

Statement of Accounts

2024-2025



Gwasanaeth Tân ac Achub
Fire and Rescue Service



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

Narrative Report

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

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

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

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

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

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

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

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

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

The notes to the account present information about the basis of preparation of the financial statements and the specific accounting policies used. They disclose information not presented elsewhere in the financial statements but is relevant to an understanding of them.

Foreword from the Chair

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

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

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

Councillor Dylan Rees

Chair of North Wales Fire and Rescue Authority



Introduction from Dawn Docx, Chief Fire Officer

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

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

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

Dawn Docx

Chief Fire Officer



Introduction to North Wales Fire and Rescue Authority

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

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

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

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

Our principles

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



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

About Our Service Area



Resources

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

Prevention and Protection activities

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

Responding activities

 14,530 emergency calls handled
 Attended 6,485 emergency incidents
 1,801 fires attended of which 43 were wildfires
 3,263 false alarms

Governance

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

Key Governance Developments

This year, we made important changes to our governance:

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

Annual Governance Statement

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

Future Governance Initiatives

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

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

Service Leadership Team

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

Operating Model

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

Our main services include:

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

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

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

Emergency Cover Review (ECR)

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

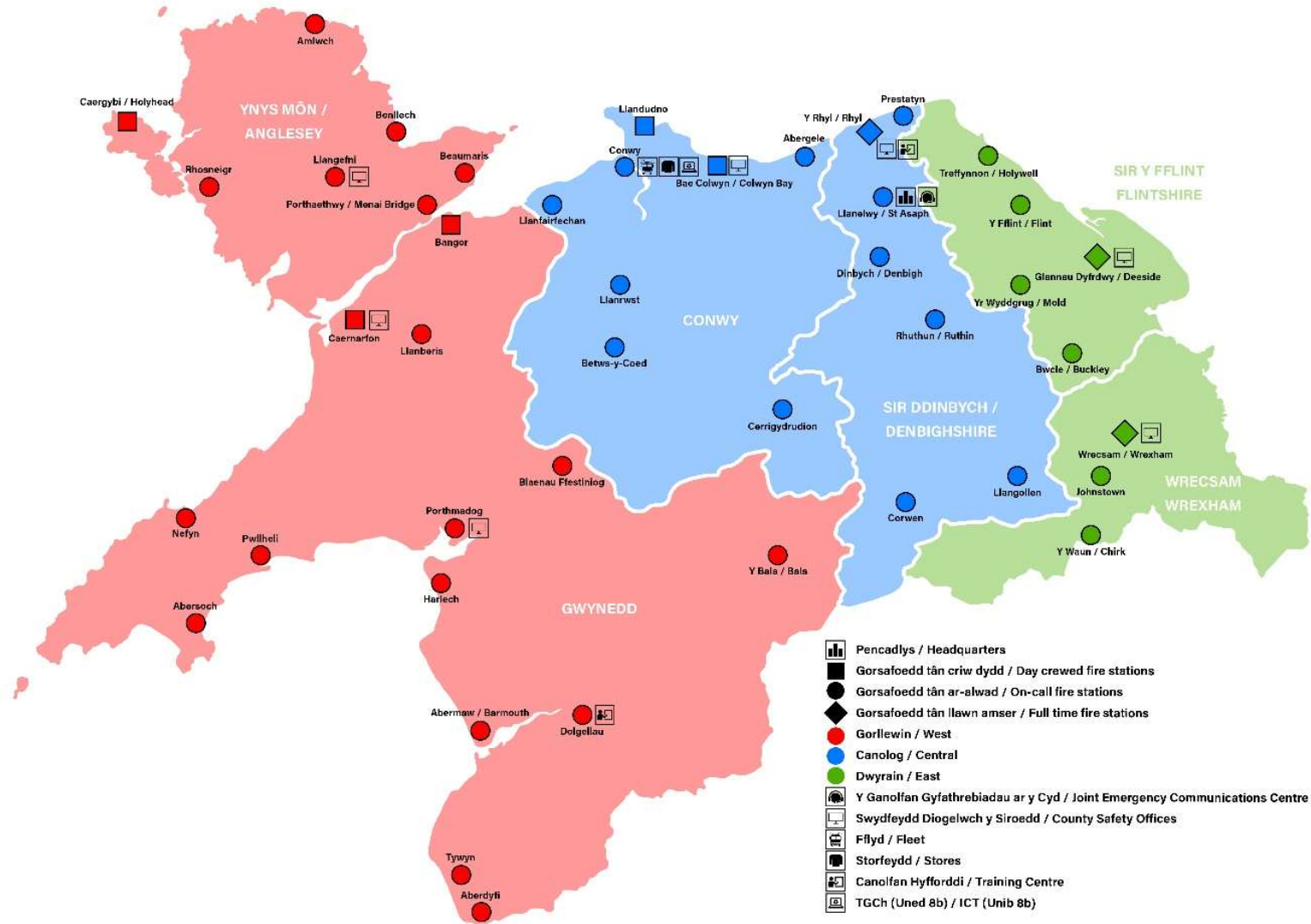
Throughout the year, the group has explored additional recommendations presented during the ECR to enhance the emergency response element of the operating model.

