. Please refer to the Sensitivity analyses provided in note 26.

- Land and Buildings are subject to periodic external valuations in line with the requirements of the CIPFA code, with a full valuation being completed at least every five years. The last full valuation was completed for the year ended March 2024 by Bruton Knowles. A desktop valuation of the entire portfolio was again completed by Bruton Knowles for the year ended March 2025, except for Bedminster Station which had a full valuation and transferred back to Land and Buildings following the completed capital works.

- Although the valuations are completed by industry experts, or using industry published indices, they are estimates and due to the high value of such assets there is a risk of error as the estimates could result in significant differences.

c. Accounting Standards issued but not yet adopted

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) requires the Authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued or amended but not yet adopted.

At the Balance Sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom. It's felt that they will have no impact to the Authority.

IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023.

IFRS 17 Insurance Contracts issued in May 2017

The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

For this disclosure the standards introduced only include a number of minor amendments to the following International Financial Reporting Standards and are currently not applicable or will not have a material impact to the Authority and the information provided in the financial statements.

3. **Expenditure and Funding Analysis**

This analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) in comparison with those resources consumed or earned. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision-making purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2024/2025	Net Expenditure Chargeable to the General Fund £'000	Adjustment between Funding and Accounting Basis (Note 4) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Fire fighting and rescue operations	53,107	(3,218)	49,889
Net Cost of Service	**53,107**	**(3,218)**	**49,889**
Other Income	(53,495)	11,265	(42,230)
(Surplus)/Deficit on Provision of Services	**(388)**	**8,047**	**7,659**
Opening Usable Reserves Balance	10,911		
Plus deficit on Usable Reserves Balance in year	(1,490)		
Closing Usable Reserve Balance at 31 March 2025	9,421		

2023/2024	Net Expenditure Chargeable to the General Fund £'000	Adjustment between Funding and Accounting Basis (Note 4) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Fire fighting and rescue operations	48,920	(2,464)	46,456
Net Cost of Service	**48,920**	**(2,464)**	**46,456**
Other Income	(48,600)	9,554	(39,046)
(Surplus)/Deficit on Provision of Services	**320**	**7,090**	**7,410**
Opening Usable Reserves Balance	14,858		
Plus surplus on Usable Reserves Balance in year	(3,947)		
Closing Usable Reserve Balance at 31 March 2024	10,911		

4. **Note to the Expenditure and Funding Analysis**

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

2024/2025	Adjustments for Capital Purposes £'000	Net change for the Pension Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Fire fighting and rescue operations	3,451	(6,673)	4	(3,218)
Net Cost of Service	**3,451**	**(6,673)**	**4**	**(3,218)**
Other Income and Expenditure	(13)	11,181	97	11,265
Deficit on Provision of Services	**3,438**	**4,508**	**101**	**8,047**

2023/2024	Adjustments for Capital Purposes £'000	Net change for the Pension Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Fire fighting and rescue operations	3,484	(5,977)	29	(2,464)
Net Cost of Service	**3,484**	**(5,977)**	**29**	**(2,464)**
Other Income and Expenditure	(157)	9,753	(42)	9,554
Deficit on Provision of Services	**3,327**	**3,776**	**(13)**	**7,090**

- Adjustments for capital purposes

Cost of Service - adds in depreciation and impairment and revaluation gains and losses.

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure – the statutory charges for capital financing, i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure – Capital grants are adjusted for as income not chargeable under generally accepted accounting practices. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions.

- Net change for the pensions' adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension-related expenditure and income:

Cost of services - removes the employer pension contributions made by the Authority as allowed by statute and replaces it with current and past service costs.

Financing and investment income and expenditure - the net interest on the defined benefit liability charged to the Comprehensive Income and Expenditure Statement.

- Other Differences

Other Differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

Taxation and non-specific grant income and expenditure - represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

5. Expenditure and Income Analysed by Nature

This reconciliation shows how the Surplus or Deficit on Provision of Service included in the Comprehensive Income and Expenditure Statement is analysed by nature.

2023/2024 £'000		2024/2025 £'000
	Expenditure	
40,359	Employee benefits expenses	42,468
11,458	Other Service expenses	11,358
4,748	Depreciation, amortisation and impairment	4,615
(106)	Loss / (Profit) on disposal of non-current assets	(25)
24,007	Interest payments	23,975
(30)	Pension past service costs	-
80,436		82,391
	Income	
(409)	Fees & charges and other service income	(210)
(36,903)	Income from Council Tax & Business Rates	(38,004)
(35,135)	Grants and contributions	(36,041)
(26)	Capital grants and contributions	-
(553)	Interest and investment income	(477)
(73,026)		(74,732)
7,410	**Deficit on the provision of services**	7,659

6. **External Audit Fees**

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts and to non-audit services provided by the Authority's external auditor.

2023/2024 £'000		2024/2025 £'000
94	Fees payable with regard to external audit services carried out by the appointed auditor	105

7. **Un-discharged obligations – Private Finance Initiative (PFI) scheme (Joint Training Centre)**

As set out in the Accounting policies, under a joint PFI venture, the Authority now receives a significant element of its fire training from Babcock Fire Training (Avonmouth) Limited, a company contracted to provide the training until 31 March 2028. The training is supplied at the Joint Fire Training Centre, Avonmouth, a facility that the service provider designed, built, financed and now operates (DBFO) under the PFI contract.

With effect from 1 April 2024, IFRS 16 has been applied and assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in the year of adoption.

The Authority's share (50%) of the annual net contract payments paid during the year together with the estimated amounts payable over the remaining five years of the joint venture are as follows:

2023/2024 £'000		Service Charge £'000	Interest £'000	Repayment of Liability £'000	Total 2024/2025 £'000
1,670	Total contract payments	1,260	178	521	1,959
	Outstanding undischarged contract obligations:				
1,712	Within 1 year	1,298	134	552	1,984
5,347	Between 2 and 5 years	2,751	118	1,284	4,153

As detailed in the note 1 (Statement of Accounting Policies) and more specifically throughout this note the Authority has entered into a Joint Training PFI scheme. As part of this scheme the equalisation fund, administered by Gloucestershire County Council, is invested to ensure that adequate funding is available throughout the life of the contract. The fund is reviewed and if necessary, contributions from the three partners amended every three to five years with the intention that the balance on the fund at the end of the contract will be nil.

The fund as at 31 March 2025 is forecasted to be in surplus of £4k at the end of the contract; the surplus has increased by £3k from the surplus that was calculated at 31 March 2024. There are unknowns regarding inflation rates over the remaining three years of the contract. The Training Centre contributions by the three partners are to remain at current levels to mitigate the risk of future rises in inflation rates.

Summary totals for the Asset held under the PFI and accounted for as part of Long Term Assets – namely the building, including lifecycle replacement costs and the effect of revaluation are as follows:

	Property Plant & Equipment £'000
Gross Asset Value at 31 March 2024	7,975
Accumulated Depreciation and Impairment	(5,324)
Net Book Value of Asset at 31 March 2024	2,651
Movement in 2024/2025	
IFRS 16 transition	1,007
IFRS 16 remeasurement	38
Life Cycle replacement costs (additions)	-
Revaluation	(753)
Depreciation	(915)
Net Book Value of Asset at 31 March 2025	2,028

Summary totals for the corresponding liability are as follows:

	Property Plant & Equipment £'000
PFI Lease Liability outstanding at 31 March 2024	1,312
IFRS 16 transition	1,007
IFRS 16 remeasurement	38
PFI Lease Liability repaid in 2024/2025	(521)
PFI Lease Liability outstanding at 31 March 2025	1,836
PFI Lease Liability - Current	552
PFI Lease Liability - Deferred	1,284

The above listed commitments are affected by past inflation – previous price rises will be built into future payments – and also by future inflation – which gives rise to uncertainty about future payments.

8. Leases

Transitional accounting adjustments

In 2024/25, the authority applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of- use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the authority's incremental borrowing rate at that date
- The incremental borrowing rate used to discount liabilities was 4.9% in line with PWLB loan rate for an equivalent borrowing profile to that already utilised by the Authority. As there is only a single lease accounted for under IFRS 16 this also represents the weighted average.
- right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded
- all leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 Balance Sheet.

This has resulted in the following additions to the Balance Sheet:

- £735k Property, plant and equipment – land and buildings (right-of-use assets)
- £549k Non-current creditors (lease liabilities)
- £186k Current creditors (lease liabilities)

The newly recognised lease liabilities of £735k compare with operating lease commitments of £871k at 31 March 2024. This represents the discounted present value of all right-of-use assets held by the Authority as at 1 April 2024.

Authority as lessee

The authority's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles. Most are individually immaterial; however, material leases include:

- The lease for the headquarters building commenced in June 2017 for a term of 20 years with break options. Rentals and service charges are set annually by the landlord, subject to the terms of the lease contract. The value of the asset as at 31 March 2025 was £549k

Right-of-use assets

Right-of-use assets including PFI are disclosed in note 14 "Summary of Capital Expenditure and Non-Current Asset Disposals''. Corresponding liabilities excluding PFI are disclosed in note 20 "Creditors". All other IFRS 16 disclosures relating to PFI are disclosed in note 7 "Undischarged obligations – Private Finance Initiative (PFI) scheme (Joint Training Centre)".

Right of use assets in 2024/25 relate 100% to Land & Buildings.

Transactions under leases (excluding PFI)

Transactions for leases, both under IFRS16 and those qualifying under exemption, are as per the following table;

2023/2024 £'000		2024/2025 £'000
	Comprehensive Income and Expenditure	
34,520	Interest expense on lease liabilities	27,743
28,281	Expense relating to exempt leases of low-value items	20,535
62,801		**48,278**
	Cash Flow Statement	
282,628	Minimum Lease Payments	**234,591**

Maturity Analysis of Lease Liabilities

The lease liabilities, both under IFRS16 and those qualifying under exemption, are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

Balance at 31 March 2024 £'000		Balance at 31 March 2025 £'000
234,591	Less than one year	220,533
610,737	One to five years	395,406
26,010	More than five years	20,808
871,338	**Total undiscounted liabilities**	**636,747**

9. Members' Allowances

In accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) the total sums paid by Avon Fire Authority to members/co-optees under the Avon Fire Authority Members' Allowances Scheme for 2024/25 are set out on the following page. The summary of allowances, which have been paid under this scheme are as follows:

2023/2024 £'000		2024/2025 £'000
87	Allowances	90
87	**Total**	**90**

A copy of the Members' Allowances Scheme and of the record of payments made under the scheme are available for inspection by appointment at Police and Fire Headquarters, Valley Road, Portishead, Bristol, BS20 8JJ between 8.30am and 4.30pm Monday to Friday (excluding public holidays).

