

# Statement of Accounts

2025-2026



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 put together following the rules set by the Chartered Institute of Public Finance and Accountancy (CIPFA). This report is meant to help people, including the public, North Wales residents, Fire and Rescue Authority Members, partners, and anyone else interested to:

- Understand the Fire and Rescue Authority's financial position and how much money was spent in 2025/26;
- Feel confident that the Authority has used public money properly and recorded it correctly; and
- Be reassured that the Authority's finances are strong and well-managed.

The accounts follow CIPFA standards, and we have tried to make the information as simple and clear as possible. However, because North Wales Fire and Rescue Authority is a large organisation, some parts of the accounts are still technical and complicated.

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

**The Comprehensive Income and Expenditure Statement (CIES)** – This shows how much it cost to run our services this year, based on normal accounting rules. It does not show the amount paid for by taxes.

**Expenditure and Funding Analysis (EFA)** – This shows the same information as the CIES but also explains which accounting adjustments are removed in note 7 so that taxpayers do not fund them.

**The Movement in Reserves Statement (MIRS)** – This shows how the Authority's reserves (savings and other financial balances) changed during the year. It separates reserves into "usable" (those we can spend) and "unusable" (those we cannot spend). It also shows the true cost of running the service and how we use different reserves to cover those costs.

**The Balance Sheet** – This shows what the Authority owns (assets) and what it owes (liabilities) on the date of the Balance Sheet. The difference between these is the Authority's net assets, which match the total value of its reserves.

**The Cash Flow Statement** – This shows how the Authority's cash has moved in and out over the year.

The notes to the account explain how the financial statements were prepared, the accounting rules used, and extra information that helps make the accounts easier to understand.

## Foreword from the Chair

As Chair of the North Wales Fire and Rescue Authority (NWFRS), I am pleased to share the 2025/26 Statement of Accounts. Despite ongoing financial pressures, I am proud of how the Service, with the support of the Authority, has continued to protect our communities while staying in a stable financial position.

The Authority remains committed to ensuring a fire and rescue service that works well and keeps people safe. Our goal is to make North Wales a safe place to live, work and visit. To do this, we must not only balance this year's budget but also plan ahead so we can stay strong in the future. A key part of this plan is investing in the buildings, vehicles, and equipment that will support the Service and our communities for many years.

Although the financial outlook for the future is challenging, I am confident that our solid financial position will help us deal with these difficulties.

**Councillor Dylan Rees,**  
**Chair of North Wales Fire and Rescue Authority**



## Introduction from Dawn Docx, Chief Fire Officer

This Narrative Statement is designed to help readers understand the Fire and Rescue Authority, the environment in which it operates, and the information included in the Statement of Accounts.

Along with financial details, the Narrative Statement also explains our activities, long-term plans, and performance results. This gives readers a clearer picture of the wider work of the Authority and the context in which it operates.

The accounts themselves can be complex, but I encourage you to review them along with this Narrative Statement. Together, they provide a full summary of the financial year and the Authority's financial position as of 31 March 2026.

If you need more information or have questions, contact details are included in the Narrative Statement.

**Dawn Docx,**  
**Chief Fire Officer**



## Introduction to North Wales Fire and Rescue Authority

These accounts cover the year to 31 March 2026 for the North Wales Fire and Rescue Authority. The Authority covers a 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.

The Authority is committed to community safety and fire prevention, alongside emergency response. We work with local schools, businesses, and community groups to teach people about safety and share important messages.

The Authority is made up of 28 elected councillors from the six unitary authorities of North Wales. The population of the constituent Council's area determines the number of representatives. More information about the Authority, its members and responsibilities can be found [on the Fire Authority pages of our website.](#)

North Wales Fire and Rescue Service is led by a Chief Fire Officer and the Service Leadership Team. This includes Senior Officers and Managers who lead the departments that support our 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

 **44** fire stations

 **54** front line fire appliances

 **41** special appliances including rescue boats and aerial ladder platforms

 **979** staff of which **30%** are fluent welsh speakers

## Prevention and Protection activities

 **19,376** safe and well checks completed

 **530** business audits conducted

 **64** safety talks with **4,645** children and young people

 **20** phoenix courses with **172** participants completing the programme

## Responding activities

 **15,972** emergency calls handled

 Attended **6,611** emergency incidents

 **2,040** fires attended of which **35** were wildfires

 **3,209** false alarms

## Governance and Risk Management

During the financial year 2025/26, the Service continued to strengthen its governance and risk management arrangements to support transparent, accountable and effective decision making.

## Summary of Key Risks and Uncertainties

The Service operates in a complex and evolving risk environment. The principal risks and uncertainties identified during the year included:

**Capital Investment in training facilities** – Uncertainty in future capital funding presents a risk that training and facilities may become unfit-for-purpose if sufficient investment is not available to maintain and improve the estate.

**Cyber security and information resilience** – The Service continues to face increased risk arising from the evolving cyber-threat landscape.

**Pensions administration and regulatory complexity** – Complex pension regulations and ongoing legal challenges create a risk that statutory deadlines may not be met.

**Workforce capacity and operational availability** - Challenges in recruiting and retaining sufficient staff, particularly in rural areas, present a risk to maintaining appliance availability and operational resilience.

**Critical systems** – The Service continues to manage risks associated with the maintenance and continuity of critical systems.

## Risk Management and Control

Risk management is embedded within the Service's strategic planning, decision-making and performance management processes. Key risks are recorded in the corporate risk register and are regularly reviewed by the Service Leadership Team and relevant committees, with mitigating actions clearly identified, monitored and updated to ensure risks remain within the Service's risk appetite.

NWFRS assesses its principal risks and uncertainties, including financial risks, through the five-year Community Risk Management Plan (CRMP) and the Annual Community Risk Management Implementation Plan (CRMIP). Directorate-level annual planning aligns with the CRMP and CRMIP, translating priorities into departmental objectives. Where these objectives give rise to strategic risks, they are recorded on the Strategic Risk Register alongside associated business cases.

The Strategic Risk Committee operates under agreed terms of reference and in accordance with the Service's Risk Management Strategy. The Committee meets quarterly to review strategic risks and oversee mitigation activity. Independent assurance on the effectiveness of risk management, governance and internal control arrangements is provided through internal and external audit.

## Key Governance Developments

During the year, the Service continued to strengthen its governance arrangements, including:

**Governance structure review – continued** refinement of committee structures and roles to provide clearer accountability and oversight.

**Integration of risk into decision making** – further embedding risk assessment into business planning, reporting and strategic decisions.

**Internal audit** – delivery of the third year of the three year internal audit plan, providing assurance on the effectiveness of internal controls and compliance with policies and procedures.

## Future Priorities

Looking ahead, the Service will continue to strengthen its governance and risk management arrangements in response to an evolving operational, regulatory and organisational landscape.

Priorities for the year ahead include developing governance capability through ongoing training and development for Members and officers, alongside enhanced performance and risk reporting to support timely, evidence-based oversight of strategic risks and objectives.

The Authority will also continue to prepare for and respond to Fire and Rescue Service Governance Reform. Work will focus on ensuring that governance arrangements remain robust, transparent and adaptable, while supporting operational effectiveness and public confidence throughout any transition.

Alongside the risks facing the organisation, the Service will continue to pursue opportunities to improve resilience, efficiency and service delivery. This includes strengthening collaboration with partners, investing in workforce development, making effective use of digital and data-driven solutions, and maintaining a strong focus on prevention and community safety to manage future demand and risk.

## Annual Governance Statement

The Annual Governance Statement, which accompanies the financial statements, provides a detailed assessment of the effectiveness of the Service's governance framework during the year. It identifies key governance related risks and sets out the actions taken, and planned, to address areas for improvement.

## Service Leadership Team

The Service Leadership Team (SLT) comprises the Chief Fire Officer, Assistant Chief Fire Officers, Area Managers and Heads of Department, providing a comprehensive leadership framework to oversee governance, risk management and operational delivery.

## 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.

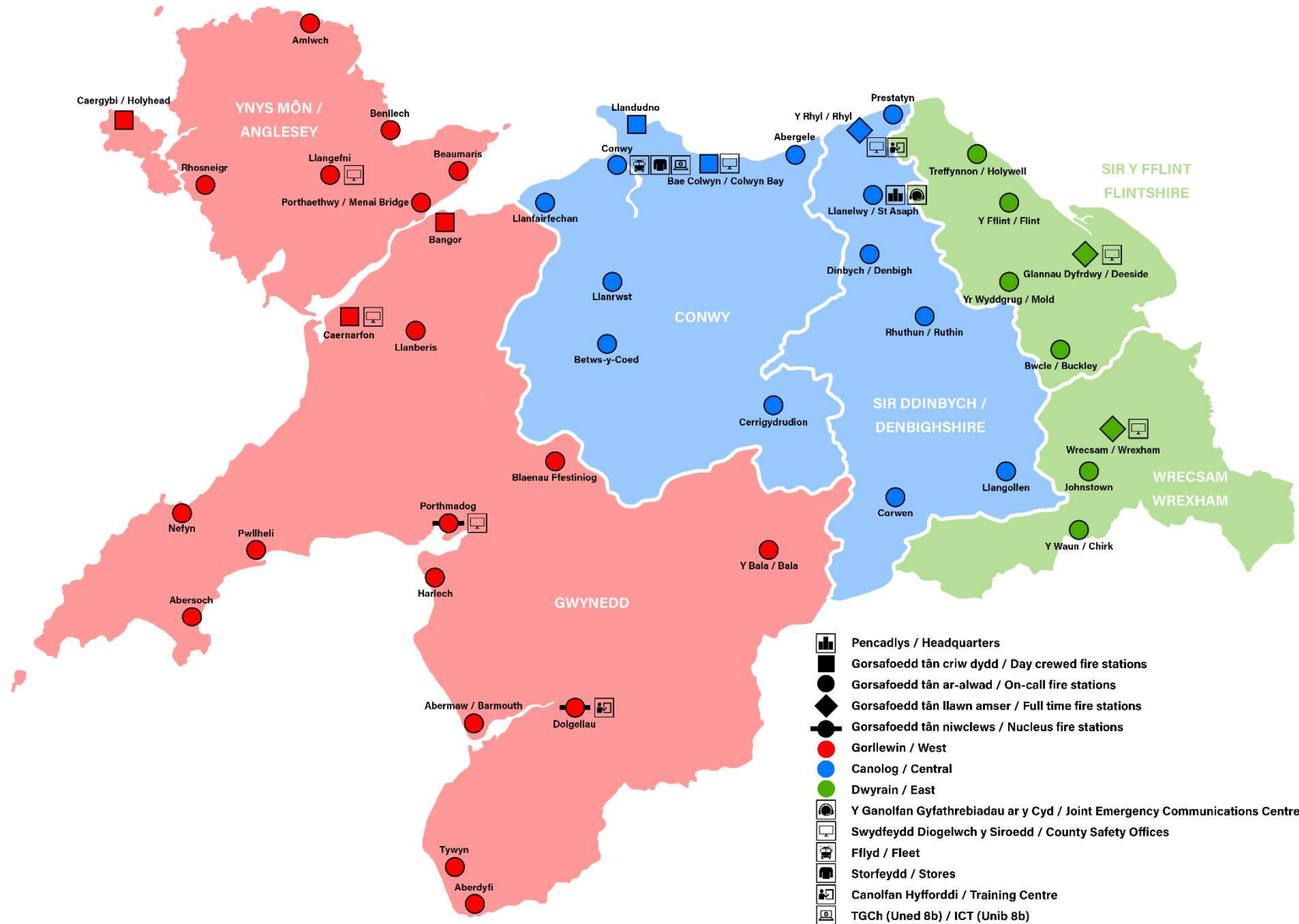
## Emergency Cover Review (ECR)

The Emergency Cover Review has informed the development of a revised approach to sustaining emergency cover across North Wales, particularly in rural areas. This work has focused on improving resilience, predictability of appliance availability and the long-term sustainability of emergency response within existing financial and workforce constraints.

As a result, a formal Collective Agreement has been agreed between the Chief Fire Officer and the Fire Brigades Union. The Collective Agreement sets out the overarching principles and governance arrangements for a package of operational and workforce changes, including revised crewing arrangements at selected stations.

Implementation of the Collective Agreement is now underway, supported by defined workstreams and oversight arrangements. Progress continues to be monitored to assess its operational, workforce and financial impacts.

## NWFRS Facilities/Station Map



## Community Risk Management Plan

The Community Risk Management Plan 2024-29 (CRMP), explains how the Service identifies and manages risks across North Wales, outlining the key risks facing our communities and setting 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. These implementation plans detail the specific actions we will take each year to achieve our goals and keep our communities safe. The plans also include well-being and improvement objectives, in line with Welsh legislation.