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

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

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

NWFRS Facilities/Station Map



Community Risk Management Plan

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

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

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

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



Annual Performance

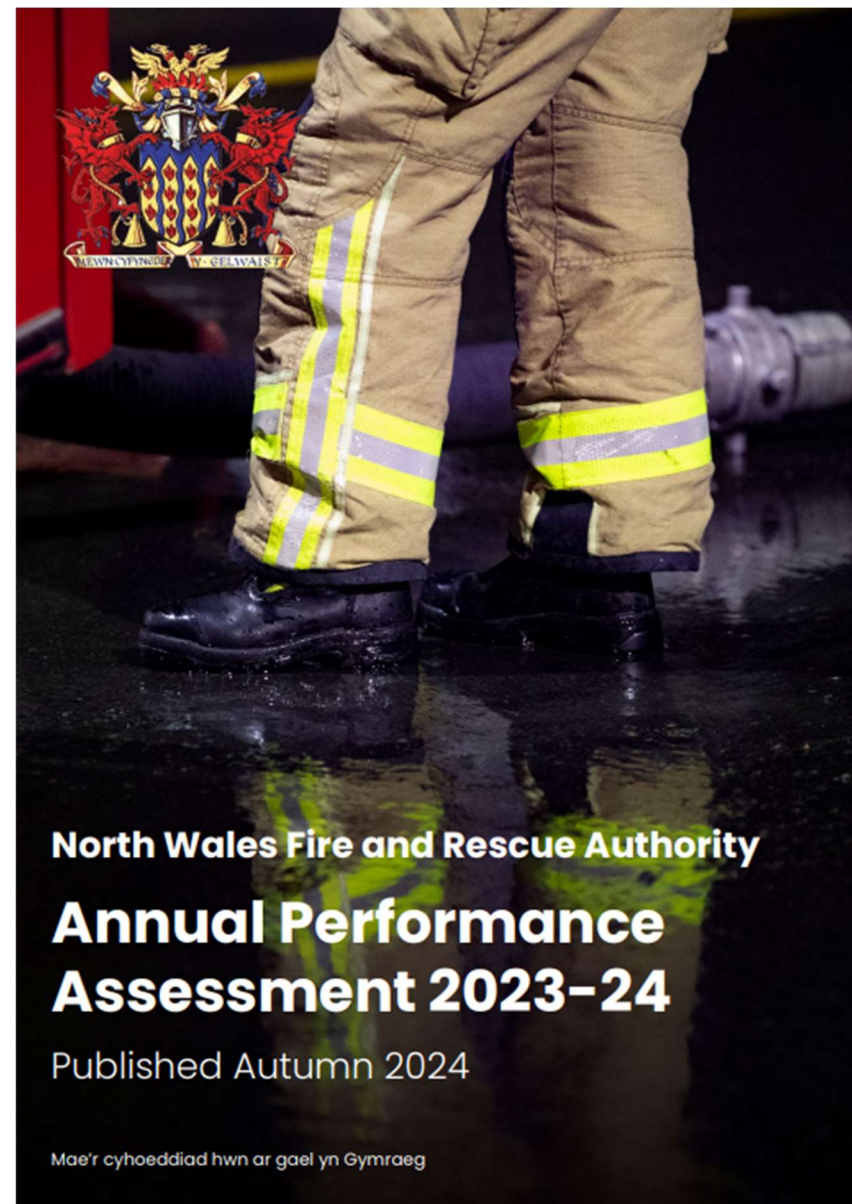
NWFRA's Annual Performance Assessment, published in October 2024, marked the final year of the three-year Corporate Plan. It reviewed performance against annual objectives and reflected on achievements across the plan's lifespan.

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

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

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

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



Organisational Culture and Improvement

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

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

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

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

Development of a new training centre

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

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

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

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

Sustainability and climate change

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

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

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

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

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

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

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



Financial Performance

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

To support long-term sustainability, Members reaffirmed the Medium-Term Financial Strategy and agreed to increase the contributions from the constituent authorities by 8.9% to £48,322k, alongside the planned use of earmarked reserves and non-recurring measures to maintain service delivery. In-year, a further £227k was received as a SCAPE grant top-up, increasing the total levy to £48,549k.

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

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

Revenue Performance

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

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

IFRS 16 Adoption

As part of changes to accounting standards introduced under IFRS 16 from 1 April 2024, the Authority has recognised most lease agreements, such as those for vehicles and equipment as assets and liabilities on the balance sheet, where the value exceeds the £10k de minimis threshold.

This change improves transparency by showing the full value of leased assets and the Authority's long-term financial commitments, rather than just annual lease payments. The value of assets recognised totalled £903k.

Revenue Summary

2024/25	Budget (£'000)	Outturn (£'000)	Reserves (£'000)	CERA (£'000)	Total (£'000)	Variance (£000)	Variance (%)
Employees	35,430	33,937	525	0	34,462	(968)	-2.7%
Premises	3,530	2,921	317	0	3,238	(292)	-8.3%
Transport	1,259	1,085	102	0	1,187	(72)	-5.7%
Supplies	6,622	6,305	596	0	6,901	279	4.2%
Third Party Payments	363	385	0	0	385	23	6.2%
Capital Finance & Charges	2,989	2,395	0	1,459	3,854	864	29%
Income	(946)	(1,775)	0	0	(1,775)	(829)	87%
Use of Reserves	(924)	0	0	0	0	924	-100%
Sub Total	48,322	45,254	1,540	1,459	48,253	(68)	-0.1%
Levies	(48,322)	(48,549)	0	0	(48,549)	(227)	0.5%
Outturn Position					(296)	(296)	0.6%

Usable Reserves

Usable Reserves	Balance 31 March 2024	Transfers (in/)/out 2024/25	Balance 31 March 2025
	£'000	£'000	£'000
Earmarked Reserves	(7,398)	(1,540)	(8,938)
General Fund	(1,575)	(296)	(1,871)
Capital Grants Unapplied	(48)	48	0
Capital Receipts Reserve	(73)	0	(73)
Total Usable Reserves	(9,094)	(1,788)	(10,882)

Capital Performance

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

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

Capital Funding

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

Funding	Amount £000
Grant Funding	918
Contributions	1,459
Internal Borrowing	4,157
Total	6,534

Scheme	Allocation	Actual	Rollover
	£'000	£'000	£'000
2024/25			
Vehicles	1,225	1,183	40
Buildings	1,869	547	1,380
TT	305	35	270
Equipment	1,167	60	749
Rollover 23/24			
Vehicles	960	984	-
Sustainability	150	-	150
Capital Programme	5,676	2,808	2,589
In year Grant Funding			
Fireground Radios		377	
Electric Vehicles		115	
Electric Charging		193	
Sustainability works		327	
Other			
Land	3,000	2,714	
Total	8,676	6,534	2,589

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

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

Treasury Management

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

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

Pension Costs

Employer contributions to the Firefighters' Pension Scheme totalled £4,906k, with pension payments to retired members amounting to £9,737k, and commutation of pensions and lump sum retirement benefits totalling £2,593k. The scheme remains unfunded, with the liability decreasing to £208,143k driven by actuarial gains from changes in financial assumptions.