A detailed list of individual payments can be seen below:

2023/2024 £	Recipient	Basic Allowance £	Special Responsibility Allowance £	Travel & Subsistence Expenses £	2024/2025 £
503	Councillor A Ali	-	-	-	-
292	Councillor J Ashe	-	-	-	-
2,444	Councillor L Brennan	96	-	-	96
292	Councillor S Bromley	-	-	-	-
292	Councillor E Brown	-	-	-	-
339	Councillor T Butters	-	-	-	-
-	Councillor C Cronnelly	2,766	-	-	2,766
685	Councillor D Davies	-	-	-	-
3,020	Councillor R Eddy	3,156	1,671	-	4,827
3,691	Councillor P Goggin	3,156	7,529	-	10,685
2,408	Councillor R Hardie	3,156	380	101	3,637
-	Councillor C Hayward	2,647	-	-	2,647
281	Councillor H Hopkinson	-	-	-	-
2,408	Councillor P Hulme	280	-	-	280
526	Councillor R Jacobs	-	-	-	-
-	Councillor T Kent	2,664	-	-	2,664
292	Councillor Y Kumar	-	-	-	-
16,954	Councillor B Massey	280	1,318	-	1,598
2,424	Councillor P May	3,156	-	-	3,156
3,020	Councillor Y Mohamud	3,156	-	-	3,156
921	Councillor A Monk	-	-	-	-
674	Councillor R Moss	3,156	-	49	3,205
-	Councillor K Murphy	2,577	-	-	2,577
6,169	Councillor B Nutland	2,367	9,575	222	12,164
5,499	Councillor R Payne	3,156	2,082	-	5,238
-	Councillor S Ralston	2,638	-	-	2,638
-	Councillor T Renhard	2,664	1,671	-	4,335
2,408	Councillor M Riddle	3,156	-	-	3,156
2,416	Councillor O Saini	3,156	-	58	3,214
4,898	Councillor S Smith	280	185	-	465
2,408	Councillor D Stansfield	3,156	-	-	3,156
2,408	Councillor D Thomas	3,156	-	29	3,185
4,898	Councillor R Tucker	382	252	-	634
3,148	Councillor A Varney	492	74	25	591
1,855	Councillor K Walker	-	-	-	-
5,569	Councillor D Wilcox	3,156	2,082	-	5,238
2,408	Councillor M Williams	3,156	-	-	3,156
1,000	Mr J Mason	-	500	-	500
836	Mr D Powell	945	-	254	1,199
87,386		62,106	27,319	738	90,163

10. **Employees' Remuneration**

The Authority is required, by the Accounts and Audit Regulations 2015, to disclose the number of employees whose remuneration, excluding employer pension contributions, was £50,000 or more in bands of £5,000 and this information is set out in the following table – staff included in the senior officer remuneration table (note 11) are not included in this table:

2023/2024 No. of Employees	Remuneration Band	2024/2025 No. of Employees
46	£50,000 - £54,999	77
23	£55,000 - £59,999	40
16	£60,000 - £64,999	26
9	£65,000 - £69,999	11
7	£70,000 - £74,999	12
6	£75,000 - £79,999	5
2	£80,000 - £84,999	6
1	£85,000 - £89,999	2
2	£90,000 - £94,999	1

The number of exit packages, with total cost per band, are set out in the table below.

2023/2024			2024/2025			
No. of departures agreed	Total cost of exit packages in each band £,000	Exit Package Cost Band (including special payments)	No. of Compulsory Redundancies	No. of other departures agreed	Total no. of exit packages by cost band	Total cost of exit packages in each band £,000
-	-	£0 - £20,000	-	1	1	-
-	-	Total	-	1	1	-

11. Senior Officer Remuneration

Under the CIPFA Code of Practice, the Authority is required to disclose individual remuneration details for senior employees. Senior employees are defined as those employees who have a role in the overall management of the organisation. For the Fire Authority, it is deemed that this applies to the Service Leadership Board (SLB) and the statutory officers who are the Statutory Finance Officer and the Clerk & Monitoring Officer. The Chief Fire Officers name also needs to be disclosed.
Details of their remuneration and amounts paid to them in the year, are shown in the following table:

Post Holder		Salary Incl. Fees & Allowances	Benefits in Kind	Compensation for Loss of Office	Pension Contributions	Note	Total Remuneration Including Pension Contributions
		£	£	£	£		£
Chief Fire Officer & Chief Executive - S Shilton	**2024/2025**	**175,663**	**-**	**-**	**60,317**		**235,980**
	2023/2024	174,563	-	-	48,281		222,844
Assistant Chief Fire Officer - Director of Service Delivery - S Imrie	**2024/2025**	**20,544**	**-**	**-**	**7,540**	**1**	**28,085**
	2023/2024	127,141	-	-	36,616		163,757
Assistant Chief Fire Officer - Director of Service Delivery Support - R Welch	**2024/2025**	**128,920**	**-**	**-**	**45,237**		**174,157**
	2023/2024	129,287	-	-	35,515		164,802
Assistant Chief Fire Officer - Director of Service Delivery - L Gazzard	**2024/2025**	**102,396**	**-**	**-**	**36,316**	**2**	**138,714**
	2023/2024	-	-	-	-		-
Interim Assistant Chief Fire Officer - Director of Service Improverment - P Lyons	**2024/2025**	**93,389**	**-**	**-**	**19,051**	**3**	**112,443**
	2023/2024	-	-	-	-		-
Director of Corporate Services	**2024/2025**	**39,481**	**-**	**24,585**	**6,374**	**4**	**70,444**
	2023/2024	110,503	-	-	18,705		129,208
Director of Corporate Services	**2024/2025**	**54,088**	**-**	**-**	**9,564**	**5**	**63,657**
	2023/2024	-	-	-	-		-
Statutory Finance Officer	**2024/2025**	**77,338**	**-**	**-**	**13,761**		**91,099**
	2023/2024	66,234	-	-	11,846		78,080
Interim Treasurer	**2024/2025**	**-**	**-**	**-**	**-**		**-**
	2023/2024	9,033	-	-	-	6	9,033
Legal Advisor, Clerk & Monitoring Officer	**2024/2025**	**69,166**	**-**		**12,952**		**82,118**
	2023/2024	76,563	-		12,952		89,515
Total 2024/2025		**760,985**	**-**	**24,585**	**211,112**		**996,682**
Total 2023/2024		693,324	-	-	163,915		857,239

(1) Retired -leaving date 31/05/2024
(2) Appointed 12/06/2024
(3) Appointed 12/07/2024
(4) Left employment on 31/07/2024
(5) Appointed 01/10/2024
(6) Interim appointment ended 09/05/2023.

12. **Related Party Transactions**

The Code of Practice requires disclosure of material transactions with 'related parties' – bodies or individuals including key management / personnel that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. For 2024/2025 the appropriate items are as follows:

- UK Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates; provides the majority of its funding in the form of grants (Revenue Support Grant and other specific grants) and redistributed non-domestic rates – (£23,620k) (PY (£20,248k)).

- Members of the Authority have direct control over the Authority's financial and operating policies. They have been asked to provide information regarding Related Party transactions and the table above in Note 9 has been populated with all the relevant information received.

- Officers of the Authority have been asked to provide information regarding Related Party transactions and the table above in Note 11 has been populated with all the relevant information received.

- Other local authorities:
  - Bristol City Council as a billing Authority responsible for collecting council tax & business rates on behalf of the Fire Authority for its area. Income of (£13,814k) was received plus an accrued amount of £188k (PY (£13,133k) & £19k). Also is a provider of financial services to the Fire Authority £269k (PY £263k).

  - Bath & North East Somerset Council as a billing Authority responsible for collecting council tax & business rates on behalf of the Fire Authority for its area. Income of (£6,587k) was received plus accrued amount of (£134k) ((PY (£6,424k) & (£142k)) and as the Authority responsible for administering the Avon Pension Fund, with contributions paid over in respect of Fire Authority employees £2,215k (PY £1,989K) and, from April 2023 to February 2024, all prior year, payments in respect of the Firefighters' pension scheme (PY £20,962k).

  - North Somerset Council as a billing Authority responsible for collecting council tax and business rates on behalf of the Fire Authority for their areas. Income of (£7,611k) was received plus accrued amount of (£189k) (PY (£7,395k) & (£152k))

  - South Gloucestershire Council as a billing Authority responsible for collecting council tax and business rates on behalf of the Fire Authority for their areas. Income of (£10,089k) was received plus accrued amount of £379k (PY(£9,910k) & £446k)

  - City of Bradford Metropolitan District Council as the Authority responsible, from March 2024, for administering the West Yorkshire Pension Fund regarding payments in respect of the Firefighters' pension scheme £22,979k (PY £1,685k)

- Other public bodies:
  - Public Works Loan Board provides a long-term loan and the cost of servicing this debt is £221k (PY £221k).

- Police and Crime Commissioner for Avon and Somerset own the premises of the Authority’s headquarters and the cost of the service charge is £227k (PY £267k).