During 2025-26 we held a public consultation, including several engagement events, to gain feedback on our proposed Community Risk Management Implementation Plan for 2026-27. All feedback received has been given consideration in line with Gunning Principles, and the approved plan will be available on our [website](#).

## Annual Performance

NWFRA's Annual Performance Assessment, published in October 2025, marked the first year of the five-year Corporate Risk Management Plan. It reviewed performance against annual objectives and reflected on achievements across the plan's lifespan.

In addition to reporting on statutory and sector-wide performance indicators, the report assessed progress against 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.

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

## Organisational Culture and Improvement

During 2025/26, the Service continued to act on the findings of the Independent Cultural Review carried out by Crest Advisory in February 2025. The focus has moved from planning changes to putting them into practice and making sure they become part of everyday ways of working. Culture Champions have been appointed to encourage positive behaviour, support open conversations, and help staff engage with the culture improvement programme.

The Culture Improvement Plan has been updated during 2025/26 to reflect current priorities and feedback from staff. Progress is tracked through clear actions and reported through existing governance arrangements.

Oversight is provided by the Cultural Improvement Board, which includes senior leaders, the Chair of the Authority, the EDI Member Champion and a Welsh Government representative. This ensures progress and risks are properly monitored and challenged.

The Service continues to work closely with Welsh Government and partners to support long-term cultural change and remains committed to providing a safe, inclusive and values-led workplace that supports high-quality public services.

## Hwb Awen

The Authority made further progress during the year on the development of Hwb Awen, the proposed training centre. Following approval of the Strategic Outline Case in October 2024, work moved into early design stages and technical preparation to support the Outline Business Case.

Initial RIBA design stages focused on operational needs, space requirements and how different areas of the site would work together which helped shape an early design brief.

Site investigations and environmental checks were carried out during the year, including ecological and biodiversity surveys. This work supported site feasibility, identified constraints and ensured environmental and sustainability requirements were considered from an early stage.

Clear governance arrangements remain in place, with the project sponsored by an Assistant Chief Fire Officer and supported by a dedicated project team. Engagement with internal and external stakeholders has continued to ensure proposals reflect operational needs, workforce considerations and recognised good practice.

Hwb Awen remains a key part of the Authority's long-term strategy and is central to delivering the Community Risk Management Plan 2024–2029.



## Sustainability and climate change

In 2025/26, the Authority worked to implement the detailed decarbonisation plans for Fleet, Heating, Power and Procurement as set out in its Environmental Strategy (2023–2030). The Environment and Sustainability Working Group has monitored the Service's progress towards the Net Zero 2030 target.

The pilot installation of Hydrotreated Vegetable Oil (HVO) as a diesel alternative has continued at Deeside Fire Station. Plans are in place to install HVO tanks and dispensing equipment at twenty sites by 2030. This should mitigate nearly half of the Service's direct carbon emissions.

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.

A comprehensive mechanical and electrical estate condition survey has been undertaken, to inform planning around proactive replacement of aged or inefficient heating systems.

A standard heating system specification has been developed for low-occupancy fire stations which will allow us to install zero-carbon heating systems at a significantly lower cost per site.

Grant funding was secured to support decarbonisation initiatives, including up to 90% of the cost of EV charging infrastructure installation and associated decarbonisation works, alongside fixed contributions towards the purchase of electric vehicles. A total of £204k was awarded through the Welsh Government Energy Service.

Significant partnership work has taken place, with the Service supporting the development of a regional Climate Change Risk Assessment for Public Service Board partners.

The Authority published its three-yearly Biodiversity Report and Action Plan, detailing the progress made to date and an ambitious scheme of work proposed for the period to 2028.



## Financial Performance

The Authority remains committed to delivering high-quality fire prevention, protection, and emergency response services across its communities. During 2025/26, the Authority continued to operate within a challenging financial environment, characterised by ongoing inflationary pressures, workforce cost increases, and continued uncertainty across the wider public sector funding landscape.

To support financial sustainability, Members reaffirmed the Medium-Term Resource Strategy for 2026-30 and approved increased contributions from the constituent authorities for 2025/26 of 5.15% once adjusted for SCAPE and Employer National Insurance increases. This was supported by the planned and prudent use of earmarked reserves and non-recurring measures to ensure that operational effectiveness and community safety were maintained while longer-term cost pressures continue to be addressed.

Workforce pressures remained a key area of focus during the year, particularly in relation to recruitment and retention in specialist and retained roles. Progress continued in implementing agreed workforce recommendations and aligning local arrangements with national discussions on pay, terms and conditions. Further development work was also undertaken during the year on the revised Emergency Cover model, building on the outcomes of the 2023 public consultation and subsequent engagement with stakeholders.

Despite these ongoing pressures, the Authority maintained a stable financial position throughout 2025/26 through robust budget monitoring, vacancy management, and in-year income generation. Looking ahead, the Authority continues to prioritise the active management of pay, pension and non-pay inflation, while ensuring that financial decisions remain aligned to operational resilience, risk management, and the delivery of strategic objectives.

## Revenue Performance

The Authority reported a surplus of £121k for 2025/26 after applying statutory accounting adjustments and transfers to reserves. This compares to an outturn forecast of £134k at the end of March. The surplus has been transferred to the General Fund balance, increasing overall reserves.

Usable reserves increased by £904k during the year, bringing the total to £11,783k. 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.

## Revenue Summary

| 2025/26                   | Budget<br>(£'000) | Outturn<br>(£'000) | Reserves<br>(£'000) | CERA<br>(£'000) | Total<br>(£'000) | Variance<br>(£000) | Variance<br>(%) |
|---------------------------|-------------------|--------------------|---------------------|-----------------|------------------|--------------------|-----------------|
| Employees                 | 38,233            | 36,871             | 548                 |                 | 37,419           | (814)              | -2.1%           |
| Premises                  | 2,818             | 3,344              |                     |                 | 3,344            | 526                | 18.7%           |
| Transport                 | 1,327             | 1,582              | 89                  |                 | 1,671            | 344                | 26.0%           |
| Supplies                  | 6,182             | 5,333              | (30)                |                 | 5,303            | (879)              | -14.2%          |
| Third Party Payments      | 367               | 429                |                     |                 | 429              | 62                 | 16.9%           |
| Capital Finance & Charges | 4,501             | 2,568              |                     | 2,338           | 4,906            | 405                | 9%              |
| Income                    | (1,039)           | (1,557)            | 151                 |                 | (1,406)          | (367)              | 35%             |
| Use of Reserves           | (601)             |                    |                     |                 |                  |                    |                 |
| <b>Sub Total</b>          | <b>51,788</b>     | <b>48,571</b>      | <b>758</b>          | <b>2,338</b>    | <b>51,667</b>    | <b>(121)</b>       | <b>-0.2%</b>    |
| Levies                    | (51,788)          | (51,788)           |                     |                 | (51,788)         | 0                  | 0.0%            |
| <b>Outturn Position</b>   |                   |                    |                     |                 | <b>(121)</b>     | <b>(121)</b>       | <b>0.2%</b>     |

## Usable Reserves

| Usable Reserves              | Balance<br>31 March 2025 | Transfers (in/)/out 2025/26 | Balance<br>31 March 2026 |
|------------------------------|--------------------------|-----------------------------|--------------------------|
|                              | £'000                    | £'000                       | £'000                    |
| Earmarked Reserves           | (8,938)                  | (759)                       | (9,697)                  |
| General Fund                 | (1,871)                  | (121)                       | (1,989)                  |
| Capital Receipts Reserve     | (73)                     | (24)                        | (97)                     |
| <b>Total Usable Reserves</b> | <b>(10,882)</b>          | <b>(904)</b>                | <b>(11,783)</b>          |

## Capital Performance

The Authority approved a capital programme of £6,100k in January 2025, supplemented by £2,589k of rollover funding from prior years. Capital expenditure for 2025/26 totalled £5,008k, with detailed breakdown of the schemes seen below.

Due to project slippage, approximately £3,885k will be carried forward into 2026/27 to complete ongoing schemes. The Authority continues to monitor capital delivery closely, with improved scrutiny and planning processes now in place.

## Capital Fundinging

During the year, the Authority also received capital grant funding from Welsh Government to support decarbonisation initiatives, for facilities and EV charging infrastructure, alongside fixed contributions towards the purchase of electric vehicles. These investments contribute to the authority's long-term resilience.

| Funding       | Amount £000  |
|---------------|--------------|
| Grant Funding | 204          |
| Contributions | 2,338        |
| Borrowing     | 2,466        |
| <b>Total</b>  | <b>5,008</b> |

| Scheme                   | Allocation   | Actual       | Rollover     |
|--------------------------|--------------|--------------|--------------|
|                          | £'000        | £'000        | £'000        |
| Vehicles*                | 3,193        | 1,751        | 1,460        |
| Buildings                | 3,199        | 1,997        | 1,431        |
| Training Towers          | 550          | 152          | 245          |
| Equipment                | 1,747        | 904          | 749          |
| <b>Capital Programme</b> | <b>8,689</b> | <b>4,804</b> | <b>3,885</b> |
| In year Grant Funding    |              |              |              |
| Electric Vehicles        |              | 57           |              |
| Electric Charging        |              | 89           |              |
| Sustainability works     |              | 58           |              |
| <b>Total</b>             |              | <b>5,008</b> |              |

\*Expenditure on vehicles excludes any leased assets.

## Hwb Awen

Cumulative capital expenditure on Hwb Awen is included within Buildings in the table above and totals £1,231k at year end (£11k in 2024/25), with further costs required in 2026/27 to progress the project to RIBA Gateway 4.

## Treasury Management

The Authority remained compliant with its Treasury Management Strategy throughout 2025/26. 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 £15,756k, which is 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 £5,437k, with pension payments to retired members amounting to £10,872k, and commutation of pensions and lump sum retirement benefits totalling £3,332k. The scheme remains unfunded, with the liability increasing from £208,143k to £232,624k following actuarial remeasurement movements and pension costs recognised during the year.

For the Local Government Pension Scheme, the employer's primary rate remained at 18.3%, and the same secondary rate reduction of £548k continued to be applied.

## Outlook

### Cashflow and Future Considerations

The Authority maintained a strong cash position throughout 2025/26, 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.

### Future Budget Pressures and Mitigation

The Authority continues to face rising cost pressures and increasing demand on services. While the 2025/26 budget was approved by the Authority during the year, future budget pressures and associated funding gaps are set out in the [Medium Term Resource Strategy](#).

## 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

As Section 151 Officer, appointed on 1 May 2026, it is a pleasure to sign off my first set of accounts for North Wales Fire and Rescue Service.

In doing so, 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 would like to recognise the continued professionalism and dedication of the Finance team, whose efforts have ensured the timely and accurate delivery of the Authority's financial reporting.

I would also like to thank our partners and stakeholders for their ongoing support and constructive engagement throughout 2025/26.

**Helen MacArthur**

**Assistant Chief Fire Officer and S151 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 2026.

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

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

### The Section 151 Officer's Responsibilities

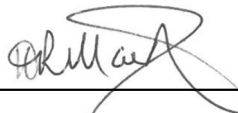
The Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing the Statement of Accounts, the Section 151 Officer 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.

#### **Section 151 Officer'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 2026 and the Authority's income and expenditure for the year then ended.

