CUMBRIA COMMISSIONER FIRE AND RESCUE AUTHORITY

UNAUDITED

STATEMENT OF ACCOUNTS

2025/26

STATEMENT OF ACCOUNTS

2025/26
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To be inserted when available

SECTION 1 – NARRATIVE REPORT

1.1 Introduction

The Authority must prepare and publish its Statement of Accounts annually. Their purpose is to give electors, local taxpayers, Authority Members, employees, and other interested parties clear information about the Authority's finances.

The aim is to provide information on:

- the cost of providing Authority services in 2025/26.
- how these services were paid for.
- what assets the Authority owned at the end of the financial year; and
- what was owed, to and by, the Authority at the end of the financial year.

This narrative report gives a guide to the most important matters included in the Statement of Accounts. The Statement of Accounts for the year ended 31 March 2026 have been produced by the Chief Finance Officer (S.151 Officer) and consists of the following: -

(i) The Statement of Responsibilities for the Statement of Accounts
This sets out the respective responsibilities of the Authority and the Chief Finance Officer (S.151 Officer) for preparing the Statement of Accounts.

(ii) The Comprehensive Income and Expenditure Statement
This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis (Note 4.11) and the Movement in Reserves Statement. The Comprehensive Income and Expenditure Statement (CIES) is prepared in accordance with the requirements of the Code of Practice 2025/26 and is reported in the management reporting segments used by the Authority. The segments that are used throughout the accounts and include the following services.

Strategic Management	Corporate Services	Service Delivery	Response
Strategic Management	Finance	Technical Services	Response
	Estates	Fire Protection	
	Legal	Fire Prevention	
	ICT Services	Learning & Development	
	People & Talent	Operational Planning	
	Transformation		
	Safety & Assurance		
	Pensions		

(iii) The Movement in Reserves Statement
This Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movement in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to

return the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

(iv) The 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 capital reserves that may only be used to fund capital expenditure or repay debt). The second category of reserves are 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".

(v) The Cash Flow Statement

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

(vi) Notes to the Accounts

These explain in more detail some of the more significant entries in the core financial statements and include details of the significant Accounting Policies used in the preparation of the accounts.

(vii) Firefighters Pension Scheme Accounts

The financial statements summarise the transactions of the Cumbria Firefighters Pension scheme and the net assets. They do not take account of the obligations to pay pensions and benefits which fall due after the end of the scheme year.

(viii) The Annual Governance Statement

This explains the framework within which internal control has been managed and reviewed by the Authority during the year of account.

1.2 About the Authority

(i) Group Boundary

The Police, Fire and Crime Commissioner for Cumbria (Fire and Rescue Authority) Order 2022 utilised existing legislation (Specifically Section 4A of the Fire and Rescue Services Act 2004) to create a new corporation sole; Cumbria Commissioner Fire and Rescue Authority (CCFRA), a role which is held by the Police, Fire and Commissioner, but acting as CCFRA. This legislation outlines the key responsibilities for oversight and ensuring good governance within the CCFRA.

This reflects that the government provides funding to CCFRA and is ultimately responsible for the CCFRA. As such, the CCFRA Accounts are included within the Whole of Government Accounts, which is the consolidation of over 9,000 public sector bodies, including central and local government and public corporations such as the Bank of England, to provide the most complete and accurate picture of the UK's public finances.

Therefore, whilst there is some commonality within the Office of the Police, Fire and Crime Commissioner for Cumbria (OPFCC), Chief Constable and CCFRA, they are three separate corporations sole, with Fire and Police created under separate legislation and with the responsibility to set up and maintain separate “Funds” for each organisation: with separate legal responsibilities and no ability to vire funds between them. As set out by CIPFA, there is not a requirement for the CCFRA Accounts to be included within the OPFCC group accounts.

The Business Case for the Governance transfer included maintaining separate management arrangements and operational functions for each service but working towards sharing of some support services and buildings where it makes sense to provide better value for money for the public of Cumbria. This direction of travel towards shared support teams continues. The accounts of Fire and Policing are operated separately in line with the legislation.

