

# Statement of Accounts

2024-2025



Gwasanaeth Tân ac Achub  
Fire and Rescue Service



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The maintenance and integrity of the Authority's website is the responsibility of the Authority; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.



## Narrative Report

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It therefore aims to provide information so that members of the public and residents of North Wales, Fire and Rescue Authority Members, partners, stakeholders, and other interested parties can:

- Understand the overall financial position of the Authority and the outturn position for 2024/25;
- Have confidence that the public money with which the Authority has been entrusted has been used and accounted for in an appropriate manner; and
- Be assured that the financial position of the Authority is sound and secure.

The style and format of the accounts comply with CIPFA standards. The information contained within these accounts is presented as simply and clearly as possible. However, the accounts of an organisation such as North Wales Fire and Rescue Authority are, by their nature, both technical and complex.

The Statement of Accounts includes the core financial statements, which are: -

**The Comprehensive Income and Expenditure Statement (CIES)** – shows the accounting cost in the year of providing services, in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

**Expenditure and Funding Analysis (EFA)** – shows the information in the CIES but also provides the accounting adjustments which are cancelled out in Note 7 to ensure that these adjustments are not funded by Taxpayers.

**The Movement in Reserves Statement (MIRS)** – shows the movement in the year of reserves held by the Authority, analysed between 'usable' and 'unusable' reserves. The statement shows the true economic cost of providing the Authority's services and how those costs are funded from the various reserves.

**The Balance Sheet** – shows the value as of the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets are matched by reserves held by the Authority.

**The Cash Flow Statement** – shows the changes in cash and cash equivalents of the Authority during the reporting period.

## Foreword from the Chair

As Chair of North Wales Fire and Rescue Authority, I am pleased to present the Statement of Accounts for 2024/25. Despite ongoing financial challenges, I am incredibly proud of how the Service, supported by the Authority, has managed to serve our communities effectively while maintaining financial stability.

The Authority remains dedicated to ensuring an efficient and effective fire service that aligns with our mission: *making North Wales a safe place to live, work and visit*. Achieving this requires not only balancing the budget for the current year but also planning for a sustainable financial future. A critical part of this strategy is investing in assets that will support both the Service and the community for years to come.

While the financial outlook for the future remains challenging, I am confident that the strong financial position we've maintained will enable us to navigate these challenges successfully.

**Councillor Dylan Rees**

**Chair of North Wales Fire and Rescue Authority**



## Introduction from Dawn Docx, Chief Fire Officer

This Narrative Statement is intended to provide readers with a clearer understanding of the Fire and Rescue Authority, its operating environment, and to help interpret the accompanying Statement of Accounts.

In addition to financial information, the Narrative Statement offers insights into the Authority's operational activities, strategic initiatives, and performance metrics. This comprehensive overview helps readers appreciate the broader context in which the Authority operates.

While the accounts themselves are complex and technical, I encourage you to take the time to review them, along with this Narrative Statement, which provides a detailed overview of the financial year and the financial position of the Fire and Rescue Authority as of 31 March 2025. If you require further information or have any questions about the accounts, contact details are provided within this Narrative Statement.

**Dawn Docx**

**Chief Fire Officer**



## Introduction to North Wales Fire and Rescue Authority

These accounts cover the year to 31 March 2025 for the North Wales Fire and Rescue Authority. The Authority covers the whole of the geographic area of 2,400 square miles with an estimated population of approximately 700,000 people. There are 44 fire stations in North Wales – 8 full-time and 36 on-call stations.

In addition to emergency response, the Authority is committed to community safety and fire prevention. We collaborate with local schools, businesses, and community groups to deliver educational programs and safety campaigns.

The Authority comprises 28 elected councillors from the six unitary authorities of North Wales, with the number of representatives determined by the population of the constituent Council's area. More information about the Authority, its members and responsibilities can be found [here](#).

North Wales Fire and Rescue Service is led by a Chief Fire Officer and the Service Leadership Team. This comprises Senior Officers and Managers who are responsible for departments looking after our Service's key operational and corporate functions.

## Our principles

At NWFRS, we are guided by our principles that shape our actions and decisions. These are:







These principles help us deliver high-quality services and maintain the trust and safety of the communities we serve.

## About Our Service Area





## Resources

|   |
|---|
|  <b>44</b> fire stations   |
|  <b>54</b> front line fire appliances  |
|  <b>43</b> special appliances including rescue boats and aerial ladder platforms |
|  <b>878</b> staff of which <b>29%</b> are fluent welsh speakers                |

## Prevention and Protection activities

|   |
|---|
|  <b>20,021</b> safe and well checks completed                                      |
|  <b>320</b> business audits conducted  |
|  <b>133</b> safety talks with <b>11,563</b> children and young people              |
|  <b>22</b> phoenix courses with <b>203</b> participants completing the programme |

## Responding activities

|   |
|---|
|  <b>14,530</b> emergency calls handled                         |
|  Attended <b>6,485</b> emergency incidents                     |
|  <b>1,801</b> fires attended of which <b>43</b> were wildfires |
|  <b>3,263</b> false alarms                                   |

## Governance

In the financial year 2024/25, we focused on making our operations transparent, accountable, and efficient. Our governance framework helps us make decisions, manage risks, and monitor performance.

### Key Governance Developments

This year, we made important changes to our governance:

- **Governance Structure Review:** We reviewed and updated our governance structure to meet our needs better. This included updating the roles and responsibilities of key committees.
- **Risk Management:** We improved our risk management by including risk assessments in our planning and decision-making processes.
- **Internal audit:** 2024/25 was the second year of a three-year internal audit plan to review our internal controls and ensure we follow established policies and procedures.

### Annual Governance Statement

The annual governance statement, which comes with the financial statements, gives a detailed account of our governance framework and its effectiveness during the year. It highlights key governance issues and the steps we took to improve governance practices.

### Future Governance Initiatives

Looking ahead, we are committed to continuously improving our governance. Key initiatives for the next financial year include:

- **Training and Development:** We will provide ongoing training and development opportunities for members and officers to ensure they have the necessary skills and knowledge to fulfil their governance roles effectively.
- **Performance Monitoring:** We will enhance performance monitoring and reporting mechanisms to provide timely and accurate information on our performance against strategic objectives.

### Service Leadership Team

The Service Leadership Team (SLT) structure includes the Chief Fire Officer and all the Assistant Chief Fire Officers. The rest of the SLT consists of Area Managers and Heads of Departments, ensuring a comprehensive and effective leadership framework.



## Operating Model

The Fire Authority's operating model explains how we work to keep our communities safe. It shows how we use our resources, manage our services, and reach our goals.

Our main services include:

- **Emergency Response:** Quickly and effectively responding to fires, special service calls, and other incidents.
- **Prevention and Protection:** Promotion and education of fire safety, completing inspections, and enforcing rules to reduce risk.
- **Community Engagement:** Working with residents, businesses, and local groups to promote safety and preparedness.

We regularly check and adjust how we use our resources to make sure we are meeting our goals efficiently. This includes reviewing our budget, staffing, and equipment needs, as well as assessing our performance and impact.

Below is a map of all our facilities across North Wales.

## Emergency Cover Review (ECR)

Following the Fire Authority's decision not to proceed with the original proposals (Option 1a as presented in December 2023), a new Emergency Cover Review (ECR) Task and Finish Group was established in January 2024.

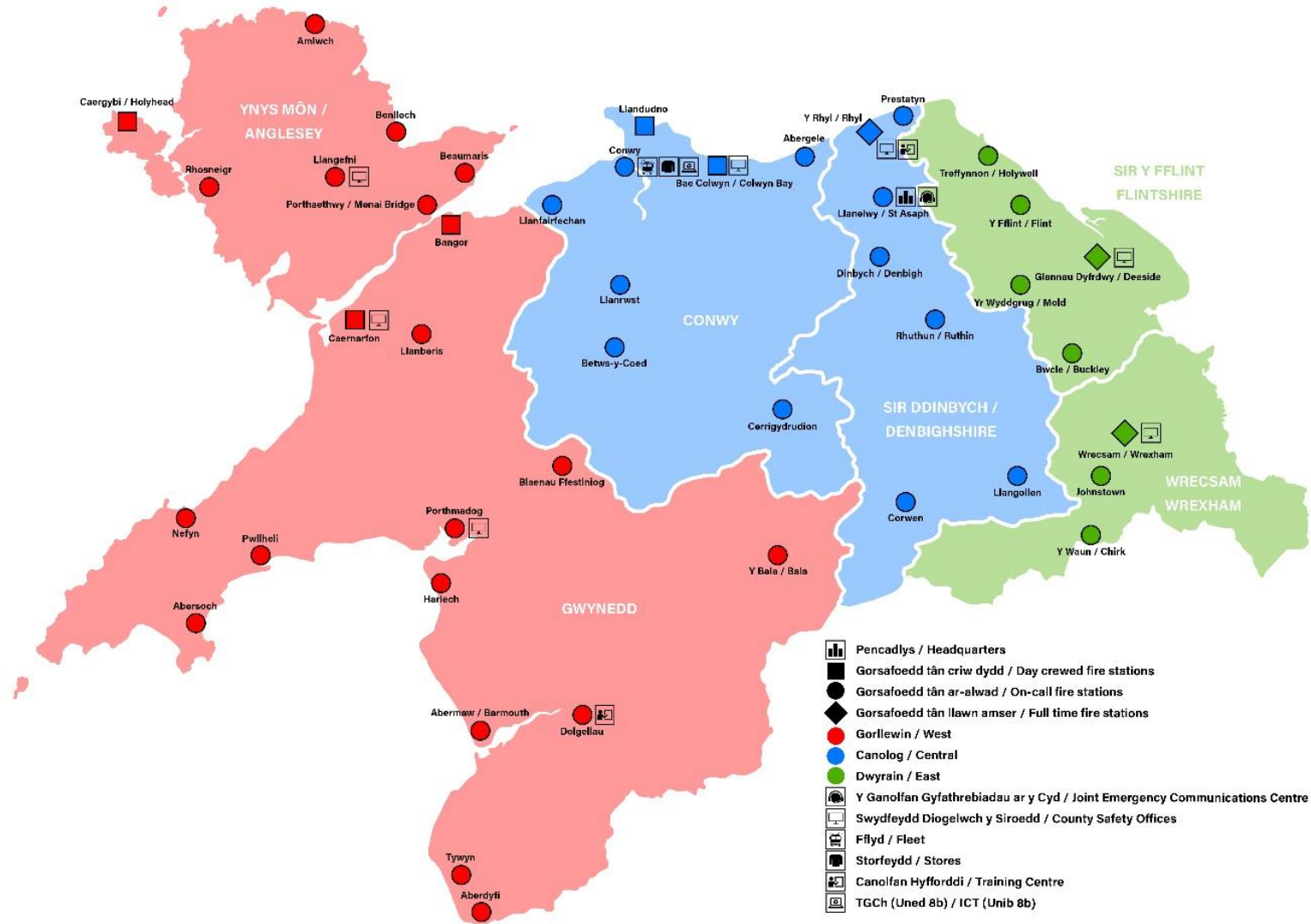
Throughout the year, the group has explored additional recommendations presented during the ECR to enhance the emergency response element of the operating model.

A key objective is to maximise the effectiveness and efficiency of existing shift patterns and pilot new models for wholetime firefighters to operate in key rural areas to strengthen fire cover.

A "Collective Agreement" has now been reached between the Chief Fire Officer and the Fire Brigades Union, setting out the broad principles of the proposed changes.

The service is now focused on developing and delivering an implementation plan, with key milestones agreed and workstreams underway.

## NWFRS Facilities/Station Map



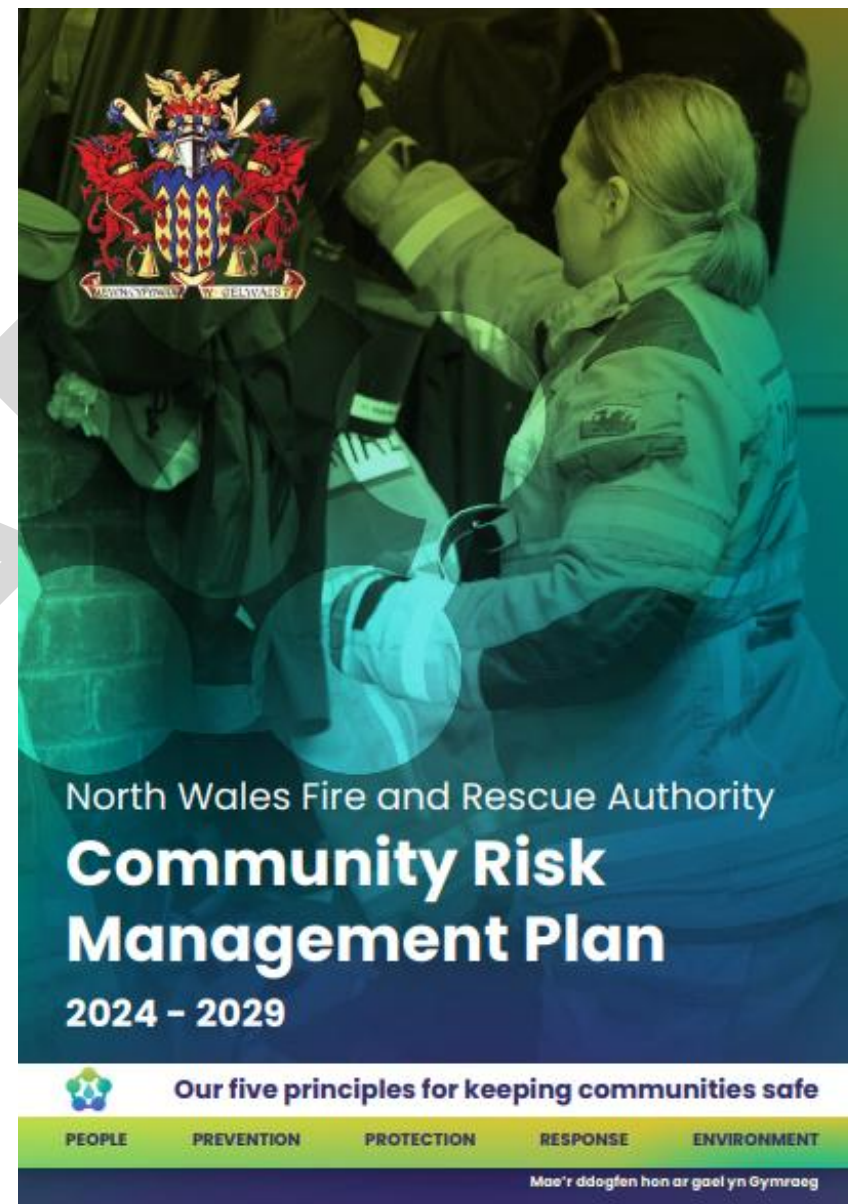
## Community Risk Management Plan

This year marked the official close of the 2021–2024 Corporate Plan and the introduction of the new Community Risk Management Plan (CRMP), which reshapes how the Service identifies and manages risks across North Wales.

Following a public consultation, the Fire Authority published its new medium-term plan and objectives in July 2024. These are available [here](#).

The CRMP, which spans 2024 to 2029, outlines the key risks facing our communities and sets out how we will address them—while continuing to prevent and respond to fires and other emergencies.

To support the CRMP, we produce annual Community Risk Management Implementation Plans. The 2024–2025 plan, also published in July, is available [here](#). These implementation plans detail the specific actions we will take each year to achieve our goals and keep our communities safe. It also includes well-being and improvement objectives, in line with Welsh legislation.





## Annual Performance

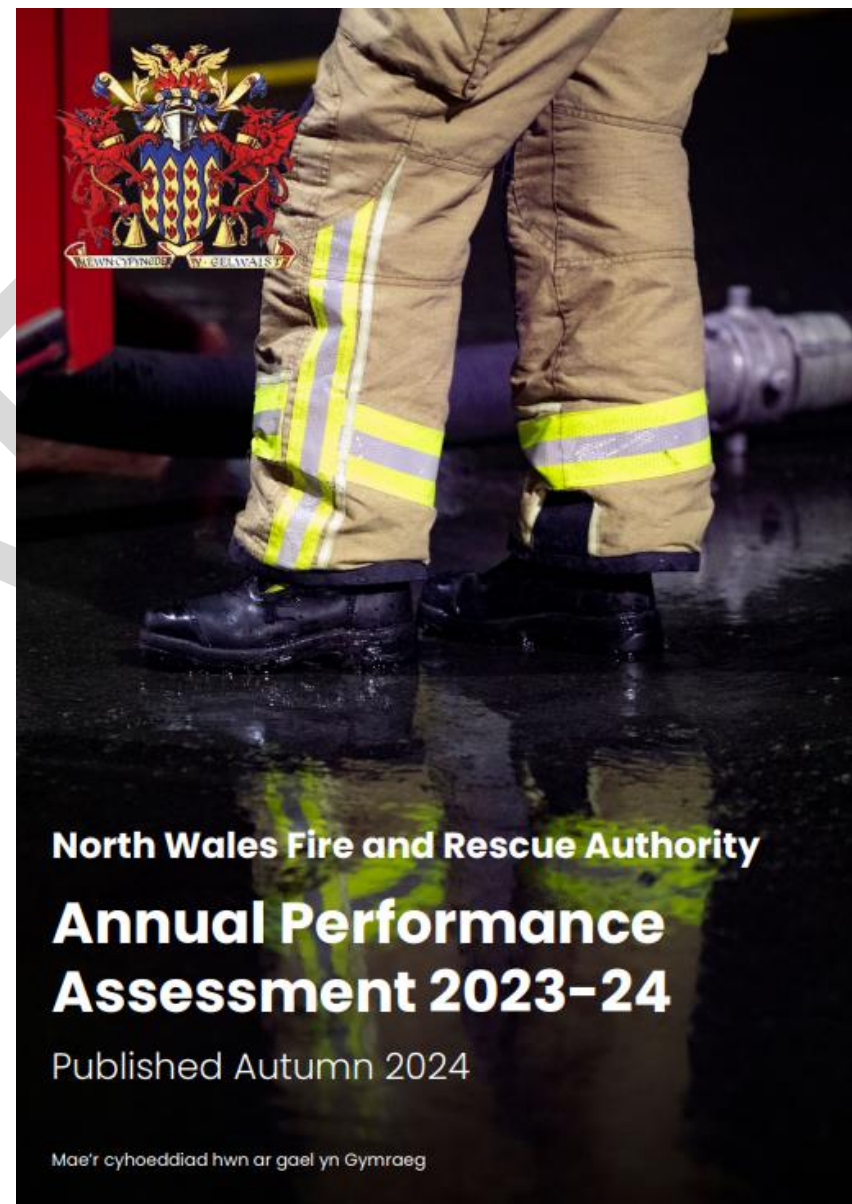
NWFRA's Annual Performance Assessment, published in October 2024, marked the final year of the three-year Corporate Plan. It reviewed performance against annual objectives and reflected on achievements across the plan's lifespan.