Signed:  \_\_\_\_\_ Dated: 28/05/2026

**Section 151 Officer, 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 (GAAP). 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 GAAP is presented more fully in the Comprehensive Income and Expenditure Statement.

| 2024/25                                                 |                                                               |                                                                      |                                                      | 2025/26                                                 |                                                               |                                                                      |
|---------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------------|
| 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 |
| 46,713                                                  | (9,456)                                                       | 37,257                                                               | Provision of Fire Services                           | 50,909                                                  | (11,506)                                                      | 39,403                                                               |
| (48,549)                                                | 10,308                                                        | (38,241)                                                             | Other Income & Expenditure                           | (51,788)                                                | 11,699                                                        | (40,089)                                                             |
| <b>(1,836)</b>                                          | <b>852</b>                                                    | <b>(984)</b>                                                         | <b>Deficit or (Surplus) on Provision of Services</b> | <b>(879)</b>                                            | <b>193</b>                                                    | <b>(686)</b>                                                         |

| 2024/25                       |                                          |                             |                                                                           | 2025/26                       |                                          |                             |
|-------------------------------|------------------------------------------|-----------------------------|---------------------------------------------------------------------------|-------------------------------|------------------------------------------|-----------------------------|
| 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 |
| (1,575)                       | (7,519)                                  | (9,094)                     | Brought Forward                                                           | (1,871)                       | (9,011)                                  | (10,882)                    |
| (1,836)                       |                                          | (1,836)                     | (Surplus)/Deficit on Provision of Services                                | (879)                         | 0                                        | (879)                       |
|                               | 48                                       | 48                          | Transfer between General Fund Balance and Capital Grants Unapplied        | 0                             | 0                                        | 0                           |
| 1,540                         | (1,540)                                  | 0                           | Transfer between General Fund Balance and Earmarked General Fund Reserves | 759                           | (783)                                    | (24)                        |
| <b>(1,871)</b>                | <b>(9,011)</b>                           | <b>(10,882)</b>             | <b>Closing General Fund Balance</b>                                       | <b>(1,989)</b>                | <b>(9,794)</b>                           | <b>(11,783)</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 both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

| 2024/25                    |                       |                          |                                                                           | 2025/26   |                            |                       |                          |
|----------------------------|-----------------------|--------------------------|---------------------------------------------------------------------------|-----------|----------------------------|-----------------------|--------------------------|
| 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 |
| 39,032                     | (1,775)               | 37,257                   | Provision of Fire Services                                                |           | 40,960                     | (1,557)               | 39,403                   |
| <b>39,032</b>              | <b>(1,775)</b>        | <b>37,257</b>            | <b>Cost of Services</b>                                                   |           | <b>40,960</b>              | <b>(1,557)</b>        | <b>39,403</b>            |
| 56                         | 0                     | 56                       | Other Operating Expenditure                                               |           | 2                          | 0                     | 2                        |
| 11,352                     | (182)                 | 11,170                   | Financing & Investment Income & Expenditure                               | <b>9</b>  | 12,125                     | (224)                 | 11,901                   |
| 0                          | (49,467)              | (49,467)                 | Taxation and Non Specific Grant Income                                    | <b>10</b> | 0                          | (51,992)              | (51,992)                 |
|                            |                       | <b>(984)</b>             | <b>(Surplus)/Deficit on Provision of Services</b>                         |           |                            |                       | <b>(686)</b>             |
| 0                          | (2,003)               | (2,003)                  | (Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets | <b>18</b> | 0                          | (318)                 | (318)                    |
|                            |                       | (26,136)                 | Remeasurement of the Net Defined Benefit Liability                        | <b>18</b> |                            |                       | 22,564                   |
|                            |                       | <b>(28,139)</b>          | <b>Other Comprehensive (Income) &amp; Expenditure</b>                     |           |                            |                       | <b>22,246</b>            |
|                            |                       | <b>(29,123)</b>          | <b>Total Comprehensive (Income) &amp; Expenditure</b>                     |           |                            |                       | <b>21,560</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.

| 2025/26                                                                | 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 2025</b>                                        |      | (1,871)                       | (8,938)                               | 0                                 | (73)                                | (10,882)                       | 176,422                    | 165,540                           |
| <b>Movement in Reserves during 2025/26</b>                             |      |                               |                                       |                                   |                                     |                                |                            |                                   |
| Surplus or (Deficit) on the Provision of Services                      |      | (686)                         | 0                                     | 0                                 | 0                                   | (686)                          | 0                          | (686)                             |
| Other Comprehensive Income & Expenditure                               |      | 0                             | 0                                     | 0                                 | 0                                   | 0                              | 22,246                     | 22,246                            |
| <b>Total Comprehensive Income &amp; Expenditure</b>                    |      | (686)                         | 0                                     | 0                                 |                                     | (686)                          | 22,246                     | 21,560                            |
| Adjustments between accounting basis & funding basis under regulations | 7    | (219)                         | 0                                     | 0                                 | 0                                   | (219)                          | 219                        | 0                                 |
| <b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>  |      | (905)                         | 0                                     | 0                                 | 0                                   | (905)                          | 22,465                     | 21,560                            |
| Other Transfers to/(from) Earmarked Reserves                           | 8    | 783                           | (759)                                 | 0                                 | (24)                                | 0                              | 0                          | 0                                 |
| <b>Increase/(Decrease) in 2025/26</b>                                  |      | (121)                         | (759)                                 | 0                                 | (24)                                | (905)                          | 22,465                     | 21,560                            |
| <b>Balance as at 31 March 2026</b>                                     |      | (1,989)                       | (9,697)                               | 0                                 | (97)                                | (11,783)                       | 198,887                    | 187,100                           |

| 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>                                        |      | <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>                    |
| <b>Movement in Reserves during 2024/25</b>                             |      |                               |                                       |                                   |                                     |                                |                            |                                   |
| Surplus or (Deficit) on the Provision of Services                      |      | (984)                         | 0                                     | 0                                 | 0                                   | (984)                          | 0                          | (984)                             |
| Other Comprehensive Income & Expenditure                               |      | 0                             | 0                                     | 0                                 | 0                                   | 0                              | (28,139)                   | (28,139)                          |
| <b>Total Comprehensive Income &amp; Expenditure</b>                    |      | <b>(984)</b>                  | <b>0</b>                              | <b>0</b>                          | <b>0</b>                            | <b>(984)</b>                   | <b>(28,139)</b>            | <b>(29,123)</b>                   |
| Adjustments between accounting basis & funding basis under regulations | 7    | (804)                         | 0                                     | 0                                 | 0                                   | (804)                          | 804                        | 0                                 |
| <b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>  |      | <b>(1,788)</b>                | <b>0</b>                              | <b>0</b>                          | <b>0</b>                            | <b>(1,788)</b>                 | <b>(27,335)</b>            | <b>(29,123)</b>                   |
| Other Transfers to/(from) Earmarked Reserves                           | 8    | 1,492                         | (1,540)                               | 48                                | 0                                   | 0                              | 0                          | 0                                 |
| <b>Increase/(Decrease) in 2024/25</b>                                  |      | <b>(296)</b>                  | <b>(1,540)</b>                        | <b>48</b>                         | <b>0</b>                            | <b>(1,788)</b>                 | <b>(27,335)</b>            | <b>(29,123)</b>                   |
| <b>Balance as at 31 March 2025</b>                                     |      | <b>(1,871)</b>                | <b>(8,938)</b>                        | <b>0</b>                          | <b>(73)</b>                         | <b>(10,882)</b>                | <b>176,422</b>             | <b>165,540</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'.

| <b>31 March<br/>2025<br/>£'000</b> |                              | <b>Note</b> | <b>31 March<br/>2026<br/>£'000</b> |
|------------------------------------|------------------------------|-------------|------------------------------------|
| 63,041                             | Property, Plant & Equipment  | <b>11</b>   | 65,589                             |
| 99                                 | Intangible Assets            | <b>11</b>   | 197                                |
| 103                                | Long Term Debtors            | <b>14</b>   | 113                                |
| <b>63,243</b>                      | <b>Long Term Assets</b>      |             | <b>65,899</b>                      |
| 663                                | Inventories                  | <b>13</b>   | 813                                |
| 2,439                              | Short Term Debtors           | <b>14</b>   | 1,896                              |
| 2,523                              | Cash & Cash Equivalents      | <b>15</b>   | 2,624                              |
| <b>5,625</b>                       | <b>Current Assets</b>        |             | <b>5,333</b>                       |
| (10,791)                           | Short Term Borrowing         | <b>12</b>   | (4,203)                            |
| (375)                              | Short Term Provisions        | <b>17</b>   | (322)                              |
| (6,045)                            | Short Term Creditors         | <b>16</b>   | (8,799)                            |
| (173)                              | Short Term Lease Liabilities | <b>29</b>   | (209)                              |
| <b>(17,384)</b>                    | <b>Current Liabilities</b>   |             | <b>(13,533)</b>                    |
| (208,143)                          | Pension Liability            | <b>18</b>   | (232,624)                          |
| 0                                  | Long Term Provisions         | <b>17</b>   | 0                                  |
| (425)                              | Long Term Lease Liabilities  | <b>29</b>   | (505)                              |
| (8,456)                            | Long Term Borrowing          | <b>12</b>   | (11,674)                           |
| <b>(217,024)</b>                   | <b>Long Term Liabilities</b> |             | <b>(244,803)</b>                   |
| <b>(165,540)</b>                   | <b>Net Assets</b>            |             | <b>(187,104)</b>                   |
| (10,882)                           | Usable Reserves              | <b>8</b>    | (11,783)                           |
| 176,422                            | Unusable Reserves            | <b>18</b>   | 198,887                            |
| <b>165,540</b>                     | <b>Total Reserves</b>        |             | <b>187,104</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.

| <b>2024/25<br/>£'000</b> |                                                                                                                                         | <b>Note</b> | <b>2025/26<br/>£'000</b> |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------------|
| <b>(984)</b>             | <b>Net (Surplus)/Deficit on the Provision of Services</b>                                                                               |             | <b>(686)</b>             |
| (4,615)                  | Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements                                             | <b>19</b>   | (7,622)                  |
| (437)                    | Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities | <b>19</b>   | (429)                    |
| (6,036)                  | Net Cash Flows From Operating Activities                                                                                                | <b>19</b>   | (8,737)                  |
| 7,508                    | Investing Activities                                                                                                                    | <b>20</b>   | 5,214                    |
| (1,022)                  | Financing Activities                                                                                                                    | <b>21</b>   | 3,422                    |
| 450                      | Net (Increase) or Decrease in Cash and Cash Equivalents                                                                                 |             | (101)                    |
| <b>(2,973)</b>           | <b>Cash and Cash Equivalents at the beginning of the reporting period</b>                                                               |             | <b>(2,523)</b>           |
| <b>(2,523)</b>           | <b>Cash and Cash Equivalents at the End of the Reporting Period</b>                                                                     | <b>15</b>   | <b>(2,624)</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 2026/27 Code where disclosures are required in the 2025/26 financial statements are:

- a) **Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets)** issued in March 2024
- b) **Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)** issued in May 2024
- c) **Annual improvements to IFRS accounting standards – Volume 11** issued in July 2024
- d) **Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)** issued in December 2024

The Authority does not expect the adoption of items a) to d) to result in material changes to the recognition or measurement of amounts reported in the financial statements, and it is anticipated that the application of these amendments will be limited.

### 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 been required to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgement in the Statement of Accounts is as follows:

- There is a 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 indicate 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 2026, 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 supported by indexation in the intervening years. Indexation is a tool to apply an approximation of market changes, and the choice of index is a matter of judgement made in the context of providing a reasonable estimate of the movement in the value of an asset from the prior year. It is possible that property values could continue to fluctuate, especially during times of economic uncertainty, with a risk of divergence in indexed values compared to the professional valuations produced by market evidence at the quinquennial revaluation.

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. Indexation has been applied to the carrying value in 2025/26 using indices that best reflect the underlying cost drivers of each asset class.

Further information is provided in the Accounting Policies and in the Property, Plant and Equipment note.

**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.

Given the sensitivity of the pension liability to changes in key actuarial assumptions, there is a significant risk that reasonably possible changes in assumptions could lead to a material adjustment to the net pension liability in future financial years.

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 Section 151 Officer on 28 May 2026. 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 2026, 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>2025/26</b>                                                                                                                                              | <b>Adjustment<br/>for Capital<br/>Purposes<br/>£'000</b> | <b>Net Charge for<br/>Pensions<br/>Adjustments<br/>£'000</b> | <b>Other<br/>Adjustments<br/>£'000</b> | <b>Total<br/>Adjustments<br/>£'000</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Provision of Fire Services                                                                                                                                  | (2,075)                                                  | (9,555)                                                      | 124                                    | (11,506)                               |
| <b>Net Cost of Service</b>                                                                                                                                  | <b>(2,075)</b>                                           | <b>(9,555)</b>                                               | <b>124</b>                             | <b>(11,506)</b>                        |
| <b>Other Income &amp; Expenditure</b>                                                                                                                       |                                                          |                                                              |                                        |                                        |
| Other Income & Expenditure from<br>the expenditure and funding analysis                                                                                     | (202)                                                    | 11,472                                                       | 429                                    | 11,699                                 |
| <b>Differences between the General<br/>Fund surplus and Comprehensive<br/>Income and Expenditure<br/>Statement surplus on the<br/>provision of services</b> | <b>(2,277)</b>                                           | <b>1,917</b>                                                 | <b>553</b>                             | <b>193</b>                             |

| <b>2024/25</b>                                                                                                                                              | <b>Adjustment<br/>for Capital<br/>Purposes<br/>£'000</b> | <b>Net Charge for<br/>Pensions<br/>Adjustments<br/>£'000</b> | <b>Other<br/>Adjustments<br/>£'000</b> | <b>Total<br/>Adjustments<br/>£'000</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Provision of Fire Services                                                                                                                                  | (1,590)                                                  | (8,064)                                                      | 198                                    | (9,456)                                |
| <b>Net Cost of Service</b>                                                                                                                                  | <b>(1,590)</b>                                           | <b>(8,064)</b>                                               | <b>198</b>                             | <b>(9,456)</b>                         |
| <b>Other Income &amp; Expenditure</b>                                                                                                                       |                                                          |                                                              |                                        |                                        |
| Other Income & Expenditure from<br>the expenditure and funding analysis                                                                                     | (862)                                                    | 10,733                                                       | 437                                    | 10,308                                 |
| <b>Differences between the General<br/>Fund surplus and Comprehensive<br/>Income and Expenditure<br/>Statement surplus on the<br/>provision of services</b> | <b>(2,452)</b>                                           | <b>2,669</b>                                                 | <b>635</b>                             | <b>852</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

| 2024/25<br>£000 |                                                   | 2025/26<br>£000 |
|-----------------|---------------------------------------------------|-----------------|
|                 | <b>Expenditure</b>                                |                 |
| 25,889          | Employees                                         | 27,216          |
| 10,312          | Other Operating Costs                             | 10,260          |
| 385             | Support Services                                  | 429             |
| 56              | (Gain)/loss on the disposal of assets             | 2               |
| 11,352          | Financing and Investment Expenditure              | 12,125          |
| 2,445           | Capital Financing Costs                           | 3,055           |
| <b>50,439</b>   | <b>Total Expenditure</b>                          | <b>53,087</b>   |
|                 | <b>Income</b>                                     |                 |
| (793)           | Fees, Charges & Other Service Income              | (895)           |
| (182)           | Interest and Investment Income                    | (224)           |
| (48,549)        | Levies from Constituent Authorities               | (51,788)        |
| (1,899)         | Government Grants and Contributions               | (866)           |
| <b>(51,423)</b> | <b>Total Income</b>                               | <b>(53,773)</b> |
| <b>(984)</b>    | <b>(Surplus)/Deficit on Provision of Services</b> | <b>(686)</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.