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

Outlook

Cashflow and Future Considerations

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

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

Key Commitments

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

Future Budget Pressures and Mitigation

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

Consideration of Section 114

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

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

Further Information

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

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

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

www.northwalesfire.gov.wales/fire-and-rescue-authority/financial/

Acknowledgements

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

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

Dafydd Edwards

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer.
- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- to approve the Statement of Accounts.

AUTHORITY'S CERTIFICATE

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

Signed: Dylan Rees Dated: 20-10-2025

Chairman, North Wales Fire and Rescue Authority

THE TREASURER'S RESPONSIBILITIES

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

In preparing the Statement of Accounts, the Treasurer has:

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

TREASURER'S CERTIFICATE

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

Signed: Ad Edwards Dated: 20-10-2025

Treasurer, North Wales Fire and Rescue Authority

The report of the Auditor General for Wales to the members of North Wales Fire and Rescue Authority

Opinion on financial statements

I have audited the financial statements of:

- North Wales Fire and Rescue Authority;
- North Wales Fire and Rescue Authority Firefighters' Pension Fund

for the year ended 31 March 2025 under the Public Audit (Wales) Act 2004.

North Wales Fire and Rescue Authority financial statements comprise the Expenditure and Funding Analysis, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement and the related notes, including the material accounting policies.

The Firefighters' Pension Fund Accounts comprise the Fund Account and Net Assets Statement and related notes including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of North Wales Fire and Rescue Authority and North Wales Fire and Rescue Authority Firefighters' Pension Fund as at 31 March 2025 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of financial statements and regularity of public sector bodies in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the North Wales Fire and Rescue Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these

requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the North Wales Fire and Rescue Authority and the Firefighters' Pension Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report or accompanying it. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25;

- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of North Wales Fire and Rescue Authority and the Firefighters' Pension Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit.
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts included in the Statement, the responsible financial officer is responsible for:

- the preparation of the statement of accounts, which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error; and
- assessing the North Wales Fire and Rescue Authority and the Firefighters' Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by North Wales Fire and Rescue Authority and North Wales Fire and Rescue Authority Firefighters' Pension Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with section 13(2) of the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable

assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to North Wales Fire & Rescue Authority and the North Wales Fire & Rescue Authority Firefighters' Pension Fund's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals.
- Obtaining an understanding of North Wales Fire & Rescue Authority and the North Wales Fire & Rescue Authority Firefighters' Pension Fund's framework of authority as well as other legal and regulatory frameworks that North Wales Fire & Rescue Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of North Wales Fire & Rescue Authority and the North Wales Fire & Rescue Authority Firefighters' Pension Fund.
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the North Wales Fire and Rescue Authority and Firefighters' Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of North Wales Fire and Rescue Authority and the Firefighters' Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.



Adrian Crompton

Auditor General for Wales

29 October 2025

1 Capital Quarter

Tyndall Street

Cardiff, CF10 4BZ

EXPENDITURE AND FUNDING ANALYSIS

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

2023/24				2024/25		
Net Expenditure Chargeable to the General Fund £'000	Adjustments Between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Exp Statement £'000		Net Expenditure Chargeable to the General Fund £'000	Adjustments Between the funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Exp Statement £'000
43,123 (44,394)	(7,682) 10,557	35,441 (33,837)	Provision of Fire and Rescue Services	46,713 (48,549)	(9,456) 10,308	37,257 (38,241)
			Other Income & Expenditure			
(1,271)	2,875	1,604	Deficit or (Surplus) on Provision of Services	(1,836)	852	(984)

2023/24				2024/25		
General Fund Balance £'000	Earmarked General Fund Reserves £'000	Total General Fund £'000		General Fund Balance £'000	Earmarked General Fund Reserves £'000	Total General Fund £'000
(1,480) (1,271)	(6,341)	(7,821) (1,271)	Brought Forward	(1,575) (1,836)	(7,519)	(9,094) (1,836)
			(Surplus)/Deficit on Provision of Services			
	37	37	Transfer between General Fund Balance and Capital Grants Unapplied		48	48
1,176	(1,215)	(39)	Transfer between General Fund Balance and Earmarked General Fund Reserves	1,540	(1,540)	0
(1,575)	(7,519)	(9,094)	Closing General Fund Balance	(1,871)	(9,011)	(10,882)

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.

2023/24				Note	2024/25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
36,878	(1,437)	35,441	Provision of Fire and Rescue Services		39,032	(1,775)	37,257
36,878	(1,437)	35,441	Cost of Services		39,032	(1,775)	37,257
(14)	0	(14)	Other Operating Expenditure		56	0	56
11,071	(429)	10,642	Financing & Investment Income & Expenditure	9	11,352	(182)	11,170
0	(44,465)	(44,465)	Taxation and Non Specific Grant Income	10	0	(49,467)	(49,467)
		1,604	(Surplus)/Deficit on Provision of Services				(984)
557	0	557	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets	18	0	(2,003)	(2,003)
		1,096	Remeasurement of the Net Defined Benefit Liability	18			(26,136)
		1,653	Other Comprehensive (Income) & Expenditure				(28,139)
		3,257	Total Comprehensive (Income) & Expenditure				(29,123)