In addition to reporting on three statutory and sector-wide performance indicators, the report assessed progress against seven improvement and well-being objectives. These included enhancing community safety and resilience, improving environmental sustainability, and embedding social value in procurement.

The annual performance assessment also highlighted the Authority's commitment to workforce development, stakeholder engagement, and operational efficiency. A summary of performance data and the Dwelling Fire Response Charter for 2023/24 were also included.

The accompanying Annual Governance Statement (pending approval at the time of publication) outlines governance arrangements and sets out the work plan for 2024/25

The Annual Performance Assessment can be accessed [here](#).



## Organisational Culture and Improvement

During 2024/25, the Authority published an Independent Cultural Review, jointly commissioned with Mid and West Wales Fire and Rescue Service.

Delivered by Crest Advisory and published in February 2025, the review involved surveys, interviews, focus groups, and site visits. It highlighted strengths in staff commitment and public service, while identifying areas for improvement in leadership visibility, communication, and accountability.

In response, the Service developed a Culture Improvement Plan shaped through staff workshops and aligned with the review's recommendations. Oversight of the plan is provided by the Service Leadership Team and the Cultural Board, which includes members of the leadership team, the Chair of the Authority, the EDI Member Champion, and a representative from Welsh Government. Progress is monitored through SMART objectives and regular reporting mechanisms.

Support has also been sought from Welsh Government to help implement the changes. The Authority remains committed to fostering a safe, inclusive, and values-led workplace.

## Development of a new training centre

During 2024/25, the Authority made significant progress in advancing plans for a new fit for purpose fire and rescue training centre.

A strategic outline case was developed and formally approved by the Fire and Rescue Authority in October 2024. The project is being led by an Assistant Chief Fire Officer, with the Head of Training and Development overseeing operational delivery, supported by a project team.

Programme governance is supported by a structured framework that includes a programme board, programme group, subgroups, and task and finish groups. These groups include representation from staff, North Wales Police facilities team, Councillors, Trade Union representatives, and external consultants, ensuring broad engagement, transparency, and collaborative decision-making throughout the programme's development.

The new centre is a key component of the Authority's long-term strategy to enhance operational readiness, improve training capacity and efficiencies in training delivery, and support the delivery of the Community Risk Management Plan 2024–2029

## Sustainability and climate change

In 2024/25, the Authority continued to implement its Environmental Strategy (2023–2030), focusing on decarbonisation across fleet, estates, and procurement. The Environment and Sustainability Working Group led the development of detailed plans to support the Service's Net Zero 2030 target.

A successful test of Hydrotreated Vegetable Oil (HVO) as a diesel alternative was completed, with a station-based trial now underway. Plans are in place to install HVO tanks and dispensing equipment at twenty sites.

Progress continued on a bespoke Environmental Management System aligned with ISO 14001, aimed at improving environmental performance through better resource use and waste reduction. Implementation is expected to begin in 2026/27.

Working with the Welsh Government Energy Service, a heating decarbonisation plan was developed to guide a rolling programme of system replacements, prioritised by funding and operational need. Initial installations are planned for Llandudno and Conwy fire stations.

A grant of £295k was received by the Low Carbon Heat Team at the Welsh Government Energy Service to fund 90% of the cost of installing a low carbon heating system at Llandudno Fire Station, with the remaining 10% met from the Authority's

capital budget. An additional £131k was secured through the Electric Vehicle Charging Infrastructure (EVCI) grant, covering 75% of the total cost associated with the procurement and installation of vehicle charging infrastructure.

During 2024/25, the Authority secured £492k in capital funding from Welsh Government, of which £117k was allocated to sustainability initiatives, including the purchase of two electric cars and two electric vans.





## Financial Performance

The Authority remains committed to delivering high-quality fire prevention, enforcement, and emergency response services. In 2024/25, the Authority continued to navigate a challenging financial landscape, balancing rising costs with the need to maintain operational effectiveness and community safety.

To support long-term sustainability, Members reaffirmed the Medium-Term Financial Strategy and agreed to increase the contributions from the constituent authorities by 8.9% to £48,322k, alongside the planned use of earmarked reserves and non-recurring measures to maintain service delivery.

Recruitment challenges persisted, particularly in specialist and retained roles, though progress was made in implementing workforce recommendations and aligning with national discussions on terms and conditions. Work also continued on developing a revised Emergency Cover model, following the 2023 consultation.

Despite ongoing pressures, the Authority maintained financial stability through careful budget monitoring, vacancy management, and in-year income generation. Looking ahead, the Authority remains focused on managing pension and payroll costs, while ensuring that financial decisions continue to support operational resilience and strategic priorities.

## Revenue Performance

The Authority reported a surplus of £293k for 2024/25 after applying statutory accounting adjustments and transfers to reserves. This compares to an outturn forecast of £330k at the end of March.

Usable reserves increased by £1,785k during the year, bringing the total to £10,879k. These reserves have been set aside to support ongoing service requirements, including anticipated insurance claims and the replacement of fire kit. It is anticipated that reserve levels will reduce in future years as these commitments are met. Further details are provided in Note 8 of the Statement of Accounts.

## IFRS 16 Adoption

As part of changes introduced under IFRS 16, the Authority has recognised most lease agreements—such as for vehicles and equipment—as assets and liabilities on the balance sheet. This change improves transparency by showing the full value of leased assets and the Authority's long-term financial commitments, rather than just annual lease payments. The value of assets recognised totalled £903k.

## Revenue Summary

| 2024/25                   | Budget (£'000) | Outturn (£'000) | Reserves (£'000) | CERA (£'000) | Total (£'000) | Variance (£000) | Variance (%) |
|---------------------------|----------------|-----------------|------------------|--------------|---------------|-----------------|--------------|
| Employees                 | 35,430         | 33,937          | 525              | 0            | 34,462        | (968)           | -2.7%        |
| Premises                  | 3,530          | 2,921           | 317              | 0            | 3,238         | (292)           | -8.3%        |
| Transport                 | 1,259          | 1,085           | 102              | 0            | 1,187         | (72)            | -5.7%        |
| Supplies                  | 6,622          | 6,305           | 596              | 0            | 6,901         | 279             | 4.2%         |
| Third Party Payments      | 363            | 385             | 0                | 0            | 385           | 23              | 6.2%         |
| Capital Finance & Charges | 2,989          | 2,397           | 0                | 1,459        | 3,856         | 866             | 29%          |
| Income                    | (946)          | (1,774)         | 0                | 0            | (1,774)       | (828)           | 87%          |
| Use of Reserves           | (924)          | 0               | 0                | 0            | 0             | 924             | -100%        |
| <b>Sub Total</b>          | <b>48,322</b>  | <b>45,257</b>   | <b>1,540</b>     | <b>1,459</b> | <b>48,256</b> | <b>(65)</b>     | <b>-0.1%</b> |
| Levies                    | (48,322)       | (48,549)        | 0                | 0            | (48,549)      | (227)           | 0.5%         |
| <b>Outturn Position</b>   |                |                 |                  |              | <b>(293)</b>  | <b>(293)</b>    | <b>0.6%</b>  |

## Usable Reserves

| Usable Reserves              | Balance<br>31 March 2024 | Transfers (in/)/out 2024/25 | Balance<br>31 March 2025 |
|------------------------------|--------------------------|-----------------------------|--------------------------|
|                              | £'000                    | £'000                       | £'000                    |
| Earmarked Reserves           | (7,398)                  | (1,540)                     | (8,938)                  |
| General Fund                 | (1,575)                  | (293)                       | (1,868)                  |
| Capital Grants Unapplied     | (48)                     | 48                          | 0                        |
| Capital Receipts Reserve     | (73)                     | 0                           | (73)                     |
| <b>Total Usable Reserves</b> | <b>(9,094)</b>           | <b>(1,785)</b>              | <b>(10,879)</b>          |

## Capital Performance

The Authority approved a capital programme of £5,676k in January 2024, of which £1,110k was rollover funding from 2023/24. Capital expenditure for 2024/25 totalled £3,087k, with detailed breakdown of the schemes seen below. Included was the land purchase of £2,714k, which formed a key part of the Authority's long-term asset strategy.

Due to project slippage, approximately £2,589k will be carried forward into 2025/26 to complete ongoing schemes. The Authority continues to monitor capital delivery closely, with improved scrutiny and planning processes now in place.

## Capital Funding

During the year, the Authority also received capital grant funding from Welsh Government to support key operational improvements. This included funding for the replacement of fireground radios in line with recommendations from the Grenfell Tower Inquiry, and for the purchase of new vehicles to support frontline service delivery. These investments contribute to both firefighter safety and the Authority's long-term asset resilience.

| Funding            | Amount<br>£000 |
|--------------------|----------------|
| Internal Borrowing | 710            |
| Grant Funding      | 918            |
| Contributions      | 1,459          |
| <b>Total</b>       | <b>3,087</b>   |

| Scheme                      | Allocation<br>£'000 | Actual<br>£'000 | Rollover<br>£'000 |
|-----------------------------|---------------------|-----------------|-------------------|
| ICT upgrades                | 827                 | 377             | 450               |
| Training towers             | 305                 | 34              | 271               |
| Station improvements        | 1100                | 394             | 706               |
| Sustainability works        | 470                 | 0               | 470               |
| Training Facilities upgrade | 300                 | 0               | 300               |
| Fire Appliances             | 427                 | 534             | 0                 |
| Light Vehicles              | 166                 | 194             | 0                 |
| Specialist Light Vehicles   | 632                 | 570             | 0                 |
| Operational Equipment       | 290                 | 0               | 242               |
| Fleet Equipment             | 50                  | 0               | 0                 |
| Rollover 2023/24            |                     |                 |                   |
| Fire Appliances             | 960                 | 984             | 0                 |
| Sustainability works        | 150                 | 0               | 150               |
| <b>Total</b>                | <b>5,676</b>        | <b>3,087</b>    | <b>2,589</b>      |
| Land Purchase               | 3,000               | 2,714           | 0                 |
| Grant Funding               | 918                 | 1,012           | 0                 |

In addition to the capital allocation, supplementary funding of £918k was received from various bodies, with £1,012k spent—primarily on sustainability initiatives. This reflects a prioritisation of grant-funded schemes.

A rollover of £2,589k is required to support the completion of ongoing projects, as outlined above.



## Treasury Management

The Authority remained compliant with its Treasury Management Strategy throughout 2024/25. Borrowing and investments stayed within approved limits, and no defaults were reported. Investment income exceeded budget expectations, and the Authority's net borrowing position at year-end was £19,070k below the Capital Financing Requirement.

The Authority continues to work with a Treasury Advisor, Arlingclose, to plan and manage interest rate risk and borrowing strategy effectively.

## Pension Costs

Employer contributions to the Firefighters' Pension Scheme totalled £4,906k, with total payments to retired members amounting to £9,737k. The scheme remains unfunded, with the liability decreasing to £208,143k driven by actuarial gains from changes in financial assumptions.

For the Local Government Pension Scheme, the employer's primary rate remained at 18.3%, and the same secondary rate reduction of £525k continued to be applied.

## Outlook

### Cashflow and Future Considerations

The Authority maintained a strong cash position throughout 2024/25, supported by timely receipt of precepts and active treasury management.

Looking ahead, future cashflows may be affected by the timing of capital projects—particularly the Training Centre development. The Authority continues to monitor liquidity closely, using short-term investments and scenario planning to ensure sufficient flexibility to meet operational and capital commitments. Specialist advice is provided by Arlingclose, supporting the Authority's approach to prudent and informed treasury decision-making.

### Key Commitments

The Authority approved an allocation of £2,940k to support the development of proposals for a new centralised training centre, with funding phased through to 2026/27.

### Future Budget Pressures and Mitigation

The Authority continues to face rising cost pressures and demand on services. The 2025/26 budget was approved by the Authority during the year, and work is ongoing to manage future shortfalls through efficiency savings, service prioritisation, and careful use of reserves.

## Consideration of Section 114

The Authority reviewed updated guidance from the CIPFA regarding issuing a Section 114 notice — when a Treasurer notifies an authority that they are heading for a breach of the legal requirement to balance their revenue budget. Despite the financial pressures facing the wider public sector, the Authority maintained strong financial oversight throughout the year, including regular monitoring of budgets, reserves, and emerging risks.

At no point was a Section 114 notice considered necessary. This reflects the Authority's commitment to sound financial management and its proactive approach to protecting public services and ensuring long-term sustainability.

## Further Information

Additional information about these accounts is available from Elgan Roberts, Head of Finance and Procurement for North Wales Fire and Rescue Service, Headquarters, Ffordd Salesbury, St Asaph, LL17 0JJ.

Interested members of the public have a statutory right to inspect the accounts before the audit is completed.

At the appropriate time, availability of the accounts for inspection is advertised on the website for North Wales Fire and Rescue Authority

[www.northwalesfire.gov.wales/fire-and-rescue-authority/financial/](http://www.northwalesfire.gov.wales/fire-and-rescue-authority/financial/)

## Acknowledgements

In closing, I would like to express my sincere thanks to colleagues across the organisation who have contributed to the preparation of this narrative report and the wider Statement of Accounts. In particular, I wish to acknowledge the dedication and professionalism of the Finance team, whose efforts have ensured the timely and accurate completion of this year's financial reporting.

We also remain grateful to our partners and stakeholders for their continued support and collaboration throughout 2024/25.

**Dafydd Edwards**

**Treasurer and Section 151 Officer  
North Wales Fire and Rescue Authority**

## 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 Treasurer.
- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- to approve the Statement of Accounts.

#### **AUTHORITY'S CERTIFICATE**

I approve the Statement of Accounts of North Wales Fire and Rescue Authority as at 31 March 2025.

Signed: \_\_\_\_\_

Dated: \_\_\_\_\_

**Chairman, North Wales Fire and Rescue Authority**

### THE TREASURER'S RESPONSIBILITIES

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

In preparing the Statement of Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the Code of Practice.
- kept proper accounting records which were up-to-date.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

#### **TREASURER'S CERTIFICATE**

I certify that the Statement of Accounts has been prepared in accordance with the arrangements set out above, and presents a true and fair view of the financial position of North Wales Fire and Rescue Authority as at 31 March 2025 and the Authority's income and expenditure for the year then ended.