| 2024/25                       |                                   |                                    |                                |                                  |                                                                                | 2025/26                       |                                   |                                    |                                |                                  |  |
|-------------------------------|-----------------------------------|------------------------------------|--------------------------------|----------------------------------|--------------------------------------------------------------------------------|-------------------------------|-----------------------------------|------------------------------------|--------------------------------|----------------------------------|--|
| 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 | Adjustments between Accounting Basis and Funding Basis under Regulations       | 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 |  |
| (2,602)                       | 0                                 | 0                                  | (2,602)                        | 2,602                            | Depreciation and impairment                                                    | (2,967)                       | 0                                 | 0                                  | (2,967)                        | 2,967                            |  |
| 156                           | 0                                 | 0                                  | 156                            | (156)                            | Revaluation losses/Gains on Property                                           | (89)                          | 0                                 | 0                                  | (89)                           | 89                               |  |
| (56)                          | 0                                 | 0                                  | (56)                           | 56                               | Disposal of non-current assets                                                 | (2)                           | 0                                 | (24)                               | (26)                           | 26                               |  |
| 1,459                         | 0                                 | 0                                  | 1,459                          | (1,459)                          | Capital expenditure financed from earmarked reserve/CERA                       | 2,338                         | 0                                 | 0                                  | 2,338                          | (2,338)                          |  |
| 918                           | 0                                 | 0                                  | 918                            | (918)                            | Capital expenditure funded from grants                                         | 204                           | 0                                 | 0                                  | 204                            | (204)                            |  |
| 1,957                         | 0                                 | 0                                  | 1,957                          | (1,957)                          | Financing Capital (MRP)                                                        | 2,138                         | 0                                 | 0                                  | 2,138                          | (2,138)                          |  |
| <b>1,832</b>                  | <b>0</b>                          | <b>0</b>                           | <b>1,832</b>                   | <b>(1,832)</b>                   |                                                                                | <b>1,622</b>                  | <b>0</b>                          | <b>(24)</b>                        | <b>1,598</b>                   | <b>(1,598)</b>                   |  |
| 11,028                        | 0                                 | 0                                  | 11,028                         | (11,028)                         | Employers Pension contributions and payments to pensioners                     | 12,123                        | 0                                 | 0                                  | 12,123                         | (12,123)                         |  |
| (13,697)                      | 0                                 | 0                                  | (13,697)                       | 13,697                           | Reversal of retirement benefits in the CIES                                    | (14,040)                      | 0                                 | 0                                  | (14,040)                       | 14,040                           |  |
| <b>(2,669)</b>                | <b>0</b>                          | <b>0</b>                           | <b>(2,669)</b>                 | <b>2,669</b>                     |                                                                                | <b>(1,917)</b>                | <b>0</b>                          | <b>0</b>                           | <b>(1,917)</b>                 | <b>1,917</b>                     |  |
| 0                             | 48                                | 0                                  | 48                             | (48)                             | Adjustment to Grants Reserve                                                   | 0                             | 0                                 | 0                                  | 0                              | 0                                |  |
| (15)                          | 0                                 | 0                                  | (15)                           | 15                               | Movement in Accumulated Absence accrual                                        | 100                           | 0                                 | 0                                  | 100                            | (100)                            |  |
| <b>(852)</b>                  | <b>48</b>                         | <b>0</b>                           | <b>(804)</b>                   | <b>804</b>                       | <b>Adjustments between accounting basis and funding basis under regulation</b> | <b>(195)</b>                  | <b>0</b>                          | <b>(24)</b>                        | <b>(219)</b>                   | <b>219</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 2025/26.

| Reserve                              | Purpose of the Reserve                                                | Balance<br>31 March<br>2024<br>£'000 | Transfers<br>(in) / out<br>£'000 | Balance<br>31 March<br>2025<br>£'000 | Transfers<br>(in) / out<br>£'000 | Balance<br>31 March<br>2026<br>£'000 |
|--------------------------------------|-----------------------------------------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|----------------------------------|--------------------------------------|
| <b>Service Reserves</b>              |                                                                       |                                      |                                  |                                      |                                  |                                      |
| Pension Reserve                      | Additional pension costs relating to changes to pension rules         | (545)                                | (525)                            | (1,070)                              | (548)                            | (1,618)                              |
| Interest Reserve                     | Mitigate interest rate increases impacting 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                 | (697)                                | (71)                             | (768)                                | 0                                | (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)                                | (329)                            | (980)                                | 0                                | (980)                                |
| Legal Liability                      | Funding of future legal liabilities for known/expected claims         | (310)                                | 0                                | (310)                                | 30                               | (280)                                |
| 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)                                | (151)                            | (401)                                |
| Pay Structure review                 | For on-going discussions regarding the pay structure for firefighters | (473)                                | 0                                | (473)                                | 0                                | (473)                                |
| <b>Capital &amp; Grants Reserves</b> |                                                                       |                                      |                                  |                                      |                                  |                                      |
| Capital Projects                     | A fund set aside for delayed schemes and retention costs              | (914)                                | (89)                             | (1,003)                              | (90)                             | (1,093)                              |
| Radio Scheme                         | Emergency Service Network upgrade                                     | (1,011)                              | (526)                            | (1,537)                              | 0                                | (1,537)                              |
| Grant Reduction                      | Offset reduction in Fire Safety funding from Welsh Government         | (195)                                | 0                                | (195)                                | 0                                | (195)                                |
| <b>Total Earmarked Reserves</b>      |                                                                       | <b>(7,398)</b>                       | <b>(1,540)</b>                   | <b>(8,938)</b>                       | <b>(759)</b>                     | <b>(9,697)</b>                       |
| General Fund                         | Available for general purposes and to provide operational resilience  | (1,575)                              | (296)                            | (1,871)                              | (121)                            | (1,989)                              |
| Capital Receipts                     | Retains receipts from asset sales for future capital expenditure      | (73)                                 | 0                                | (73)                                 | (24)                             | (97)                                 |
| Capital Grants Unapplied             | Holds capital grants and contributions not yet applied to expenditure | (48)                                 | 48                               | 0                                    | 0                                | 0                                    |
| <b>Total Usable Reserves</b>         |                                                                       | <b>(9,094)</b>                       | <b>(1,788)</b>                   | <b>(10,882)</b>                      | <b>(904)</b>                     | <b>(11,783)</b>                      |

**9 FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

| <b>2024/25<br/>£'000</b> |                                                   | <b>2025/26<br/>£'000</b> |
|--------------------------|---------------------------------------------------|--------------------------|
| 619                      | Interest payable and similar charges              | 653                      |
| (182)                    | Interest receivable and similar income            | (224)                    |
| 10,733                   | Net Interest on the net defined benefit liability | 11,472                   |
| <b>11,170</b>            | <b>Total</b>                                      | <b>11,901</b>            |

**10 TAXATION AND NON SPECIFIC GRANT INCOME**

| <b>2024/25<br/>£'000</b> |                                                     | <b>2025/26<br/>£'000</b> |
|--------------------------|-----------------------------------------------------|--------------------------|
| 4,871                    | Anglesey Council                                    | 5,186                    |
| 8,063                    | Conwy County Borough Council                        | 8,562                    |
| 6,812                    | Denbighshire County Council                         | 7,271                    |
| 10,957                   | Flintshire County Council                           | 11,661                   |
| 8,295                    | Gwynedd Council                                     | 8,919                    |
| 9,551                    | Wrexham County Borough Council                      | 10,189                   |
| <b>48,549</b>            | <b>Levies from Constituent Authorities</b>          | <b>51,788</b>            |
| 918                      | Capital Grants and Contributions                    | 204                      |
| <b>49,467</b>            | <b>Total Taxation and Non Specific Grant Income</b> | <b>51,992</b>            |

## 11 PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

### Movements on Balances

| 2025-2026                                                                                           | Land and<br>Buildings | Vehicles and<br>Equipment | Assets Under<br>Construction | Property<br>Plant &<br>Equipment<br>Total | Intangible<br>Assets<br>Total | Assets Held<br>for Sale<br>Total |
|-----------------------------------------------------------------------------------------------------|-----------------------|---------------------------|------------------------------|-------------------------------------------|-------------------------------|----------------------------------|
|                                                                                                     | £'000                 | £'000                     | £'000                        | £'000                                     | £'000                         | £'000                            |
| <b>Gross Book Value at 1 April 2025</b>                                                             | <b>52,890</b>         | <b>26,623</b>             | <b>766</b>                   | <b>80,279</b>                             | <b>233</b>                    | <b>0</b>                         |
| Re-categorisation of assets                                                                         | 181                   | 533                       | (714)                        | 0                                         | 0                             | 0                                |
| Additions                                                                                           | 848                   | 2,747                     | 1,681                        | 5,276                                     | 135                           | 0                                |
| Revaluation increase / (decreases) recognised in the Revaluation Reserve                            | 1,079                 | 0                         | 0                            | 1,079                                     | 0                             | 0                                |
| Revaluation increase / (decreases) recognised in the Surplus / Deficit on the Provision of Services | 0                     | 0                         | 0                            | 0                                         | 0                             | 0                                |
| Derecognition - Disposals                                                                           | 0                     | (2,217)                   | 0                            | (2,217)                                   | 0                             | 0                                |
| Derecognition - Other                                                                               | (2)                   | 0                         | 0                            | (2)                                       | 0                             | 0                                |
| <b>Gross Book Value at 31 March 2026</b>                                                            | <b>54,996</b>         | <b>27,686</b>             | <b>1,733</b>                 | <b>84,415</b>                             | <b>368</b>                    | <b>0</b>                         |
| <b>Accumulated Depreciation &amp; Impairment</b>                                                    |                       |                           |                              |                                           |                               |                                  |
| At 1 April 2024                                                                                     | (1,027)               | (16,211)                  | 0                            | (17,238)                                  | (134)                         | 0                                |
| Depreciation/Amortisation charge                                                                    | (1,140)               | (1,790)                   | 0                            | (2,930)                                   | (37)                          | 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                                |
| Impairment recognised in the Revaluation Reserve                                                    | (762)                 | 0                         | 0                            | (762)                                     | 0                             | 0                                |
| Impairment recognised in the surplus / deficit on the provision of services                         | (88)                  | 0                         | 0                            | (88)                                      | 0                             | 0                                |
| Derecognition - Disposals                                                                           | 0                     | 2,192                     | 0                            | 2,192                                     | 0                             | 0                                |
| Derecognition - Other                                                                               | 0                     | 0                         | 0                            | 0                                         | 0                             | 0                                |
| <b>Accumulated Depreciation at 31 March 2026</b>                                                    | <b>(3,017)</b>        | <b>(15,809)</b>           | <b>0</b>                     | <b>(18,826)</b>                           | <b>(171)</b>                  | <b>0</b>                         |
| <b>Net Book Value at 31 March 2026</b>                                                              | <b>51,979</b>         | <b>11,877</b>             | <b>1,733</b>                 | <b>65,589</b>                             | <b>197</b>                    | <b>0</b>                         |
| Net Book Value at 31 March 2025                                                                     | 51,863                | 10,412                    | 766                          | 63,041                                    | 99                            | 0                                |

| 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 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>             |
| Recognition of Right of Use Assets                                                                  | 593                | 328                    | 0                         | 921                        | 0                 |                      |
| <b>Gross Book Value at 1 April 2024</b>                                                             | <b>46,846</b>      | <b>24,457</b>          | <b>1,060</b>              | <b>72,363</b>              | <b>233</b>        | <b>0</b>             |
| Re-categorisation of assets                                                                         | 483                | 577                    | (1,060)                   | 0                          | 0                 | 0                    |
| Additions                                                                                           | 3,402              | 2,366                  | 766                       | 6,534                      | 0                 | 0                    |
| Revaluation increase / (decreases) recognised in the Revaluation Reserve                            | 2,003              | 0                      | 0                         | 2,003                      | 0                 | 0                    |
| Revaluation increase / (decreases) recognised in the Surplus / Deficit on the Provision of Services | 156                | 0                      | 0                         | 156                        | 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>52,890</b>      | <b>26,623</b>          | <b>766</b>                | <b>80,279</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)              | (1,577)                | 0                         | (2,561)                    | (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                 |                      |
| Derecognition - Disposals                                                                           | 0                  | 721                    | 0                         | 721                        | 0                 | 0                    |
| Derecognition - Other                                                                               | 0                  | 0                      | 0                         | 0                          | 0                 | 0                    |
| <b>Accumulated Depreciation at 31 March 2024</b>                                                    | <b>(1,027)</b>     | <b>(16,211)</b>        | <b>0</b>                  | <b>(17,238)</b>            | <b>(134)</b>      | <b>0</b>             |
| <b>Net Book Value at 31 March 2025</b>                                                              | <b>51,863</b>      | <b>10,412</b>          | <b>766</b>                | <b>63,041</b>              | <b>99</b>         | <b>0</b>             |
| Net Book Value at 31 March 2024                                                                     | 46,210             | 8,774                  | 1,060                     | 56,044                     | 141               | 0                    |

## 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 to be measured at current value through a quinquennial revaluation process, supplemented by annual indexation in intervening years.