The arrangements outlined in the legislation result in the PFCC having some influence over some policing relationships with CCFRA, and therefore there is a requirement to disclose the nature of the transactions between OPFCC and the CCFRA and this is provided within the related parties note within the statement of accounts. Most of this note relates to governance services provided by the Office of the PFCC to Fire, and charges for services and shared staff providing services to Fire and Policing.

(ii) Vision and Values

Our Vision is

“A community focussed, professional and trusted fire and rescue service that makes Cumbria a safer place for all”.

In delivering this vision the Service adheres to the National Fire Chiefs Council(NFCC) Code of Ethics and champions the following values.

- Putting our communities first – We put the interest of the public, the community, and service users first.
- Dignity and respect – We treat people with dignity and respect, making decisions objectively based on evidence, without discrimination or bias.
- Equality, diversity, and inclusion – We continually recognise and promote the value of equality, diversity, and inclusion, both within the fire and rescue service and the wider communities in which we serve.
- Integrity - We act with integrity including being open, honest, and consistent in everything that we do.
- Leadership - We are all positive role models, always demonstrating flexible and resilient leadership.

Cumbria Fire and Rescue Service will always prioritise attending emergency fire and rescue incidents, but the Service also plays a critical role in making our communities safer in other ways. Therefore, the key priorities for Cumbria Fire and Rescue Service are:

1 PREVENTION

Our objective:
"We will provide a range of prevention activities that focus on protecting the most vulnerable and increase overall awareness of personal safety."

2 PROTECTION

Our objective:
"We will protect people, property and the environment by working with partners to ensure compliance with legislation."

3 WORKING WITH OTHERS

Our objective:
"We will work together with our partners to provide a more efficient and effective service for the public."

4 MAKING THE BEST USE OF OUR RESOURCES

Our objective:
"We will work with policing and other partner agencies to develop opportunities for sharing support services and assets."

5 PEOPLE

Our objective:
"We will ensure the CFRS is an inclusive organisation where we maximise the physical and mental well-being of all employees and potential employees."

(iii) <u>Community Risk Management Plan</u>

The CRMP process enables the Service to be clear about the levels of risk that exist, influencing our prevention, protection and response arrangements and how we ensure we have the right people with the right skills and support to deliver our service.

The process allows us to identify opportunities to change and match our resources in the most efficient and effective way. The CRMP both demonstrates how we are delivering against the Police Fire and Crime Commissioners Fire Plan and sets the strategic framework within which further strategies within CFRS will be developed.

The current plan runs from 2024 – 2028 and contains objectives against People, Prevention, Protection, Response and a range of corporate functions.

The full CRMP can be found at: [CRMP 2024-2028.]

(iv) Workforce

The breakdown of the workforce in full time equivalents as at 31 March 2026 is as follows:

Type of staff	Female	Male	Non Binary	Total
On-call	30	325	0	**355**
Wholetime	47	179	0	**226**
Corporate	46	33	0	**79**
Total	**123**	**537**	**0**	**660**

The breakdown of the workforce in full time equivalents as at 31 March 2025 is as follows:

Type of staff	Female	Male	Non Binary	Total
On-call	33	316	0	**349**
Wholetime	51	207	0	**258**
Corporate	49	30	0	**79**
Total	**133**	**553**	**0**	**686**

The tables above present the actual workforce employed as at 31 March of each year. The budgeted establishment remained unchanged between 2025 and 2026.

(v) Governance Arrangements

A summary of the key elements of the systems and processes that comprised the Authority's governance arrangements, are set out in the Annual Governance Statement that accompanies the Statement of Accounts.

The Annual Governance Statement provides a summary of the arrangements established by the Authority to ensure legislative requirements, governance principles and management processes are within the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Police, Fire and Crime Commissioner (PFCC) sets the priorities for the Service, identified by the public via consultation, which is then condensed into a Fire Plan and delegated to the Chief Fire Officer who decides how these priorities are achieved operationally. The PFCC is the voice of the public and ensures that residents are aware of what CFRS delivers and that any issues raised by the public are heard by the Service. As the representative of the public, the PFCC holds the Chief Fire Officer to account. The annual budget for the Service is also a responsibility of the Police, Fire and Crime Commissioner, including council tax.