13. Adjustments Between Accounting Basis & 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.

2023/2024 Fund balance £'000	2023/2024 Movement in Unusable Reserves £'000		2024/2025 Fund balance £'000	2024/2025 Movement in Unusable Reserves £'000
		Adjustments primarily involving the Capital Adjustment Account		
		Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:		
4,713	(4,713)	Charges for depreciation, impairment & revaluation of non-current assets	4,582	(4,582)
35	(35)	Amortisation of intangible assets	33	(33)
(26)	26	Capital Grants & Contributions applied	-	-
(106)	106	(Profit)/Loss on sale of non- current assets	(25)	25
		Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement		
(500)	500	Capital expenditure charged against Fund balance	-	-
(476)	476	Statutory Provision for the Repayment of Debt - MRP	(444)	444
(269)	269	Statutory Repayment of Debt - PFI	(521)	521
-	-	Statutory Repayment of Debt - Lease	(186)	186
(44)	44	Voluntary Provision above MRP	(1)	1
		Adjustments primarily involving the Pensions Reserve		
12,185	(12,185)	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 26)	15,110	(15,110)
(8,409)	8,409	Employer's pension contributions and direct payments	(10,602)	10,602
		Adjustments primarily involving the Collection Fund Adjustment Account		
(42)	42	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	97	(97)
		Adjustments primarily involving the Accumulated Absences Account		
29	(29)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	4	(4)
7,090	**(7,090)**	**Total Adjustments**	**8,047**	**(8,047)**

14. Summary of Capital Expenditure and Non-Current Asset Disposals

Property, Plant and Equipment

Movements in Property, Plant and Equipment assets during the year are as follows:

	Asset held for sale £'000	Asset under construction £'000	Land & Buildings £'000	PFI £'000	Right of use £'000	Vehicles & Equipment £'000	**Total £'000**
Cost or Valuation							
1 April 2024	-	313	59,515	7,975	-	31,223	**99,026**
IFRS 16 transition	-	-	-	1,007	735	-	**1,742**
Additions	-	347	992	-	-	564	**1,903**
Disposals	-	-	(12)	-	-	(427)	**(439)**
Revaluation (Decrease)/Increases to Revaluation Reserve	(10)	-	2,628	(753)	-	-	**1,865**
Revaluation increases to (Surplus)/Deficit on the provision of Services	-	-	(1,931)	-	-	-	**(1,931)**
IRFS 16 remeasurement	-	-	-	38	-	-	**38**
Transfer	270	-	(270)	-	-	-	**-**
31 March 2025	**260**	**660**	**60,922**	**8,267**	**735**	**31,360**	**102,204**
Depreciation and impairments							
1 April 2024	-	-	(228)	(5,324)	-	(19,110)	**(24,662)**
Charge for year	-	-	(1,690)	(915)	(186)	(1,766)	**(4,557)**
Disposals	-	-	12	-	-	427	**439**
Depreciation written out to deficit on the provision of services	-	-	1,906	-	-	-	**1,906**
Depreciation written out to the revaluation reserve	-	-	-	-	-	-	**-**
31 March 2025	**-**	**-**	**-**	**(6,239)**	**(186)**	**(20,449)**	**(26,874)**
Net book value of assets at 31 March 2024	**-**	**313**	**59,287**	**2,651**	**-**	**12,113**	**74,364**
Net book value of assets at 31 March 2025	**260**	**660**	**60,922**	**2,028**	**549**	**10,911**	**75,330**

	Asset under construction £'000	Land & Buildings £'000	2023/2024 PFI £'000	Vehicles & Equipment £'000	**Total £'000**
Cost or Valuation					
1 April 2023	1,716	58,618	7,975	29,807	**98,116**
Additions	872	2,647	-	765	**4,284**
Disposals	-	-	-	(1,624)	**(1,624)**
Revaluation (Decrease)/Increases to Revaluation Reserve	-	395	-	-	**395**
Revaluation increases to (Surplus)/Deficit on the provision of Services	-	(2,145)	-	-	**(2,145)**
Transfer	(2,275)		-	2,275	**-**
31 March 2024	**313**	**59,515**	**7,975**	**31,223**	**99,026**
Depreciation and impairments					
1 April 2023	-	-	(4,660)	(19,032)	**(23,692)**
Charge for year	-	(2,366)	(663)	(1,677)	**(4,706)**
Disposals	-	-	-	1,599	**1,599**
Depreciation written out to deficit on the provision of services	-	2,137	-	-	**2,137**
Depreciation written out to the revaluation reserve	-	-	-	-	**-**
31 March 2024	**-**	**(229)**	**(5,323)**	**(19,110)**	**(24,662)**
Net book value of assets at 31 March 2023	**1,716**	**58,618**	**3,315**	**10,775**	**74,424**
Net book value of assets at 31 March 2024	**313**	**59,286**	**2,652**	**12,113**	**74,364**

Intangible Non-Current Assets

Movements in intangible non-current assets during the year are as follows:

2023/2024 £'000	Intangible Assets (Purchased software licences)	2024/2025 £'000
	Original Cost	
667	1 April 2024 (2023)	**234**
(433)	Disposals	-
234	31 March 2025 (2024)	**234**
	Amortisation and impairments	
(599)	1 April 2024 (2023)	**(201)**
(35)	Charge for year	(33)
433	Disposals	-
(201)	31 March 2025 (2024)	**(234)**
68	**Net book value of assets at 31 March 2024 (2023)**	**33**
33	**Net book value of assets at 31 March 2025 (2024)**	**-**

15. Capital Expenditure and Sources of Finance

Capital expenditure and sources of finance were as follows:

2023/2024 £'000		2024/2025 £'000
2,647	Land and buildings	992
171	Vehicles	8
872	Assets Under Construction	347
302	Ops equipment	342
292	IT Hardware	214
4,284		**1,903**
3,627	Capital Reserve	1,878
131	Capital Receipts	25
500	Revenue Contributions	-
26	Capital Grants & Contributions	-
4,284		**1,903**

The Fire Authority determines its level of borrowing in accordance with the Prudential Code issued by CIPFA (subject to longstop controls). The Prudential Code requires the Fire Authority to ensure that its capital investment plans are affordable, prudent and sustainable.

One of the prudential indicators, which relates to affordability, is the capital financing requirement; this indicates the underlying need to borrow for capital purposes.

The table below shows how capital expenditure during the year has been financed (including the value of assets acquired under finance leases and the PFI contract), the sources of that finance and how this relates to the movement in the capital financing requirement during the year. The underlying need to borrow for capital purposes has also been analysed between borrowing supported by Government financial assistance and that which is not supported. The borrowing which is not supported relates to borrowing which the Authority has determined as prudent under the new prudential system.

2023/2024 £'000		2024/2025 £'000
11,893	Opening Capital Financing Requirement Prior to IFRS 16 adoption	11,104
-	PFI Initial remeasurement for IFRS 16	1,007
-	Lease Initial remeasurement for IFRS 16	735
11,893	Revised Opening Capital Financing Requirement	**12,846**
-	PFI leases liability remeasurement	37
	Capital Investment	
4,284	Property, Plant and Equipment	1,903
	Sources of finance	
(4,127)	Capital Reserves	(1,878)
(131)	Capital Receipts	(25)
(789)	Revenue Provision	(1,152)
(26)	Capital Grants & Contributions	-
11,104	Closing Capital Financing Requirement	**11,731**
	Explanation of movements in year	
-	PFI lease liability remeasurement	37
(476)	Decrease in underlying need to borrow (supported by Government financial assistance)	(444)
(313)	Decrease in underlying need to borrow (unsupported by Government financial assistance)	(708)
(789)	Decrease in Capital Financing Requirement	**(1,115)**

16. Capital Financing - Minimum Revenue Provision

The Authority is required by regulations, issued under the provisions of the Prudential Code, to make "prudent provision" for the redemption of debt. Whilst the term "prudent provision" is not defined in the regulations separate guidance has been issued on the interpretation of this term and the Authority has a legal obligation to comply with this.

For debt incurred prior to 1 April 2008 the Authority has opted to continue to use the "Regulatory Method" to calculate its Minimum Revenue Provision (MRP) as permitted under the guidance. Therefore, the amount required to be set aside is 4% of the Authority's Capital Financing Requirement.

For any borrowing made under the provisions of the Prudential Code, after 1 April 2008 the Authority is required to repay this debt over the life of the asset that it is being utilised to fund. The balance of outstanding Prudential borrowing taken after 1 April 2008 will be deducted from the Authority's Capital Financing Requirement to allow the Minimum Revenue Provision of 4% to be calculated. The repayment of prudential borrowing based on the life of the assets will then be added to this figure to arrive at the total MRP amount required to be set aside for the repayment of debt each year.

The calculation of the Authority's Capital Finance Requirement and its MRP and Voluntary Revenue Provision (VRP) is as follows:

2023/2024 £'000		2024/2025 £'000
	Opening Capital Financing Requirement as at 1 April Prior to IFRS 16 Adoption	
74,492	Fixed Assets	74,398
(28,411)	Revaluation Reserve	(27,798)
(34,188)	Capital Adjustments Account	(35,496)
11,893	Opening Capital Financing Requirement	**11,104**
-	PFI Initial remeasurement for IFRS 16	1,007
-	Lease Initial remeasurement for IFRS 16	735
11,893	Revised Opening Capital Financing Requirement	**12,846**
-	PFI leases liability remeasurement	37
(789)	Less in year statutory and voluntary revenue provision	(1,152)
11,104	Capital Financing Requirement	**11,731**
476	MRP	444
44	VRP	1
269	PFI & Finance Lease Repayments	707
789		1,152

17. Non-Current Asset Valuation

The code requires assets carried at fair value to have a valuation at least every five years as a minimum, but these should be revalued more regularly if a five-yearly valuation would be insufficient to reflect material changes in value. Where there has been no material change, the Authority has chosen to carry out the valuation of its properties on a five-year rolling basis. A full valuation for Land and Buildings was completed for the year ended March 2024 by Bruton Knowles. A desktop valuation of the entire portfolio was again completed by Bruton Knowles for the year ended March 2025, except for Bedminster Station which had a full valuation and transferred back to Land and Buildings following the completed capital works.

Where appropriate the Authority's properties have been valued on the basis of open market value for existing use. However, the nature of the Authority's portfolio in terms of design, configuration and location, e.g. fire stations, has meant that the depreciated replacement cost approach has been considered more appropriate for the majority of its premises.

The depreciated replacement cost assumes that the asset would be replaced with a modern equivalent, not a building of identical design, with the same service potential as the existing asset. The modern equivalent may well be smaller than the existing asset, for example due to technological advances in plant and machinery.

The finite useful life of the Authority's assets on which depreciation has been provided are estimated as follows:

Assets	Years
Buildings	10-100
Fleet	5-20
Communication equipment	12
Computer equipment	4-8
Other equipment	3-15

Intangible Assets are amortised on a straight-line basis over five years.