All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The following indices were used for 2025/26 indexation:

| Index                                       | Average change<br>% | Valuation Change<br>£'000 |
|---------------------------------------------|---------------------|---------------------------|
| BCIS All-In TPI                             | 2.49                | 1,043                     |
| MSCI Capital Growth - Industrial and CoStar | 3.00                | 36                        |
| MSCI Capital Growth - Offices and CoStar    | 0.10                | -                         |
| <b>Total</b>                                |                     | <b>1,079</b>              |

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 31 March 2026 for future periods equates to £3,202k (2024/25: £1,813k). The commitments relate to the following:

| Description    | £'000        |
|----------------|--------------|
| Building Works | 2,012        |
| Vehicles       | 764          |
| Equipment      | 426          |
| <b>Total</b>   | <b>3,202</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>2025<br>£'000 | 31 March<br>2026<br>£'000 | 31 March<br>2025<br>£'000 | 31 March<br>2026<br>£'000 |
| <b>Financial Assets at Amortised Cost:</b>      |                           |                           |                           |                           |
| Cash and Cash Equivalents                       | 0                         | 0                         | 2,523                     | 2,624                     |
| Debtors                                         | 103                       | 113                       | 2,439                     | 1,896                     |
| <b>Financial Liabilities at Amortised Cost:</b> |                           |                           |                           |                           |
| Interest Accrued                                | 0                         | 0                         | (174)                     | (121)                     |
| Borrowings                                      | (8,456)                   | (11,674)                  | (10,617)                  | (4,082)                   |
| <b>Total Borrowing</b>                          | <b>(8,456)</b>            | <b>(11,674)</b>           | <b>(10,791)</b>           | <b>(4,203)</b>            |
| Creditors                                       | 0                         | 0                         | (6,045)                   | (8,799)                   |
| Lease Liability                                 | (425)                     | (505)                     | (173)                     | (209)                     |

### 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:

|                                                                         | 2024/25                                                         |                                                       | 2025/26                                                         |                                                       |
|-------------------------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------|
|                                                                         | Financial Liabilities<br>Measured at<br>amortised cost<br>£'000 | Financial Assets<br>Loans and<br>receivables<br>£'000 | Financial Liabilities<br>Measured at<br>amortised cost<br>£'000 | Financial Assets<br>Loans and<br>receivables<br>£'000 |
| Interest expense in the Surplus or Deficit on the Provision of Services | 619                                                             | 0                                                     | 653                                                             | 0                                                     |
| Interest income in the Surplus or Deficit on the Provision of Services  | 0                                                               | (182)                                                 | 0                                                               | (224)                                                 |
| <b>Net gain/(loss) for the year</b>                                     | <b>619</b>                                                      | <b>(182)</b>                                          | <b>653</b>                                                      | <b>(224)</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-25                |                     | 31-Mar-26                |                     |
|-------------------|--------------------------|---------------------|--------------------------|---------------------|
|                   | Carrying amount<br>£'000 | Fair value<br>£'000 | Carrying amount<br>£'000 | Fair value<br>£'000 |
| PWLB debt         | (14,073)                 | (13,300)            | (13,756)                 | (13,040)            |
| Non-PWLB debt     | (5,000)                  | (5,000)             | (2,000)                  | (2,000)             |
| <b>Total Debt</b> | <b>(19,073)</b>          | <b>(18,300)</b>     | <b>(15,756)</b>          | <b>(15,040)</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      |                  |
|----------------------------------------|------------------|------------------|------------------|------------------|
|                                        | 2024/25<br>£'000 | 2025/26<br>£'000 | 2024/25<br>£'000 | 2025/26<br>£'000 |
| Balance at start of year               | 413              | 437              | 201              | 225              |
| Purchases                              | 952              | 470              | 203              | 330              |
| Write offs/adjustments                 | (3)              | (5)              | (1)              | (2)              |
| Recognised as an Expense               | (925)            | (310)            | (178)            | (332)            |
| <b>Balance outstanding at year end</b> | <b>437</b>       | <b>592</b>       | <b>225</b>       | <b>221</b>       |

**14 DEBTORS**

| <b>2024/25<br/>£'000</b> |                                          | <b>2025/26<br/>£'000</b> |
|--------------------------|------------------------------------------|--------------------------|
|                          | <b>Long Term</b>                         |                          |
| 103                      | Prepayments                              | 113                      |
| <b>103</b>               | <b>Total Long Term</b>                   | <b>113</b>               |
|                          | <b>Short Term</b>                        |                          |
| 445                      | Other Receivable Amounts                 | 464                      |
| 1,509                    | Trade Receivables                        | 660                      |
| 485                      | Prepayments                              | 772                      |
| <b>2,439</b>             | <b>Total Short Term</b>                  | <b>1,896</b>             |
| <b>2,542</b>             | <b>Total Long and Short Term Debtors</b> | <b>2,009</b>             |

**15 CASH AND CASH EQUIVALENTS**

| <b>2024/25<br/>£'000</b> |                        | <b>2025/26<br/>£'000</b> |
|--------------------------|------------------------|--------------------------|
| 2,517                    | Cash and Bank Balances | 2,620                    |
| 0                        | Short Term Deposits    | 0                        |
| 6                        | Petty Cash Imprests    | 4                        |
| <b>2,523</b>             | <b>Total</b>           | <b>2,624</b>             |

**16 CREDITORS**

| <b>2024/25<br/>£'000</b> |                | <b>2025/26<br/>£'000</b> |
|--------------------------|----------------|--------------------------|
| (820)                    | Other Payables | (3,783)                  |
| (5,225)                  | Trade Payables | (5,016)                  |
| <b>(6,045)</b>           | <b>Total</b>   | <b>(8,799)</b>           |

**17 PROVISIONS**

At 31 March 2026 the Authority held a provision with a value of £322k relating to employee liabilities. This provision will be utilised to offset revenue expenditure, when it occurs.

|                       | <b>Opening<br/>Balance<br/>£'000</b> | <b>Movements<br/>In<br/>£'000</b> | <b>Movements<br/>Out<br/>£'000</b> | <b>Closing<br/>balance<br/>£'000</b> |
|-----------------------|--------------------------------------|-----------------------------------|------------------------------------|--------------------------------------|
| Short Term Provisions | (375)                                | (1)                               | 54                                 | (322)                                |
| Long Term Provisions  | 0                                    | 0                                 | 0                                  | 0                                    |
| <b>Total</b>          | <b>(375)</b>                         | <b>(1)</b>                        | <b>54</b>                          | <b>(322)</b>                         |

**18 UNUSABLE RESERVES**

| <b>31-Mar-25<br/>£'000</b> |                              | <b>31-Mar-26<br/>£'000</b> |
|----------------------------|------------------------------|----------------------------|
| (19,012)                   | Revaluation Reserve          | (18,971)                   |
| (13,111)                   | Capital Adjustment Account   | (15,069)                   |
| 208,143                    | Pensions Reserve             | 232,624                    |
| 402                        | Accumulated Absences Account | 303                        |
| <b>176,422</b>             | <b>Total</b>                 | <b>198,887</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.

| <b>2024/25<br/>£'000</b> |                                                                                                                      | <b>2025/26<br/>£'000</b> |
|--------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------------|
| <b>(17,304)</b>          | <b>Balance at 1 April</b>                                                                                            | <b>(19,012)</b>          |
| (2,003)                  | Upward revaluation of assets                                                                                         | (1,079)                  |
| 0                        | Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services | 761                      |
| 0                        | Adjustment from Capital Adjustment Account                                                                           | 0                        |
| 295                      | Difference between fair value depreciation and historical cost depreciation                                          | 359                      |
| <b>(19,012)</b>          | <b>Balance at 31 March</b>                                                                                           | <b>(18,971)</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.

| 2024/25<br>£'000 |                                                                                                                                           | 2025/26<br>£'000 |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| (10,935)         | <b>Balance at 1 April</b>                                                                                                                 | (13,111)         |
| 2,602            | Charges for depreciation & impairment of non-current assets                                                                               | 2,967            |
| 56               | Amount of non current asset written off on disposal or sale                                                                               | 25               |
| (156)            | Adjustment relating to the revaluation of assets                                                                                          | 89               |
| (295)            | Adjusting amounts written out of the Revaluation Reserve                                                                                  | (359)            |
| <b>2,207</b>     | <b>Net written out amount of the cost of non-current assets consumed in the year</b>                                                      | <b>2,722</b>     |
| (918)            | Capital grants & contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | (204)            |
| (1,459)          | Capital expenditure charged against the General Fund/ Earmarked reserves                                                                  | (2,338)          |
| (49)             | Application of grants to capital financing from the capital grants unapplied account                                                      | 0                |
| (1,957)          | Statutory provision for the financing of capital investment charged against the General Fund                                              | (2,138)          |
| <b>(4,383)</b>   | <b>Capital Financing Applied in year</b>                                                                                                  | <b>(4,680)</b>   |
| <b>(13,111)</b>  | <b>Balance at 31 March</b>                                                                                                                | <b>(15,069)</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.

| 2024/25<br>£'000 |                                                                                                                                          | 2025/26<br>£'000 |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>231,610</b>   | <b>Balance at 1 April</b>                                                                                                                | <b>208,143</b>   |
| (26,136)         | Re-measurement of the net defined benefit liability                                                                                      | 22,564           |
| 13,697           | Reversal of Items related to retirement benefits debited to the Provision of Service in the Comprehensive Income & Expenditure Statement | 14,040           |
| (11,028)         | Employer's pensions contributions and direct payments to pensioners payable in the year                                                  | (12,123)         |
| <b>(23,467)</b>  | <b>Movement on Pension Reserve</b>                                                                                                       | <b>24,481</b>    |
| <b>208,143</b>   | <b>Balance at 31 March</b>                                                                                                               | <b>232,624</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.

| 2024/25<br>£'000 |                                                                             | 2025/26<br>£'000 |
|------------------|-----------------------------------------------------------------------------|------------------|
| <b>386</b>       | <b>Balance at 1 April</b>                                                   | <b>402</b>       |
| (386)            | Settlement or cancellation of accrual made at the end of the preceding year | (402)            |
| 402              | Amounts accrued at the end of the current year                              | 303              |
| <b>402</b>       | <b>Balance at 31 March</b>                                                  | <b>303</b>       |