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce contributions from the Constituent Authorities) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance which is funded by contributions from the six Constituent Authorities. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

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

2024/25	Note	General Fund Balance £'000	Earmarked and Grant Reserves £'000	Capital Grants Unapplied £'000	Earmarked Capital Receipts £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2024		(1,575)	(7,398)	(48)	(73)	(9,094)	203,757	194,663
Movement in Reserves during 2024/25								
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)
Total Comprehensive Income & Expenditure		(984)	0	0		(984)	(28,139)	(29,123)
Adjustments between accounting basis & funding basis under regulations	7	(804)	0		0	(804)	804	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves		(1,788)	0	0	0	(1,788)	(27,335)	(29,123)
Other Transfers to/(from) Earmarked Reserves		1,492	(1,540)	48	0	0	0	0
Increase/(Decrease) in 2024/25	8	(296)	(1,540)	48	0	(1,788)	(27,335)	(29,123)
Balance as at 31 March 2025		(1,871)	(8,938)	0	(73)	(10,882)	176,422	165,540

MOVEMENT IN RESERVES STATEMENT

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

BALANCE SHEET

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

31 March 2024 £'000		Note	31 March 2025 £'000
56,044	Property, Plant & Equipment	11	63,041
141	Intangible Assets	11	99
62	Long Term Debtors	14	103
56,247	Long Term Assets		63,243
614	Inventories	13	663
1,275	Short Term Debtors	14	2,439
0	Short Term Investments	15	0
2,973	Cash & Cash Equivalents	15	2,523
4,862	Current Assets		5,625
(3,830)	Short Term Borrowing	12	(10,791)
(217)	Short Term Provisions	17	(375)
(6,042)	Short Term Creditors	16	(6,045)
0	Short Term Lease Liabilities	29	(173)
(10,089)	Current Liabilities		(17,384)
(231,610)	Pension Liability	18	(208,143)
0	Long Term Provisions	17	0
0	Long Term Lease Liabilities	29	(425)
(14,073)	Long Term Borrowing	12	(8,456)
(245,683)	Long Term Liabilities		(217,024)
(194,663)	Net Assets		(165,540)
(9,094)	Usable Reserves	8	(10,882)
203,757	Unusable Reserves	18	176,422
194,663	Total Reserves		165,540

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of contributions and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2023/24 £'000		Note	2024/25 £'000
1,604	Net (Surplus)/Deficit on the Provision of Services		(984)
(11,409)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	19	(4,615)
(263)	Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	19	(437)
(10,068)	Net Cash Flows From Operating Activities	19	(6,036)
2,240	Investing Activities	20	7,508
9,032	Financing Activities	21	(1,022)
1,204	Net (Increase) or Decrease in Cash and Cash Equivalents		450
(4,177)	Cash and Cash Equivalents at the beginning of the reporting period		(2,973)
(2,973)	Cash and Cash Equivalents at the End of the Reporting Period	15	(2,523)

NOTES TO THE FINANCIAL STATEMENTS

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

1 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

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

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

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

2 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

3 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION AND UNCERTAINTY

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

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

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

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

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

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

4 EVENTS AFTER THE REPORTING PERIOD

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

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

Truck Cartel Settlement

In August 2025, the Authority was notified that settlement terms had been agreed with all defendants in relation to the Truck Cartel Claim. While the Claimant Group is legally restricted from disclosing the terms of the settlements, the Authority can confirm that settlement proceeds from each defendant have been received into a client account. The Authority's share of the settlement will be distributed based on its proportion of the total claim, net of any fees relating to self-funding.

As at the date the financial statements were authorised for issue, the Authority had received a provisional estimate of its share of the proceeds, but the final amount had not yet been

confirmed or received. The final settlement income will be recognised in the 2025/26 financial statements once confirmed and received.

5 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

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

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

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

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e. minimum revenue provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

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

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

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

- For financing and investment income and expenditure the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the General Fund.

6 EXPENDITURE AND INCOME ANALYSED BY NATURE

2023/24 £000		2024/25 £000
	Expenditure	
24,003	Employees	25,889
10,079	Other Operating Costs	10,312
318	Support Services	385
(14)	(Gain)/loss on the disposal of assets	56
11,071	Financing and Investment Expenditure	11,352
2,478	Capital Financing Costs	2,445
47,935	Total Expenditure	50,439
	Income	
(546)	Fees, Charges & Other Service Income	(793)
(429)	Interest and Investment Income	(182)
(44,394)	Levies from Constituent Authorities	(48,549)
(962)	Government Grants and Contributions	(1,899)
(46,331)	Total Income	(51,423)
1,604	(Surplus)/Deficit on Provision of Services	(984)

7 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER STATUTE

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

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

General Fund balance

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

Capital receipts reserve

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

Capital grants unapplied

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

2023/24					Adjustments between Accounting Basis and Funding Basis under Regulations	2024/25				
General Fund Balance £'000	Capital Grants Unapplied £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000		General Fund Balance £'000	Capital Grants Unapplied £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000
(2,446)	0	0	(2,446)	2,446	Depreciation and impairment	(2,602)	0	0	(2,602)	2,602
(32)	0	0	(32)	32	Revaluation losses/Gains on Property	156	0	0	156	(156)
14	0	(39)	(25)	25	Disposal of non-current assets	(56)	0	0	(56)	56
					Capital expenditure financed from earmarked reserve/CERA	1,459	0	0	1,459	(1,459)
1,101	0	0	1,101	(1,101)	Capital expenditure funded from grants	918	0	0	918	(918)
71	0	0	71	(71)	Financing Capital (MRP)	1,957	0	0	1,957	(1,957)
1,902	0	0	1,902	(1,902)						
610	0	(39)	571	(571)		1,832	0	0	1,832	(1,832)
					Employers Pension contributions and payments to pensioners	11,028	0	0	11,028	(11,028)
10,532	0	0	10,532	(10,532)	Reversal of retirement benefits in the CIES	(13,697)	0	0	(13,697)	13,697
(13,903)	0	0	(13,903)	13,903		(2,669)	0	0	(2,669)	2,669
(3,371)	0	0	(3,371)	3,371	Adjustment to Grants Reserve	0	48	0	48	(48)
0	37	0	37	(37)	Movement in Accumulated Absence accrual	(15)	0	0	(15)	15
(114)			(114)	114	Adjustments between accounting basis and funding basis under regulation	(852)	48	0	(804)	804
(2,875)	37	(39)	(2,877)	2,877						