18. Debtors

An analysis of debtors, amounts due in less than one year, is shown in the table below:

31/03/2024 £'000		31/03/2025 £'000
36	Trade Debtor	25
525	VAT - Non trade	292
2,484	Collection Fund - Non Trade	2,563
4,356	Pension top up grant - Non trade	316
459	Payment in Advance - Trade	582
2,464	Payment in Advance - Non trade	2,122
898	Other - Non trade	1,192
11,222		7,092

19. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements. The Authority does not hold any short-term deposits:

31/03/2024 £'000		31/03/2025 £'000
1,770	Bank Current Accounts in-hand	7,948
1,770		7,948

20. Creditors

An analysis of creditors, amounts due in less than one year, is shown in the table below:

31/03/2024 £'000		31/03/2025 £'000
(258)	Trade Creditors	(336)
(1,376)	Trade Accruals	(959)
(1,027)	Receipts in Advance - Collection Fund	(1,255)
-	Receipts in Advance - Government Funding RSG	(2,928)
(779)	PAYE - Non-trade	(821)
(1,559)	Other - Non-trade	(2,316)
(4,999)		(8,615)

21. Analysis of Borrowing

The loans outstanding consist of two through The Public Works Loan Board. The maturity of long-term loans is as follows:

31/03/2024 £'000		31/03/2025 £'000
-	Between 1 and 2 years	-
-	Between 2 and 5 years	(3,500)
(3,500)	Between 5 and 10 years	-
(3,500)	Over 10 years	(3,500)
(7,000)	Total long-term borrowing at year-end	(7,000)

As at 31 March 2025 (2024) the Authority had deferred borrowing of £2,347k (£2,792k).

22. Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long-term 31 March 2024 £'000	Long-term 31 March 2025 £'000	Current 31 March 2024 £'000	Current 31 March 2025 £'000
Financial Liabilities at amortised cost	(8,018)	(8,639)	(2,054)	(2,592)
Total borrowings	**(8,018)**	**(8,639)**	**(2,054)**	**(2,592)**
Financial Assets at amortised cost	-	-	7,063	9,484
Total debtors	**-**	**-**	**7,063**	**9,484**

Reconciliation note

The code requires a reconciliation to be made between the Balance Sheet and the Financial Instruments note where figures differ. The amounts listed in the table below have been excluded because they are not considered Financial Instruments.

	Current 31 March 2024 £'000	Current 31 March 2025 £'000
Financial Liabilities at amortised cost as above	**(2,054)**	**(2,592)**
Statutory debt in relation to HMRC	(779)	(821)
Receipts in Advance - Government Funding RSG	-	(2,928)
Receipts in advance and overpayments in relation to Council Tax .	(1,027)	(1,255)
Short-term liabilities in relation to the Collection Fund	(911)	(829)
Accumulated Absence	(100)	(105)
Fire Fighter pension scheme - Ill health	(128)	(85)
Short-term Creditors per note 20	**(4,999)**	**(8,615)**

Financial Instruments Gains/Losses

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

2023/2024	Financial Liabilities measured at amortised costs £'000	Financial Assets Loans & Receivables £'000	Total £'000
Interest expense			
- Loan & Leases	249	-	249
- PFI	178	-	178
Interest payable and similar charges	**427**	**-**	**427**
Interest income	-	(477)	(477)
Interest and Investment Income	**-**	**(477)**	**(477)**
Net loss/(gain) for the year	**427**	**(477)**	**(50)**

Fair Values

Financial Liabilities and Financial Assets represented by loans and receivables are carried on the Balance Sheet at amortised cost. The fair value through profit and loss can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans, the new maturity rates from the Public Works Loan Board (PWLB) as available at 31 March have been applied to provide the fair value;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Financial Liabilities

	31 March 2024 Carrying Amount £'000	31 March 2024 Fair Value £'000	31 March 2025 Carrying Amount £'000	31 March 2025 Fair Value £'000
Loan Debt				
Public Works Loan Board	(7,000)	(6,562)	(7,000)	(6,314)
Deferred Liability - PFI	(1,018)	(1,018)	(1,284)	(1,284)
Deferred Liability - Leases	-	-	(355)	(355)
Total debt	**(8,018)**	**(7,580)**	**(8,639)**	**(7,953)**
Trade and other creditors	(2,054)	(2,054)	(2,592)	(2,592)
Total Financial Liabilities	**(10,072)**	**(9,634)**	**(11,231)**	**(10,545)**

The fair value is less than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the Balance Sheet date.

Financial assets held at amortised cost

	31 March 2024 Carrying Amount £'000	31 March 2024 Amortised Cost £'000	31 March 2025 Carrying Amount £'000	31 March 2025 Amortised Cost £'000
Financial assets held at amortised cost				
Bank and cash	1,770	1,770	7,948	7,948
Total debt / (credit)	**1,770**	**1,770**	**7,948**	**7,948**
Trade and other debtors	5,293	5,293	1,536	1,536
Total Loans and Receivables	**7,063**	**7,063**	**9,484**	**9,484**

Reconciliation note

The Code of Practice requires a reconciliation to be made between the Balance Sheet and the Financial Instruments note where figures differ. The amounts listed in the table below have been excluded because they are not considered Financial Instruments.

	Current 31 March 2024 £'000	Current 31 March 2025 £'000
Trade and other Debtors per above	**5,293**	**1,536**
Payments in advance	2,923	2,704
Short-term Debtors in Council Tax	3,573	4,017
Short-term Debtors in relation to the Collection Fund	739	585
Provision for bad debt	(1,831)	(2,042)
Short-term Debtors in VAT	525	292
Short-term Debtors per note 18	**11,222**	**7,092**

Nature and Extent of Risk Arising from Financial Instruments and How the Authority Manages those Risks

Key Risks

The Authority's activities expose it to a variety of financial risks; the key risks are:

- 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 might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- Market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rate movements.

Overall Procedures for Managing Risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the *Local Government Act 2003* and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
    - The Authority's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates;
    - Its maximum and minimum exposures to the maturity structure of its debt;
    - Its maximum annual exposures to investments maturing beyond a year; and
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Authority's annual budget and council tax setting at the Fire Authority committee. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported annually to Members.

These policies are implemented by Bristol City Council under the terms of a Financial Services contract. The Authority maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

The Authority's treasury portfolio is not of a significant size to provide significant treasury risk.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above, which gives priority to security and liquidity rather than yield.

The Authority's surplus cash is invested with Bristol City Council. A fixed payment, or charge if overdrawn, on the daily cash balance is set at overnight SONIA, less 25 basis points. As such this further reduces the credit risk to negligible amounts.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default of payment due assessed by the ratings agencies and the Authority's experience of its customer collection levels over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2025 £'000	Historical experience of default	Adjustments for market conditions at 31 March 2025	Estimated maximum exposure to default at 31 March 2025 £'000	Estimated maximum exposure to default as reported 31 March 2024 £'000
Other counterparties - Local Authorities	1,206	0.0%	0.0%	-	-
Other counterparties - NHS	-	0.0%	0.0%	-	-
Other counterparties - Central Government	831	0.0%	0.0%	-	-
Trade and other debtors	3,076	0.0%	0.1%	3	3
	5,113			**3**	**3**

No breaches of the Authority's counterparty criteria occurred during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Authority does not generally allow credit for its trade debtors. An analysis of debtors with reference to specific debtors and individual debts, not a formula basis, at the year-end has been carried out and an impairment to financial assets provision of £3k has been created to cover the risk of default. Due to the small number and value of debts the Authority's write off policy is on a case by case basis when there is no reasonable expectation of recovery, which is seen a definition of default, even though they are still subject to enforcement activity. There has been no change in our approach during the year and no material change from one year to another or expected in future years.

Liquidity risk

The Authority's Treasury Management function is managed by Bristol City Council under a Financial Services contract. Bristol City Council has ready access to borrowings from the Money Markets to cover any day-to-day cash flow need. There is therefore no significant risk that the Authority will be unable to raise finance to meet its commitments under financial instruments.

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well through cash flow management procedures, undertaken on its behalf by Bristol City Council, required by the Code of Practice.

Refinancing and Maturity Risk

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury and investment strategies address the main risks and Bristol City Council manages the operational risks within the approved parameters.

The maturity analysis of financial liabilities is as follows:

2024/2025	£'000
Less than one year	(2,592)
Between 1 and 2 years	(956)
Between 2 and 5 years	(4,183)
More than 5 years	(3,500)
	(11,231)

The maturity analysis of financial assets is as follows:

2024/2025	£'000
Less than one year	9,484
Between 1 and 2 years	-
Between 2 and 5 years	-
More than 5 years	-
	9,484

Market risk

Interest rate risk

Interest on the Authority's existing borrowing is based upon long-term fixed interest rate maturity loans and therefore there is minor exposure to interest rate movements. However, as previously indicated the Authority has deferred borrowing of £2,347k which is being funded by utilising balances to offset borrowing in the short term in accordance with the Authority's approved Treasury Management Strategy.

A differential increase in interest rates between long-term and short-term rates would lead to an interest rate exposure for the Authority. This risk can be mitigated against increased counterparty risks associated with lending surplus balances as part of the treasury management function. The effect of a 1% change (rise or fall) in rates on interest rate risk relating to deferred borrowing of £2,347k would be £23k.

The Authority has earned interest on bank balances based on the average monthly overnight SONIA, less 25 basis points. This is paid by Bristol City Council as part of the Financial Services Contract. During 2024/25 the Authority has earned interest at an average rate of just over 4.6%. Based on current market conditions, the Authority does not expect interest rates to rise or fall by more than 1% in the next 12 months.

The Authority has applied a discount rate of 4.8% to calculate the fair value of loans.

Effects of a 1% rise in rates:

The effect of a 1% interest rate rise on Bank Interest receivable:

2024/2025	£'000
Increase in interest receivable on variable rate investments	94
Impact on Surplus or Deficit on the Provision of Services	**94**

The effect of a 1% rise in the Discount rate used to calculate the Fair Value of the loans:

2024/2025	£'000
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(651)

Effects of a 1% fall in rates:

The effect of a 1% interest rate fall on Bank Interest receivable:

2024/2025	£'000
Decrease in interest receivable on variable rate investments	(94)
Impact on Surplus or Deficit on the Provision of Services	**(94)**

Effect of a 1% fall in the Discount rate used to calculate the Fair Value of the loans:

2024/2025	£'000
Increase in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	477

The methodology and assumptions are based on a 1% movement in rates as this is a simple visual comparator. Obviously, rates could change by different amounts and so the impact would be proportionate.
These assumptions are using the same methodology as used in this Financial Instrument Note – Fair value of Assets and Liabilities carried at Amortised Cost on page 61.

Price risk - The Authority does not generally invest in instruments with this type of risk.