Signed: Ad Edwards

Dated: 30-05-2025

**Treasurer, North Wales Fire and Rescue Authority**



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**EXPENDITURE AND FUNDING ANALYSIS**

This statement shows how annual expenditure is used and funded from resources (grants, contributions etc.) by local authorities compared to resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes according to the type of expenditure incurred. Income and Expenditure accounted for under generally accepted accounting practices (GAAP) is presented more fully in the Comprehensive Income and Expenditure Statement.

| 2023/24   |   |  |  | 2024/25   |   |  |
|---|---|--|--|---|---|--|
| Net Expenditure Chargeable to the General Fund<br>£'000 | Adjustments Between the Funding and Accounting Basis<br>£'000 | Net Expenditure in the Comprehensive Income & Exp Statement<br>£'000 |  | Net Expenditure Chargeable to the General Fund<br>£'000 | Adjustments Between the funding and Accounting Basis<br>£'000 | Net Expenditure in the Comprehensive Income & Exp Statement<br>£'000 |
| 43,123  | (7,682)   | 35,441   | Provision of Fire and Rescue Services                | 46,716  | (9,309)   | 37,407   |
| (44,394)  | 10,557  | (33,837)   | Other Income & Expenditure                           | (48,549)  | 10,318  | (38,231)   |
| <b>(1,271)</b>  | <b>2,875</b>  | <b>1,604</b>   | <b>Deficit or (Surplus) on Provision of Services</b> | <b>(1,833)</b>  | <b>1,009</b>  | <b>(824)</b>   |

| 2023/24                       |  |                             |   | 2024/25                       |  |                             |
|-------------------------------|--|-----------------------------|---|-------------------------------|--|-----------------------------|
| General Fund Balance<br>£'000 | Earmarked General Fund Reserves<br>£'000 | Total General Fund<br>£'000 |   | General Fund Balance<br>£'000 | Earmarked General Fund Reserves<br>£'000 | Total General Fund<br>£'000 |
| (1,480)                       | (6,341)                                  | (7,821)                     | Brought Forward   | (1,575)                       | (7,519)                                  | (9,094)                     |
| (1,271)                       |  | (1,271)                     | (Surplus)/Deficit on Provision of Services                                | (1,833)                       |  | (1,833)                     |
|                               | 37                                       | 37                          | Transfer between General Fund Balance and Capital Grants Unapplied        |                               | 48                                       | 48                          |
| 1,176                         | (1,215)                                  | (39)                        | Transfer between General Fund Balance and Earmarked General Fund Reserves | 1,540                         | (1,540)                                  | 0                           |
| <b>(1,575)</b>                | <b>(7,519)</b>                           | <b>(9,094)</b>              | <b>Closing General Fund Balance</b>                                       | <b>(1,868)</b>                | <b>(9,011)</b>                           | <b>(10,879)</b>             |

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with GAAP, rather than the amount to be funded from contributions. The Authority's expenditure is funded by contributions from the six Local Authorities in North Wales in accordance with regulations; this may be different from the accounting cost. The contribution position is shown in the Movement in Reserves Statement.

| 2023/24                    |                       |                          |   | 2024/25 |                            |                       |                          |
|----------------------------|-----------------------|--------------------------|---|---------|----------------------------|-----------------------|--------------------------|
| Gross Expenditure<br>£'000 | Gross Income<br>£'000 | Net Expenditure<br>£'000 |   | Note    | Gross Expenditure<br>£'000 | Gross Income<br>£'000 | Net Expenditure<br>£'000 |
| 36,878                     | (1,437)               | 35,441                   | Provision of Fire and Rescue Services                                     |         | 39,181                     | (1,774)               | 37,407                   |
| <b>36,878</b>              | <b>(1,437)</b>        | <b>35,441</b>            | <b>Cost of Services</b>   |         | <b>39,181</b>              | <b>(1,774)</b>        | <b>37,407</b>            |
| (14)                       | 0                     | (14)                     | Other Operating Expenditure   |         | 56                         | 0                     | 56                       |
| 11,071                     | (429)                 | 10,642                   | Financing & Investment Income & Expenditure                               | 9       | 11,362                     | (182)                 | 11,180                   |
| 0                          | (44,465)              | (44,465)                 | Taxation and Non Specific Grant Income                                    | 10      | 0                          | (49,467)              | (49,467)                 |
|                            |                       | <b>1,604</b>             | <b>(Surplus)/Deficit on Provision of Services</b>                         |         |                            |                       | <b>(824)</b>             |
| 557                        | 0                     | 557                      | (Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets | 18      | 0                          | 0                     | 0                        |
|                            |                       | 1,096                    | Remeasurement of the Net Defined Benefit Liability                        | 18      |                            |                       | (26,136)                 |
|                            |                       | <b>1,653</b>             | <b>Other Comprehensive (Income) &amp; Expenditure</b>                     |         |                            |                       | <b>(26,136)</b>          |
|                            |                       | <b>3,257</b>             | <b>Total Comprehensive (Income) &amp; Expenditure</b>                     |         |                            |                       | <b>(26,960)</b>          |

## 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 contributions from the Constituent Authorities) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance which is funded by contributions from the six Constituent Authorities. 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.

The movements in 'Unusable Reserves' in local government accounting are notional, primarily reflecting changes in asset valuation (like buildings or pension liabilities). These are figures on paper, rather than 'cash backed', and cannot be spent on services.

| 2024/25  | Note | General Fund Balance<br>£'000 | Earmarked and Grant Reserves<br>£'000 | Capital Grants Unapplied<br>£'000 | Earmarked Capital Receipts<br>£'000 | Total Usable Reserves<br>£'000 | Unusable Reserves<br>£'000 | Total Authority Reserves<br>£'000 |
|--|------|-------------------------------|---------------------------------------|-----------------------------------|-------------------------------------|--------------------------------|----------------------------|-----------------------------------|
| <b>Balance at 31 March 2024</b>  |      | (1,575)                       | (7,398)                               | (48)                              | (73)                                | (9,094)                        | 203,757                    | 194,663                           |
| <b>Movement in Reserves during 2024/25</b>                             |      |                               |                                       |                                   |                                     |                                |                            |                                   |
| Surplus or (Deficit) on the Provision of Services                      |      | (824)                         | 0                                     | 0                                 | 0                                   | (824)                          | 0                          | (824)                             |
| Other Comprehensive Income & Expenditure                               |      | 0                             | 0                                     | 0                                 | 0                                   | 0                              | (26,136)                   | (26,136)                          |
| <b>Total Comprehensive Income &amp; Expenditure</b>                    |      | <b>(824)</b>                  | <b>0</b>                              | <b>0</b>                          |                                     | <b>(824)</b>                   | <b>(26,136)</b>            | <b>(26,960)</b>                   |
| Adjustments between accounting basis & funding basis under regulations | 7    | (962)                         | 0                                     |                                   | 0                                   | (962)                          | 962                        | 0                                 |
| <b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>  |      | <b>(1,786)</b>                | <b>0</b>                              | <b>0</b>                          | <b>0</b>                            | <b>(1,786)</b>                 | <b>(25,174)</b>            | <b>(26,960)</b>                   |
| Other Transfers to/(from) Earmarked Reserves                           | 8    | 1,493                         | (1,540)                               | 48                                | 0                                   | 1                              |                            | 1                                 |
| <b>Increase/(Decrease) in 2024/25</b>                                  | 6    | <b>(293)</b>                  | <b>(1,540)</b>                        | <b>48</b>                         | <b>0</b>                            | <b>(1,785)</b>                 | <b>(25,174)</b>            | <b>(26,959)</b>                   |
| <b>Balance as at 31 March 2025</b>                                     |      | <b>(1,868)</b>                | <b>(8,938)</b>                        | <b>0</b>                          | <b>(73)</b>                         | <b>(10,879)</b>                | <b>178,583</b>             | <b>167,704</b>                    |

## MOVEMENT IN RESERVES STATEMENT

| 2023/24  | Note | General Fund Balance<br>£'000 | Earmarked and Grant Reserves<br>£'000 | Capital Grants Unapplied<br>£'000 | Earmarked Capital Receipts<br>£'000 | Total Usable Reserves<br>£'000 | Unusable Reserves<br>£'000 | Total Authority Reserves<br>£'000 |
|--|------|-------------------------------|---------------------------------------|-----------------------------------|-------------------------------------|--------------------------------|----------------------------|-----------------------------------|
| <b>Balance at 31 March 2023</b>  |      | (1,480)                       | (6,222)                               | (85)                              | (34)                                | (7,821)                        | 199,227                    | 191,406                           |
| <b>Movement in Reserves during 2023/24</b>                             |      |                               |                                       |                                   |                                     |                                |                            |                                   |
| Surplus or (Deficit) on the Provision of Services                      |      | 1,604                         | 0                                     | 0                                 | 0                                   | 1,604                          | 0                          | 1,604                             |
| Other Comprehensive Income & Expenditure                               |      | 0                             | 0                                     | 0                                 | 0                                   | 0                              | 1,653                      | 1,653                             |
| <b>Total Comprehensive Income &amp; Expenditure</b>                    |      | <b>1,604</b>                  | <b>0</b>                              | <b>0</b>                          |                                     | <b>1,604</b>                   | <b>1,653</b>               | <b>3,257</b>                      |
| Adjustments between accounting basis & funding basis under regulations | 7    | (2,877)                       | 0                                     |                                   | 0                                   | (2,877)                        | 2,877                      | 0                                 |
| <b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>  |      | <b>(1,273)</b>                | <b>0</b>                              | <b>0</b>                          | <b>0</b>                            | <b>(1,273)</b>                 | <b>4,530</b>               | <b>3,257</b>                      |
| Other Transfers to/(from) Earmarked Reserves                           | 8    | 1,178                         | (1,176)                               | 37                                | (39)                                | 0                              | 0                          | 0                                 |
| <b>Increase/(Decrease) in 2023/24</b>                                  | 6    | <b>(95)</b>                   | <b>(1,176)</b>                        | <b>37</b>                         | <b>(39)</b>                         | <b>(1,273)</b>                 | <b>4,530</b>               | <b>3,257</b>                      |
| <b>Balance as at 31 March 2024</b>                                     |      | <b>(1,575)</b>                | <b>(7,398)</b>                        | <b>(48)</b>                       | <b>(73)</b>                         | <b>(9,094)</b>                 | <b>203,757</b>             | <b>194,663</b>                    |



## BALANCE SHEET

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 March<br>2024<br>£'000 |                              | Note | 31 March<br>2025<br>£'000 |
|---------------------------|------------------------------|------|---------------------------|
| 56,044                    | Property, Plant & Equipment  | 11   | 60,872                    |
| 141                       | Intangible Assets            | 11   | 99                        |
| 62                        | Long Term Debtors            | 14   | 102                       |
| <b>56,247</b>             | <b>Long Term Assets</b>      |      | <b>61,073</b>             |
| 614                       | Inventories                  | 13   | 662                       |
| 1,275                     | Short Term Debtors           | 14   | 2,527                     |
| 0                         | Short Term Investments       | 15   | 0                         |
| 2,973                     | Cash & Cash Equivalents      | 15   | 2,523                     |
| <b>4,862</b>              | <b>Current Assets</b>        |      | <b>5,712</b>              |
| (3,830)                   | Short Term Borrowing         | 12   | (10,617)                  |
| (217)                     | Short Term Provisions        | 17   | (374)                     |
| (6,042)                   | Short Term Creditors         | 16   | (6,433)                   |
| <b>(10,089)</b>           | <b>Current Liabilities</b>   |      | <b>(17,424)</b>           |
| (231,610)                 | Pension Liability            | 18   | (208,143)                 |
| 0                         | Long Term Provisions         | 17   | 0                         |
| 0                         | Long Term Creditors          | 16   | (466)                     |
| (14,073)                  | Long Term Borrowing          | 12   | (8,456)                   |
| <b>(245,683)</b>          | <b>Long Term Liabilities</b> |      | <b>(217,065)</b>          |
| <b>(194,663)</b>          | <b>Net Assets</b>            |      | <b>(167,704)</b>          |
| (9,094)                   | Usable Reserves              | 8    | (10,879)                  |
| 203,757                   | Unusable Reserves            | 18   | 178,583                   |
| <b>194,663</b>            | <b>Total Reserves</b>        |      | <b>167,704</b>            |

## 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 contributions and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

| 2023/24<br>£'000 |   | Note | 2024/25<br>£'000 |
|------------------|---|------|------------------|
| 1,604            | <b>Net (Surplus)/Deficit on the Provision of Services</b>   |      | <b>(824)</b>     |
| (11,409)         | Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements   | 19   | (4,948)          |
| (263)            | Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities | 19   | (447)            |
| (10,068)         | Net Cash Flows From Operating Activities  | 19   | (6,219)          |
| 2,240            | Investing Activities  | 20   | 7,508            |
| 9,032            | Financing Activities  | 21   | (839)            |
| 1,204            | Net (Increase) or Decrease in Cash and Cash Equivalents   |      | 450              |
| <b>(4,177)</b>   | <b>Cash and Cash Equivalents at the beginning of the reporting period</b>   |      | <b>(2,973)</b>   |
| <b>(2,973)</b>   | <b>Cash and Cash Equivalents at the End of the Reporting Period</b>   | 15   | <b>(2,523)</b>   |

## NOTES TO THE FINANCIAL STATEMENTS

The notes present information about the basis of preparation of the financial statements and the specific accounting policies used. They provide information not presented elsewhere in the financial statements and are relevant to an understanding of the accounts.

### 1 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

Where a new Standard has been published but has not yet been adopted by the Code, the Authority is required to disclose information relating to the impact of the accounting change. The changes that are introduced by the 2025/26 Code are:

- a) **IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)** issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- b) **IFRS 17 Insurance Contracts** issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

It is not anticipated that the above amendments will have a material impact on the information provided in the Authority's financial statements.

### 2 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements.

In applying the accounting policies set out in Appendix 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgement in the Statement of Accounts is due to the high degree of uncertainty about future levels of funding for local government as a whole.

However the Authority has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of the need to reduce levels of service provision.

### 3 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION AND 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 main items in the Authority's Balance Sheet at 31 March 2025, for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

**Property, Plant and Equipment** - The Authority revalues its assets every 5 years. It is possible that property values could continue to fluctuate especially during times of economic uncertainty. Valuations are based on assumptions about asset conditions, useful lives, residual values and market conditions. These judgements are underpinned by the best available information and made by qualified valuers.

The last full revaluation was completed on 31 March 2023, and a further review of all fire station buildings was completed via a desktop revaluation exercise as at 31 March 2024.

**Pension Liability** - Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and, for the Local Government Pension Scheme, the expected return on pension fund assets.

Consulting actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. Further information is provided within the Pension Fund Account.

### 4 EVENTS AFTER THE REPORTING PERIOD

The pre-audit Statement of Accounts was certified for publication by the Treasurer on 30 May 2025. Events taking place after this date are not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing as at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There have been no material events after the Balance Sheet date.

**5 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS**

| <b>2024/25</b>  | <b>Adjustments<br/>for Capital<br/>Purposes<br/>£'000</b> | <b>Net Charge<br/>for Pensions<br/>Adjustments<br/>£'000</b> | <b>Other<br/>Adjustments<br/>£'000</b> | <b>Total<br/>Adjustments<br/>£'000</b> |
|---|---|--|--|--|
| Provision of Fire Services  | (1,443)   | (8,064)  | 198                                    | (9,309)                                |
| <b>Net Cost of Service</b>  | <b>(1,443)</b>  | <b>(8,064)</b>   | <b>198</b>                             | <b>(9,309)</b>                         |
| <b>Other Income &amp; Expenditure</b>   |   |  |  |  |
| Other Income & Expenditure from the expenditure and funding analysis  | (862)   | 10,733   | 447                                    | 10,318                                 |
| <b>Differences between the General Fund surplus and Comprehensive Income and Expenditure Statement surplus on the provision of services</b> | <b>(2,305)</b>  | <b>2,669</b>   | <b>645</b>                             | <b>1,009</b>                           |

| <b>2023/24</b>  | <b>Adjustments<br/>for Capital<br/>Purposes<br/>£'000</b> | <b>Net Charge<br/>for Pensions<br/>Adjustments<br/>£'000</b> | <b>Other<br/>Adjustments<br/>£'000</b> | <b>Total<br/>Adjustments<br/>£'000</b> |
|---|---|--|--|--|
| Provision of Fire Services  | (1,217)   | (7,008)  | 543                                    | (7,682)                                |
| <b>Net Cost of Service</b>  | <b>(1,217)</b>  | <b>(7,008)</b>   | <b>543</b>                             | <b>(7,682)</b>                         |
| <b>Other Income &amp; Expenditure</b>   |   |  |  |  |
| Other Income & Expenditure from the expenditure and funding analysis  | (85)  | 10,379   | 263                                    | 10,557                                 |
| <b>Differences between the General Fund surplus and Comprehensive Income and Expenditure Statement surplus on the provision of services</b> | <b>(1,302)</b>  | <b>3,371</b>   | <b>806</b>                             | <b>2,875</b>                           |

**Adjustments for capital purposes** – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- 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 income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.



**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:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

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

- For financing and investment income and expenditure the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations 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 General Fund.

## 6 EXPENDITURE AND INCOME ANALYSED BY NATURE

| 2023/24<br>£000 |   | 2023/24<br>£000 |
|-----------------|---|-----------------|
|                 | <b>Expenditure</b>                                |                 |
| 24,003          | Employees   | 25,888          |
| 10,079          | Other Operating Costs                             | 10,312          |
| 318             | Support Services                                  | 385             |
| (14)            | Gain on the disposal of assets                    | 56              |
| 11,071          | Financing and Investment Expenditure              | 11,362          |
| 2,478           | Capital Financing Costs                           | 2,595           |
| <b>47,935</b>   | <b>Total Expenditure</b>                          | <b>50,598</b>   |
|                 | <b>Income</b>                                     |                 |
| (546)           | Fees, Charges & Other Service Income              | (792)           |
| (429)           | Interest and Investment Income                    | (182)           |
| (44,394)        | Levies from Constituent Authorities               | (48,549)        |
| (962)           | Government Grants and Contributions               | (1,899)         |
| <b>(46,331)</b> | <b>Total Income</b>                               | <b>(51,422)</b> |
| <b>1,604</b>    | <b>(Surplus)/Deficit on Provision of Services</b> | <b>(824)</b>    |

## **7 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER STATUTE**

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 arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure.

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

### **General Fund balance**

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the authority is required to recover) at the end of the financial year.