8 USABLE RESERVES

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

Reserve	Purpose of the Reserve	Balance 31 March 2023 £'000	Transfers (in) / out 2023/24 £'000	Balance 31 March 2024 £'000	Transfers (in) / out 2024/25 £'000	Balance 31 March 2025 £'000
Service Reserves						
Pension Reserve	Additional pension costs relating to changes to pension rules	(545)	0	(545)	(525)	(1,070)
Interest Reserve	Offset increases in interest rates that would impact on the revenue budget	(300)	0	(300)	0	(300)
Fire Hydrant Repairs	Funding of the backlog of hydrant repairs	(90)	0	(90)	0	(90)
PPE Uniform / Stock	Increased uniform costs due to changes in legislation	(250)	(447)	(697)	(71)	(768)
Transformational Change	Funding for the delivery of transformational change projects	(851)	0	(851)	0	(851)
Facilities Improvements	Ensure buildings meet required standard and improve energy efficiency	(651)	0	(651)	(329)	(980)
Legal Liability	Funding of future legal liabilities for known/expected claims	(186)	(124)	(310)	0	(310)
Training	Implement changes to training provision as required by legislation	(250)	0	(250)	0	(250)
Major Incidents	Offset costs of major incidents in excess of budget	(150)	0	(150)	0	(150)
System Improvements	A fund set aside to meet the cost of system improvements	(711)	0	(711)	0	(711)
Inflation	Offset costs of inflation in excess of budget	(250)	0	(250)	0	(250)
Firefighters Pay Structure review	Funding allocated for on-going discussions regarding the pay structure for pay progression for staff	0	(473)	(473)	0	(473)
Capital & Grants Reserves						
Capital Projects	A fund set aside for delayed schemes and retention costs	(1,043)	129	(914)	(89)	(1,003)
Radio Scheme	Emergency Service Network upgrade - offset some of the additional costs	(750)	(261)	(1,011)	(526)	(1,537)
Grant Reduction	Offset reduction in Fire Safety funding from Welsh Government	(195)	0	(195)	0	(195)
Total Earmarked Reserves		(6,222)	(1,176)	(7,398)	(1,540)	(8,938)
General Fund	Available for general purposes and to provide operational resilience	(1,480)	(95)	(1,575)	(296)	(1,871)
Capital Receipts Reserve	Holds receipts from the sale of assets, available to finance future capital expenditure	(34)	(39)	(73)	0	(73)
Capital Grants Unapplied	Holds grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure	(85)	37	(48)	48	0
Total Usable Reserves		(7,821)	(1,273)	(9,094)	(1,788)	(10,882)

9 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2023/24 £'000		2024/25 £'000
692	Interest payable and similar charges	619
(429)	Interest receivable and similar income	(182)
10,379	Net Interest on the net defined benefit liability	10,733
10,642	Total	11,170

10 TAXATION AND NON SPECIFIC GRANT INCOME

2023/24 £'000		2024/25 £'000
7,478	Conwy County Borough Council	8,063
4,403	Anglesey County Council	4,871
7,914	Gwynedd Council	8,295
6,064	Denbighshire County Council	6,812
9,936	Flintshire County Council	10,957
8,599	Wrexham County Borough Council	9,551
44,394	Levies from Constituent Authorities	48,549
71	Capital Grants and Contributions	918
44,465	Total Taxation and Non Specific Grant Income	49,467

11 PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**Movements on Balances**

2024-2025	Land and Buildings	Vehicles and Equipment	Assets Under Construction	Property Plant & Equipment	Intangible Assets	Assets Held for Sale
	£'000	£'000	£'000	Total £'000	Total £'000	Total £'000
Gross Book Value at 31 March 2024	46,253	24,129	1,060	71,442	233	0
Recognition of Right of Use Assets	593	328	0	921	0	0
Gross Book Value at 1 April 2024	46,846	24,457	1,060	72,363	233	0
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
Gross Book Value at 31 March 2025	52,890	26,623	766	80,279	233	0
Accumulated Depreciation & Impairment						
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	0
Derecognition - Disposals	0	721	0	721	0	0
Derecognition - Other	0	0	0	0	0	0
Accumulated Depreciation at 31 March 2025	(1,027)	(16,211)	0	(17,238)	(134)	0
NET BOOK VALUE AT 31 MARCH 2025	51,863	10,412	766	63,041	99	0
NET BOOK VALUE AT 31 MARCH 2024	46,210	8,774	1,060	56,044	141	0