Foreign exchange risk - The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

23. Short Term Provisions

	Balance at 31 March 2023 £'000	Additional Provisions Made in 2023/2024 £'000	Amounts Utilised in 2023/2024 £'000	Balance at 31 March 2024 £'000	Additional Provisions Made in 2024/2025 £'000	Amounts Utilised in 2024/2025 £'000	Balance at 31 March 2025 £'000
NDR Appeals	560	409	(560)	409	439	(409)	439
Major Repairs	203	-	(203)	-	-	-	-
Legal Costs	93	-	-	93	30	(93)	30
	856	409	(763)	502	469	(502)	469

Details of the Authority's Short-term Provisions are as follows:

- National Domestic Rates (NDR) Appeals
  This provision has been created to allow for the cost of possible NDR Appeals. The timing is dependent on the Valuation Office hearing and passing judgement on these appeals.

- Major Repairs
  This provision was released to capital during 2023/2024.

- Legal Costs
  This provision has been created in response to ongoing cases which may require the Fire Authority to pay an amount, £30k is the best estimate based on the current information available, likely to be paid in 2025/2026.

24. **Usable Reserve**

	Balance at 1 April 2023 £'000	Transfers between in 2023/2024	Transfers in 2023/2024 £'000	Trsfers out 2023/2024 £'000	Balance at 31 March 2024 £'000	Transfers between in 2024/2025 £'000	Transfers in 2024/2025 £'000	Transfers out 2024/2025 £'000	Balance at 31 March 2025 £'000
Working Fund Balance	1,500		-	-	1,500	-	-	-	1,500
	1,500	**-**	**-**	**-**	**1,500**		**-**	**-**	**1,500**
Pension & Budget Pressures Reserves Incl.									
Priority Programmes Reserve	418	1	235	-	654	(21)	269	(179)	723
Immediate Detriment Pension Reserve	347	(244)	-	(53)	50	-	-	-	50
Legal Fees Reserve	30	150	392	(30)	542	(240)	-	-	302
Community Safety Reserve	25	(25)	-	-	-	-	-	-	-
Document Management & Retention System Reserve	60	-	-	-	60	-	-	-	60
ESMCP Reserve	611	-	-	-	611	-	-	-	611
Transformation Reserve	866	-	-	(581)	285	-	-	(285)	-
Communication - UPS / Station End upgrade Reserve	30	(30)	-	-	-	-	-	-	-
Control & Communications - Welfare Reserve	25	(25)	-	-	-	-	-	-	-
National Operational Guidance Reserve	300	(300)	-	-	-	-	-	-	-
IT Infrastructure Reserve	253	(52)	-	-	201	-	-	-	201
Ill Health Pension Reserve	230	-	-	(155)	75	-	-	-	75
Technical Fire Safety Reserve	357	-	403	(278)	482	261	330	(493)	580
Investment Fund Reserve	98	-	-	-	98	-	-	(80)	18
Medical Intervention Reserve	31	(31)	-	-	-	-	-	-	-
Cultural Improvement Reserve	-	100	-	-	100	-	100	-	200
PFI Exit Reserve	-	201	-	-	201	-	-	-	201
PPE Refreash Reserve	-	-	-	-	-	-	200	-	200
Mobilising Implementation Costs Reserve	-	-	-	-	-	-	750	-	750
	3,681	**(255)**	**1,030**	**(1,097)**	**3,359**	**-**	**1,649**	**(1,037)**	**3,971**
PFI Equalisation Fund	1,074	-	-	(253)	821	-	-	(224)	597
General Capital Reserve	8,603	255	500	(4,127)	5,231	-	25	(1,903)	3,353
Total Usable Reserve	**14,858**	**-**	**1,530**	**(5,477)**	**10,911**	**-**	**1,674**	**(3,164)**	**9,421**

Details of the Authority's approved designated reserves are shown in the table above, and explanations of any movement during the year are as follows:

a. Priority Programmes (formally Invest to Save) Reserve
This reserve has been maintained to fund future initiatives and programmes to assist the Authority in achieving its medium-term financial targets. It is anticipated that this reserve will be utilised over the next three to four years.

In 2023/2024 an amount of £236k has been added / transferred to this reserve to ensure future investment requirements can be met.

In 2024/2025 a transfer from the legal fees reserve was added to the Priority Programmes Reserve, offset by a transfer from the reserve to the Technical Fire Safety Reserve, to ensure this TFS reserve aligned to Home Office records.

During 2024/25 the reserve has been utilised to partially fund the costs of the efficiency and savings work that is ongoing in the Service. The reserve has been increased during 2024/25 to ensure funding is available for the efficiencies and savings programme during 2025/26.

b. Immediate Detriment Pension Reserve
This reserve has been created to assist in financing the additional costs expected relating to Immediate Detriment cases. £53k has been used and £244k transferred out in 2023/2024. The balance of the reserve acts as a contingency for remaining costs expected to be incurred in future years.

c. Legal Fees Reserve
This reserve has been set up to fund expenditure associated with legal claims, primarily property and employee costs. This reserve will be utilised as required.
£240k has been transferred out of this reserve during 2024/25 due to several previously ongoing legal claims having been resolved and settled during the year. The remaining balance provides a contingency for current ongoing claims.

d. Community Safety Reserve
This reserve was fully transferred to other reserves in 2023/2024.

e. Document Management and Retention System Reserve
This reserve has been set up to fund the development of a document management system to improve administration and ensure legal compliance.

f. Emergency Services Mobile Communication Programme (ESMCP) Reserve
Government grants have been received by Avon Fire and Rescue to fund the ESMCP project. These funds cannot be used for any other purpose.
This project was historically paused and has been recently re-opened with the reserve balance having been returned post year end. The new funding processes going forwards are still to be confirmed.

g. Transformation Reserve
This reserve has been created to undertake digitalisation and corporate level projects of the Authority. Digitalisation includes the implementation of Office 365, incident resource management and business process re-engineering. Corporate level projects include collaboration and Firewatch enhancement.

£457k was set aside in 2018/2019, with a further £1,354k being transferred from the Improvement Programme Reserve during 2019/2020. £113k was used in 2020/2021, £343k in 2021/2022, £489k in 2022/2023 and £581k in 2023/2024.The balance has been utilised during 2024/2025, with the transformation programme now completed as at 31 March 2025.

h. Communication – Uninterruptable Power Supply (UPS) / Station End Upgrade Reserve

This reserve was fully transferred to other reserves in 2023/2024.

i. Control & Communications – Welfare Reserve

This reserve was fully transferred to other reserves in 2023/2024.

j. National Operational Guidance Reserve

This reserve was fully transferred to other reserves in 2023/2024.

k. IT Infrastructure Reserve

To address problems identified with the existing IT structure resulting from the recent review undertaken. An amount of £406k was transferred in during 2019/2020. £56k was utilised in 2020/2021, £97k in 2021/2022 and £52k transferred out in 2023/2024. The balance will be used to fund future IT investment to support the IT Strategy of the Service.

l. Ill Health Pension Reserve

This reserve has been created to assist in the financing of ill-health pension retirements where costs of two or four times the retiree's salary are paid to the Department for Communities and Local Government. £155k was used in 2023/2024. There have been no movements on this reserve during 2024/25.

m. Technical Fire Safety Reserve

This reserve has been created from funds received from the Home Office to support the work specified as part of the Building Risk Review which is currently underway. In 2023/2024 £403k has been added to this reserve and £278k has been utilised.
A full review of the reserve has been completed during 2024/25, resulting in a transfer to the reserve of £259k to ensure the balance aligns with the records of the Home Office. This reserve has been increased during the year as a result of the specific grant funding received and utilised in line with the guidance from Central Government.

n. Investment Fund Reserve

This reserve has been created to provide funding for projects evaluated and approved in year for investment in Service Developments. The majority of this balance has been utilised during 2024/2025 to fund the first year of the appointment of the new ICT Manager post. The reserve will be fully utilised during 2025/26 to partially fund the costs of the ICT Manager.

o. Medical Intervention Reserve

This reserve was fully transferred to other reserves in 2023/2024.

p. Cultural Improvement Reserve

This reserve has been created during 2023/24 to fund additional costs expected to be incurred by the Service when addressing cultural issues recognised by HMIC FRS as part of the Spotlight review, as well as the Round 3 inspection during 2023/24. This has been increased by a further £100k during 2024/25 to ensure the Service has funds available to deliver against its cultural improvement plans.

q. PFI Exit Reserve

This reserve has been created in anticipation of the additional costs the Service is likely to incur over the coming years, ahead of the end of the PFI arrangement at the Severn Park Training Facility.

r. PPE Refresh Reserve

This reserve has been established during 2024/25 in anticipation of the future PPE refresh the Service will be required to undertake.

s. Mobilising System Implementation Costs Reserve

The Service has recently awarded the contract for a new mobilising (command and control) system. There are significant implementation costs associated with this new contract, expected to be incurred during 2025/26 and 2026/27. This reserve has been created to fund some of those implementation costs and is expected to be utilised over the next two years.

t. PFI Equalisation Fund

A grant from the Government for the PFI project, along with contributions from partners, is paid into an Equalisation Fund. This fund is administered by Gloucestershire County Council, on behalf of the partners and will reduce to zero by 31 March 2028.

u. General Capital Reserve

This reserve has been created to fund the ongoing capital commitments of the service. £25k of capital receipts have increased this reserve, and £1,903k of the reserve has been utilised to fund the capital programme. This reserve is expected to be fully utilised during 2025/26.

25. **Unusable Reserves**

Balance at 31 March 2024 £'000		Balance at 31 March 2025 £'000
27,798	**Revaluation Reserve**	28,928
35,496	**Capital Adjustment Account**	34,671
(505,791)	**Pensions Reserve**	(458,661)
137	**Collection Fund Adjustment**	40
(100)	**Accumulated Absences Account**	(105)
(442,460)	**Total Unusable Reserves**	**(395,127)**

Revaluation Reserve

2023/2024 £'000		2024/2025 £'000
28,411	**Balance at 1 April**	**27,798**
395	Adjustment to revaluation of assets	1,864
28,806	**Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**29,662**
(1,008)	Difference between fair value depreciation and historic cost depreciation	(734)
-	Reserve transfer with Capital Adjustment Account	-
27,798	**Balance at 31 March**	**28,928**

The revaluation reserve records the accumulated gains on the non-current assets held by the Authority arising from increases in value, as a result of inflation or other factors, to the extent that these gains have not been consumed by subsequent downward movements in value.

Where assets have been revalued the excess current value depreciation over the historic depreciation is charged to this reserve. On disposal, the revaluation reserve balance for the asset disposed of is written out to the Capital Adjustment Account. The overall balance on the reserve therefore represents the amount by which the value of non-current assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historic cost.
Whilst these gains arising from revaluations increases the net worth of the Authority's assets they would only represent an increase in spending power if the relevant assets were sold and capital receipts generated.