1.3 Non-Financial Performance

The key achievements in 2025/26 are as follows:

Developing the organisation

- First Workforce Plan for service developed and published
- New management framework for projects and programmes
- Bi-annual service leadership days repurposed and rejuvenated
- New programme launched to develop leadership skills
- Funding secured and plan formed to modernise training towers
- Awarded gold status in the MOD Employer Recognition Scheme

Protecting local communities

- Provisions to manage contaminants strengthened throughout service
- Developing Resilience Programme courses recognised with NFCC award
- Business Engagement Programme targets hundreds of premises
- Communities get defibrillator units thanks to service programme
- Road safety initiatives earn national recognition at awards ceremony
- Fire Cadets units expanded from one in county to five with funding boost

Responding to emergencies

- Decrease in accidental primary dwelling fires by 3.8%
- Responded to incidents in an average time of nine minutes 57 seconds
- Average on-call response time to incidents of 13 minutes 20 seconds
- Number of water rescues reduced by 2.9%
- PRIME programme launched to support on-call recruitment
- Non-fire related incidents decreased by 1%

1.4 Future Outlook

The overall balance sheet at the 31st March 2026 remains healthy, which is reflected in the Medium Term Financial Forecast (MTFP), which sets out the revenue budget position until 2030/31 and a capital programme until 2034/35, which will support delivery of the CRMP and Police, Fire and Crime Plan. The current financial position has primarily arisen as a result of positive action by the Fire and Rescue Service to maintain stringent budgetary control and contain costs so that reserves can be built to a sustainable and resilient level.

The Medium-Term Financial Strategy and 2026/27 budget was approved in the context of the Government continuing to afford Commissioners' flexibility to raise council tax above inflation. However, this is accompanied by increasing cost pressures particularly in light of the emergence of continued inflationary pressures throughout 2026/27.

Against this background the 2026/27 budget provides £31.979million for Cumbria Fire and Rescue Service. The longer term 10-year capital programme envisages a total investment of £32million principally across the estate, fleet and ICT.

Due to the less favourable settlement received, the 2026/27 Medium-Term Financial Plan (MTFP) included a recurring savings requirement of £780k per annum. Following a review in July 2026, the MTFP was updated, reducing the recurring savings requirement to £506k in 2026/27 and £174k in 2027/28.

The position shown in these accounts shows that unallocated reserves have reached the assessed minimum levels to be resilient in the short term, and the MTFP includes plans to build those reserves. However, there are continuing uncertainties which have the potential to impact negatively on the budget in the medium term.

Financial scenario modelling continues to take place on a frequent on-going basis, together with development of a savings and efficiency plan.

1.5 2025/26 Budget and Medium-Term Financial Plan

The 2025/26 revenue budget was set within the context of the Authority's Medium-Term Financial Plan (MTFP). The MTFP provides the financial framework within which the Authority will seek to achieve its priorities and highlights any significant factors that will affect the future financial position of the Authority.

The MTFP considers four key Financial Principles:

- Revenue Budget Strategy
- Council Tax and Business Rates Policy
- Treasury Management
- Capital Investment

The MTFP for 2025/26 highlighted that the key risks to the Authority financially in the future were uncertainty around funding settlements, uncertainty around Service Level Agreements and further disaggregation with the Unitary authorities and pension remedy implications.

Revenue expenditure generally relates to resources which are used within a year and which are paid for from council tax, business rates, government grants, fees and charges for services and other income received by the Authority.

Summary Service Expenditure Comparison of Budget to Actual

The table below shows a comparison of the Authority's revised budget with its performance for 2025/26. More detailed information is shown in the Comprehensive Income and Expenditure Statement on page 14.