### **Capital receipts reserve**

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

### **Capital grants unapplied**

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

| 2023/24                       |                                   |                                    |                                |                                  | Adjustments between Accounting Basis and Funding Basis under Regulations       | 2024/25                       |                                   |                                    |                                |                                  |
|-------------------------------|-----------------------------------|------------------------------------|--------------------------------|----------------------------------|--|-------------------------------|-----------------------------------|------------------------------------|--------------------------------|----------------------------------|
| General Fund Balance<br>£'000 | Capital Grants Unapplied<br>£'000 | Capital Receipts Reserves<br>£'000 | Total Usable Reserves<br>£'000 | Total Unusable Reserves<br>£'000 |  | General Fund Balance<br>£'000 | Capital Grants Unapplied<br>£'000 | Capital Receipts Reserves<br>£'000 | Total Usable Reserves<br>£'000 | Total Unusable Reserves<br>£'000 |
| (2,446)                       | 0                                 | 0                                  | (2,446)                        | 2,446                            | Depreciation and impairment  | (2,595)                       | 0                                 | 0                                  | (2,595)                        | 2,595                            |
| (32)                          | 0                                 | 0                                  | (32)                           | 32                               | Revaluation losses/Gains on Property   | 0                             | 0                                 | 0                                  | 0                              | 0                                |
| 14                            | 0                                 | (39)                               | (25)                           | 25                               | Disposal of non-current assets   | (56)                          |                                   |                                    | (56)                           | 56                               |
| 1,101                         | 0                                 | 0                                  | 1,101                          | (1,101)                          | Capital expenditure financed from earmarked reserve/CERA                       | 1,459                         |                                   |                                    | 1,459                          | (1,459)                          |
| 71                            | 0                                 | 0                                  | 71                             | (71)                             | Capital expenditure funded from grants   | 918                           |                                   |                                    | 918                            | (918)                            |
| 1,902                         | 0                                 | 0                                  | 1,902                          | (1,902)                          | Financing Capital (MRP)  | 1,949                         |                                   |                                    | 1,949                          | (1,949)                          |
| <b>610</b>                    | <b>0</b>                          | <b>(39)</b>                        | <b>571</b>                     | <b>(571)</b>                     |  | <b>1,675</b>                  | <b>0</b>                          | <b>0</b>                           | <b>1,675</b>                   | <b>(1,675)</b>                   |
| 10,532                        | 0                                 | 0                                  | 10,532                         | (10,532)                         | Employers Pension contributions and payments to pensioners                     | 11,028                        |                                   |                                    | 11,028                         | (11,028)                         |
| (13,903)                      | 0                                 | 0                                  | (13,903)                       | 13,903                           | Reversal of retirement benefits in the CIES                                    | (13,697)                      |                                   |                                    | (13,697)                       | 13,697                           |
| <b>(3,371)</b>                | <b>0</b>                          | <b>0</b>                           | <b>(3,371)</b>                 | <b>3,371</b>                     |  | <b>(2,669)</b>                | <b>0</b>                          | <b>0</b>                           | <b>(2,669)</b>                 | <b>2,669</b>                     |
| 0                             | 37                                | 0                                  | 37                             | (37)                             | Adjustment to Grants Reserve   | 0                             | 48                                | 0                                  | 48                             | (48)                             |
| (114)                         |                                   |                                    | (114)                          | 114                              | Movement in Accumulated Absence accrual  | (16)                          | 0                                 | 0                                  | (16)                           | 16                               |
| <b>(2,875)</b>                | <b>37</b>                         | <b>(39)</b>                        | <b>(2,877)</b>                 | <b>2,877</b>                     | <b>Adjustments between accounting basis and funding basis under regulation</b> | <b>(1,010)</b>                | <b>48</b>                         | <b>0</b>                           | <b>(962)</b>                   | <b>962</b>                       |

## 8 USABLE RESERVES

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2024/25.

| Reserve                              | Purpose of the Reserve  | Balance<br>31 March<br>2023<br>£'000 | Transfers<br>(in) / out<br>2023/24<br>£'000 | Balance<br>31 March<br>2024<br>£'000 | Transfers<br>(in) / out<br>2024/25<br>£'000 | Balance<br>31 March<br>2025<br>£'000 |
|--------------------------------------|---|--------------------------------------|---|--------------------------------------|---|--------------------------------------|
| <b>Service Reserves</b>              |   |                                      |   |                                      |   |                                      |
| Pension Reserve                      | Additional pension costs relating to changes to pension rules   | (545)                                | 0   | (545)                                | (525)                                       | (1,070)                              |
| Interest Reserve                     | Offset increases in interest rates that would impact on the revenue budget  | (300)                                | 0   | (300)                                | 0   | (300)                                |
| Fire Hydrant Repairs                 | Funding of the backlog of hydrant repairs   | (90)                                 | 0   | (90)                                 | 0   | (90)                                 |
| PPE Uniform / Stock                  | Increased uniform costs due to changes in legislation   | (250)                                | (447)                                       | (697)                                | (71)  | (768)                                |
| Transformational Change              | Funding for the delivery of transformational change projects  | (851)                                | 0   | (851)                                | 0   | (851)                                |
| Facilities Improvements              | Ensure buildings meet required standard and improve energy efficiency   | (651)                                | 0   | (651)                                | (329)                                       | (980)                                |
| Legal Liability                      | Funding of future legal liabilities for known/expected claims   | (186)                                | (124)                                       | (310)                                | 0   | (310)                                |
| Training                             | Implement changes to training provision as required by legislation  | (250)                                | 0   | (250)                                | 0   | (250)                                |
| Major Incidents                      | Offset costs of major incidents in excess of budget   | (150)                                | 0   | (150)                                | 0   | (150)                                |
| System Improvements                  | A fund set aside to meet the cost of system improvements  | (711)                                | 0   | (711)                                | 0   | (711)                                |
| Inflation                            | Offset costs of inflation in excess of budget   | (250)                                | 0   | (250)                                | 0   | (250)                                |
| Firefighters Pay Structure review    | Funding allocated for on-going discussions regarding the pay structure for pay progression for staff  | 0                                    | (473)                                       | (473)                                | 0   | (473)                                |
| <b>Capital &amp; Grants Reserves</b> |   |                                      |   |                                      |   |                                      |
| Capital Projects                     | A fund set aside for delayed schemes and retention costs  | (1,043)                              | 129   | (914)                                | (89)  | (1,003)                              |
| Radio Scheme                         | Emergency Service Network upgrade - offset some of the additional costs   | (750)                                | (261)                                       | (1,011)                              | (526)                                       | (1,537)                              |
| Grant Reduction                      | Offset reduction in Fire Safety funding from Welsh Government   | (195)                                | 0   | (195)                                | 0   | (195)                                |
| <b>Total Earmarked Reserves</b>      |   | <b>(6,222)</b>                       | <b>(1,176)</b>                              | <b>(7,398)</b>                       | <b>(1,540)</b>                              | <b>(8,938)</b>                       |
| General Fund                         | Available for general purposes and to provide operational resilience  | (1,480)                              | (95)  | (1,575)                              | (293)                                       | (1,868)                              |
| Capital Receipts Reserve             | Holds receipts from the sale of assets, available to finance future capital expenditure   | (34)                                 | (39)  | (73)                                 | 0   | (73)                                 |
| Capital Grants Unapplied             | Holds grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure | (85)                                 | 37  | (48)                                 | 48  | 0                                    |
| <b>Total Usable Reserves</b>         |   | <b>(7,821)</b>                       | <b>(1,273)</b>                              | <b>(9,094)</b>                       | <b>(1,785)</b>                              | <b>(10,879)</b>                      |

**9 FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

| <b>2023/24<br/>£'000</b> |   | <b>2024/25<br/>£'000</b> |
|--------------------------|---|--------------------------|
| 692                      | Interest payable and similar charges              | 629                      |
| (429)                    | Interest receivable and similar income            | (182)                    |
| 10,379                   | Net Interest on the net defined benefit liability | 10,733                   |
| <b>10,642</b>            | <b>Total</b>                                      | <b>11,180</b>            |

**10 TAXATION AND NON SPECIFIC GRANT INCOME**

| <b>2023/24<br/>£'000</b> |   | <b>2024/25<br/>£'000</b> |
|--------------------------|---|--------------------------|
| 7,478                    | Conwy County Borough Council                        | 8,063                    |
| 4,403                    | Anglesey County Council                             | 4,871                    |
| 7,914                    | Gwynedd Council                                     | 10,944                   |
| 6,064                    | Denbighshire County Council                         | 6,812                    |
| 9,936                    | Flintshire County Council                           | 8,308                    |
| 8,599                    | Wrexham County Borough Council                      | 9,551                    |
| <b>44,394</b>            | <b>Levies from Constituent Authorities</b>          | <b>48,549</b>            |
| 71                       | Capital Grants and Contributions                    | 918                      |
| <b>44,465</b>            | <b>Total Taxation and Non Specific Grant Income</b> | <b>49,467</b>            |



## 11 PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

### Movements on Balances

| 2024-2025   | Land and Buildings | Vehicles and Equipment | Assets Under Construction | Property Plant & Equipment | Intangible Assets | Assets Held for Sale |
|---|--------------------|------------------------|---------------------------|----------------------------|-------------------|----------------------|
|   | £'000              | £'000                  | £'000                     | Total £'000                | Total £'000       | Total £'000          |
| <b>Gross Book Value at 1 April 2024</b>   | <b>46,253</b>      | <b>24,129</b>          | <b>1,060</b>              | <b>71,442</b>              | <b>233</b>        | <b>0</b>             |
| Re-categorisation of assets   | 483                | 577                    | (1,060)                   | 0                          | 0                 | 0                    |
| Additions   | 3,995              | 2,676                  | 766                       | 7,437                      | 0                 | 0                    |
| Revaluation increase / (decreases) recognised in the Revaluation Reserve                            | 0                  | 0                      | 0                         | 0                          | 0                 | 0                    |
| Revaluation increase / (decreases) recognised in the Surplus / Deficit on the Provision of Services | 0                  | 0                      | 0                         | 0                          | 0                 | 0                    |
| Derecognition - Disposals   | 0                  | (777)                  | 0                         | (777)                      | 0                 | 0                    |
| Derecognition - Other   | 0                  | 0                      | 0                         | 0                          | 0                 | 0                    |
| <b>Gross Book Value at 31 March 2025</b>  | <b>50,731</b>      | <b>26,605</b>          | <b>766</b>                | <b>78,102</b>              | <b>233</b>        | <b>0</b>             |
| <b>Accumulated Depreciation &amp; Impairment</b>  |                    |                        |                           |                            |                   |                      |
| At 1 April 2024   | (43)               | (15,355)               | 0                         | (15,398)                   | (92)              | 0                    |
| Depreciation/Amortisation charge  | (984)              | (1,569)                | 0                         | (2,553)                    | (42)              | 0                    |
| Depreciation written out of the Revaluation Reserve   | 0                  | 0                      | 0                         | 0                          | 0                 | 0                    |
| Depreciation written out to the Surplus / Deficit on the Provision of Services                      | 0                  | 0                      | 0                         | 0                          | 0                 | 0                    |
| Derecognition - Disposals   | 0                  | 721                    | 0                         | 721                        | 0                 | 0                    |
| Derecognition - Other   | 0                  | 0                      | 0                         | 0                          | 0                 | 0                    |
| <b>Accumulated Depreciation at 31 March 2025</b>  | <b>(1,027)</b>     | <b>(16,203)</b>        | <b>0</b>                  | <b>(17,230)</b>            | <b>(134)</b>      | <b>0</b>             |
| <b>NET BOOK VALUE AT 31 MARCH 2025</b>  | <b>49,704</b>      | <b>10,402</b>          | <b>766</b>                | <b>60,872</b>              | <b>99</b>         | <b>0</b>             |
| <b>NET BOOK VALUE AT 31 MARCH 2024</b>  | <b>46,210</b>      | <b>8,774</b>           | <b>1,060</b>              | <b>56,044</b>              | <b>141</b>        | <b>0</b>             |

| 2023-2024   | Land and Buildings | Vehicles and Equipment | Assets Under Construction | Property Plant & Equipment | Intangible Assets | Assets Held for Sale |
|---|--------------------|------------------------|---------------------------|----------------------------|-------------------|----------------------|
|   | £'000              | £'000                  | £'000                     | Total £'000                | Total £'000       | Total £'000          |
| <b>Gross Book Value at 1 April 2023</b>   | <b>47,289</b>      | <b>24,721</b>          | <b>85</b>                 | <b>72,095</b>              | <b>431</b>        | <b>0</b>             |
| Re-categorisation of assets   | 0                  | 36                     | (36)                      | 0                          | 0                 | 0                    |
| Additions   | 414                | 758                    | 1,011                     | 2,183                      | 0                 | 0                    |
| Revaluation increase / (decreases) recognised in the Revaluation Reserve                            | (1,352)            | 0                      | 0                         | (1,352)                    | 0                 | 0                    |
| Revaluation increase / (decreases) recognised in the Surplus / Deficit on the Provision of Services | (95)               | 0                      | 0                         | (95)                       | 0                 | 0                    |
| Derecognition - Disposals   | (3)                | (1,303)                | 0                         | (1,306)                    | 0                 | 0                    |
| Derecognition - Other   | 0                  | (83)                   | 0                         | (83)                       | (198)             | 0                    |
| <b>Gross Book Value at 31 March 2024</b>  | <b>46,253</b>      | <b>24,129</b>          | <b>1,060</b>              | <b>71,442</b>              | <b>233</b>        | <b>0</b>             |
| <b>Accumulated Depreciation &amp; Impairment</b>  |                    |                        |                           |                            |                   |                      |
| At 1 April 2023   | (4)                | (15,250)               | 0                         | (15,254)                   | (209)             | 0                    |
| Depreciation/Amortisation charge  | (897)              | (1,468)                | 0                         | (2,365)                    | (81)              | 0                    |
| Depreciation written out of the Revaluation Reserve   | 795                | 0                      | 0                         | 795                        | 0                 | 0                    |
| Depreciation written out to the Surplus / Deficit on the Provision of Services                      | 63                 | 0                      | 0                         | 63                         | 0                 | 0                    |
| Derecognition - Disposals   | 0                  | 1,280                  | 0                         | 1,280                      | 0                 | 0                    |
| Derecognition - Other   | 0                  | 83                     | 0                         | 83                         | 198               | 0                    |
| <b>Accumulated Depreciation at 31 March 2024</b>  | <b>(43)</b>        | <b>(15,355)</b>        | <b>0</b>                  | <b>(15,398)</b>            | <b>(92)</b>       | <b>0</b>             |
| <b>NET BOOK VALUE AT 31 MARCH 2024</b>  | <b>46,210</b>      | <b>8,774</b>           | <b>1,060</b>              | <b>56,044</b>              | <b>141</b>        | <b>0</b>             |
| <b>NET BOOK VALUE AT 31 MARCH 2023</b>  | <b>47,285</b>      | <b>9,471</b>           | <b>85</b>                 | <b>56,841</b>              | <b>222</b>        | <b>0</b>             |

## Depreciation

Buildings are depreciated using componentisation, where an estimate is made of the useful life of each component of the building and a weighted average then used to calculate the annual charge.

Other assets are recognised at historic cost, which is a proxy for current cost on short life assets, and depreciated over their useful lives.

## Revaluations and Impairments

The authority ensures that all property, plant and equipment required to be measured at current value is revalued sufficiently regularly so that their carrying amount is not materially different from their current value at the year-end, and as a minimum every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

A review of all fire station buildings was undertaken, as at 31 March 2025, following advice from the valuers that the replacement cost had reduced. Fire stations are valued at depreciated replacement cost. Office accommodation and workshops were revalued in 2023/24 and are valued at existing use value.

Valuations of vehicles, plant and equipment were based on current prices where there was an active second-hand market or latest list prices adjusted for the condition of the asset.

## Capital Commitments

The Authority is committed to capital expenditure in future periods arising from contracts entered into at the Balance Sheet date. Capital expenditure committed at the 31 March 2025 for future periods equates to £1,661k (2023/24: £3,804k). The commitments relate to the following:

| Description    | £'000        |
|----------------|--------------|
| Building Works | 626          |
| Vehicles       | 1,035        |
| <b>Total</b>   | <b>1,661</b> |

## Surplus Assets (Non operational property, plant and equipment)

The Authority does not have any material surplus assets.

## 12 FINANCIAL INSTRUMENTS

### Categories of Financial Instruments

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

|   | Non Current               |                           | Current                   |                           |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
|   | 31 March<br>2024<br>£'000 | 31 March<br>2025<br>£'000 | 31 March<br>2024<br>£'000 | 31 March<br>2025<br>£'000 |
| <b>Financial Assets at Amortised Cost:</b>      |                           |                           |                           |                           |
| Cash and Cash Equivalents                       | 0                         | 0                         | 2,973                     | 2,523                     |
| Debtors   | 62                        | 102                       | 1,275                     | 2,527                     |
| <b>Financial Liabilities at Amortised Cost:</b> |                           |                           |                           |                           |
| Interest Accrued                                | 0                         |                           | (116)                     |                           |
| Borrowings                                      | (14,073)                  | (8,456)                   | (3,714)                   | (10,617)                  |
| Total Borrowing                                 | (14,073)                  | (8,456)                   | (3,830)                   | (10,617)                  |
| Creditors                                       | 0                         | 0                         | (6,042)                   | (6,899)                   |

### 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:

|   | 2023/24  |  | 2024/25   |  |
|---|--|--|---|--|
|   | Financial<br>Liabilities<br><br>Measured at<br>amortised cost<br><br>£'000 | Financial<br>Assets<br><br>Loans and<br>receivables<br><br>£'000 | Financial<br>Liabilities<br><br>Measured at<br>amortised<br>cost<br><br>£'000 | Financial<br>Assets<br><br>Loans and<br>receivables<br><br>£'000 |
| Interest expense  | 692  |  | 629   |  |
| <b>Total expense in Surplus or Deficit on<br/>the Provision of Services</b> | <b>692</b>   |  | <b>629</b>  |  |
| Interest income   |  | (429)  |   | (182)  |
| <b>Total income in Surplus or Deficit on<br/>the Provision of Services</b>  |  | <b>(429)</b>   |   | <b>(182)</b>   |
| <b>Net gain/(loss) for the year</b>   | <b>692</b>   | <b>(429)</b>   | <b>629</b>  | <b>(182)</b>   |

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

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). Their fair value 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 from the PWLB and other loans payable, borrowing from the PWLB has been applied to provide the fair value under PWLB debt redemption procedures;
- 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 carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

|                   | 31-Mar-24       |                 | 31-Mar-25       |                 |
|-------------------|-----------------|-----------------|-----------------|-----------------|
|                   | Carrying amount | Fair value      | Carrying amount | Fair value      |
|                   | £'000           | £'000           | £'000           | £'000           |
| PWLB debt         | (17,787)        | (17,118)        | (14,073)        | (13,300)        |
| Non-PWLB debt     | 0               | 0               | (5,000)         | (5,000)         |
| <b>Total Debt</b> | <b>(17,787)</b> | <b>(17,118)</b> | <b>(19,073)</b> | <b>(18,300)</b> |

The fair value has been calculated with direct reference to published price quotations in an active market. In the case of the Fire and Rescue Authority they are based on premiums that would be payable if PWLB loans were surrendered and provides an estimate of the additional interest payable compared to the same loan at current market rates discounted back to the current period.