2023-2024	Land and Buildings	Vehicles and Equipment	Assets Under Construction	Property Plant & Equipment	Intangible Assets	Assets Held for Sale
	£'000	£'000	£'000	Total £'000	Total £'000	Total £'000
Gross Book Value at 1 April 2023	47,289	24,721	85	72,095	431	0
Re-categorisation of assets	0	36	(36)	0	0	0
Additions	414	758	1,011	2,183	0	0
Revaluation increase / (decreases) recognised in the Revaluation Reserve	(1,352)	0	0	(1,352)	0	0
Revaluation increase / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(95)	0	0	(95)	0	0
Derecognition - Disposals	(3)	(1,303)	0	(1,306)	0	0
Derecognition - Other	0	(83)	0	(83)	(198)	0
Gross Book Value at 31 March 2024	46,253	24,129	1,060	71,442	233	0
Accumulated Depreciation & Impairment						
At 1 April 2023	(4)	(15,250)	0	(15,254)	(209)	0
Depreciation/Amortisation charge	(897)	(1,468)	0	(2,365)	(81)	0
Depreciation written out of the Revaluation Reserve	795	0	0	795	0	0
Depreciation written out to the Surplus / Deficit on the Provision of Services	63	0	0	63	0	0
Derecognition - Disposals	0	1,280	0	1,280	0	0
Derecognition - Other	0	83	0	83	198	0
Accumulated Depreciation at 31 March 2024	(43)	(15,355)	0	(15,398)	(92)	0
NET BOOK VALUE AT 31 MARCH 2024	46,210	8,774	1,060	56,044	141	0
NET BOOK VALUE AT 31 MARCH 2023	47,285	9,471	85	56,841	222	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 required to be measured at current value is revalued sufficiently regularly so that their carrying amount is not materially different from their current value at the year-end, and as a minimum every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

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

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

Capital Commitments

The Authority is committed to capital expenditure in future periods arising from contracts entered into at the Balance Sheet date. Capital expenditure committed at the 31 March 2025 for future periods equates to £1,813k (2023/24: £3,804k). The commitments relate to the following:

Description	£'000
Building Works	778
Vehicles	1,035
Total	1,813

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 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000
Financial Assets at Amortised Cost:				
Cash and Cash Equivalents	0	0	2,973	2,523
Debtors	62	103	1,275	2,439
Financial Liabilities at Amortised Cost:				
Interest Accrued	0	0	(116)	(174)
Borrowings	(14,073)	(8,456)	(3,714)	(10,617)
Total Borrowing	(14,073)	(8,456)	(3,830)	(10,791)
Creditors	0	0	(6,042)	(6,045)
Lease Liability	0	(425)	0	(173)

Financial Instruments Gains/Losses

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

	2023/24		2024/25	
	Financial Liabilities Measured at amortised cost £'000	Financial Assets Loans and receivables £'000	Financial Liabilities Measured at amortised cost £'000	Financial Assets Loans and receivables £'000
Interest expense	692	0	619	0
Total expense in Surplus or Deficit on the Provision of Services	692	0	619	0
Interest income	0	(429)	0	(182)
Total income in Surplus or Deficit on the Provision of Services	0	(429)	0	(182)
Net gain/(loss) for the year	692	(429)	619	(182)

Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, borrowing from the PWLB has been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

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

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

13 INVENTORIES

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

14 DEBTORS

2023/24 £'000		2024/25 £'000
	Long Term	
62	Prepayments	103
62	Total Long Term	103
	Short Term	
286	Other Receivable Amounts	445
488	Trade Receivables	1,509
501	Prepayments	485
1,275	Total Short Term	2,439
1,337	Total Long and Short Term Debtors	2,542

15 CASH AND CASH EQUIVALENTS

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

16 CREDITORS

2023/24 £'000		2024/25 £'000
(3,364)	Other Payables	(820)
(2,678)	Trade Payables	(5,225)
(6,042)	Total	(6,045)

17 PROVISIONS

At 31 March 2025 the Authority held provisions relating to employee liabilities. This provision will be utilised to offset revenue expenditure, when it occurs.

	Opening Balance £'000	Movements In £'000	Movements Out £'000	Closing Balance £'000
Short Term Provisions	(217)	(175)	17	(375)
Long Term Provisions	0	0	0	0
Total	(217)	(175)	17	(375)

18 UNUSABLE RESERVES

31-Mar-24 £'000		31-Mar-25 £'000
(17,304)	Revaluation Reserve	(19,012)
(10,935)	Capital Adjustment Account	(13,111)
231,610	Pensions Reserve	208,143
386	Accumulated Absences Account	402
203,757	Total	176,422

Revaluation Reserve

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

The balance is reduced when assets with accumulated gains are:

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

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

2023/24 £'000		2024/25 £'000
(18,175)	Balance at 1 April	(17,304)
0	Upward revaluation of assets	(2,003)
557	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services.	0
0	Prior Year Adjustment	0
0	Adjustment from Capital Adjustment Account	0
314	Difference between fair value depreciation and historical cost depreciation	295
(17,304)	Balance at 31 March	(19,012)

Capital Adjustment Account

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

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

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

2023/24 £'000		2024/25 £'000
(10,013)	Balance at 1 April	(10,935)
2,445	Charges for depreciation & impairment of non-current assets	2,602
25	Amount of non current asset written off on disposal or sale	56
32	Adjustment relating to the revaluation of assets	(156)
(314)	Adjusting amounts written out of the Revaluation Reserve	(295)
2,188	Net written out amount of the cost of non-current assets consumed in the year	2,207
(71)	Capital grants & contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(918)
(1,101)	Capital expenditure charged against the General Fund/ Earmarked reserves	(1,459)
(36)	Application of grants to capital financing from the capital grants unapplied account	(49)
(1,902)	Statutory provision for the financing of capital investment charged against the General Fund	(1,957)
(3,110)	Capital Financing Applied in year	(4,383)
(10,935)	Balance at 31 March	(13,111)

Pensions Reserve

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

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

Accumulated Absences Account

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

2023/24 £'000		2024/25 £'000
272	Balance at 1 April	386
(272)	Settlement or cancellation of accrual made at the end of the preceding year	(386)
386	Amounts accrued at the end of the current year	402
386	Balance at 31 March	402