## 19 CASH FLOW STATEMENT - OPERATING ACTIVITIES

| 2024/25<br>£'000 |                                                                                                                                                | 2025/26<br>£'000 |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>(984)</b>     | <b>Net (Surplus)/Deficit on the Provision of Services</b>                                                                                      | <b>(686)</b>     |
|                  | <b>Adjustment to net (surplus)/deficit for non-cash</b>                                                                                        |                  |
| 49               | Increase/(Decrease) in Inventories                                                                                                             | 150              |
| 1,205            | Increase/(Decrease) in Debtors                                                                                                                 | (533)            |
| (428)            | (Increase)/Decrease in Creditors                                                                                                               | (2,754)          |
| 0                | (Increase)/Decrease in Lease Liabilities                                                                                                       | (81)             |
| (2,602)          | Depreciation Charge                                                                                                                            | (2,967)          |
| 0                | Contributions Received/Capital Receipts                                                                                                        | 24               |
| (2,608)          | IAS 19 Pension Adjustments                                                                                                                     | (1,295)          |
| 0                | Impairment Charge/Revaluation of Assets                                                                                                        | (89)             |
| (56)             | Carrying amount of Non Current Assets sold or derecognised                                                                                     | (25)             |
| (159)            | Contribution (to)/from various Provisions                                                                                                      | 53               |
| 0                | Other non-cash items charged to the net surplus or deficit on the provision of services                                                        | (204)            |
| (16)             | Accumulated Absences Reserve                                                                                                                   | 99               |
| <b>(4,615)</b>   | <b>Sub Total</b>                                                                                                                               | <b>(7,622)</b>   |
|                  | <b>Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities</b> |                  |
| (619)            | Interest paid                                                                                                                                  | (653)            |
| 182              | Interest Received                                                                                                                              | 224              |
| <b>(437)</b>     | <b>Sub Total</b>                                                                                                                               | <b>(429)</b>     |
| <b>(6,036)</b>   | <b>Net cash flow from operating activities</b>                                                                                                 | <b>(8,737)</b>   |

**20 CASH FLOW STATEMENT – INVESTING ACTIVITIES**

| <b>2024/25<br/>£'000</b> |                                                                                                    | <b>2025/26<br/>£'000</b> |
|--------------------------|----------------------------------------------------------------------------------------------------|--------------------------|
| 6,534                    | Purchase of property, plant and equipment, investment property and intangible assets               | 5,411                    |
| 0                        | Less Right of Use Assets lease additions                                                           | (403)                    |
| 56                       | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 2                        |
| 918                      | Other receipts from investing activities                                                           | 204                      |
| <b>7,508</b>             | <b>Net cash flow from investing activities</b>                                                     | <b>5,214</b>             |

**21 CASH FLOW STATEMENT – FINANCING ACTIVITIES**

| <b>2024/25<br/>£'000</b> |                                                      | <b>2025/26<br/>£'000</b> |
|--------------------------|------------------------------------------------------|--------------------------|
| (5,000)                  | Cash receipts of short-term and long-term borrowing  | (7,500)                  |
| 3,714                    | Repayments of short-term and long-term borrowing     | 10,817                   |
| (173)                    | Cash payments for the reduction of outstanding lease | (324)                    |
| 437                      | Other payments for financing activities              | 429                      |
| <b>(1,022)</b>           | <b>Net cash flow from financing activities</b>       | <b>3,422</b>             |

**22 MEMBERS' ALLOWANCES**

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

| <b>2024/25<br/>£</b> |                             | <b>2025/26<br/>£</b> |
|----------------------|-----------------------------|----------------------|
| 90,515               | Elected Members' Allowances | 90,875               |
| 1,560                | Elected Members' Expenses   | 1,203                |
| 1,142                | Co-opted Members' costs     | 1,376                |
| <b>93,217</b>        | <b>Total</b>                | <b>93,454</b>        |

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, 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                           | <b>2025/26</b> | <b>162,057</b>                      | <b>29,656</b>              | <b>191,713</b>          |
|                                                         | 2024/25        | 156,392                             | 28,620                     | 185,012                 |
| Deputy Chief Fire Officer (vacant from April 2025)      | <b>2025/26</b> | <b>12,366</b>                       | <b>3,387</b>               | <b>15,753</b>           |
|                                                         | 2024/25        | 125,114                             | 38,785                     | 163,899                 |
| Assistant Chief Fire Officer                            | <b>2025/26</b> | <b>122,020</b>                      | <b>22,330</b>              | <b>144,350</b>          |
|                                                         | 2024/25        | 117,294                             | 21,465                     | 138,759                 |
| Assistant Chief Fire Officer (appointed March 2024)*    | <b>2025/26</b> | <b>120,655</b>                      | <b>35,263</b>              | <b>155,918</b>          |
|                                                         | 2024/25        | 101,921                             | 25,901                     | 127,822                 |
| Assistant Chief Fire Officer (appointed January 2025)** | <b>2025/26</b> | <b>116,535</b>                      | <b>33,964</b>              | <b>150,499</b>          |
|                                                         | 2024/25        | 28,926                              | 7,431                      | 36,357                  |
| Assistant Chief Fire Officer (seconded March 2024)***   | <b>2025/26</b> | <b>26,444</b>                       | <b>8,198</b>               | <b>34,642</b>           |
|                                                         | 2024/25        | 47,314                              | 13,938                     | 61,252                  |
| Treasurer - Section 151 Officer (15 days per Year)      | <b>2025/26</b> | <b>8,510</b>                        | <b>1,557</b>               | <b>10,067</b>           |
|                                                         | 2024/25        | 8,340                               | 1,526                      | 9,866                   |

\* The fixed-term contract for the Assistant Chief Fire Officer (ACFO) ended in December 2024. The postholder was re-appointed on a temporary basis in February 2025 and secured the role permanently in July 2025.

\*\*The postholder was appointed on a temporary basis in January 2025 and was subsequently appointed on a permanent basis in July 2025.

\*\*\*Assistant Chief Fire Officer temporarily seconded to South Wales Fire and Rescue Service as Chief Fire Officer, returned to NWFRS with effect from 13 November 2024 and subsequently left the organisation in June 2025. Salary costs for the secondment, totalling £107,708, and pension costs totalling £22,423, were met and reported by South Wales Fire and Rescue Service.

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 |         |
|-------------------|---------------------|---------|
|                   | 2024/25             | 2025/26 |
| £60,000 - £64,999 | 22                  | 8       |
| £65,000 - £69,999 | 6                   | 17      |
| £70,000 - £74,999 | 4                   | 4       |
| £75,000 - £79,999 | 2                   | 4       |
| £80,000 - £84,999 | 0                   | 0       |
| £85,000 - £89,999 | 2                   | 1       |
| £90,000 - £94,999 | 2                   | 1       |
| £95,000 - £99,999 | 0                   | 3       |

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

| 2024/25  |                    | 2025/26  |
|----------|--------------------|----------|
| £156,392 | Chief Fire Officer | £162,057 |
| £37,675  | Median             | £38,881  |
| 4.15     | Ratio              | 4.17     |

The data in the table above includes total salary paid (excludes pension contributions). 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 number of exit packages with total cost per band is set out in the table below. There were no compulsory or voluntary redundancies in either 2024/25 or 2025/26, and accordingly no redundancy costs or other compensation for loss of office were incurred.

All exit packages disclosed relate to employer-initiated terminations, arising from failed probationary periods or dismissals, with costs comprising pay in lieu of notice (PILON) only.

The 2024/25 comparative figures have been restated (previously disclosed as £0) to reflect the inclusion of all PILON costs relating to employer-initiated terminations, excluding ill-health retirements.

| Exit Package Cost Band | Total Number of Exit Packages |          | Total Cost of Exit Packages |               |
|------------------------|-------------------------------|----------|-----------------------------|---------------|
|                        | 2024/25                       | 2025/26  | 2024/25                     | 2025/26       |
| £0 - £19,999           | 2                             | 2        | £3,100                      | £3,152        |
| <b>Total</b>           | <b>2</b>                      | <b>2</b> | <b>£3,100</b>               | <b>£3,152</b> |

## 24 EXTERNAL AUDIT COSTS

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

| 2024/25<br>£'000 |                        | 2025/26<br>£'000 |
|------------------|------------------------|------------------|
| 60               | Financial Audit Work   | 63               |
| 17               | Performance Audit Work | 18               |
| <b>77</b>        | <b>Total</b>           | <b>81</b>        |

## 25 GRANTS

| 2024/25<br>£'000 |                                                                       | 2025/26<br>£'000 |
|------------------|-----------------------------------------------------------------------|------------------|
|                  | <b>Credited to Services</b>                                           |                  |
| 250              | Home Safety Equipment                                                 | 240              |
| 304              | All Wales National Resilience                                         | 112              |
| 145              | Youth & Young People Engagement                                       | 141              |
| 72               | Operation Ugain                                                       | 80               |
| 2                | Windrush Grant                                                        | 0                |
| 0                | Welsh Government Culture Improvement Initiatives                      | 38               |
| 209              | Fire and Rescue Service Pay Pressures                                 | 51               |
| <b>982</b>       | <b>Total</b>                                                          | <b>662</b>       |
|                  | <b>Credited to taxation and non-specific income &amp; expenditure</b> |                  |
| 377              | Fireground Radios                                                     | 0                |
| 115              | Electric Vehicles                                                     | 57               |
| 131              | Electric Vehicle Charging Infrastructure                              | 89               |
| 295              | Public Sector Low Carbon Heat Grant                                   | 58               |
| <b>918</b>       | <b>Total</b>                                                          | <b>204</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 2026, the Authority held funds of £2k relating to the Forum.

| 2024/25<br>£'000 |                                   | 2025/26<br>£'000 |
|------------------|-----------------------------------|------------------|
| 3,117            | All Wales National Resilience     | 2,827            |
| 227              | Youth and Young People Engagement | 240              |
| 110              | Local Resilience Forum            | 152              |
| <b>3,454</b>     | <b>Total</b>                      | <b>3,219</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 2025/26 is shown in Note 22.

All Members complete a declaration of interest with related parties return. No Members of the Authority, or their close relations, entered into any declarable related party transaction in 2024/25 or 2025/26. 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 2025/26. 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 £4,800 have been made to DangerPoint in 2025/26, with £7,700 outstanding at year end (paid 08/04/26) as part of Welsh Government grant funding (2024/25: £13,300). In addition funding is provided for the cost of an administrator, which amounted to £37,514 (2024/25: £34,826).

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

No income was received by the Authority during 2025/26 (2024/25: 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 (2024/25: £20k).

Mersey Internal Audit provide internal audit services for which payments amounted to £23k. As at 31 March 2026 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 £120k (2024/25: £113k). As at 31 March 2026 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 (2024/25: £18k) with £4k 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 £291k (2024/25: £234k) with £146k outstanding at year end.

## 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.

| 2024/25<br>£'000 |                                                                                                   | 2025/26<br>£'000 |
|------------------|---------------------------------------------------------------------------------------------------|------------------|
| 27,950           | Opening Capital Financing Requirement                                                             | 31,022           |
| 921              | Recognition of IFRS16                                                                             | 0                |
| <b>28,871</b>    | <b>Opening CFR adjusted for IFRS16 implementation</b>                                             | <b>31,022</b>    |
|                  | <b>Capital Investment</b>                                                                         |                  |
| 6,534            | Property, Plant & Equipment                                                                       | 5,411            |
|                  | <b>Sources of Finance</b>                                                                         |                  |
| (967)            | Government Grants & Contributions                                                                 | (204)            |
| (1,957)          | Sums set aside from revenue (MRP)                                                                 | (2,138)          |
| (1,459)          | Direct Revenue Contributions                                                                      | (2,338)          |
| <b>31,022</b>    | <b>Closing Capital Financing Requirement</b>                                                      | <b>31,753</b>    |
| 3,072            | Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance) | 731              |
| <b>3,072</b>     | <b>Increase/(decrease) in Capital Financing Requirement</b>                                       | <b>731</b>       |

The opening Capital Financing Requirement for 2024/25 has been restated to show the recognition of leases under IFRS16. Further details relating to leases can be found in Note 29.

## 29 LEASES

### Authority as lessee - Right of Use Assets

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 of 01 April 2024, if later). The leases are typically for fixed periods in excess of one year, but may have extension options.

For arrangements previously accounted for as operating leases, a right-of-use asset and a lease liability are now on the balance sheet at 1 April 2024.

As permitted by the Code, the authority excludes leases for low value items that cost less than £10,000, and leases with a term shorter than 12 months. The Authority recognises the payments associated with these leases as an expense over the lease term.

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<br>£'000 | Vehicles & Equipment<br>£'000 | Total<br>£'000 |
|-------------------------------|---------------------------|-------------------------------|----------------|
| Balance at 1 April 2025       | 485                       | 173                           | 658            |
| Additions                     | 0                         | 403                           | 403            |
| Revaluations                  | (2)                       | 12                            | 10             |
| Depreciation and amortisation | (110)                     | (100)                         | (210)          |
| Disposals                     | 0                         | (31)                          | (31)           |
| Balance as at 31 March 2026   | <b>373</b>                | <b>457</b>                    | <b>830</b>     |

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

|                                                                          | Land & Buildings<br>£'000 | Vehicles & Equipment<br>£'000 | Total<br>£'000 |
|--------------------------------------------------------------------------|---------------------------|-------------------------------|----------------|
| <b>Comprehensive income and expenditure statement</b>                    |                           |                               |                |
| Interest expense on lease liabilities                                    | 24                        | 3                             | 27             |
| Expense relating to short term leases                                    | 0                         | 2                             | 2              |
| Expense relating to exempt leases of low value                           | 0                         | 13                            | 13             |
| Variable lease payments not included in the measure of lease liabilities | 161                       | 28                            | 189            |
| <b>Cash flow statement</b>                                               |                           |                               |                |
| Minimum lease payments                                                   | 117                       | 207                           | 324            |

The Authority used the lessee's incremental borrowing rate (PWLB annuity rate) specific to the term and start date of the lease used to discount leased vehicles, and the rate implicit in the lease to discount leased properties.