	Budget £000	Outturn £000	Variance £000
Strategic Management	2,047	2,058	11
Corporate Services	6,512	6,636	123
Service Delivery	7,802	7,845	43
Response	15,884	15,783	(101)
Service Expenditure	**32,245**	**32,321**	**76**
Total	**32,245**	**32,321**	**76**
Transfers to/(from) Reserves			
General Fund Reserve	(306)	(311)	(5)
PFI Reserve	(79)	(79)	0
HMI Reserve	(43)	(43)	0
Home Office Grants Reserve	(437)	(437)	0
Total Transfer to/(from) Reserves	**(865)**	**(870)**	**(5)**
Financed by:			
Precept from Collection Fund	(18,709)	(18,708)	1
Business Rate Retention	(7,906)	(7,978)	(72)
Revenue Support Grant	(4,765)	(4,765)	0
Total Grants	**(31,380)**	**(31,451)**	**(71)**
Total	**(0)**	**(0)**	**0**

The Authority has total usable reserves of £8.174million at 31 March 2026 (£8.732million restated at 1 April 2025), of which the total earmarked reserves held are £2.843million (£3.402million at 1 April 2025). Reserves relating to CCFRA's 25% share ownership of North-West Fire Control equate to £0.863million on 31 March 2026 (£0.839million restated on 1 April 2025), further details on these reserves can be found at note 4.6.

For 2025/26 the Authority was over-spent by £0.005million against the revised budget. This resulted in an increased draw down to general fund reserves in 2025/26.

The Authority also has other unusable reserves totalling £175.018million on 31 March 2026 (£172.001million restated at 1 April 2025). Certain reserves are used to manage the accounting processes for assets and retirement benefits and do not represent usable resources for the Authority.

The table below sets out how the Authority's earmarked and general fund revenue reserve levels compared on 31 March 2026 to those that were forecast when it set its revenue budget in February 2025.

	Forecast 31/03/2026 £000	Outturn 31/03/2026 £000
General Reserves		
General Fund (includes 25% share of NWFC General Fund Reserves)	4,185	5,043
	4,185	**5,043**
Capital Grant Unapplied Reserve	**0**	**288**
Earmarked Reserves		
PFI	1,783	1,783
Insurance	437	437
Donations	113	113
Estates	46	46
HMICFRS Inspection Reserve	2	2
Emergency Services Mobile Communications Programme	160	160
Efficiency & Transformation Reserve	41	41
Home Office Grants Reserve	448	261
	3,030	**2,843**
Total Usable Reserves	**7,215**	**8,174**

Budget reports, including the outturn position summarised above, are prepared on a statutory basis (also referred to as the funding basis) reflecting amounts chargeable to the general fund under statutory provisions. This differs from the accounting policies (accounting basis) used in preparing the financial statements in accordance with the Code of Practice on Local Authority Accounting. Details of the adjustments made to Net Expenditure Chargeable to the General Fund (GF), to arrive at the Comprehensive Income and Expenditure Statement (CIES) amounts, are summarised in the Expenditure and Funding Analysis (see note 4.11 to the financial statements).

1.6 Capital Expenditure and Financing

Capital expenditure relates to spending on the acquisition, creation and enhancement of non-current assets. This spending is usually paid for from borrowing, capital receipts from the sale of assets, grants and contributions and direct financing from revenue. Capital expenditure also includes items such as renovation grants, disabled facilities grants and other grants towards capital expenditure incurred by third parties.