Capital Adjustment Account

2023/2024 £'000		2024/2025 £'000
34,188	**Balance at 1 April**	**35,496**
	Reversal of items relating to Capital Expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(4,713)	Depreciation and impairment of non-current assets	(4,581)
(35)	Amortisation of intangible assets	(33)
(25)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-
29,415		**30,882**
1,008	Adjusting amounts written out of the Revaluation Reserve	734
30,423	Net written out amount of the cost of non-current assets consumed in the year	**31,616**
	Capital Financing applied in the year	
3,784	Capital Grants and Capital Receipts credited to the Comprehensive Income and Expenditure Statement	1,903
476	Minimum revenue provision for capital financing	444
44	Voluntary revenue provision for capital financing	1
269	PFI & Finance Lease Repayments	707
500	Capital expenditure charged in-year to the fund balance	-
35,496	**Balance at 31 March**	**34,671**

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 which are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The account also contains revaluation gains accumulated on Property before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Pensions Reserve Summary – See Note 26 for further information

2023/2024 £'000		2024/2025 £'000
(507,914)	**Balance at 1 April**	**(505,791)**
5,899	Remeasurements of pensions assets and liabilities	51,638
(12,185)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(15,110)
8,409	Employer's pensions contributions and direct payments to pensioners payable in the year	10,602
(505,791)	**Balance at 31 March**	**(458,661)**

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 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 benefit 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.

This reserve relates to the two pension schemes, Firefighters and Local Authority, and additional information is shown in note 26.

Collection Fund Adjustment Account

2023/2024 £'000		2024/2025 £'000
95	**Balance at 1 April**	**137**
(1)	Bath and North East Somerset	8
130	Bristol City Council	(234)
(42)	North Somerset	127
(45)	South Gloucestershire	2
137	**Balance at 31 March**	**40**

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 taxpayers and business rate payers, compared with the statutory arrangements for paying across amounts to the Fire Authority from the billing authorities. The annual movement attributable to each of the four billing authorities is shown in the table above.

Accumulated Absences Account

2023/2024 £'000		2024/2025 £'000
(71)	**Balance at 1 April**	**(100)**
71	Settlement or cancellation of accrual made at the end of the preceding year	100
(100)	Amount accrued at the end of the current year	(105)
(29)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(5)
(100)	**Balance at 31 March**	**(105)**

26. Retirement 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 will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in two pension schemes:

- Local Government Pension Scheme

All staff, other than uniformed Firefighters, are eligible to join the Local Government Pension Scheme (LGPS). The scheme is administered by Bath & North East Somerset Council and is called the Avon Pension Fund. The Fund provides members with benefits related to length of service and final or average salary. It is a 'defined benefit' scheme. The Fund's Actuary carries out a valuation of the Fund every three years in accordance with government regulations. If the valuation indicates that there are insufficient assets to meet future liabilities, employer contribution rates are increased to make up the shortfall. The latest valuation was undertaken at 31 March 2022 and assessed the overall funding level at 91%.

For the year ended March 2025 the IAS19 assessment for the scheme has reported a net defined benefit asset. This has, however, been limited by the application of an asset ceiling because the net defined benefit asset (surplus) is not believed to be fully realisable by the Service. A surplus on a pension scheme can only be realised either through reductions in future contributions or refunds. Refunds are not available as part of the Local Government Pension Scheme and so an asset ceiling calculation has been performed by the scheme actuaries to assess the maximum benefit that could be achieved through reductions in future contributions, taking into account a minimum funding requirement on the scheme. This has limited the surplus recognised on the scheme, and in fact brought the scheme into a net defined liability (deficit) position. The impact of the asset ceiling is separately identified in the tables provided as part of this note.

- Firefighters' scheme

Regular Firefighters employed before 6 April 2006 were eligible to join the Firefighters' Pension Scheme but this scheme closed to new entrants from April 2006. The Employer contribution rate for this scheme was 37.3%.

A New Firefighters' Pension Scheme was introduced for regular and retained (on-call) Firefighters employed since 6 April 2006, which has different contribution rates payable into the scheme and benefits available to scheme members. The employer contribution rate for this scheme was 27.4%.

The arrangements for financing Firefighters' pensions which came into effect in April 2006 required the Authority to set up a new ring-fenced 'Pensions Account' from which pension payments, retirement lump sums and transfers out have been made. The Pensions account is funded by employee and employer contributions, the reimbursement by the employer of charges for ill-health early retirements and transfers into the scheme with any deficit / surplus at the year-end being met by / paid to central government. The employer contribution rate is determined by central government.

With effect from 1 April 2015 a new firefighters' pension scheme, "The 2015 Firefighters' Pension Scheme", was introduced to replace both the 1992 and 2006 schemes. All firefighters in the 1992 or 2006 schemes transferred to the new scheme on 1 April 2015 unless they were eligible for taper protection. Eligibility for taper protection was dependent on the age of the individual firefighter as at 1 April 2012. Following an age discrimination legal challenge, the transition to the 2015 scheme moved back to 01 April 2022 and there are remedy arrangements being put in place with reference to the 2015 to 2022 period. The Employer contribution rate for this scheme is 37.6%. Employee contributions vary according to salary, as shown in the table under Note 2 to the Firefighters' Pension Fund Account on page 93.

As part of the Retained Firefighters' Pension Settlement the Government has introduced the terms under which individuals that were employed as Retained (on-call) Firefighters between 1 July 2000 and 5 April 2006 are entitled to purchase pension rights. The pension benefits are incorporated within the Firefighters' Pension Scheme 2006 as it does not constitute a scheme on its own but rather a new modified section of the 2006 Scheme with different benefits. The modified scheme will be subject to the reforms that apply to the 1992 and 2006 schemes.

Transactions Relating to Retirement Benefits

The costs of retirement benefits are recognised in the Surplus or Deficit on Provision of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge required to be met from council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The transactions shown in the table on the next page have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Firefighters' Scheme		Total of Schemes	
	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025
	£'000	£'000	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement						
Costs of Services:						
Current Service Cost	1,289	1,309	2,630	2,620	3,919	3,929
Past Service Cost	-	-	(30)	-	(30)	-
Firefighters' Pension Top-up Grant	-	-	(13,430)	(12,421)	(13,430)	(12,421)
Financing and Investment Income and Expenditure:						
Net Interest expense	325	188	22,810	23,360	23,135	23,548
Administration expenses	48	54	-	-	48	54
Total Post-employment Benefits charged to the Surplus or Deficit on Provision of Services	1,662	1,551	11,980	13,559	13,642	15,110
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement:						
Remeasurement of the net defined benefit liability comprising:						
(Return)/Loss on Plan Assets (excluding the amount included in the Net Interest expense)	(1,250)	2,413	-	-	(1,250)	2,413
Actuarial gains / (losses) arising on changes in experience assumptions	411	(18)	6,460	(1,240)	6,871	(1,258)
Actuarial gains / (losses) arising on changes in demographic assumptions	(659)	(108)	-	(1,040)	(659)	(1,148)
Actuarial gains / (losses) arising on changes in financial assumptions	(1,551)	(7,178)	(9,310)	(48,290)	(10,861)	(55,468)
Impact of Asset Ceiling	-	3,823	-	-	-	3,823
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(1,387)	483	9,130	(37,011)	7,743	(36,528)
Movement in Reserves Statement						
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the code	(1,662)	(1,551)	(11,980)	(13,559)	(13,642)	(15,110)
Actual amount charged against the Fund Balance for pensions in the year:						
Employer's contributions payable to the scheme	2,556	1,633	7,310	8,969	9,866	10,602
Retirement Benefits payable to pensioners			0	0	0	0

The cumulative amount of remeasurements recognised in the Comprehensive Income and Expenditure Statement to 31 March 2025 is £112,116k. (31 March 2024 was £43,964k)

Assets and Liabilities in relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities:

	Funded liabilities Local Government		Unfunded liabilities Firefighters' Scheme		Total liabilities for Schemes	
	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025
	£'000	£'000	£'000	£'000	£'000	£'000
Liabilities at beginning of year	(47,522)	(48,417)	(499,300)	(501,120)	(546,822)	(549,537)
Current Service Cost	(1,289)	(1,309)	(2,630)	(2,620)	(3,919)	(3,929)
Past Service Cost	-	-	30	-	30	-
Transfers In	-	-	(480)	(80)	(480)	(80)
Interest Cost	(2,260)	(2,340)	(22,810)	(23,360)	(25,070)	(25,700)
Contributions by scheme participants	(533)	(602)	(2,590)	(2,460)	(3,123)	(3,062)
Remeasurements gains and (losses):					-	-
Actuarial gains / (losses) from changes in demographic assumptions	659	108	-	1,040	659	1,148
Actuarial gains / (losses) from changes in financial assumptions	1,551	7,178	9,310	48,290	10,861	55,468
Actuarial gains / (losses) from experience	(411)	18	(6,460)	1,240	(6,871)	1,258
Impact of Asset Ceiling	-	(3,823)	-	-	-	(3,823)
Benefits Paid	1,388	1,882	23,810	23,930	25,198	25,812
Liabilities at end of year	(48,417)	(47,305)	(501,120)	(455,140)	(549,537)	(502,445)

Reconciliation of fair value of the scheme assets:

	Funded Assets Local Government		Unfunded Assets Firefighters' Scheme		Total Assets for Schemes	
	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025
	£'000	£'000	£'000	£'000	£'000	£'000
Assets at beginning of year	38,908	43,746	-	-	38,908	43,746
Interest Income	1,935	2,152	-	-	1,935	2,152
Return on Plan Assets, excluding the amount included in the net interest expense	1,250	(2,413)	-	-	1,250	(2,413)
Administration expenses	(48)	(54)	-	-	(48)	(54)
Employer contributions	2,556	1,633	-	-	2,556	1,633
Contributions by scheme participants	533	602	-	-	533	602
Benefits paid	(1,388)	(1,882)	-	-	(1,388)	(1,882)
Assets at end of year	43,746	43,784	-	-	43,746	43,784

The expected return on LGPS scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £261k (2023/2024: (£3,185k)).