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

| <b>31-Mar-25</b><br><b>£'000</b> |                                       | <b>31-Mar-26</b><br><b>£'000</b> |
|----------------------------------|---------------------------------------|----------------------------------|
| 173                              | Less than one year                    | 209                              |
| 425                              | One to five years                     | 505                              |
| 0                                | More than five years                  | 0                                |
| <b>598</b>                       | <b>Total undiscounted liabilities</b> | <b>714</b>                       |

### 30 DEFINED BENEFIT PENSION SCHEMES

#### Participation in Pension Schemes

As part of the terms and conditions of employment of its employees, 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 Judgment**

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).

During 2025/26 the Service continued to implement these changes and this exercise has been materially concluded for members assessed to be at detriment. The estimated financial impact was included within the 2020 revaluation and work continues to fully address all residual cases.

### **Matthews / 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<br>2024/25<br>£'000 | FFPS<br>2024/25<br>£'000 | General Fund Transfers                                                                                                                       | LGPS<br>2025/26<br>£'000 | FFPS<br>2025/26<br>£'000 |
|--------------------------|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
|                          |                          | <b>Comprehensive Income &amp; Expenditure Statement</b>                                                                                      |                          |                          |
|                          |                          | <b>Cost of Services</b>                                                                                                                      |                          |                          |
| 1,033                    | 1,870                    | Current Service Cost                                                                                                                         | 704                      | 1,010                    |
| 0                        | 0                        | Past Service Costs                                                                                                                           | 0                        | 0                        |
| 51                       | 0                        | Administration Expenses                                                                                                                      | 54                       | 0                        |
|                          |                          | <b>Financing &amp; Investment Income &amp; Expenditure</b>                                                                                   |                          |                          |
| (16)                     | 10,810                   | Net Interest Expense                                                                                                                         | (18)                     | 11,490                   |
| 0                        | 0                        | Transfers out of scheme                                                                                                                      | 0                        | 0                        |
| 0                        | (10)                     | Transfers in to scheme                                                                                                                       | 0                        | 800                      |
| 0                        | 0                        | Curtailments                                                                                                                                 | 0                        | 0                        |
| <b>1,068</b>             | <b>12,670</b>            | <b>Total Post Employment Benefits Charged to Provision of Services</b>                                                                       | <b>740</b>               | <b>13,300</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>                                                                        |                          |                          |
| 1,894                    | 0                        | Return on Plan Assets (excluding Interest)                                                                                                   | 706                      | 0                        |
| (51)                     | (530)                    | Actuarial (Gains)/Losses arising on Changes in Demographic Assumptions                                                                       | 325                      | 0                        |
| (6,176)                  | (25,240)                 | Actuarial (Gains)/Losses arising on Changes in Financial Assumptions                                                                         | (4)                      | (7,320)                  |
| 0                        | (60)                     | Actuarial (Gains)/Losses - experience                                                                                                        | 0                        | 29,930                   |
| <b>(4,333)</b>           | <b>(25,830)</b>          | <b>Total Post Employment Benefits Charged to the Comprehensive Income &amp; Expenditure Statement</b>                                        | <b>1,027</b>             | <b>22,610</b>            |
|                          |                          | <b>Movement in Reserves Statement</b>                                                                                                        |                          |                          |
| (1,068)                  | (12,670)                 | Reversal of net charges made to the surplus or deficit on the Provision of Services for Post Employment Benefits in accordance with the Code | (740)                    | (13,300)                 |
|                          |                          | <b>Actual amounts charged to the General Fund for pensions in the year</b>                                                                   |                          |                          |
| 0                        | 10,370                   | Retirement Benefits payable to Pensioners                                                                                                    | 0                        | 11,430                   |
| 658                      | 0                        | Employer Contributions Payable to the scheme                                                                                                 | 693                      | 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>2024/25<br>£'000 | FFPF<br>2024/25<br>£'000 | Pension Assets and Liabilities Recognised in the<br>Balance Sheet        | LGPS<br>2025/26<br>£'000 | FFPS<br>2025/26<br>£'000 |
|--------------------------|--------------------------|--------------------------------------------------------------------------|--------------------------|--------------------------|
| (35,728)                 | (208,100)                | Present value of the defined benefit obligation                          | (37,140)                 | (232,580)                |
| 40,950                   |                          | Fair Value of plan assets                                                | 41,599                   |                          |
| <b>5,222</b>             | <b>(208,100)</b>         | <b>Sub Total</b>                                                         | <b>4,459</b>             | <b>(232,580)</b>         |
| (5,265)                  |                          | Effect of IAS19 / IFRIC 14                                               | (4,503)                  |                          |
| <b>(43)</b>              | <b>(208,100)</b>         | <b>Net surplus / (liability) arising from defined benefit obligation</b> | <b>(44)</b>              | <b>(232,580)</b>         |

| LGPS<br>2024/25<br>£'000 | FFPF<br>2024/25<br>£'000 | Movement in the Value of Scheme Assets                                               | LGPS<br>2025/26<br>£'000 | FFPS<br>2025/26<br>£'000 |
|--------------------------|--------------------------|--------------------------------------------------------------------------------------|--------------------------|--------------------------|
| 41,630                   | 0                        | Opening Fair Value of Scheme Assets                                                  | 40,950                   | 0                        |
| 2,021                    | 0                        | Interest Income                                                                      | 2,387                    | 0                        |
|                          |                          | <b>Remeasurement Gain/Loss</b>                                                       |                          |                          |
| (1,894)                  | 0                        | The return on plan assets, excluding the amount included in the net interest expense | (706)                    | 0                        |
| 658                      | 12,440                   | Contributions from employer                                                          | 693                      | 13,740                   |
| 437                      | 0                        | Contributions from employees into the scheme                                         | 462                      | 0                        |
| (1,851)                  | (12,440)                 | Benefits/transfer paid                                                               | (2,133)                  | (13,740)                 |
| (51)                     | 0                        | Administration Expenses                                                              | (54)                     | 0                        |
| <b>40,950</b>            | <b>0</b>                 | <b>Closing value of scheme assets</b>                                                | <b>41,599</b>            | <b>0</b>                 |

| LGPS<br>2024/25<br>£'000 | FFPF<br>2024/25<br>£'000 | Movement in the Fair Value of Scheme Liabilities                       | LGPS<br>2025/26<br>£'000 | FFPS<br>2025/26<br>£'000 |
|--------------------------|--------------------------|------------------------------------------------------------------------|--------------------------|--------------------------|
| (40,392)                 | (231,610)                | Opening Balance as at 1 April                                          | (35,728)                 | (208,100)                |
| (1,033)                  | (1,870)                  | Current Service Cost                                                   | (704)                    | (1,010)                  |
| 0                        | (10)                     | Transfers In                                                           | 0                        | (800)                    |
| (1,944)                  | (10,810)                 | Interest Costs                                                         | (2,058)                  | (11,490)                 |
| (437)                    | (2,070)                  | Contributions from scheme participants                                 | (462)                    | (2,310)                  |
|                          |                          | <b>Remeasurement Gains and losses</b>                                  |                          |                          |
| 51                       | 60                       | Actuarial Gains/losses - experience                                    | (506)                    | (29,930)                 |
| 6,176                    | 530                      | Actuarial Gains/losses arising from changes in demographic assumptions | 181                      | 0                        |
| 1,851                    | 25,240                   | Actuarial Gains/losses arising from changes in financial assumptions   | 4                        | 7,320                    |
| 0                        | 12,440                   | Benefits/ transfers paid                                               | 2,133                    | 13,740                   |
| 0                        | 0                        | Curtailments                                                           | 0                        | 0                        |
| 0                        | 0                        | Past Service Cost                                                      | 0                        | 0                        |
| <b>(35,728)</b>          | <b>(208,100)</b>         | <b>Balance at 31 March</b>                                             | <b>(37,140)</b>          | <b>(232,580)</b>         |

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

| <b>Quoted<br/>2024/25<br/>£'000</b> | <b>Fair Value of Scheme Assets</b>        | <b>Quoted<br/>2025/26<br/>£'000</b> |
|-------------------------------------|-------------------------------------------|-------------------------------------|
|                                     | <b>Cash &amp; Cash Equivalents</b>        |                                     |
| 0                                   | Cash Accounts                             | 3,786                               |
| 0                                   | Temporary Investments                     | 0                                   |
| <b>0</b>                            | <b>Subtotal Cash and Cash Equivalents</b> | <b>3,786</b>                        |
|                                     | <b>Equity Securities</b>                  |                                     |
| 6,296                               | Global Quoted                             | 6,697                               |
| 0                                   | Emerging Markets                          | 0                                   |
| <b>6,296</b>                        | <b>Subtotal Equities</b>                  | <b>6,697</b>                        |
|                                     | <b>Bonds</b>                              |                                     |
| 5,409                               | Overseas Other                            | 6,656                               |
| 9,685                               | Liability-Driven Investment               | 11,981                              |
| <b>15,094</b>                       | <b>Subtotal Bonds</b>                     | <b>18,637</b>                       |
|                                     | <b>Property</b>                           |                                     |
| 1,550                               | UK                                        | 1,331                               |
| 209                                 | Overseas                                  | 0                                   |
| <b>1,759</b>                        | <b>Subtotal Property</b>                  | <b>1,331</b>                        |
|                                     | <b>Alternatives</b>                       |                                     |
| 6,298                               | Hedge Funds                               | 0                                   |
| 3,239                               | Private Equity                            | 6,573                               |
| 123                                 | Infrastructure                            | 3,328                               |
| 4,808                               | Timber and Agriculture                    | 83                                  |
| 1,380                               | Diversified Growth Fund                   | 0                                   |
| 1,953                               | Private Credit                            | 1,165                               |
| <b>17,801</b>                       | <b>Subtotal Alternatives</b>              | <b>11,149</b>                       |
| <b>40,950</b>                       | <b>Totals Assets</b>                      | <b>41,600</b>                       |

Scheme assets are valued using fair values techniques based on the characteristics of each instrument, where possible using market-based information.

Further information can be found within the Clwyd Pension Fund's Annual Report, publicised on their website - [mss.clwydpensionfund.org.uk/home/investments-and-governance/annual-reports/](https://mss.clwydpensionfund.org.uk/home/investments-and-governance/annual-reports/)

**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.

| 2024/25 | LGPS                                            | 2025/26 |
|---------|-------------------------------------------------|---------|
|         | <b>Mortality Assumptions</b>                    |         |
|         | Longevity at retirement for current pensioners: |         |
| 21.1    | Men                                             | 21.0    |
| 23.6    | Women                                           | 23.6    |
|         | Longevity at retirement for future pensioners   |         |
| 22.4    | Men                                             | 22.1    |
| 25.4    | Women                                           | 25.2    |
|         | <b>Other Assumptions</b>                        |         |
| 2.6%    | Rate of Inflation                               | 2.9%    |
| 3.9%    | Rate of Increase in Salaries                    | 4.2%    |
| 2.7%    | Rate of Increase in Pensions                    | 3.0%    |
| 5.9%    | Rate of Discounting Scheme Liabilities          | 6.2%    |
| 2.6%    | CARE Revaluation Rate                           | 2.9%    |

| 2024/25 | Firefighters Pension Scheme                     | 2025/26 |
|---------|-------------------------------------------------|---------|
|         | <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   |         |
| 22.7    | Men                                             | 22.8    |
| 22.7    | Women                                           | 22.8    |
|         | <b>Other Assumptions</b>                        |         |
| 2.7%    | Rate of Inflation                               | 3.0%    |
| 3.5%    | Rate of Increase in Salaries                    | 3.7%    |
| 2.7%    | Rate of Increase in Pensions                    | 3.0%    |
| 5.7%    | Rate of Discounting Scheme Liabilities          | 6.1%    |
| 3.5%    | CARE Revaluation Rate                           | 3.7%    |

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<br>Reported | +0.5% p.a.<br>discount | +0.25% p.a.<br>inflation | +0.25% p.a.<br>pay growth | 1 year<br>increase in<br>life<br>expectancy | +/-1% change in<br>2023/24 investment<br>returns |             |
|-------------------------------------------------|----------------|------------------------|--------------------------|---------------------------|---------------------------------------------|--------------------------------------------------|-------------|
|                                                 | £000           | £000                   | £000                     | £000                      | £000                                        | +1%<br>£000                                      | -1%<br>£000 |
| Liabilities                                     | 37,140         | 34,597                 | 38,481                   | 37,348                    | 37,898                                      | 37,140                                           | 37,140      |
| Assets                                          | (41,599)       | (41,599)               | (41,599)                 | (41,599)                  | (41,599)                                    | (42,010)                                         | (41,188)    |
| Deficit (surplus)                               | (4,459)        | (7,002)                | (3,118)                  | (4,251)                   | (3,701)                                     | (4,870)                                          | (4,048)     |
| Projected Service<br>Cost for next year         | 699            | 589                    | 759                      | 699                       | 718                                         | 699                                              | 699         |
| Projected Net<br>Interest Cost for<br>next year | (307)          | (502)                  | (223)                    | (293)                     | (259)                                       | (332)                                            | (281)       |

|                             | As<br>Reported      | Discount<br>rate on<br>liabilities<br>0.5%<br>increase | Increase in<br>salaries<br>0.5%<br>increase | Life<br>expectancy<br>1 year<br>increase | Increase in<br>pensions<br>0.5%<br>increase |
|-----------------------------|---------------------|--------------------------------------------------------|---------------------------------------------|------------------------------------------|---------------------------------------------|
|                             | £000                | £000                                                   | £000                                        | £000                                     | £000                                        |
| Firefighters Pension Scheme | Impact<br>(232,580) | -6.50%<br>(217,462)                                    | 1%<br>(234,906)                             | 2.50%<br>(238,395)                       | 6.50%<br>(247,698)                          |

**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 2025/26 was formally approved at a meeting on 28 April 2025. 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.