19 CASH FLOW STATEMENT - OPERATING ACTIVITIES

2023/24 £'000		2024/25 £'000
1,604	Net (Surplus)/Deficit on the Provision of Services	(984)
	Adjustment to net (surplus)/deficit for non-cash movements	
(26)	Increase/(Decrease) in Inventories	49
(3,736)	Increase/(Decrease) in Debtors	1,205
(1,754)	(Increase)/Decrease in Creditors	(428)
(2,446)	Depreciation Charge	(2,602)
39	Contributions Received/Capital Receipts	0
(3,371)	IAS 19 Pension Adjustments	(2,608)
(32)	Impairment Charge/Revaluation of Assets	0
(25)	Carrying amount of Non Current Assets sold or derecognised	(56)
56	Contribution (to)/from Various Provisions	(159)
0	Other non-cash items charged to the net surplus or deficit on the provision of services	0
(114)	Accumulated Absences Reserve	(16)
(11,409)	Less Total	(4,615)
	Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	
(692)	Interest paid	(619)
429	Interest Received	182
(263)		(437)
(10,068)	Net Cash Flow From Operating Activity	(6,036)

20 CASH FLOW STATEMENT – INVESTING ACTIVITIES

2023/24 £'000		2024/25 £'000
2,183	Purchase of property, plant and equipment, investment property and intangible assets	6,534
0	Right of Use Assets	0
(14)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	56
71	Other receipts from investing activities	918
2,240	Net cash flow from investing activities	7,508

21 CASH FLOW STATEMENT – FINANCING ACTIVITIES

2023/24 £'000		2024/25 £'000
0	Cash receipts of short-term and long-term borrowing	(5,000)
8,769	Repayments of short-term and long-term borrowing	3,714
0	Cash payments for the reduction of outstanding lease liabilities	(173)
263	Other payments for financing activities	437
9,032	Net cash flow from financing activities	(1,022)

22 MEMBERS' ALLOWANCES

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

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

Elected members

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

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

Co-opted Members

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

23 OFFICERS' REMUNERATION

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

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

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

*Assistant Chief Fire Officer temporarily seconded to South Wales Fire and Rescue Service as Chief Fire Officer, returned to NWFRS with effect from 13 November 2024. Salary costs for this period, totalling £107,708 and pension costs totalling £22,423, have been met and reported by South Wales Fire and Rescue Service.

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

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

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

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

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

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

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

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

24 EXTERNAL AUDIT COSTS

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

2023/24 £'000		2024/25 £'000
60	Financial Audit work	60
16	Performance Audit work	17
76	Total	77

25 GRANTS

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

26 AGENCY SERVICES

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

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

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

27 RELATED PARTIES

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

Welsh Government

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

Members

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

All Members 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 2023/24 or 2024/25.

A list of Elected Members' interests is maintained by the Monitoring Officer and is available to view on the website - www.northwalesfire.gov.wales

Senior Officers

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

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

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

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

Other Public Bodies

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

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

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

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

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

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

28 CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

2023/24 £'000		2024/25 £'000
28,877	Opening Capital Financing Requirement	27,950
	Capital Investment	
2,183	Property, Plant & Equipment	6,534
	Sources of Finance	
(107)	Government Grants & Contributions	(967)
(1,902)	Sums set aside from revenue (MRP)	(1,957)
(1,101)	Direct Revenue Contributions	(1,459)
27,950	Closing Capital Financing Requirement	30,101
(927)	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	2,151
(927)	Increase/(decrease) in Capital Financing Requirement	2,151

29 LEASES

Authority as lessee - Operating Leases

The Authority adopted IFRS 16 from 1 April 2024, and Property, Plant, and Equipment that fall under the scope of IFRS 16 have now been reclassified as right of use assets on the balance sheet. Right of use assets and lease liabilities will be recognised as if IFRS 16 had always applied, recognised in 2024/25 and not by adjusting prior year figures.

Prior to 1 April 2024, the Authority had previously classified leases as operating or finance leases based on an assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Authority.

The authority had acquired vehicles and equipment by entering into operating leases with typical lives of four years. Additionally, the authority entered into leases for three buildings with typical lease periods of five years.

The future minimum lease periods due under non-cancellable leases in future years are shown in the table below. The future minimum lease payments as at 31 March 2025 are nil as the operating leases have been re-categorised as right of use assets.

31 March 2024 £000		31 March 2025 £000
444	Less than one year	0
1,182	One to five years	0
72	More than five years	0
1,698	Total	0

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, 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 £000	Vehicles and Equipment £000	Total £000
Balance at 1 April 2024	593	325	918
Additions	0	0	0
Revaluations	0	0	0
Depreciation and amortisation	(108)	(149)	(257)
Disposals	0	(3)	(3)
Balance as at 31 March 2025	485	173	658

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

	Land & Buildings £000	Vehicles and Equipment £000	Total £000
Comprehensive income and expenditure statement			
Interest expense on lease liabilities	29	7	36
Expense relating to short-term leases	0	4	4
Expense relating to exempt leases of low value items	0	2	2
Cash flow statement			
Minimum lease payments	115	153	268

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).

31 March 2024 £000		31 March 2025 £000
444	Less than one year	173
1,182	One to five years	425
72	More than five years	0
1,698	Total undiscounted liabilities	598

30 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

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

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

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

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

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

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

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

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

Guaranteed Minimum Pension equalisation and indexation

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

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

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

McCloud and 2016 valuation cost control

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

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

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

Due to the inability to meet the statutory requirements of Section 29 of the PSPJOA 2022, the matter was reported to The Pensions Regulator (TPR). TPR may impose penalties and

finer for failing to meet the statutory deadline. The minimum fine that TPR can issue for failing to meet statutory deadlines is £500. This fine can increase depending on the specifics of the case, such as the number of members in the pension scheme. At this stage the value and timing of any outflow is currently unknown.

O'Brien

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

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

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

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

Virgin Media Pension Ruling

We are aware of the case of Virgin Media Ltd vs NTL Pension Trustees II Limited (and others) relating to actuarial certifications under section 37 of the Pension Schemes Act 1993. This case potentially has implications for the validity of amendments made by schemes which were contracted-out on a salary-related basis between 06 April 1997 and the abolition of contracting-out in 2016. There is considerable uncertainty around this case including potential read across to public service pension schemes. We understand that schemes continue to administer benefits and recognise liabilities in accordance with scheme regulations currently in force. No additional costs are assumed to be recognised in the 2024/25 accounting disclosures.