Scheme History

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
	£'000s	£'000s	£'000s	£'000s	£'000s
Present value of liabilities					
Local Government Scheme	(63,019)	(67,556)	(47,522)	(48,417)	(43,482)
- Impact of Asset Ceiling	-	-	-	-	(3,823)
Firefighters' Scheme	(668,170)	(669,510)	(499,300)	(501,120)	(455,140)
	(662,458)	(731,189)	(737,066)	(546,822)	(502,445)
Fair value of assets in the Local Government Scheme	38,042	42,056	38,908	43,746	43,784
(Deficit) / Surplus in the scheme:					
Local Government Scheme	(24,977)	(25,500)	(8,614)	(4,671)	(3,521)
Firefighters' Scheme	(668,170)	(669,510)	(499,300)	(501,120)	(455,140)
Total	(631,468)	(693,147)	(695,010)	(505,791)	(458,661)

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £459m (2023/2024 £506m) has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £386m (2023/2024 £432m).

However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The deficit on the Local Government 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 deficit on the Firefighters' scheme will be made good by annual contributions by central government to the ring-fenced "Pensions Account" together with revised future employer contributions as determined by central government.

- The total contribution expected to be made by the Authority in the year to 31 March 2026 for the Local Government Pension Scheme is £1,631k.

- The total contribution expected to be made by the Authority in the year to 31 March 2026 for the Firefighters' pension schemes is £8,079k.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Scheme liabilities have been assessed by Mercer Limited the independent actuary to the Avon Pension Fund, which manages the Local Government Scheme on behalf of the Authority. The Firefighters' scheme liabilities have been assessed by the Government Actuary's Department (GAD). The estimates for the Local Government scheme are based on the latest full valuation as at 31 March 2022 updated for the following years.

The main assumptions used by the actuary have been:

	Local Government		Fire Fighters' Scheme	
	2023/2024	2024/2025	2023/2024	2024/2025
Mortality assumptions:				
Longevity at 65 for current				
Men	22.0	22.0	21.3	21.3
Women	24.1	24.1	21.3	21.3
Longevity at 65 for future				
Men	23.3	23.2	22.9	22.7
Women	25.8	26.1	22.9	22.7
Rate of inflation CPI	2.6%	2.6%	2.6%	2.7%
Rate of increase in salaries	4.1%	4.1%	3.9%	3.5%
Rate of increase in pensions	2.7%	2.7%	2.6%	2.7%
Rate of discounting scheme	4.9%	5.9%	4.8%	5.7%

The actuary has not carried out any specific investigations in relation to whether the average age of the membership has increased, but does not believe that there have been substantial changes since the 2022 valuation. For any employers who are not admitting new entrants to the Fund, the average age can be expected to increase gradually over time.

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

		31 March 2024 %	31 March 2025 %
Equities	Global quoted	50.0	40.8
Bonds	UK Government indexed	23.0	19.3
	Sterling Corporate Bonds	9.0	9.6
Property	UK Property Funds	5.2	5.1
Alternatives	Hedge Funds	0.4	0.3
	Diversified Growth Funds	6.4	6.7
	Infrastructure	7.4	8.9
	Secured Income	10.3	10.8
	EFT's	0.1	0.4
	Private Debt	3.5	4.4
Cash	Cask Accounts	-15.3	-6.3
		100	100

History of Experience Gains and Losses

The experience adjustments arising on scheme assets and liabilities expressed as a percentage of the asset or liability at the year-end are as follows:

Local Government	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
	%	%	%	%	%
Experience gains on assets	14.7%	9.0%	7.9%	7.3%	(0.6)%
Experience gains and (losses) on liabilities	0.0%	0.0%	0.0%	0.0%	0.0%

Sensitivity Analysis Firefighters' Scheme

The Code of Practice requires disclosure of information that describes how its defined benefit plans may affect the amount, timing and uncertainty of the Authority's future cash flows. Sensitivity analyses have been provided by the actuaries to illustrate the impact of changes in the key industry financial and demographic assumptions for the pension schemes as follows:

Sensitivity Analysis Firefighters' Pension Scheme 1992		2023/2024		2024/2025	
Change in assumption *		%	£ Million	%	£ Million
Rate of discounting scheme liabilities	+1/2% a year	(6.5)%	(28.0)	(6.0)%	(24.0)
Rate of increase in salaries	+1/2 % a year	0.5%	3.0	0.5%	2.0
Rate of increase in pensions / deferred revaluation	+1/2 % a year	6.5%	28.0	6.0%	24.0
Life Expectancy: each pensioner subject to longevity of an individual one further year younger than assumed		2.5%	12.0	2.5%	10.0

The weighted average duration of the defined benefit obligation (DBO) is around 13 years (2023/2024 14 years).

Sensitivity Analysis Firefighters' 2006 scheme		2023/2024		2024/2025	
Change in assumption *		%	£ Million	%	£ Million
Rate of discounting scheme liabilities	+1/2% a year	(9.5)%	(1.0)	(10.0)%	(1.0)
Rate of increase in salaries	+1/2 % a year	3.0%	0.0	3.5%	1.0
Rate of increase in pensions / deferred revaluation	+1/2 % a year	7.5%	1.0	7.5%	1.0
Life Expectancy: each pensioner subject to longevity of an individual one further year younger than assumed		2.0%	0.0	2.0%	0.0

The weighted average duration of the defined benefit obligation is around 25 years (2023/2024 27 years).

Sensitivity Analysis Firefighters' 2015 scheme		2023/2024		2024/2025	
Change in assumption *		%	£ Million	%	£ Million
Rate of discounting scheme liabilities	+1/2% a year	(12.0)%	(4.0)	(11.0)%	(3.0)
Rate of increase in salaries	+1/2 % a year	5.0%	2.0	4.5%	1.0
Rate of increase in pensions / deferred revaluation	+1/2 % a year	8.5%	3.0	8.0%	2.0
Life Expectancy: each pensioner subject to longevity of an individual one further year younger than assumed		2.0%	1.0	1.5%	0.0

The weighted average duration of the defined benefit obligation is around 25 years (2023/2024 26 years).

Note: Employer Contributions of £7,616,713 were received during 2024/2025 (2023/2024 £5,853,097).

* Opposite changes in the assumptions will produce approximately equal and opposite changes in the DBO. Doubling the changes in the assumptions will produce approximately double the change in the DBO. The sensitivities show the change in assumptions in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between the assumptions the impacts may offset to some extent.

Sensitivity Analysis Local Government Pension Scheme

The Code of Practice requires disclosure of information that describes how its defined benefit plans may affect the amount, timing and uncertainty of the Authority's future cash flows. Sensitivity analyses have been provided by the actuaries to illustrate the impact of changes in the key industry financial and demographic assumptions for the pension schemes as follows:

Sensitivity Analysis Local Government Pension scheme							
		Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4	Sensitivity 5	
Disclosure item		+0.5% pa discount rate	+0.25% pa inflation	+0.25% pa pay growth	1 year increase in life expectancy	+/-1% change in 2024/2025 investment returns	
						+1%	-1%
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Liabilities	43,482	40,488	45,061	43,798	44,353	43,482	43,482
Assets	(43,784)	(43,784)	(43,784)	(43,784)	(43,784)	(44,224)	(43,344)
Deficit/(Surplus)	(302)	(3,296)	1,277	14	569	(742)	138
Projected Service Cost for next year	917	763	1,001	917	942	917	917
Projected Net Interest Cost for next year	(66)	(263)	28	(47)	(14)	(92)	(40)

The weighted average duration of the defined benefit obligation is around 18 years.

As previously mentioned, the Local Government Pension Scheme (LGPS) is administered by Bath and North East Somerset Council and is called the Avon Pension Fund. If, in the very exceptional circumstance, a member authority including Avon Fire Authority were to leave the scheme that authority would be responsible for any liabilities owed to the fund and the liability would not pass on to the remaining members. The LGPS is a funded defined benefit pension arrangement for local authorities and is governed by statute principally now the Local Government Pension Scheme Regulations 2013.

The sensitivity analyses above for both schemes have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes, while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the schemes, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis above did not change from those used in the previous period.

27. **Analysis of Income**

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2024/2025.
Under IFRS 15 we have assessed for contracts and no further disclosure is required:

2023/2024 £'000		2024/2025 £'000
	Credited to Taxation and Non-specific Grant	
25	General Capital Grant & Contributions	-
31,671	Precepts	33,086
12,036	General Government Grants	15,278
5,232	Non-domestic Rates Distribution	4,918
48,964	**Total**	**53,282**
	Credited to Services	
897	New Dimension / USAR Grants	944
277	Fire Link Grant	138
403	Fire Safety Grant	343
2,745	Business Rate Relief Grant	3,040
895	PFI Grant	895
2,407	Fire Fighters Pension Contribution Grant	1,877
404	Service Grant	148
-	Funding Guarantee Grant	796
593	Other income	371
8,621	**Total**	**8,552**

None of the grants received by the Authority in 2023/2024 or 2024/2025 have conditions attached to them and therefore they are recognised as income in their year of receipt.

28. Financing and Investment Income and Expenditure

The Authority incurred and received the following interest and investment to the Comprehensive Income and Expenditure Statement in 2024/2025:

2023/2024 £'000		2024/2025 £'000
	Interest Payable and Similar Charges	
221	Loans	221
651	PFI	178
-	Lease	28
872		427
23,135	Net Interest on the net defined benefit liability	23,548
(546)	Interest Receivable and Similar Income	(477)
(7)	Other Investment Income	-
23,454	Total	**23,498**

29. Cash Flow Statement – Operating Activities

The deficit on the provision of services has been adjusted for the following non-cash movements and that are investing or financing activities:

2023/2024 £'000		2024/2025 £'000
4,706	Depreciation	4,557
7	Impairment charge / (reversals)	24
35	Amortisation	33
(1,024)	Increase / (decrease) in Creditors	3,163
(1,697)	Decrease / (increase) in Debtors	4,130
(346)	Decrease / (increase) in Inventories	65
3,776	Movements in Pension Liability	4,508
25	(Profit) / loss on disposal of Property, Plant & Equipment	-
(354)	Increase / (decrease) in Provisions	(33)
5,128		16,447
(131)	Proceeds from sale of Property, Plant & Equipment	(25)
(25)	Capital Grants	-
(156)		(25)
4,972	Net cash flow from operating activities	16,422

Cash Flow Statement – Operating Activities (Interest)

The cash flows for operating activities include the following items:

2023/2024 £'000		2024/2025 £'000
500	Interest received	433
(361)	Interest paid	(427)

30. Cash Flow Statement – Investing Activities

2023/2024 £'000		2024/2025 £'000
(4,284)	Purchase of property, plant and equipment	(1,903)
131	Proceeds from Sale of non-current assets	25
26	Other receipts from investing activities	-
(4,127)	Net cash flows from investing activities	(1,878)

31. **Cash Flow Statement – Financing Activities**

2023/2024 £'000		2024/2025 £'000
(269)	Cash payments for the reduction of a PFI and Lease liability	(707)
(269)	Net cash flows from investing activities	(707)

32. **Contingent Liabilities**

A November 2018 ruling on the legal case involving part time judges (O'Brien v MoJ) has a direct impact on the equivalent case for retained firefighters (Matthews). Home Office Ministers agreed to extend the pension entitlement to eligible retained firefighters to cover service pre-July 2000. The Memorandum of Understanding signed in March 2022 sets out the intended scope and operation of the options exercise required to enact remedy in this case.