The Authority will always have a borrowing requirement as it does not hold significant cash or reserves and only has limited access to capital grant funding. The maturity profile of the Authority's existing borrowing is as follows:

| <b>2025-26</b>         | <b>Upper Limit</b> | <b>Lower Limit</b> | <b>31 March 2026<br/>£000</b> | <b>31 March 2026<br/>%</b> |
|------------------------|--------------------|--------------------|-------------------------------|----------------------------|
| Less than 1 year       | 60%                | 0%                 | 2,000                         | 13%                        |
| Between 1 and 2 years  | 45%                | 0%                 | 1,700                         | 11%                        |
| Between 2 and 5 years  | 45%                | 0%                 | 1,800                         | 11%                        |
| Between 5 and 10 years | 75%                | 0%                 | 2,000                         | 13%                        |
| More than 10 years     | 100%               | 0%                 | 8,260                         | 52%                        |
| <b>Total</b>           |                    |                    | <b>15,760</b>                 | <b>100%</b>                |

| <b>2024-25</b>         | <b>Upper Limit</b> | <b>Lower Limit</b> | <b>31 March 2025<br/>£000</b> | <b>31 March 2025<br/>%</b> |
|------------------------|--------------------|--------------------|-------------------------------|----------------------------|
| Less than 1 year       | 60%                | 0%                 | 9,300                         | 49%                        |
| Between 1 and 2 years  | 45%                | 0%                 | 1,500                         | 8%                         |
| Between 2 and 5 years  | 45%                | 0%                 | 1,200                         | 6%                         |
| Between 5 and 10 years | 75%                | 0%                 | 0                             | 0%                         |
| More than 10 years     | 100%               | 0%                 | 7,070                         | 37%                        |
| <b>Total</b>           |                    |                    | <b>19,070</b>                 | <b>100%</b>                |

## **Market 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 2026, the Authority held market loans of £2m (2024/25: £5m).

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).

### **Employment Tribunal**

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

### **33 CONTINGENT ASSET**

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

**FIREFIGHTERS' PENSION FUND ACCOUNT**

Firefighters Pension Fund Account for the year ended 31 March 2026

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.

| 2024/25<br>£'000 |                                                                          | 2025/26<br>£'000 |
|------------------|--------------------------------------------------------------------------|------------------|
|                  | <b>Contributions Receivable:</b>                                         |                  |
| (4,906)          | Employer normal contributions                                            | (5,437)          |
| 0                | Employer ill health charge                                               | 0                |
| 0                | Employer backdated contributions                                         | 0                |
| (2,067)          | Members normal contributions                                             | (2,309)          |
| (100)            | Members backdated contributions                                          | (304)            |
| (321)            | Transfers In                                                             | (855)            |
| <b>(7,394)</b>   | <b>Total Contributions</b>                                               | <b>(8,905)</b>   |
|                  | <b>Benefits Payable:</b>                                                 |                  |
| 9,737            | Pension Payments                                                         | 10,872           |
| 2,437            | Commutation of Pensions and Lump Sum retirement benefits                 | 3,332            |
| 0                | Backdated Commutation Payments                                           | 0                |
|                  | <b>Payments to and on account of leavers:</b>                            |                  |
| 88               | Transfers out                                                            | 16               |
| <b>12,262</b>    | <b>Total Benefits</b>                                                    | <b>14,220</b>    |
| 4,868            | Deficit for the year before grants receivables from the Welsh Government | 5,315            |
| (4,868)          | Top Up grant payable to/(from) Welsh Government                          | (5,315)          |
| <b>0</b>         | <b>Net Amount (Payable)/Receivable for Year</b>                          | <b>0</b>         |

**Net Assets Statement as at 31 March 2026**

| 2024/25<br>£'000 |                                                 | 2025/26<br>£'000 |
|------------------|-------------------------------------------------|------------------|
|                  | <b>Current assets</b>                           |                  |
| (655)            | Amount owed (from)/to the General Fund          | (3,765)          |
| <b>(655)</b>     | <b>Total Current Assets</b>                     | <b>(3,765)</b>   |
|                  | <b>Current Liabilities</b>                      |                  |
| 655              | Top Up grant payable to/(from) Welsh Government | 3,765            |
| <b>655</b>       | <b>Total Current Liabilities</b>                | <b>3,765</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

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 to 31 August 2025 (up from 27.3% in 2023/24). The employee contribution rates vary according to pensionable pay bands, detailed below:

| <b>Pensionable Pay Band</b> | <b>Contribution<br/>Rate %<br/>(01 Apr - 31 Aug)</b> |
|-----------------------------|------------------------------------------------------|
| 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                                                 |

New employee contribution rates came into effect from 1 September 2025, with rates determined by reference to grade rather than salary band. These rates were applied from the September salary payments onwards, were not applied retrospectively, and no member owes any arrears of contributions as a result of these changes.

| <b>Duty System</b> | <b>Grade / Role</b>          | <b>Contribution<br/>Rate %<br/>(from 01 Sept)</b> |
|--------------------|------------------------------|---------------------------------------------------|
| Retained           | All                          | 13.0                                              |
| Wholetime          | Firefighter                  | 13.0                                              |
| Wholetime          | Crew Manager                 | 13.2                                              |
| Wholetime          | Watch Manager                | 13.2                                              |
| Wholetime          | Station Manager              | 13.7                                              |
| Wholetime          | Group Manager                | 13.7                                              |
| Wholetime          | Area Manager                 | 14.2                                              |
| Wholetime          | Assistant Chief Fire Officer | 14.5                                              |
| Wholetime          | Deputy Chief Fire Officer    | 14.5                                              |
| Wholetime          | Chief Fire Officer           | 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.

## Appendix 1

**ACCOUNTING POLICIES****1. GENERAL PRINCIPLES**

The Statement of Accounts summarises the Authority's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. 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 2025/26 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. The accounts have been prepared on a going concern basis.

In relation to a policy regarding capitalisation of expenditure, our practice is to operate on the basis of the nature of expenditure rather than a prescribed level of expenditure.

**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 (Minimum Revenue Provision) 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 for current employees.
- **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 as part of corporate costs.
- **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.

International Accounting Standard (IAS) 19 governs how the long-term liabilities which exist in relation to pension costs should be reported. FRAs in England and Wales are required to produce their financial statements in accordance with IAS19.

### **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. Under the revised Code of Practice, effective from 1 April 2025, intangible assets can no longer be revalued. In accordance with the Code, all intangible assets must now be held at depreciated historic cost, as the revaluation model has been withdrawn. The Authority does not hold any intangible assets that met the criteria for revaluation under the previous code; therefore, there are no transitional impacts arising from this change for 2025/26.

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

The Authority applies IFRS 16 Leases and recognises most leases on the Balance Sheet in the form of right-of-use (ROU) assets and corresponding lease liabilities. This reflects the Authority's right to use leased assets and the obligation to make lease payments over the lease term.

Leases are assessed at inception to determine whether a contract conveys the right to use an identified asset in exchange for consideration. Where a contract contains both land and buildings, each component is assessed separately in accordance with the Code.

### **Lessee Accounting**

ROU assets are recognised at the value of the lease liability, adjusted for any lease prepayments, initial direct costs or obligations to restore the site, and reduced by any lease incentives. Lease liabilities are measured at the present value of future lease payments, discounted using the interest rate implicit in the lease, or the Authority's incremental borrowing rate where this cannot be readily determined.

Lease payments include fixed payments, in substance fixed payments, amounts under residual value guarantees, payments under options the Authority is reasonably certain to exercise, and any penalties for early termination. ROU assets are subsequently measured using the IFRS 16 cost model.

**Low-cost lease exemption:** The low-cost exemption is set at £10,000, in line with the de minimis expenditure level for Property, Plant & Equipment. Leases below this value will be excluded from IFRS16.

**Short-term lease exemption:** Leases with a lease term of 12 months or less at the commencement date, and which do not include a purchase option, are treated as short-term leases. Where this exemption is applied, such leases are excluded from IFRS 16 recognition, with lease payments charged to expenditure on a straight-line basis over the lease term.

**Intangible asset exemption:** IFRS 16 does not apply to leases of intangible assets (e.g., software licences), which continue to be accounted for under the relevant intangible asset policies.

**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.

## **Depreciation and Interest**

ROU assets are depreciated over the shorter of the asset's useful life or the lease term. Lease payments are split between a finance charge recognised in the CIES, and a reduction of the lease liability.

Capital accounting requirements apply in the same way as for owned non-current assets. Statutory adjustments ensure that depreciation and interest charges do not affect the General Fund, replaced instead by statutory financing entries.

## **Other Arrangements Containing a Lease**

Arrangements that do not legally constitute a lease may still fall within the scope of IFRS 16 if they grant control over the use of an identified asset. Such arrangements are reviewed and accounted for consistently with IFRS 16 principles.

## **Finance Leases (Lessee)**

A lease is classified as a finance lease where it transfers substantially all the risks and rewards of ownership. In such cases, the asset and liability are recognised at the lower of fair value or the present value of minimum lease payments. Depreciation is charged over the lease term unless ownership transfers to the Authority. Finance lease accounting follows the same principles as the ROU model for depreciation, liability reduction and interest recognition.

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.

## **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 minimis 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).

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.

### **Indexation of Property, Plant & Equipment**

The Authority applies indexation to relevant Property, Plant & Equipment to keep asset values accurate between formal valuations, in line with the CIPFA/LASAAC Code of Practice. Indexation updates values in years without a full revaluation so that the Balance Sheet continues to reflect current value, but it does not replace the requirement for full revaluations within the five-year cycle or the need to assess assets for possible impairment. The next full revaluation for the relevant asset classes is scheduled to take place in 2027/28.

Indexation is applied annually to assets measured at current value, including Offices and Workshops (valued at Existing Use Value), Fire Stations and training towers (valued using Depreciated Replacement Cost) and Land. The Authority uses recognised external indices aligned with RICS and public-sector valuation guidance, with adjustment factors reviewed alongside the Authority's valuer.

The index is applied to the Opening Net Book Value (NBV) at 1 April to produce an updated carrying amount before depreciation. Increases in value are credited to the Revaluation Reserve unless they reverse earlier losses charged to the Comprehensive Income and Expenditure Statement (CIES). Decreases are charged against any available Revaluation Reserve balance for the asset, with any further reduction recognised in the CIES. This ensures consistent treatment with full revaluations and impairment adjustments.

Indexation is only applied where the resulting change is material. If indices display unusual volatility or do not appropriately reflect an asset category, a valuation review may be completed instead. Where indicators of impairment exist, a separate impairment review is undertaken regardless of indexation.

Depreciation is based on the indexed NBV. For componentised buildings, indexation is allocated proportionately across all components so that the total indexed value reflects the uplift in the asset's Opening NBV.

When applying indexation, the Authority may process the adjustment either through proportional restatement of the gross cost and accumulated depreciation, or through the elimination of accumulated depreciation with a corresponding adjustment to the gross carrying amount. Both approaches are permitted under the Code.

Under the proportional restatement approach, the Authority updates asset values by uplifting both the gross carrying amount and the accumulated depreciation proportionately so that the indexed movement is applied consistently across all components of the asset. This method retains the existing relationship between gross cost and accumulated depreciation, ensuring that the indexed Net Book Value is achieved without eliminating prior depreciation. It maintains continuity in the depreciation profile and is consistent with the principles for subsequent measurement.

## **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 of the amount of the obligation.

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 present 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 than anticipated 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