## 13 INVENTORIES

|  | Main Stores |            | Fleet Stock |            | Totals     |            |
|--|-------------|------------|-------------|------------|------------|------------|
|  | 2023/24     | 2024/25    | 2023/24     | 2024/25    | 2023/24    | 2024/25    |
|  | £'000       | £'000      | £'000       | £'000      | £'000      | £'000      |
| Balance at start of year               | 451         | 413        | 187         | 201        | 638        | 614        |
| Purchases                              | 314         | 952        | 229         | 203        | 543        | 1,155      |
| Write offs/adjustments                 | (50)        | (3)        | (1)         | (1)        | (51)       | (4)        |
| Recognised as an Expense in year       | (302)       | (925)      | (214)       | (178)      | (516)      | (1,103)    |
| <b>Balance outstanding at year end</b> | <b>413</b>  | <b>437</b> | <b>201</b>  | <b>225</b> | <b>614</b> | <b>662</b> |



**14 DEBTORS**

| 2023/24<br>£'000 |  | 2024/25<br>£'000 |
|------------------|--|------------------|
|                  | <b>Long Term</b>                         |                  |
| 62               | Prepayments                              | 102              |
| <b>62</b>        | <b>Total Long Term</b>                   | <b>102</b>       |
|                  | <b>Short Term</b>                        |                  |
| 286              | Other Receivable Amounts                 | 445              |
| 488              | Trade Receivables                        | 1,509            |
| 501              | Prepayments                              | 573              |
| <b>1,275</b>     | <b>Total Short Term</b>                  | <b>2,527</b>     |
| <b>1,337</b>     | <b>Total Long and Short Term Debtors</b> | <b>2,629</b>     |

**15 CASH AND CASH EQUIVALENTS**

| 31-Mar-24<br>£'000 |                        | 31-Mar-25<br>£'000 |
|--------------------|------------------------|--------------------|
| 1,483              | Cash and Bank Balances | 2,517              |
| 1,480              | Short Term Deposits    | 0                  |
| 10                 | Petty Cash Imprests    | 6                  |
| <b>2,973</b>       | <b>Total</b>           | <b>2,523</b>       |

**16 CREDITORS**

| 2023/24<br>£'000 |  | 2024/25<br>£'000 |
|------------------|--|------------------|
|                  | <b>Long Term</b>                           |                  |
| 0                | Trade Payables                             | (466)            |
| <b>0</b>         | <b>Total Long Term</b>                     | <b>(466)</b>     |
|                  | <b>Short Term</b>                          |                  |
| (3,364)          | Other Payables                             | (820)            |
| (2,678)          | Trade Payables                             | (5,613)          |
| <b>(6,042)</b>   | <b>Total Short Term</b>                    | <b>(6,433)</b>   |
| <b>(6,042)</b>   | <b>Total Long and Short Term Creditors</b> | <b>(6,899)</b>   |

**17 PROVISIONS**

At 31 March 2025 the Authority held a provision with a value of £374k relating to employee liabilities. This provision will be utilised to offset revenue expenditure, when it occurs.

|                       | Opening<br>Balance<br>£'000 | Movements<br>In<br>£'000 | Movements<br>Out<br>£'000 | Closing<br>Balance<br>£'000 |
|-----------------------|-----------------------------|--------------------------|---------------------------|-----------------------------|
| Short Term Provisions | (217)                       | (175)                    | 18                        | (374)                       |
| Long Term Provisions  | 0                           | 0                        | 0                         | 0                           |
| <b>Total</b>          | <b>(217)</b>                | <b>(175)</b>             | <b>18</b>                 | <b>(374)</b>                |

## 18 UNUSABLE RESERVES

| 31-Mar-24<br>£'000 |                              | 31-Mar-25<br>£'000 |
|--------------------|------------------------------|--------------------|
| (17,304)           | Revaluation Reserve          | (17,009)           |
| (10,935)           | Capital Adjustment Account   | (12,954)           |
| 231,610            | Pensions Reserve             | 208,143            |
| 386                | Accumulated Absences Account | 403                |
| <b>203,757</b>     | <b>Total</b>                 | <b>178,583</b>     |

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment.

The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation or disposed of and the gains are realised.

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

| 2023/24<br>£'000 |   | 2024/25<br>£'000 |
|------------------|---|------------------|
| <b>(18,175)</b>  | <b>Balance at 1 April</b>   | <b>(17,304)</b>  |
| 0                | Upward revaluation of assets  | 0                |
| 557              | Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services. | 0                |
| 0                | Prior Year Adjustment   | 0                |
| 0                | Adjustment from Capital Adjustment Account  | 0                |
| 314              | Difference between fair value depreciation and historical cost depreciation   | 295              |
| <b>(17,304)</b>  | <b>Balance at 31 March</b>  | <b>(17,009)</b>  |

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains valuation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

| 2023/24<br>£'000 |   | 2024/25<br>£'000 |
|------------------|---|------------------|
| <b>(10,013)</b>  | <b>Balance at 1 April</b>   | <b>(10,935)</b>  |
| 2,445            | Charges for depreciation & impairment of non-current assets   | 2,595            |
| 25               | Amount of non current asset written off on disposal or sale   | 56               |
| 32               | Adjustment relating to the revaluation of assets  | 0                |
| (314)            | Adjusting amounts written out of the Revaluation Reserve  | (295)            |
| <b>2,188</b>     | <b>Net written out amount of the cost of non-current assets consumed in the year</b>  | <b>2,356</b>     |
| (71)             | Capital grants & contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | (918)            |
| (1,101)          | Capital expenditure charged against the General Fund/ Earmarked reserves  | (1,459)          |
| (36)             | Application of grants to capital financing from the capital grants unapplied account  | (49)             |
| (1,902)          | Statutory provision for the financing of capital investment charged against the General Fund  | (1,949)          |
| <b>(3,110)</b>   | <b>Capital Financing Applied in year</b>  | <b>(4,375)</b>   |
| <b>(10,935)</b>  | <b>Balance at 31 March</b>  | <b>(12,954)</b>  |

## Pensions Reserve

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

| 2023/24<br>£'000 |  | 2024/25<br>£'000 |
|------------------|--|------------------|
| <b>227,143</b>   | <b>Opening Balance 1 April</b>   | <b>231,610</b>   |
| 1,096            | Re-measurement of the net defined benefit liability  | (26,136)         |
| 13,903           | Reversal of Items related to retirement benefits debited to the Provision of Service in the Comprehensive Income & Expenditure Statement | 13,697           |
| (10,532)         | Employer's pensions contributions and direct payments to pensioners payable in the year  | (11,028)         |
| <b>4,467</b>     | <b>Movement on Pension Reserve</b>   | <b>(23,467)</b>  |
| <b>231,610</b>   | <b>Balance at 31 March</b>   | <b>208,143</b>   |

### Accumulated Absences Account

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

| 2023/24<br>£'000 |   | 2024/25<br>£'000 |
|------------------|---|------------------|
| <b>272</b>       | <b>Balance at 1 April</b>   | <b>386</b>       |
| (272)            | Settlement or cancellation of accrual made at the end of the preceding year | (386)            |
| 386              | Amounts accrued at the end of the current year                              | 403              |
| <b>386</b>       | <b>Balance at 31 March</b>  | <b>403</b>       |

**19 CASH FLOW STATEMENT - OPERATING ACTIVITIES**

| 2023/24<br>£'000 |  | 2024/25<br>£'000 |
|------------------|--|------------------|
| 1,604            | <b>Net (Surplus)/Deficit on the Provision of Services</b>  | <b>(824)</b>     |
|                  | <b>Adjustment to net (surplus)/deficit for non-cash movements</b>  |                  |
| (26)             | Increase/(Decrease) in Inventories   | 49               |
| (3,736)          | Increase/(Decrease) in Debtors   | 1,293            |
| (1,754)          | (Increase)/Decrease in Creditors   | (857)            |
| (2,446)          | Depreciation Charge  | (2,595)          |
| 39               | Contributions Received/Capital Receipts  | 0                |
| (3,371)          | IAS 19 Pension Adjustments   | (2,608)          |
| (32)             | Impairment Charge/Revaluation of Assets  | 0                |
| (25)             | Carrying amount of Non Current Assets sold or derecognised   | (56)             |
| 56               | Contribution (to)/from Various Provisions  | (158)            |
| 0                | Other non-cash items charged to the net surplus or deficit on the provision of services  | 0                |
| (114)            | Accumulated Absences Reserve   | (16)             |
| <b>(11,409)</b>  | <b>Less Total</b>  | <b>(4,948)</b>   |
|                  | <b>Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities</b> |                  |
| (692)            | Interest paid  | (629)            |
| 429              | Interest Received  | 182              |
| <b>(263)</b>     |  | <b>(447)</b>     |
| <b>(10,068)</b>  | <b>Net Cash Flow From Operating Activity</b>   | <b>(6,219)</b>   |

**20 CASH FLOW STATEMENT – INVESTING ACTIVITIES**

| 2023/24<br>£'000 |  | 2024/25<br>£'000 |
|------------------|--|------------------|
| 2,183            | Purchase of property, plant and equipment, investment property and intangible assets               | 6,534            |
| (14)             | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 56               |
| 71               | Other receipts from investing activities   | 918              |
| <b>2,240</b>     | <b>Net cash flow from investing activities</b>   | <b>7,508</b>     |

**21 CASH FLOW STATEMENT – FINANCING ACTIVITIES**

| 2023/24<br>£'000 |   | 2024/25<br>£'000 |
|------------------|---|------------------|
| 0                | Cash receipts of short-term and long-term borrowing | (5,000)          |
| 8,769            | Repayments of short-term and long-term borrowing    | 3,714            |
| 263              | Other payments for financing activities             | 447              |
| <b>9,032</b>     | <b>Net cash flow from financing activities</b>      | <b>(839)</b>     |



## 22 MEMBERS' ALLOWANCES

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

| 2023/24<br>£  |                             | 2024/25<br>£  |
|---------------|-----------------------------|---------------|
| 84,804        | Elected Members' Allowances | 90,515        |
| 2,209         | Elected Members' Expenses   | 1,560         |
| 2,390         | Co-opted Members' costs     | 1,142         |
| <b>89,403</b> | <b>Total</b>                | <b>93,217</b> |

### Elected members

Elected Members of the Fire and Rescue Authority are entitled to receive allowances in recognition of their roles and responsibilities. These allowances include a basic salary payable to all members, and where applicable, senior salaries for those undertaking additional duties such as Chair or Deputy Chair of the Authority or its committees.

In addition to allowances, Elected Members may claim reimbursement for expenses incurred in the performance of their official duties. These expenses typically include travel and subsistence costs associated with attending Authority meetings, training sessions, and other approved engagements.

### Co-opted Members

Co-opted Members, who are appointed to provide independent input or specialist expertise—such as those serving on the Standards Committee—do not receive an allowance. Instead, they are eligible for payments in recognition of their participation in official meetings and related activities.

## 23 OFFICERS' REMUNERATION

The remuneration paid to the Authority's senior employees is detailed in the following table. Senior Officers whose salary is £150,000 or more are named:

| Post Title  | Year           | Salary (Inc Fees & Allowances)<br>£ | Pension Contributions<br>£ | Total Remuneration<br>£ |
|---|----------------|-------------------------------------|----------------------------|-------------------------|
| Chief Fire Officer: Dawn Docx                                   | 2023/24        | 160,231                             | 29,216                     | 189,447                 |
|   | <b>2024/25</b> | <b>156,392</b>                      | <b>28,620</b>              | <b>185,012</b>          |
| Deputy Chief Fire Officer                                       | 2023/24        | 127,594                             | 34,833                     | 162,427                 |
|   | <b>2024/25</b> | <b>125,114</b>                      | <b>38,785</b>              | <b>163,899</b>          |
| Assistant Chief Fire Officer (retired June 2023)                | 2023/24        | 31,369                              | 6,888                      | 38,257                  |
|   | <b>2024/25</b> | <b>0</b>                            | <b>0</b>                   | <b>0</b>                |
| Assistant Chief Fire Officer (seconded March 2024)*             | 2023/24        | 104,335                             | 28,483                     | 132,818                 |
|   | <b>2024/25</b> | <b>47,314</b>                       | <b>13,938</b>              | <b>61,252</b>           |
| Assistant Chief Fire Officer                                    | 2023/24        | 120,176                             | 21,912                     | 142,088                 |
|   | <b>2024/25</b> | <b>117,294</b>                      | <b>21,465</b>              | <b>138,759</b>          |
| Temporary Assistant Chief Fire Officer (appointed March 2024)** | 2023/24        | 6,530                               | 1,421                      | 7,951                   |
|   | <b>2024/25</b> | <b>101,921</b>                      | <b>25,901</b>              | <b>127,822</b>          |
| Temporary Assistant Chief Fire Officer (appointed January 2025) | 2023/24        | 0                                   | 0                          | 0                       |
|   | <b>2024/25</b> | <b>28,926</b>                       | <b>7,431</b>               | <b>36,357</b>           |
| Treasurer - Section 151 Officer (15 days per Year)              | 2023/24        | 8,180                               | 2,860                      | 11,040                  |
|   | <b>2024/25</b> | <b>8,340</b>                        | <b>1,526</b>               | <b>9,866</b>            |

The 2023/24 figures above include backpay of £38k, from January 2022, due to the settlement of the Brigade Managers pay award agreed in May 2023.

\*Assistant Chief Fire Officer temporarily seconded to South Wales Fire and Rescue Service as Chief Fire Officer, returned to NWFRS with effect from 14 November 2024. Salary costs for this period, totalling £107,708 and pension costs totalling £22,423, have been met and reported by South Wales Fire and Rescue Service.

\*\* The fixed-term contract for the Assistant Chief Fire Officer (ACFO) concluded at the end of December. Following this, due to changes within the principal officer availability, the ACFO was subsequently re-appointed on a temporarily basis in February 2025.

The Monitoring Officer is provided by Flintshire County Council as part of a Service Level Agreement so no costs for an individual are shown in the table above. Further details on the Monitoring Officer costs can be found within Note 27 – Related Parties.

The Authority's other employees receiving more than £60,000 remuneration for the year (excluding employer pension contributions) were paid the following amounts:

| REMUNERATION BAND | NUMBER OF EMPLOYEES |         |
|-------------------|---------------------|---------|
|                   | 2023/24             | 2024/25 |
| £60,000 - £64,999 | 19                  | 22      |
| £65,000 - £69,999 | 6                   | 6       |
| £70,000 - £74,999 | 6                   | 4       |
| £75,000 - £79,999 | 1                   | 2       |
| £80,000 - £84,999 | 0                   | 0       |
| £85,000 - £89,999 | 2                   | 2       |
| £90,000 - £94,999 | 1                   | 2       |

The following table gives the ratio between the Chief Fire Officer's remuneration and the median remuneration of Fire and Rescue Service staff:

| 2023/24<br>£ |                    | 2024/25<br>£ |
|--------------|--------------------|--------------|
| 160,231      | Chief Fire Officer | 156,392      |
| 36,226       | Median             | 37,675       |
| 4.42         | Ratio              | 4.15         |

The staff that are employed under Retained Duty System (RDS) contracts have been included in the calculation on their Full Time Equivalent scale point rather than actual earnings. The data for 2023/24 includes total salary paid and also includes backpay for the CFO relating to 2022-23 which has reflected on the ratio (excludes pension contributions).

There were no redundancies and hence no exit packages in 2023/24 and 2024/25.

## 24 EXTERNAL AUDIT COSTS

Fees payable to the Auditor General for Wales with regard to external audit services carried out by the appointed auditor:

| 2023/24<br>£'000 |                        | 2024/25<br>£'000 |
|------------------|------------------------|------------------|
| 60               | Financial Audit work   | 60               |
| 16               | Performance Audit work | 17               |
| <b>76</b>        | <b>Total</b>           | <b>77</b>        |

**25 GRANTS**

| <b>2023/24<br/>£'000</b> | <b>Credited to Services</b>   | <b>2024/25<br/>£'000</b> |
|--------------------------|---|--------------------------|
| 169                      | Arson Reduction   | 0                        |
| 240                      | Home Safety Equipment   | 250                      |
| 322                      | All Wales National Resilience   | 304                      |
| 141                      | Youth & Young People Engagement                                       | 145                      |
| 14                       | Operation Ugain   | 72                       |
| 5                        | Cyber Essentials  | 0                        |
| 0                        | Windrush Grant  | 2                        |
| 0                        | Fire and Rescue Service Pay Pressures                                 | 209                      |
| <b>891</b>               | <b>TOTAL</b>  | <b>982</b>               |
|                          | <b>Credited to taxation and non-specific income &amp; expenditure</b> |                          |
| 71                       | All Wales National Resilience   | 0                        |
| 0                        | Fireground Radios   | 377                      |
| 0                        | Electric Vehicles   | 115                      |
| 0                        | Electric Vehicle Charging Infrastructure                              | 131                      |
| 0                        | Public Sector Low Carbon Heat Grant                                   | 295                      |
| <b>71</b>                | <b>TOTAL</b>  | <b>918</b>               |

**26 AGENCY SERVICES**

The Authority acts as an agent on behalf of Welsh Government in administering two grant schemes for all the Fire and Rescue Services in Wales. The approved grants are paid to North Wales Fire and Rescue Service who are then responsible for distributing the grants to the Mid and West Wales Fire and Rescue Service and South Wales Fire and Rescue Service.