(i) Capital Expenditure

The Authority's revised capital programme for 2025/26 was approved at £5.039million. Overall capital spending for 2025/26, totalled £2.112million, resulting in an underspend of £2.926million. Where projects have not completed in the year, £2.659million has been reprofiled to future years and will be the responsibility of the Authority. The overall programme and financing can be summarised as follows:

	£000
Capital Investment on Assets	
ICT Schemes	60
Estates Schemes	938
Equipment and PPE Schemes	420
Fleet Schemes	694
	2,112

	£000
Capital Financing	
Direct Revenue Financing	1,000
Capital Grant	1,112
	2,112

1.7 Balance Sheet Analysis

The Balance Sheet is an important statement for the Authority as it provides details of the overall health of the Authority's finances. The following table summarises the Authority's financial position on 31 March 2026:

Restated 2024/25 £000		2025/26 £000	Year on Year Change £000
52,451	Non Current Assets	54,469	2,018
4,965	Net current assets: Debtors, Stock & Cash less short term creditors and liabilities	4,813	(153)
(220,683)	Long Term Liabilities and Provisions	(226,122)	(5,439)
(163,267)	**Net (Liabilities) Assets**	**(166,840)**	**(3,574)**
	Represented by:		
(8,732)	Revenue Reserves (General Fund and Earmarked)	(7,886)	846
0	Other Usable Reserves (Capital)	(288)	(288)
172,001	Unusable Reserves	175,018	3,016
163,267	**Total Reserves**	**166,840**	**3,574**

The Authority's holding of Property, Plant and Equipment has increased in value in the year from £52.451million (restated) to £53.736million.

(i) Reserves & Balances

The following table shows a reconciliation between the amount of cash-backed reserves held by the Authority on 31 March 2026 and the amount of cash and investments it held at 31 March 2026.

Restated 2024/25 £000		2025/26 £000
(4,491)	General Fund Balance	(4,180)
0	Capital Reserves	(288)
(3,402)	Earmarked Reserves	(2,843)
(90)	Collection Fund Adj Account	414
(608)	Provisions	(398)
(839)	NW Fire Control 25% Share - GF Reserves	(863)
(9,430)	**Amount available for Investment**	**(8,159)**
	Investments	
1,000	Short Term	0
19,001	Cash & Cash Equivalents	6,816
20,001	**Total Investments**	**6,816**
10,571	**Surplus Monies / (Internal Borrowing)**	**(1,343)**
(13,423)	Working Capital	(1,019)
(2,852)	**Surplus Monies / (Internal Borrowing)**	**(2,362)**

This table shows that at 31 March 2026 the Authority's cash balances held in investments was made up of its cash-backed reserves and balances (£8.159million) and cash held in working capital. The net position shows that £1.540million can be represented by a position of under borrowing. The actual borrowing the Authority held on 31 March 2026 was £7.5million plus £13.000million in PFI liabilities, the actual borrowing requirement the Authority had at 31 March 2026 was £22.862million (Note 4.32). In effect the Authority is utilising its own cash balances to support its borrowing requirement.

(ii) Borrowing

The Authority has powers to borrow money for capital purposes under Section 1 of the Local Government Act 2003. The Authority held a balance of £7.5million of borrowing at 31 March 2026 (excluding accrued interest at 31 March 2026). No further borrowing was undertaken in the year.

(iii) Revaluation of Assets

A revaluation of all Property assets has been undertaken as at 31 March 2026. Included in the Comprehensive Income and Expenditure Statement within Services are net upward revaluations totalling £0.531million in relation to Property, Plant and Equipment.

(iv) Defined Benefit Pensions Asset/Liability

The Authority offers retirement pensions to its staff under a statutory scheme and also makes contributions on their behalf. Although the pension benefits are not payable until employees retire, the Authority has a commitment to make the payments and must account for them in the year in which the future entitlements are earned. This commitment is compared with the pension fund assets (investments) and the net amount is included in the accounts as an asset or liability.

At 31 March 2026, the Authority's share of plan assets in the Cumbria Local Government Pension Scheme (LGPS) exceeded the Authority's defined benefit pension obligation (calculated in accordance with the requirements of IAS 19 and the Code of Practice on Local Authority Accounting) by £0.587m (i.e. a net pension asset). This compares with a net pension liability on 31 March 2025 of £0.151m.

Under the Code of Practice and IAS 19, measurement of a net defined benefit asset is limited to the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. As there is no unconditional right to a refund, available economic benefits have been assessed with reference to reductions in future contributions and future service costs, in accordance with IFRIC 14. On 31 March 2026, as the estimated present value of minimum funding contributions exceed the estimated present value of future service costs there is therefore deemed to be no economic benefit and the asset ceiling is calculated as £5.771m.