This options exercise will increase the pension entitlement for some current special retained members and also allow access to the scheme for additional historic retained firefighters. The potential increase in liability from the second Matthew's exercise is estimated to be £2m.

33. **Events after the Balance Sheet date**

There are no events after the Balance Sheet date which require disclosure at this time.

Firefighters' Pension Fund Account

Under the arrangements for financing Firefighters' pensions which came into effect from April 2006 the Authority was required to set up a new ring-fenced 'Pensions Account'.

Details of the transactions on this account during the year are as follows:

2023/2024 £'000		2024/2025 £'000
	Contributions receivable:	
	Fire Authority	
(5,853)	- contributions in relation to pensionable pay	(7,631)
(248)	- early retirements	(135)
(2,620)	Firefighters' contributions	(2,713)
(8,721)	**Total**	**(10,479)**
(497)	**Transfers in from other authorities**	**(79)**
	Benefits payable:	
18,464	Pensions	19,993
3,798	Commutations and lump-sum retirement benefits	2,786
386	Other	200
22,648	**Net amount payable for the year**	**22,979**
	Payments to and on account of leavers:	
-	Transfers out to other authorities	-
13,430	**Deficit for the year before top-up grant receivable from central government**	**12,421**
(13,430)	Top-up grant payable by the Government	(12,421)
-		-

Net assets statement

The assets and liabilities of the pensions account as at 31 March 2025 are as follows:

31/03/2024 £'000		31/03/2025 £'000
	Current assets	
4,356	Top-up grant receivable from the Government	316
1,727	Payment in Advance	1,753
6,083		**2,069**
	Current liabilities	
(6,083)	Amounts due to/from general fund	(1,629)
-	Creditor	(440)
(6,083)		**(2,069)**
-	**Net assets**	**-**

Notes to the Firefighters' Pension Fund Account

1. Operation of the Fund

The Firefighters' Pension Fund Account was established under the Firefighters' Pension Scheme (Amendment) (England) Order 2006 and the Fire Authority is responsible for its administration.

The Scheme is available to all Firefighters whether whole-time or part-time and whether regular, retained (on-call) or volunteer, who satisfy one of the eligibility conditions set out in Part 2 of the Order.

The Firefighters' Pension scheme is an unfunded scheme and there are no investment assets. Benefits payable are funded by employer and employee contributions with the difference being met by top-up grant receivable from or payable to Central Government. The fund is balanced to nil each year by the inclusion of a Central Government debtor or creditor in respect of the amount of top-up grant due to or payable from Central Government for the year.

2. Contributions

Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Department for Levelling up, Housing and Communities and are subject to triennial revaluation by the Government Actuary's Department.

With effect from 1 April 2022 employees have transferred to the 2015 scheme as the 1992, 2006 and retained Firefighters' modified scheme have been disbanded. Therefore, employee's and employer's contributions to the Firefighters' pension schemes are paid in relation to the four salary ranges as shown in the table below:

			2024/2025	
Salary range from	£0	£27,819	£51,516	£142,501
Salary range up to	£27,818	£51,515	£142,500	or more
Firefighters' pension scheme:				
2015 Scheme				
Employer	37.60%	37.60%	37.60%	37.60%
Employee	11.00%	12.90%	13.50%	14.50%
Total	48.6%	50.5%	51.1%	52.1%

			2023/2024	
Salary range from	£0	£27,819	£51,516	£142,501
Salary range up to	£27,818	£51,515	£142,500	or more
Firefighters' pension scheme:				
2015 Scheme				
Employer	28.80%	28.80%	28.80%	28.80%
Employee	11.00%	12.90%	13.50%	14.50%
Total	39.8%	41.7%	42.3%	43.3%

In addition, the Employer is required to reimburse charges for any ill-health early retirements.

3. Benefits payable from the fund

Pension benefits are payable from the fund in accordance with the relevant statutory provisions and include ordinary and ill-health awards.

4. Accounting Policies

As an unfunded scheme there are no investment assets and the Net Assets Statement does not include liabilities to pay pensions and other benefits after the Balance Sheet date. In all other respects the accounting policies followed are the same as set out in the Statement of Accounting Policies on pages 22 – 34. Details of the pension liability of the Firefighters scheme, calculated in accordance with IAS 19, and included in the Core Financial Statements are set out in note 26 to the Core Financial Statements.

GLOSSARY OF TERMS

ACCOUNTING PERIOD - This is the length of time covered by the accounts. This is normally a period of 12 months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS - The accruals basis of accounting ensures that income and expenditure is reflected in the financial statements in the accounting period that they were earned or incurred, not as any cash is received or paid.

ACTUARY - One who makes calculations for pensions and insurance purposes.

ACTUARIAL GAINS AND LOSSES - For a defined benefit pensions scheme, the changes in actuarial deficits or surpluses that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation; or
- The actuarial assumptions have changed.

ASSET - An asset is something that the Authority owns that has a monetary value. Assets are either current or long-term.

- A current asset is one that will be used by the end of the next financial year (e.g. stock, debtors).
- A long-term (fixed) asset provides the Authority with benefits for a period of more than one year (e.g. property, plant and equipment).

BALANCE SHEET - The Balance Sheet is a financial statement summarising the overall financial position of the Authority at the end of the financial year.

BUDGET - A budget is a statement that sets out the Authority's service delivery plans and capital expenditure in monetary terms.

CAPITAL ADJUSTMENT ACCOUNT - This is the money set aside in the Authority's accounts for capital spending and to repay loans.

CAPITAL CHARGES - This is a charge made to the Authority's service revenue accounts to reflect the cost of utilising fixed assets in the provision of services.

CAPITAL EXPENDITURE - Expenditure on the acquisition of a fixed asset that will be used to provide services beyond the current accounting period.

CAPITAL FINANCING - This describes the various sources of money used to pay for capital expenditure. Capital expenditure can be funded from external sources, such as borrowing, capital grants and by contributions from the internal sources, such as capital receipts and reserves.

CAPITAL RECEIPT - A capital receipt is the income that results from the sale of land, buildings and other capital assets. A specified portion of this may be used to fund new capital expenditure. The balance must be set-aside and may only be used for paying off debt, not for funding new revenue services.

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

CONTINGENT LIABILITIES - A possible liability relating to future expenditure at the Balance Sheet date, depending on the outcome of future uncertain events.

CREDITORS - Amounts owed by the Authority to others for goods and services that have been supplied but not yet paid for by the end of financial year.

CURRENT ASSETS - Items that can be readily converted into cash.

CURRENT LIABILITIES - Items that are due to be paid immediately or in the short term.

DEBTORS - Amounts owed to the Authority for goods and services, where the income has not been received at the end of the financial year.

DEPRECIATION - This is a charge made to the revenue account each year, which reflects the loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

EVENTS AFTER THE BALANCE SHEET DATE (POST BALANCE SHEET EVENTS) - Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

FIXED ASSETS - These are assets that yield benefits to the Authority and the services it provides for a period of more than one year.

GENERAL FUND - The account that summarises the cost of providing Authority services (excluding the Housing Revenue Account).

GOVERNMENT GRANTS - Grants made by the Government towards either revenue or capital expenditure to help with the cost of providing services and capital projects. Some of these grants have restrictions on how they may be used whilst others are general purpose.

IMPAIRMENT - The reduction in value of an asset in the Balance Sheet owing to a change in the market value. This can be as a result of market fluctuations, physical damage or obsolescence.

INCOME & EXPENDITURE STATEMENT - This is the Authority's main revenue account. It summarises the income received from Council Tax and business rates, grants and fees and charges along with the associated expenditure on services provided.

INTANGIBLE ASSETS - These are fixed assets on the Balance Sheet such as software licences that don't have physical form but still have value.

LIABILITIES - Amounts the Authority either owes or anticipates owing to others, whether they are due for immediate payment or not.

MINIMUM REVENUE PROVISION (MRP) - The minimum amount that the Authority must charge to the revenue account to provide for the repayment of debt.

NATIONAL NON-DOMESTIC RATE (NNDR) - A flat rate in the pound set by Government and levied on businesses in the City. The money is collected by the Council then pooled and redistributed by the Government to local authorities based on the resident population.

OPERATIONAL ASSETS - These are fixed assets owned by the Authority and used in the direct delivery of services.

PRIVATE FINANCE INITIATIVE (PFI) – A third party provides and maintains a fixed asset. Ownership and use of the asset is held by the authority and as such is included within the authorities balance sheet.

PROVISIONS - Amounts set aside to meet liabilities or losses which are likely or certain to be incurred but where the amount due or the timing of the payment remains uncertain.

PUBLIC WORKS LOAN BOARD (PWLB) - A Government body that lends money to local authorities for periods in excess of one year, often at preferential interest rates.

RELATED PARTIES - Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party;
- the parties are subject to common control from the same source;
- one party has influence over the financial and operational policies of the other party to the extent that the other party might be inhibited from pursuing its own interests; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interests. Examples of related parties include central government, other local authorities and other bodies precepting or levying demands on the Council Tax, its members and its chief officers.

RESERVES - An amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. A distinction is drawn between reserves and provisions (see above), which are set up to meet known liabilities.

REVENUE EXPENDITURE - Spending on day-to-day items including salaries and wages and other running costs associated with the provision of services.

REVENUE SUPPORT GRANT (RSG) - The main grant paid to a local authority by Central Government to help fund the cost of its services.

VOLUNTARY REVENUE PROVISION (VRP) - The amount over and above MRP that the Authority has charged to the revenue account to provide for the repayment of debt.

Produced by

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