The Authority acts as an agent for the Local Resilience Forum. This is a multi-agency partnership made up of representatives from local public services, including the emergency services, local authorities, the NHS, the Environment Agency and others. Contributions from the various public bodies, are paid to North Wales Fire and Rescue Service. This funding is utilised to pay for the expenditure of the Forum. As at 31 March 2025, the Authority held funds of £11k relating to the Forum.

| <b>2023/24<br/>£'000</b> |                                   | <b>2024/25<br/>£'000</b> |
|--------------------------|-----------------------------------|--------------------------|
| 3,144                    | All Wales National Resilience     | 3,117                    |
| 266                      | Youth and Young People Engagement | 227                      |
| 135                      | Local Resilience Forum            | 110                      |
| <b>3,545</b>             | <b>Total</b>                      | <b>3,454</b>             |

## 27 RELATED PARTIES

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

### Welsh Government

The Welsh Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the authority operates, provides the majority of its funding in the form of grants (the Revenue Support Grant is paid to constituent authorities) and prescribes the terms of many of the transactions that the authority has with other parties. Directly received grant receipts are shown in Note 25 and constituent authority contributions are shown in Note 10.

### Members

Members of the authority have direct control over the authority's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in Note 22.

All Members completed a declaration of interest with related parties return for the year 2024/25. Apart from allowances and expenses no other transactions were identified. Nothing was paid by the Authority during 2024/25 under such arrangements (2023/24: nil), and no income was received by the Authority during 2024/25 (2023/24: nil).

A list of Elected Members' interests is maintained by the Monitoring Officer and is available to view on the website - [www.northwalesfire.gov.wales](http://www.northwalesfire.gov.wales)

### Senior Officers

The Senior Officers completed a declaration of interest with related parties return for the year 2024/25. Senior Officers' remuneration is shown in Note 23.

An Assistant Chief Fire Officer declared an interest as a trustee with DangerPoint. The independent charity runs an education activity centre based in North Wales. Payments of £13,300 have been made to DangerPoint in 2024/25, as part of Welsh Government grant funding (2023/24: £12,844). In addition, funding is provided for the cost of an administrator, which amounted to £34,826 (2023/24: £32,258).

The S.151 Officer was also contracted as Independent Board Chair for Powys Pension Fund, and as a Non-Executive Director on the Board of Adra, a housing association.

No income was received by the Authority during 2024/25 (2023/24: nil).

## Other Public Bodies

Flintshire County Council provide the role of Monitoring Officer. This post is held by the Chief Officer (Governance)/Monitoring Officer and payments amounted to £20k (2023/24: £19k).

Conwy County Borough Council previously provided legal services, with the arrangement coming to an end during 2023/24 (2023/24: £12k). As at 31 March 2025 £12k remained outstanding.

Mersey Internal Audit provide internal audit services for which payments amounted to £23k. As at 31 March 2025 nothing remained outstanding.

Carmarthenshire County Council, acting on behalf of the Dyfed Pension Fund, manage the payments made to firefighter pensioners on behalf of the Authority. They are also responsible for managing the records of current pensioners and active members of the scheme. Transactions in the year amounted to £113k (2023/24: £91k). As at 31 March 2024 nothing remained outstanding.

South Wales Fire & Rescue Service, via a secondment agreement, provide a Firefighter's Pension Lead for which payments in year amounted to £18k (2023/24: £2k) which was outstanding at year end.

There are joint arrangements with North Wales Police and Crime Commissioner as well as a shared control room. The Authority's contribution towards facilities management amounted to £234k (2023/24: £220k). Procurement advice was previously provided with the arrangement coming to an end during 2023/24 (2023/24: £7k). As at 31 March 2025 £7k remained outstanding.

## 28 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the authority, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed.

| 2023/24<br>£'000 |   | 2024/25<br>£'000 |
|------------------|---|------------------|
| 28,877           | Opening Capital Financing Requirement   | 27,950           |
|                  | <b>Capital Investment</b>   |                  |
| 2,183            | Property, Plant & Equipment   | 7,437            |
|                  | <b>Sources of Finance</b>   |                  |
| (107)            | Government Grants & Contributions   | (967)            |
| (1,902)          | Sums set aside from revenue   | (1,949)          |
| (1,101)          | Direct Revenue Contributions  | (1,459)          |
| <b>27,950</b>    | <b>Closing Capital Financing Requirement</b>  | <b>31,012</b>    |
| (927)            | Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance) | 3,062            |
| <b>(927)</b>     | <b>Increase/(decrease) in Capital Financing Requirement</b>                                       | <b>3,062</b>     |



## 29 LEASES

### Authority as lessee

Leases are recognised as right of use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year, but may have extension options.

The authority has acquired vehicles and equipment by entering into lease contracts with typical terms of four years. In addition the authority leases three buildings with typical lease terms of five years.

The table shows the change in the right of use assets held under leases by the Authority.

|                                    | Land & Buildings | Vehicles and Equipment | Total      |
|------------------------------------|------------------|------------------------|------------|
|                                    | £000             | £000                   | £000       |
| Balance at 1 April 2024            | 593              | 310                    | 903        |
| Additions                          | 0                | 0                      | 0          |
| Revaluations                       | 0                | 0                      | 0          |
| Depreciation and amortisation      | (108)            | (143)                  | (251)      |
| Disposals                          | 0                | (3)                    | (3)        |
| <b>Balance as at 31 March 2025</b> | <b>485</b>       | <b>164</b>             | <b>649</b> |

The authority incurred the following expenses and cash flows in relation to leases:

|   | Land & Buildings | Vehicles and Equipment | Total |
|---|------------------|------------------------|-------|
|   | £000             | £000                   | £000  |
| <b>Comprehensive income and expenditure statement</b> |                  |                        |       |
| Interest expense on lease liabilities                 | 29               | 17                     | 46    |
| Expense relating to short-term leases                 | 0                | 4                      | 4     |
| Expense relating to exempt leases of low value items  | 0                | 2                      | 2     |
| <b>Cash flow statement</b>                            |                  |                        |       |
| Minimum lease payments                                | 115              | 155                    | 270   |

As permitted by the Code, the authority excludes leases:

- for low value items that costs less than £10,000, in line with the de-minimis expenditure level for Property, Plant and Equipment.
- with a term shorter than 12 months

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments)

|                                       | 31 March 2024 | 31 March 2025 |
|---------------------------------------|---------------|---------------|
|                                       | £000          | £000          |
| Less than one year                    | 444           | 437           |
| One to five years                     | 1,182         | 466           |
| More than five years                  | 72            | 0             |
| <b>Total undiscounted liabilities</b> | <b>1,698</b>  | <b>903</b>    |

## 30 DEFINED BENEFIT PENSION SCHEMES

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that the employees earn their future entitlement.

The Local Government Pension Scheme (LGPS) is operated under the regulatory framework for the Local Government Pension Scheme. The LGPS is a defined benefit funded scheme of which the Authority is an employer member of the Clwyd Pension fund. The governance of this scheme is the responsibility of Clwyd Pension Fund, Flintshire County Council in its capacity of Scheme Manager and Administering Authority.

Policy is determined in accordance with the Pensions Fund Regulations and overseen by the Pension Committee, including the appointment of the investment managers. The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

These are mitigated to a certain extent by the statutory requirements for an actuarial revaluation to be undertaken at regular intervals and for employer and employee contribution rates to be set. The employer contributions are charged to the cost of services based on employee earnings in the period rather than when the benefits are eventually paid as pensions.

The charge to the levy reflects only the actual pension payments made during the year. However, to show the full cost of retirement benefits, these are first recorded in the Comprehensive Income and Expenditure Statement and then reversed out of the General Fund through the Movement in Reserves Statement. The following entries reflect these adjustments.

Any discretionary benefits or additional costs associated with ill-health retirements are an unfunded cost and charged separately to the Authority. To the extent that such costs are known they are included within the budget setting process and the Authority maintains a reserve to address any unplanned costs and to smooth the effect of changes to the employer contribution rates.

The Firefighters' Pension Scheme (FFPS) is an unfunded defined benefits scheme, meaning that no investments are held to fund the liabilities. Contributions, at a rate set by the Welsh Government, made by the employer and employees on pensionable earnings are held in a pension fund account. Benefits paid to retirees are also charged to the account with any cash deficit being received from or paid to the Welsh Government.

The information that follows has been extracted from the disclosure reports provided by Mercer (for the LGPS pension scheme) and Government Actuary's Department (GAD) (for the Firefighters Pension Scheme (FFPS)). The most relevant details affecting the Pension funds are detailed below:

## **Guaranteed Minimum Pension equalisation and indexation**

The Government has published a consultation on indexation and equalisation of Guaranteed Minimum Pensions (GMP), with the proposal being to extend the “interim solution” to those members who reach State Pension Age after 5 April 2021. A past service cost was included within the 2019/20 disclosures for extending the equalisation to all future retirees.

There was also a further court ruling on 20 November 2020 regarding GMP equalisation. The court ruled that scheme trustees are required to revisit past Cash Equivalent Transfer Values (CETVs) to ensure GMP equalisation. This may result in additional top-ups where GMP equalisation means that members did not receive their full entitlement. For public service pension schemes, the expectation is that this ruling will be taken forward on a cross scheme basis and will need legal input.

This may require revisiting past CETV cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before CETV were equalised. The scope of any costs are yet to be determined. Data on historic CETVs is not available to estimate the potential impact. It is expected that this will be a relatively small uplift for a relatively small subset of members (i.e. those who took a CETV and are in scope for a top up).

## **McCloud and 2016 valuation cost control**

Following the Court of Appeal, the McCloud judgment was handed down in December 2018 which concluded that the transitional protections introduced in 2015 were discriminatory on the basis of age. The UK Government subsequently announced plans to address the discrimination across the UK public sector pension schemes including the Firefighters' Pension Scheme.

The past service costs have been estimated to take into account the impact of the McCloud judgment and have been included within the Pension Fund since 2018/19. These estimates have been updated to reflect the remedy outlined by the UK Government and the requisite changes to the Firefighters' Pension Scheme Regulations laid down by Welsh Ministers which came into force on 1 October 2023.

The Firefighters' Pensions (Remediable Service) (Wales) Regulations 2023 were laid and came into force on 1 October 2023 to make provision for Scheme Managers to implement the changes necessary to effect remedy and these are required to be completed within an 18-month period. Due to the complexity and volume of calculations, the Service did not fully meet the deadline of 31 March 2025.

Due to the inability to meet the statutory requirements of Section 29 of the PSPJOA 2022, the matter was reported to The Pensions Regulator (TPR). TPR may impose penalties and fines for failing to meet the statutory deadline. The minimum fine that TPR can issue for failing to meet statutory deadlines is £500. This fine can increase depending on the specifics of the case, such as the number of members in the pension scheme. At this stage the value and timing of any outflow is currently unknown.

## O'Brien

Following a lengthy legal process, the judgment in the case of O'Brien vs Ministry of Justice was issued during 2019. This found that the decision to limit the period from which a part-time employee could join the pension scheme was erroneous and eligible employees should be permitted to join the relevant scheme with effect from the start of their contracts.

This judgment has national implications for staff who are employed as retained firefighters whose contract of employment commenced before 1 July 2000 or those who have not yet received the full opportunity to purchase past service to which they were entitled.

The Welsh Ministers have made amendments to the Firefighters Pension Scheme 2007 (Modified) to provide a mechanism for this matter to be addressed. The Firefighters' Pension Schemes and Compensation Scheme (Amendment) (Wales) Order 2024, was made and laid in January and came into force on 1 February 2024. All eligible persons will be afforded the opportunity of buying back pension entitlements within the timescales specified within the order.

The full financial impact of the updated regulations cannot be fully calculated although an estimate has been included within the 2020 valuation of the Authority's pension scheme liabilities undertaken by the Government's Actuary Department (GAD).

The tables below provide additional details regarding the pension schemes:

| LGPS             | FFPS             | General Fund Transfers   | LGPS             | FFPS             |
|------------------|------------------|--|------------------|------------------|
| 2023/24<br>£'000 | 2023/24<br>£'000 |  | 2024/25<br>£'000 | 2024/25<br>£'000 |
|                  |                  | <b>Comprehensive Income &amp; Expenditure Statement</b>  |                  |                  |
|                  |                  | <b>Cost of Services</b>  |                  |                  |
|                  |                  | <b>Service Cost comprising:</b>  |                  |                  |
| 1,055            | 1,620            | Current Service Cost   | 1,033            | 1,870            |
| 0                | 0                | Past Service Costs   | 0                | 0                |
| 49               | 0                | Administration Expenses  | 51               | 0                |
|                  |                  | <b>Financing &amp; Investment Income &amp; Expenditure</b>   |                  |                  |
| 69               | 10,310           | Net Interest Expense   | (16)             | 10,810           |
| 0                | 0                | Transfers out of scheme  | 0                | 0                |
| 0                | 800              | Transfers in to scheme   | 0                | (10)             |
| 0                | 0                | Curtailments   | 0                | 0                |
| <b>1,173</b>     | <b>12,730</b>    | <b>Total Post Employment Benefits Charged to Provision of Services</b>   | <b>1,068</b>     | <b>12,670</b>    |
|                  |                  | <b>Other Post Employment Benefits Charged to the Comprehensive Income &amp; Expenditure Statement</b>  |                  |                  |
|                  |                  | <b>Remeasurement of the net defined benefit/liability comprising:</b>  |                  |                  |
| (1,852)          | 0                | Return on Plan Assets (excluding Interest)   | 1,894            | 0                |
| (331)            | 0                | Actuarial (Gains)/Losses arising on Changes in Demographic Assumptions   | (51)             | (530)            |
| (1,359)          | (4,410)          | Actuarial (Gains)/Losses arising on Changes in Financial Assumptions   | (6,176)          | (25,240)         |
| 0                | 7,810            | Actuarial (Gains)/Losses - experience  | 0                | (60)             |
| <b>(3,542)</b>   | <b>3,400</b>     | <b>Total Post Employment Benefits Charged to the Comprehensive Income &amp; Expenditure Statement</b>  | <b>(4,333)</b>   | <b>(25,830)</b>  |
|                  |                  | <b>Movement in Reserves Statement</b>  |                  |                  |
| (1,173)          | (12,730)         | Reversal of net charges made to the surplus or deficit on the Provision of Services for Post Employment Benefits in accordance with the Code | (1,068)          | (12,670)         |
|                  |                  | <b>Actual amounts charged to the General Fund for pensions in the year</b>   |                  |                  |
| 0                | 9,910            | Retirement Benefits payable to Pensioners  | 0                | 10,370           |
| 622              | 0                | Employer Contributions Payable to the scheme   | 658              | 0                |

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

| LGPS<br>2023/24<br>£'000 | FFPF<br>2023/24<br>£'000 | Pension Assets and Liabilities Recognised<br>in the Balance Sheet        | LGPS<br>2024/25<br>£'000 | FFPF<br>2024/25<br>£'000 |
|--------------------------|--------------------------|--|--------------------------|--------------------------|
| (40,392)                 | (231,610)                | Present value of the defined benefit obligation                          | (35,728)                 | (208,100)                |
| 41,630                   |                          | Fair Value of plan assets  | 40,950                   |                          |
| <b>1,238</b>             | <b>(231,610)</b>         | <b>Sub Total</b>   | <b>5,222</b>             | <b>(208,100)</b>         |
| (1,238)                  |                          | Effect of IAS19 / IFRIC 14   | (5,265)                  |                          |
| <b>0</b>                 | <b>(231,610)</b>         | <b>Net surplus / (liability) arising from defined benefit obligation</b> | <b>(43)</b>              | <b>(208,100)</b>         |

| LGPS<br>2023/24<br>£'000 | FFPF<br>2023/24<br>£'000 | Movement in the Value of Scheme Assets   | LGPS<br>2024/25<br>£'000 | FFPF<br>2024/25<br>£'000 |
|--------------------------|--------------------------|--|--------------------------|--------------------------|
| 38,559                   | 0                        | Opening Fair Value of Scheme Assets  | 41,630                   | 0                        |
| 1,837                    | 0                        | Interest Income  | 2,021                    | 0                        |
|                          |                          | <b>Remeasurement Gain/Loss</b>   |                          |                          |
| 1,852                    | 0                        | The return on plan assets, excluding the amount included in the net interest expense | (1,894)                  | 0                        |
| 622                      | 11,520                   | Contributions from employer  | 658                      | 12,440                   |
| 419                      | 0                        | Contributions from employees into the scheme   | 437                      | 0                        |
| (1,610)                  | (11,520)                 | Benefits/transfer Paid   | (1,851)                  | (12,440)                 |
| (49)                     | 0                        | Administration Expenses  | (51)                     | 0                        |
| <b>41,630</b>            | <b>0</b>                 | <b>Closing value of scheme assets</b>  | <b>40,950</b>            | <b>0</b>                 |

| LGPS<br>2023/24<br>£'000 | FFPF<br>2023/24<br>£'000 | Movement in the Fair Value of Scheme Liabilities                       | LGPS<br>2024/25<br>£'000 | FFPF<br>2024/25<br>£'000 |
|--------------------------|--------------------------|--|--------------------------|--------------------------|
| (40,312)                 | (225,390)                | Opening Balance as at 1 April  | (40,392)                 | (231,610)                |
| (1,055)                  | (1,620)                  | Current Service Cost   | (1,033)                  | (1,870)                  |
| 0                        | (800)                    | Transfers In   | 0                        | (10)                     |
| (1,906)                  | (10,310)                 | Interest Costs   | (1,944)                  | (10,810)                 |
| (419)                    | (1,610)                  | Contributions from scheme participants                                 | (437)                    | (2,070)                  |
|                          |                          | <b>Remeasurement Gains and losses</b>                                  |                          |                          |
| 331                      | (7,810)                  | Actuarial Gains/losses- experience                                     | 51                       | 60                       |
| 1,359                    | 4,410                    | Actuarial Gains/losses arising from changes in demographic assumptions | 6,176                    | 530                      |
| 1,610                    | 11,520                   | Actuarial Gains/losses arising from changes in financial assumptions   | 1,851                    | 25,240                   |
| 0                        | 0                        | Benefits/ transfers paid   | 0                        | 12,440                   |
| 0                        | 0                        | Curtailments   | 0                        | 0                        |
| 0                        | 0                        | Past Service Cost  | 0                        | 0                        |
| <b>(40,392)</b>          | <b>(231,610)</b>         | <b>Balance at 31 March</b>   | <b>(35,728)</b>          | <b>(208,100)</b>         |