The tables below provide additional details regarding the pension schemes:

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

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

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

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

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

Local Government Pension Scheme: Assets Comprised Of:

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

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/

Basis for Estimating Assets and Liabilities

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

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

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

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

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

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

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

Impact of Assumptions on the obligation - LGPS

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

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

Impact on the Authority's Cashflow

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

31 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

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

Credit Risk

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

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

Liquidity Risk

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

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

Market Risk (Interest rate risk)

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

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

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

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

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

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

32 CONTINGENT LIABILITY

Pension Claims

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

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

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

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

Airwave Emergency Service Contract

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

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

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

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

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

Legal Related Matters

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

Employment Tribunal

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

33 CONTINGENT ASSET

Truck Cartel

In the draft accounts, information was provided in relation to price fixing and other cartel activities between 1991 and 2001 on trucks of 6 tonnes and over.

In August 2025, the Authority received notification of agreed settlement terms with all defendants in relation to the Truck Cartel Claim. The Contingent Asset has therefore been removed and details can now be found in Note 4 Events after the Reporting Period.

FIREFIGHTERS' PENSION FUND ACCOUNT

Firefighters Pension Fund Account for the year ended 31 March 2025

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

2023/24 £'000		2024/25 £'000
	Contributions Receivable:	
(4,055)	Employer normal contributions	(4,906)
0	Employer ill health charge	0
0	Employer backdated contributions	0
(1,928)	Members normal contributions	(2,067)
(122)	Members backdated contributions	(100)
(798)	Transfers In	(321)
(6,903)	Total Contributions	(7,394)
	Benefits Payable:	
9,005	Pension Payments	9,737
1,596	Commutation of Pensions and Lump Sum retirement benefits	2,437
0	Backdated Commutation Payments	0
	Payments to and on account of leavers:	
195	Transfers out	88
10,796	Total Benefits	12,262
3,893	Deficit for the year before grants receivables from the Welsh Government	4,868
(3,893)	Top Up grant payable to/(from) Welsh Government	(4,868)
0	Net Amount (Payable)/Receivable for Year	0

Net Assets Statement as at 31 March 2025

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

Notes to the Firefighters' Pension Fund Account

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

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

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

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

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

Contribution Rates

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

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

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

Appendix 1

ACCOUNTING POLICIES**1. GENERAL PRINCIPLES**

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

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

2. ACCRUALS OF INCOME AND EXPENDITURE

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

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

3. CASH AND CASH EQUIVALENTS

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

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

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

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

Changes in accounting policies are made only when required by proper accounting practices or when they provide more reliable or relevant information about the Authority's financial position or performance. These changes are applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for prior periods as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

5. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

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

- **Depreciation:** Attributable to the assets used by the relevant service.
- **Revaluation and Impairment Losses:** On assets used by the service where there are no accumulated gains in the revaluation reserve to offset the losses.
- **Amortisation:** Of intangible assets attributable to the service.

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

6. EMPLOYEE BENEFITS

Benefits payable during employment

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

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

Post-Employment Benefits

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

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

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

Firefighters' Pension Scheme (FFPS)

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

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

Service cost:

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

Remeasurements:

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

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

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

Local Government Pension Scheme (LGPS)

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

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

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

Service cost comprising:

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

Remeasurements comprising:

- **Return on Plan Assets:** Excluding amounts included in net interest on the net defined benefit liability (asset), charged to the pensions reserve as other comprehensive income and expenditure.
- **Actuarial Gains and Losses:** Changes in the net pensions liability due to events not coinciding with assumptions made at the last actuarial valuation or updates to

the actuaries' assumptions, charged to the pensions reserve as other comprehensive income and expenditure.

- **Contributions Paid to the Clwyd Pension Fund:** Cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

Statutory Provisions

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

Discretionary Benefits:

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

7. EVENTS AFTER THE REPORTING PERIOD

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

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

8. FINANCIAL INSTRUMENTS

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

Initial Measurement and Carrying Amount:

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

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

Recognition and Measurement

- **Financial Liabilities:** Recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument. Initially measured at fair value and carried at amortised cost. Annual charges for interest payable are based on the carrying amount of the liability multiplied by the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Financial assets

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

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

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

Financial assets measured at amortised cost

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

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

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

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

9. FOREIGN CURRENCY TRANSACTIONS

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

10. ACCOUNTING FOR GOVERNMENT GRANTS

Government grants and third-party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

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

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

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

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

Where capital grants are credited to the Comprehensive Income & Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure

11. INTANGIBLE ASSETS

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

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

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that it might be impaired. Any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

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

12. INVENTORIES

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

13. LEASES

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

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

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

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

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

Finance Leases

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

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

Lease payments are split between:

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

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

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

Operating Leases

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

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

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

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

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

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

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

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

The Authority as Lessor

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

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

14. PROPERTY PLANT AND EQUIPMENT

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

Recognition

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

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

Measurement

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

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

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

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

Increases in valuations are credited to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services if they reverse a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Impairments

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

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

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

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

Depreciation

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

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

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

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

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

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

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

Disposals

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

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

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

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

15. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

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

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

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

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

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

Contingent Liabilities

A contingent liability arises when an event has occurred that gives the Authority a possible obligation, which will only be confirmed by the occurrence or otherwise of uncertain future

events not wholly within the Authority's control. Contingent liabilities also arise in situations where a provision would otherwise be made, but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured with sufficient reliability.

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

Contingent Assets

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

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

16. RESERVES

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

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

17. VAT

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

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Gwasanaeth Tân ac Achub
Fire and Rescue Service