**Local Government Pension Scheme: Assets Comprised Of:**

| <b>Quoted<br/>2023/24<br/>£'000</b> | <b>Fair Value of Scheme Assets</b>        | <b>Quoted<br/>2024/25<br/>£'000</b> |
|-------------------------------------|---|-------------------------------------|
|                                     | <b>Cash &amp; Cash Equivalents</b>        |                                     |
| 2,122                               | Cash Accounts                             | 0                                   |
| 0                                   | Temporary Investments                     | 0                                   |
| <b>2,122</b>                        | <b>Subtotal Cash and Cash Equivalents</b> | <b>0</b>                            |
|                                     | <b>Equity Securities</b>                  |                                     |
| 5,787                               | Global Quoted                             | 6,296                               |
| 0                                   | Emerging Markets                          | 0                                   |
| <b>5,787</b>                        | <b>Subtotal Equities</b>                  | <b>6,296</b>                        |
|                                     | <b>Bonds</b>                              |                                     |
| 4,205                               | Overseas Other                            | 5,409                               |
| 10,990                              | Liability-Driven Investment               | 9,685                               |
| <b>15,195</b>                       | <b>Subtotal Bonds</b>                     | <b>15,094</b>                       |
|                                     | <b>Property</b>                           |                                     |
| 1,748                               | UK  | 1,550                               |
| 167                                 | Overseas                                  | 209                                 |
| <b>1,915</b>                        | <b>Subtotal Property</b>                  | <b>1,759</b>                        |
|                                     | <b>Alternatives</b>                       |                                     |
| 2,040                               | Hedge Funds                               | 6,298                               |
| 6,119                               | Private Equity                            | 3,239                               |
| 2,498                               | Infrastructure                            | 123                                 |
| 167                                 | Timber and Agriculture                    | 4,808                               |
| 4,746                               | Diversified Growth Fund                   | 1,380                               |
| 1,041                               | Private Credit                            | 1,953                               |
| <b>16,611</b>                       | <b>Subtotal Alternatives</b>              | <b>17,801</b>                       |
|                                     |   |                                     |
| <b>41,630</b>                       | <b>Totals Assets</b>                      | <b>40,950</b>                       |

All scheme assets have quoted prices in active markets

## Basis for Estimating Assets and Liabilities

Liabilities have been valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value.

The Firefighters' Scheme has been valued by the Government Actuary's Department.

The LGPS liabilities have been valued by Mercer, an independent firm of actuaries and are based on the latest full valuation of the scheme as at 1 April 2023.

| 2023/24 | LGPS  | 2024/25 |
|---------|---|---------|
|         | <b>Mortality Assumptions</b>                    |         |
|         | Longevity at retirement for current pensioners: |         |
| 21.0    | Men   | 21.1    |
| 23.5    | Women   | 23.6    |
|         | Longevity at retirement for future pensioners   |         |
| 22.4    | Men   | 22.4    |
| 25.3    | Women   | 25.4    |
|         | <b>Other Assumptions</b>                        |         |
| 2.6%    | Rate of Inflation                               | 2.6%    |
| 3.9%    | Rate of Increase in Salaries                    | 3.9%    |
| 2.7%    | Rate of Increase in Pensions                    | 2.7%    |
| 4.9%    | Rate of Discounting Scheme Liabilities          | 5.9%    |
| 2.6%    | CARE Revaluation Rate                           | 2.6%    |

| 2023/24 | Firefighters Pension Scheme                     | 2024/25 |
|---------|---|---------|
|         | <b>Mortality Assumptions</b>                    |         |
|         | Longevity at retirement for current pensioners: |         |
| 21.3    | Men   | 21.3    |
| 21.3    | Women   | 21.3    |
|         | Longevity at retirement for future pensioners   |         |
| 22.9    | Men   | 22.7    |
| 22.9    | Women   | 22.7    |
|         | <b>Other Assumptions</b>                        |         |
| 2.6%    | Rate of Inflation                               | 2.7%    |
| 3.9%    | Rate of Increase in Salaries                    | 3.5%    |
| 2.6%    | Rate of Increase in Pensions                    | 2.7%    |
| 4.8%    | Rate of Discounting Scheme Liabilities          | 5.7%    |
| 3.9%    | CARE revaluation rate                           | 3.5%    |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the above tables.

The sensitivity analyses below are based on reasonably possible changes to assumptions at the reporting period end, with each assumption varied independently. For example, longevity assumes changes in life expectancy for men and women. While such isolated changes are unlikely in practice, and some assumptions may be interrelated, the estimates follow the scheme's accounting policies—using the projected unit credit method on an actuarial basis. The methods and assumptions used are consistent with those applied in the previous period.

### Impact of Assumptions on the obligation - LGPS

|   | As Reported | +0.5% p.a. discount | +0.25% p.a. inflation | +0.25% p.a. pay growth | 1 year increase in life expectancy | +/-1% change in 2023/24 investment returns |          |
|---|-------------|---------------------|-----------------------|------------------------|------------------------------------|--|----------|
|   | £000        | £000                | £000                  | £000                   | £000                               | +1% £000                                   | -1% £000 |
| Liabilities                               | 35,728      | 33,166              | 37,082                | 36,010                 | 36,440                             | 35,728                                     | 35,728   |
| Assets                                    | (40,950)    | (40,950)            | (40,950)              | (40,950)               | (40,950)                           | (41,356)                                   | (40,544) |
| Deficit (surplus)                         | (5,222)     | (7,784)             | (3,868)               | (4,940)                | (4,510)                            | (5,628)                                    | (4,816)  |
| Projected Service Cost for next year      | 771         | 667                 | 827                   | 771                    | 791                                | 771  | 771      |
| Projected Net Interest Cost for next year | (327)       | (519)               | (247)                 | (310)                  | (285)                              | (351)                                      | (303)    |

|      | As Reported      | Discount rate on liabilities 0.5% increase | Increase in salaries 0.5% increase | Life expectancy 1 year increase | Increase in pensions 0.5% increase |
|------|------------------|--|------------------------------------|---------------------------------|------------------------------------|
|      | £000             | £000                                       | £000                               | £000                            | £000                               |
| FFPS | Impact (208,100) | -6.50% (194,574)                           | 1% (210,181)                       | 2.50% (213,303)                 | 6.5% (221,627)                     |

### Impact on the Authority's Cashflow

The cost of retirement benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against the levy is based on the cash payable in the year, so the real cost of post-employment/ retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year.

## **31 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

The Authority has adopted the CIPFA Code of Practice on Treasury Management which ensures the Authority has measures in place to manage financial risks. The Authority's Treasury Management Strategy for 2024/25 was formally approved at a meeting on 15 April 2024. The Strategy sets out the Prudential Indicators (PI's) for the year. During the year, quarterly reports detail the progress against the strategy and if necessary a revision of the PI's.

At year end, a final report sets out how the Authority has performed during the year. How the Authority manages risks arising from financial instruments is detailed in the treasury reports presented to the Audit Committee and can be accessed from North Wales Fire and Rescue Service website - [www.northwalesfire.gov.wales](http://www.northwalesfire.gov.wales)

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

### **Credit Risk**

This is the possibility that other parties might fail to pay amounts due to the Authority.

The highest credit risk is for investments and these are managed through the Treasury Management Strategy, which sets out the parameters for the management of risks associated with Financial Instruments and emphasises that priority is to be given to security and liquidity, rather than yield. The Authority's policy on treasury investments is to place short term cash surpluses into bank call accounts until required. The Authority does not have long term investments. Cash that is likely to be spent in the near term is invested securely with selected high-quality banks, to minimise the risk of loss.

### **Liquidity Risk**

This is the possibility that the Authority might not have funds available to meet its commitments to make payments.

The Authority monitors its cash balance to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the Public Works Loan Board and so there is no perceived risk that the Authority will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

### **Market Risk (Interest rate risk)**

This is the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

As at 31 March 2025, the Authority held market loans of £5m (2023/24: nil).

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

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

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

The Authority has a number of strategies for managing interest rate risk. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

## **32 CONTINGENT LIABILITY**

### **Pension Claims**

Following a lengthy legal process, the judgment in the case of O'Brien vs Ministry of Justice was issued during 2019. This found that the decision to limit the period from which a part-time employee could join the pension scheme was erroneous and eligible employees should be permitted to join the relevant scheme with effect from the start of their contracts.

This judgment has national implications for staff who are employed as retained firefighters whose contract of employment commenced before 6 April 2000 including those who have not yet previously received the full opportunity to purchase past service to which they were entitled.

The Welsh Ministers have made amendments to the Firefighters Pension Scheme 2007 (Modified) to provide a mechanism for this matter to be addressed. The Firefighters' Pension Schemes and Compensation Scheme (Amendment) (Wales) Order 2024, was made and laid in January and came into force on 1 February 2024. All eligible persons will be afforded the opportunity of buying back pension entitlements within the timescales specified within the order.

The full financial impact of the updated regulations cannot be fully calculated although an estimate has been included within the 2020 valuation of the Authority's pension scheme liabilities undertaken by the Government's Actuary Department (GAD).

## **Airwave Emergency Service Contract**

In October 2021, the Competition and Markets Authority (CMA) opened an investigation into mobile radio network services amid concerns that the market might not be working well. The investigation found that UK emergency services currently have no choice but to continue using Motorola's Airwave Network, due to a lack of alternative providers. As such, Motorola charged the Home Office – which negotiates contracts on behalf of emergency services – prices well above competitive levels, resulting in higher costs to the emergency services.

To reduce these costs, the CMA imposed a price cap in July 2023, which brought the price down to a level that would be expected in a well-functioning and competitive market.

This decision was appealed by Motorola Solutions Limited and in December 2023, the Competition Appeal Tribunal, in a unanimous decision, has upheld the CMA's finding that Motorola was excessively pricing due to its virtually unconstrained monopoly on providing communications network services to the UK emergency services.

Motorola Solutions has appealed the matter to the UK Court of Appeal which as of the 30 January 2025 unanimously dismissed Motorola's application for permission to appeal on both of its pleaded grounds, in which it claimed that the Competition and Markets Authority (CMA) had made errors in assessing competition in the relevant market and the profitability of the Airwave Network in 2021.

As a result of the price cap, there was a reduction in costs of £526k in 2024/25 (2023/24: £262k), however as Motorola can appeal at the European Court of Human Rights, this amount has been set aside in earmarked reserves, in the event that this has to be refunded.

## **Legal Related Matters**

The Authority may be subject to challenge on a range of issues that at any point in time may be subject to litigation. At the year-end all known claims are reviewed and assessed. Where it is assessed that there is a probable liability and a reasonable estimate can be made a provision is recognised for amounts that would fall to the Authority. Where the probability of settlement is low or the liability cannot be reasonably estimated a liability is not recognised. There remains the possibility however of future claims arising as a result of past actions that are either unknown at the Balance Sheet date or where the outcome is so unpredictable in terms of outcome or financial liability that no reliable estimate of liability can be made. The Authority maintains a reserve for such matters.

## **Employment Tribunal**

At the year-end there were no matters that required financial recognition.



### 33 CONTINGENT ASSET

#### Truck Cartel

In July 2016 the European Commission fined European truck manufacturers €2.9 billion for price fixing and other cartel activities between 1991 and 2001. DAF, Daimler, Iveco, MAN, and Volvo/Renault acknowledged their guilt and confirmed they did the following:

- At Senior HQ management level, fixed gross and sometimes net list prices.
- Aligned gross list prices in Europe including the UK at the start of the cartel.
- Reduced rebates when the Euro was introduced.
- Delayed introduction of more fuel efficient Euro 3, 4, 5 and 6 technologies.
- Agreed the cost that operators should pay for Euro technologies.

Scania did not participate in the settlement procedure and the European Commission issued its decision finding that Scania participated in the same cartel and fining Scania €880 million. Scania has exhausted its appeals against the Decision, which were unsuccessful.

The matter involves any trucks of 6 tonnes and over, purchased outright, financed or leased between 1997 and 2011. A public sector legal action is now ongoing to recoup some of the money lost due to this cartel price fixing. The specific value, percentage or likelihood have not yet been quantified and timescales remain unclear. However, the trial for the Second Wave Trucks Claims is set for September 2026.

Under the Litigation Funding Agreement, only the VAT is payable by the Authority for the legal costs. Current payments for 2024/25 totalled £5,268 (2023/24: £67).

## FIREFIGHTERS' PENSION FUND ACCOUNT

Firefighters Pension Fund Account for the year ended 31 March 2025

This statement presents the financial position of the Firefighters' Pension Fund Account, detailing whether the Authority has a payable or receivable balance with the Welsh Government to ensure the account is balanced. Additionally, it provides information on the net assets of the fund.

| 2023/24<br>£'000 |  | 2024/25<br>£'000 |
|------------------|--|------------------|
|                  | <b>Contributions Receivable:</b>   |                  |
| (4,055)          | Employer normal contributions  | (4,906)          |
| 0                | Employer ill health charge   | (156)            |
| 0                | Employer backdated contributions   | 0                |
| (1,928)          | Members normal contributions   | (2,067)          |
| (122)            | Members backdated contributions  | (88)             |
| (798)            | Transfers In   | (321)            |
| <b>(6,903)</b>   | <b>Total Contributions</b>   | <b>(7,538)</b>   |
|                  | <b>Benefits Payable:</b>   |                  |
| 9,005            | Pension Payments   | 9,737            |
| 1,596            | Commutation of Pensions and Lump Sum retirement benefits                 | 2,593            |
| 0                | Backdated Commutation Payments   | 0                |
|                  | <b>Payments to and on account of leavers:</b>                            |                  |
| 195              | Transfers out  | 88               |
| <b>10,796</b>    | <b>Total Benefits</b>  | <b>12,418</b>    |
| 3,893            | Deficit for the year before grants receivables from the Welsh Government | 4,880            |
| (3,893)          | Top Up grant payable to/(from) Welsh Government                          | (4,880)          |
| <b>0</b>         | <b>Net Amount (Payable)/Receivable for Year</b>                          | <b>0</b>         |

## Net Assets Statement as at 31 March 2025

| 2023/24<br>£'000 |   | 2024/25<br>£'000 |
|------------------|---|------------------|
|                  | <b>Current assets</b>                           |                  |
| (2,320)          | Amount owed (from)/to the General Fund          | (655)            |
| <b>(2,320)</b>   | <b>Total Current Assets</b>                     | <b>(655)</b>     |
|                  | <b>Current Liabilities</b>                      |                  |
| 2,320            | Top Up grant payable to/(from) Welsh Government | 655              |
| <b>2,320</b>     | <b>Total Current Liabilities</b>                | <b>655</b>       |

## Notes to the Firefighters' Pension Fund Account

The Fund, established on 1 April 2007 under the Firefighters' Pension Scheme (Wales) Order 2007, encompasses the 1992, 2007, and 2015 Firefighters' Pension Schemes and is administered by the Authority. This is an unfunded scheme with no investment assets. Each year, the fund is balanced to zero through the receipt of a pension top-up grant from the Welsh Government in the event of a deficit, or by remitting any surplus back to the Welsh Government.

Employee and employer contributions are paid into the Fund, from which payments to pensioners are made. Employee's and employer's contribution levels are based on percentages of pensionable pay set nationally by the Welsh Government and subject to revaluation by the Government Actuary's Department (GAD) on a four yearly basis or as otherwise directed by HM Treasury.

Transfers in to the scheme are a transfer of pension benefits from another pension scheme, for new or existing employees and transfers out are transfer of benefits for employees who have left the Authority and joined another pension scheme.

The Authority is responsible for paying the employer's contributions into the fund. These are the costs that are included in the accounts for the Authority.

At the beginning of the financial year an assessment is made as to the amount of Top Up grant required from the Welsh Government. The estimate includes an assessment of the number of firefighters due to retire within the year, based on age and years' service.

### Contribution Rates

On 1 April 2022, all scheme participants were transferred into the 2015 scheme. As per the Firefighters' Pension Regulations, the employer's contribution rate for the 2015 scheme will be 31.0% of pensionable pay, effective from 1 April 2024 (up from 27.3% in 2023/24). The employee contribution rate will vary based on the pensionable pay banding detailed below:

| Pensionable Pay Band | 2024/25<br>Contribution<br>Rate % |
|----------------------|-----------------------------------|
| Up to £27,818        | 11.0                              |
| £27,819 to £51,515   | 12.9                              |
| £51,516 to £142,500  | 13.5                              |
| More than £142,501   | 14.5                              |

The Firefighters' Pension Fund Account does not take account of liabilities for pensions and other benefits after the period end as this is the responsibility of the Authority. Details of the long term pension obligations can be found in Note 30 to the core financial statements.

## ACCOUNTING POLICIES

### 1. GENERAL PRINCIPLES

The Statement of Accounts summarises the Authority's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014, which require the accounts to be prepared in accordance with proper accounting practices. These practices, under section 21 of the Local Government Act 2003, primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 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.

### 2. ACCRUALS OF INCOME AND EXPENDITURE

In the revenue accounts, income and expenditure are accounted for net of VAT (unless the VAT is irrecoverable) in the year they arise, not when cash payments are made or received. This aligns with IAS 1, which mandates the accrual basis of accounting to ensure comparability and a true and fair view of financial performance and position.

- **Expenses:** Recorded when services are received, not when payments are made. Income from customers is recognised when goods or services are provided.
- **Supplies:** Recorded as expenditure when consumed. If received but not yet used, they are carried as inventories on the Balance Sheet.
- **Interest:** Accounted for using the effective interest rate method, rather than the cash flows specified by the contract.
- **Debtors and Creditors:** If revenue and expenditure are recognised but cash has not been received or paid, a debtor or creditor is recorded in the Balance Sheet. If debts may not be settled, the balance of debtors is written down, and a charge is made to revenue for the income that might not be collected.

### 3. CASH AND CASH EQUIVALENTS

Cash includes cash in hand and deposits with financial institutions that can be withdrawn without penalty within 24 hours. Cash equivalents are investments that mature within three months of acquisition and can be easily converted to cash with minimal risk.

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

#### 4. **PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS**

Prior period adjustments may occur due to changes in accounting policies or to correct material errors. Changes in accounting estimates are accounted for prospectively, affecting the current and future years, and do not result in prior period adjustments.

Changes in accounting policies are made only when required by proper accounting practices or when they provide more reliable or relevant information about the Authority's financial position or performance. These changes are applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for prior periods 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.

#### 5. **CHARGES TO REVENUE FOR NON-CURRENT ASSETS**

Services, support services, and trading accounts are charged an estimate of the cost of holding non-current assets during the year. This includes:

- **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 to offset the losses.
- **Amortisation:** Of intangible assets attributable to the service.

The Authority is not required to raise a levy to fund these costs. Instead, it makes an annual contribution from revenue towards reducing its overall borrowing requirement, calculated on a prudent basis. Depreciation, revaluation and impairment losses, and amortisation are replaced by this contribution in the General Fund balance (MRP) through an adjusting transaction with the capital adjustment account in the Movement in Reserves Statement.

#### 6. **EMPLOYEE BENEFITS**

##### **Benefits payable during employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end and include wages, salaries, paid leave, bonuses, and non-monetary benefits (e.g., cars). These are recognised as expenses in the year employees provide services to the Authority.

An accrual is made for holiday entitlements (or any form of leave, e.g., time off in lieu) earned but not taken before the year-end, which employees can carry forward to the next financial year. This accrual is made at the wage and salary rates applicable in the following accounting year. The accrual is charged to the surplus or deficit on the provision of services but then reversed out through the Movement in Reserves Statement to the accumulated absences account, ensuring holiday entitlements are charged to revenue in the year the leave is taken.

## Post-Employment Benefits

Employees of the Authority are members of two separate pension schemes:

- **Firefighters' Pension Scheme:** Administered by Dyfed Pension Fund, Carmarthenshire County Council.
- **Local Government Pension Scheme:** Administered by Clwyd Pension Fund, Flintshire County Council.

Both schemes provide defined benefits (retirement lump sums and pensions) earned as employees work for the Authority.

### Firefighters' Pension Scheme (FFPS)

The Firefighters' Pension Scheme is an unfunded defined benefits scheme with no assets or investment income.

- **Liabilities:** Included in the Balance Sheet on an actuarial basis using the projected unit method, based on assumptions about mortality rates, employee turnover, and projected earnings.
- **Discount Rate:** Liabilities are discounted to current prices using a rate based on Government bond yields plus an additional margin.

### Service cost:

- **Current Service Cost:** Increase in liabilities from service earned in year, allocated in the CIES to the services for which employees worked.
- **Past Service Cost:** Increase in liabilities from scheme amendments or curtailments related to earlier years, debited to the Surplus or Deficit on the Provision of Services in the CIES.
- **Net Interest:** Expense that arises from the passage of time on the net defined benefit liability. It is calculated by applying the discount rate to the net defined benefit liability at the beginning of the period. This expense is charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Essentially, it represents the interest cost of having a pension liability over time.

### Remeasurements:

- **Actuarial Gains and Losses:** Changes in net pension liability due to updated assumptions or events not matching previous actuary assumptions, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- **Contributions paid to the Fund:** Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension funds or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to



and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### Local Government Pension Scheme (LGPS)

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- **Liabilities:** Included in the Balance Sheet on an actuarial basis using the projected unit method, based on assumptions about mortality rates, employee turnover, and projected earnings.
- **Discount Rate:** Liabilities are discounted to current prices using a rate based on corporate bonds.
- **Assets:** The assets of the Clwyd Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - Quoted securities: current bid price
  - Unquoted securities: professional estimate
  - Unitised securities: current bid price
  - Property: market value

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

Service cost comprising:

- **Current Service Cost:** The increase in liabilities due to years of service earned this year, allocated to the services for which the employees worked in the Comprehensive Income and Expenditure Statement.
- **Past Service Cost:** The increase in liabilities due to a scheme amendment or curtailment related to years of service earned in earlier years, debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
- **Net Interest on the Net Defined Benefit Liability (Asset):** The change during the period in the net defined benefit liability (asset) due to the passage of time, charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, considering any changes during the period due to contributions and benefit payments.

Remeasurements comprising:

- **Return on Plan Assets:** Excluding amounts included in net interest on the net defined benefit liability (asset), charged to the pensions reserve as other comprehensive income and expenditure.

- **Actuarial Gains and Losses:** Changes in the net pensions liability due to events not coinciding with assumptions made at the last actuarial valuation or updates to the actuaries' assumptions, charged to the pensions reserve as other comprehensive income and expenditure.
- **Contributions Paid to the Clwyd Pension Fund:** Cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

## Statutory Provisions

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. This means there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance on the pensions reserve measures the beneficial impact to the General Fund of accounting for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

## Discretionary Benefits:

The Authority has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise from such awards are accrued in the year of the decision and accounted for using the same policies as applied to the Local Government Pension Scheme.

## 7. EVENTS AFTER THE REPORTING PERIOD

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the end of the Balance Sheet date and the date when the statement of accounts are authorised for issue. These events are classified into two types:

- **Events Providing Evidence of Conditions at the End of the Reporting Period -** If the event provides evidence of conditions that existed at the end of the reporting period, the statement of accounts is adjusted to reflect such events.
- **Events Indicative of Conditions Arising After the Reporting Period -** If the event indicates conditions that arose after the reporting period, the statement of accounts is not adjusted. However, if these events would have a material effect, their nature and estimated financial impact are disclosed in the notes.

## 8. FINANCIAL INSTRUMENTS

A Financial instrument is 'any contract that creates a financial asset for one entity and a financial liability or equity instrument for another'.

Initial Measurement and Carrying Amount:

- **Financial Liabilities (Loans):** Initially measured at fair value and carried at amortised cost. The annual interest paid is based on the carrying amount of the loan multiplied by the effective interest rate.
- **Financial Assets (Investments):** Initially measured at fair value and carried at amortised cost. The annual interest received is based on the carrying amount of the investment multiplied by the effective interest rate.

For all loans and investments, the amounts presented in the Balance Sheet are the principal outstanding plus any accrued interest for the year.

Recognition and Measurement

- **Financial Liabilities:** Recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument. Initially measured at fair value and carried at amortised cost. Annual charges for interest payable are based on the carrying amount of the liability multiplied by the effective interest rate. 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 most of 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 CIES is the amount payable for the year according to the loan agreement.

### Financial assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Authority holds financial assets measured at:

- Amortised Cost
- Fair Value Through Profit or Loss (FVPL)

The Authority's business model is to hold investments to collect contractual cash flows, so financial assets are classified as amortised cost.

### Financial assets measured at amortised cost

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

These assets are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

For most financial assets held by the Authority, the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest), and the interest credited to the CIES is the amount receivable for the year according to the loan agreement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the CIES.

## 9. FOREIGN CURRENCY TRANSACTIONS

When the Authority enters into a transaction in a foreign currency, the transaction is converted into sterling at the exchange rate on the date the transaction occurs. If there are amounts in foreign currency outstanding at the year-end, they are reconverted at the spot exchange rate on 31 March. Any resulting gains or losses are recognised in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement

## 10. ACCOUNTING FOR GOVERNMENT GRANTS

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.

**Recognition:** Amounts recognised as due are not credited to the Comprehensive Income & Expenditure Statement until the conditions attached to the grant or contribution have been satisfied.

**Unsatisfied Conditions:** Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors.

**Satisfied Conditions:** When the conditions are satisfied, the grant or contribution is credited to the relevant service line (for attributable revenue grants and contributions) or to Taxation & Non-specific Grant Income (for non-ring fenced revenue grants and all capital grants) in the Comprehensive Income & Expenditure Statement.

Where capital grants are credited to the Comprehensive Income & 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

## **11. 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, such as 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 initially measured at cost. They are only revalued if their fair value can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, so they are carried at cost less accumulated depreciation and any accumulated impairment loss.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that it might be impaired. Any losses recognised are posted to the relevant service lines 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.

When expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses, and disposal gains and losses are not allowed to impact the General Fund balance. These gains and losses are reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account. For any sale proceeds greater than £10,000, the amounts are posted to the capital receipts reserve.

## **12. INVENTORIES**

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

## **13. LEASES**

From 1 April 2024, IFRS 16 requires that most leases be accounted for using the acquisition model. This means recognising a right-of-use asset on the balance sheet, reflecting the lessee's right to use the leased item.

Leases that were classified as finance leases as of 31 March 2024—where the lease transfers substantially all the risks and rewards of ownership to the lessee—will continue to be treated as finance leases.

All other leases previously classified as operating leases will, subject to any applicable exemptions, be reclassified as right-of-use assets with a corresponding lease liability recorded on the balance sheet.

Where a lease includes both land and buildings, each component is assessed separately for classification purposes.

Additionally, arrangements that do not legally constitute a lease but grant the right to use a specific asset in exchange for payment will also fall under this policy, provided the arrangement depends on the use of identified assets.

## Finance Leases

Leases are classified as finance leases when they transfer substantially all risks and rewards of ownership to the lessee; all others are treated as operating leases.

For finance leases, the leased asset is recognised on the Balance Sheet at the lower of its fair value or the present value of minimum lease payments, with a corresponding lease liability. Any initial direct costs and lease premiums are added to the asset or used to reduce the liability. Contingent rents are expensed as incurred.

Lease payments are split between:

- A capital repayment reducing the lease liability, and
- A finance charge recognised in the Comprehensive Income and Expenditure Statement.

Assets under finance leases follow the same accounting policies as other property, plant, and equipment. Depreciation is charged over the lease term unless ownership transfers to the Authority.

Instead of raising a levy for depreciation or impairment losses, the Authority makes an annual revenue contribution towards the capital investment, in line with statutory requirements. This is reflected through an adjustment between the General Fund and the Capital Adjustment Account.

## Operating Leases

The Authority has adopted IFRS 16 from 1 April 2024. Property, Plant and Equipment that fall under the scope of IFRS 16 are now classified as right-of-use assets on the balance sheet.

Where the operating lease is considered as low value (below £10k asset original cost) or the lease has less than 12 months to run, then these will not be recognised on the balance sheet. In these instances rentals paid under operating leases are charged to the CIES as an expense to the services benefitting from the use of the leased property, plant, or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., a rent-free period at the start of the lease).

**IFRS16:** The Authority's IFRS16 policy will apply to those leases where the Authority is the lessee and the following approach will be adopted.

**Low-cost exemption:** The low-cost exemption is initially set at £10,000, in line with the de-minimus expenditure level for Property, Plant & Equipment. This will be reviewed annually and adjusted using the March CPI rate, rounded to the nearest £1,000. Leases below this value will be excluded from IFRS16.

**Use of portfolio of leases with reasonably similar characteristics:** The Authority will apply the portfolio expedient for photocopiers and similar machines (e.g., MFDs, franking machines). These leases have similar characteristics in function, cost, and agreements, and will fall within the low-cost exemption.

**Existing contracts at date of implementation:** The Authority will not reassess existing contracts as of the implementation date (1 April 2024) to determine if they contain a lease. New contracts from this date will be assessed for lease arrangements.

**Leases for intangible assets:** IFRS16 will not be applied to lease arrangements for intangible assets (e.g., software licences).

**Leases with less than 1-year remaining life at the implementation date:** The short-life exemption will be applied to existing leases with less than 1 year remaining at the implementation date. The existing accounting treatment will continue unless there is a modification after the implementation date, in which case the lease will be considered a new lease.

### **The Authority as Lessor**

Finance Leases Assets disposed of under finance leases shall be written out of the Balance Sheet and an amount recognised in the Balance Sheet as a receivable debtor that reflects the net investment in the lease as defined by the appropriate accounting standard.

The capital element of any rental due under a finance lease shall be accounted for as a capital receipt, the debtor and the equivalent liability being written down by that amount. The finance element shall be treated as revenue income.

## **14. PROPERTY PLANT AND EQUIPMENT**

Assets that have physical substance and are used for producing or supplying goods or services, for rental to others, or for administrative purposes, and are expected to be used for more than one financial year, are classified as Property, Plant, and Equipment.

### **Recognition**

Expenditure on acquiring, creating, or enhancing Property, Plant, and Equipment is capitalised on an accruals basis if it is probable that future economic benefits or service potential will flow to the Authority and the cost can be measured reliably. Expenditure that maintains but does not add to an asset's potential (e.g., repairs and maintenance) is charged as an expense when incurred.

A de-minimus expenditure level of £10,000 has been set for Property, Plant, and Equipment. Expenditure below this level will not be subject to capital accounting requirements. If an asset is revalued below £10,000, any associated expenditure and depreciation will be written out, and the asset will be removed from the Fixed Asset Register.



## Measurement

Assets are initially measured at cost, which includes the purchase price, any costs necessary to bring the asset to its intended location and condition, and an initial estimate of dismantling and site restoration costs. The Authority does not capitalise borrowing costs incurred while assets are under construction. The cost of assets acquired other than by purchase is deemed to be their fair value.

Assets are carried on the Balance Sheet using the following measurement bases:

- Land & Buildings: Offices/Workshops – current value (Existing Use Value)
- Land & Buildings: Fire Stations – current value (Depreciated Replacement Cost)
- Assets under construction - historical cost
- All other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

If there is no market-based evidence of current value due to the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. For non-property assets with short useful lives or low values, depreciated historical cost is used as a proxy for current value.

Increases in valuations are credited to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services if they reverse 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(s) in the Comprehensive Income and Expenditure Statement.

## Impairments

Assets are assessed at each year-end for indications of impairment. If indications exist and the differences are material, the recoverable amount of the asset is estimated. If this is less than the carrying amount, an impairment loss is recognised for the shortfall.

Impairment losses are accounted for by writing down the carrying amount of the asset against any revaluation gains in the revaluation reserve (up to the amount of the accumulated gains). If there is no balance in the revaluation reserve or an insufficient balance, the carrying amount is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

If an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the

amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## Depreciation

Depreciation is provided for all Property, Plant, and Equipment assets by systematically allocating their depreciable amounts over their useful lives. The useful economic life of assets is as follows:

|                               |  |
|-------------------------------|--|
| Land                          | Infinite (no depreciation)                               |
| Buildings                     | Useful life of the property (as estimated by the valuer) |
| Buildings (leased)            | Term of lease  |
| Vehicles, Plant and Equipment | 5 - 20 years   |
| Intangible Assets             | 5 years  |

Depreciation is provided on a straight-line basis, with acquisitions being depreciated in the year following purchase. A full year's depreciation is charged in the year of disposal. Buildings are depreciated using componentisation, where an estimate is made of the useful life of each component of the building, and a weighted average is used to calculate the annual charge. The percentages used are:

|                               |               |
|-------------------------------|---------------|
| Buildings – fire stations     | 2.05% - 2.22% |
| Buildings – offices/workshops | 1.98% - 2.15% |

Depreciation is charged within the income and expenditure account. This amount is credited to the General Fund Balance and has a neutral impact on the contributions made by the constituent authorities. The Authority is required to make an annual contribution from revenue towards reducing its overall borrowing requirement.

Depreciation, revaluation, and impairment losses and amortisation are replaced by the contribution from General Fund Balances (MRP) through an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Revaluation gains are also depreciated, with the difference between current value depreciation and historical cost depreciation being transferred each year from the revaluation reserve to the capital adjustment account.

## Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than continued use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Subsequent decreases to fair value less costs to sell are posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount 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 are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts remains within the capital receipts reserve and can only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against the levy, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

## **15. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

### **Provisions**

Provisions are made when an event has occurred on or before the Balance Sheet date:

- that gives the Authority a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made.

If it is unclear whether an event has occurred on or before the Balance Sheet date, it is considered a present obligation if, based on all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority has an obligation. They are measured at the best estimate of the expenditure required to settle the obligation at the Balance Sheet date, considering relevant risks and uncertainties. Estimated settlements are reviewed at the end of each financial year. If it becomes less probable that a transfer of economic benefits will be required (or a lower settlement is made), the provision is reversed and credited back to the relevant service.

If some or all of the payment required to settle a provision is expected to be recovered from another party (e.g., through 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 when an event has occurred that gives the Authority a possible obligation, which will only be confirmed by the occurrence or otherwise of uncertain future

events not wholly within the Authority's control. Contingent liabilities also arise in situations 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 with sufficient reliability.

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

### **Contingent Assets**

A contingent asset arises when an event has occurred that gives the Authority a possible asset, which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the Authority's control.

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

## **16. RESERVES**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. These reserves are created by transferring amounts out of the General Fund balance. When expenditure is financed from a reserve, it is charged to the appropriate service in that year, affecting the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund balance, ensuring there is no net charge against the levy for the expenditure.

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

## **17. VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income

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Gwasanaeth Tân ac Achub  
Fire and Rescue Service