The adjustment to the defined benefit plan asset as a result of applying the asset ceiling test is reported as part of the remeasurement of the net defined benefit pension liability/asset appearing in the Other Comprehensive Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

1.8 Cash Flows

During 2025/26 the net change in cash and cash equivalents was £12.185million.

1.9 Inter-Company Transactions

The Authority has a number of transactions that between the Fire Service and the Fire Service Pension Fund. These transactions are accounted for as inter-company transactions due to all transactions being received into the Fire Service bank account. The balance of amounts owed to the pension fund account is shown in the Fire Service balance sheet as a net debtor. For 2025/26 this totalled £0.755million.

1.10 Prior Period Adjustment

The comparative figures in the Statement of Accounts have been restated to reflect adjustments arising from the final North West Fire Control Financial Statements for the year ended 31 March 2025.

These adjustments relate to the reclassification of certain balances and do not impact upon the Comprehensive Income and Expenditure Statement (CIES) or the Authority's overall financial position.

As a result of the restatement, the following Balance Sheet classifications have been amended at 31 March 2025:

Decrease in Intangible Assets	£107.7k
Decrease in Debtors	£0.3k
Decrease in Creditors	£108.0k
Decrease in Capital Adjustment Account	£4.2k
Decrease in General Reserves	£4.2k

1.11 Value for Money

The Authority recognises its responsibility to achieve Value for Money (VFM) in service delivery. It seeks to incorporate VFM principles in delivering services by taking account of costs, quality of services and the local context.

The accounts present a true and fair view of the position of the Cumbria Commissioner Fire and Rescue Authority accounts as of 31 March 2026 and its income and expenditure for the year there ended.

Signed:

Steven Tickner
Chief Finance Officer (S.151)

Date: 20 July 2026

SECTION 2 - STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

2.1 The Responsibilities of the Authority

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 Chief Finance Officer (S.151 Officer)
- manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

2.2 The Responsibilities of the Chief Finance Officer (S.151 Officer)

The Chief Finance Officer (S.151 Officer) is responsible for the preparation of the Statement of Accounts in accordance with proper practices as set out in the CIPFA (Chartered Institute of Public Finance Accountants)/LASAAC (Local Authority (Scotland) Accounts Advisory Committee) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Chief Finance Officer (S.151 Officer) has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority Code.

The Chief Finance Officer (S.151 Officer) has also:

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

2.3 Status of the Statement of Accounts

The Statement of Accounts accompanying this statement is currently unaudited and therefore may be subject to change.

2.4 Certification by the Chief Financial Officer

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2026 and its income and expenditure for the year ended 31 March 2026.

Signed:

Steven Tickner
Chief Finance Officer (S.151 Officer)

Date: 20 July 2026

SECTION 3 – FINANCIAL STATEMENTS

3.1 Comprehensive Income and Expenditure Statement

Restated 2024/25 Expenditure £000	Restated 2024/25 Income £000	Restated 2024/25 Net £000		Note	2025/26 Expenditure £000	2025/26 Income £000	2025/26 Net £000
1,376	(11)	1,365	Strategic Management		2,045	(13)	2,032
5,005	(3,870)	1,135	Corporate Services		7,145	(4,298)	2,847
6,519	(430)	6,089	Service Delivery		7,121	(320)	6,802
14,642	(9)	14,633	Response		15,403	(26)	15,377
2,073	(1,425)	648	NW Fire Control - 25% Share		2,095	(1,373)	722
29,615	**(5,745)**	**23,870**	**Cost of Services**		**33,809**	**(6,030)**	**27,779**
5	(47)	(42)	Other Operating Expenditure	4.8	0	0	0
12,092	(892)	11,199	Financing and Investment Income and Expenditure	4.9	11,982	(821)	11,161
0	(30,191)	(30,191)	Taxation and Non-Specific Grant Income	4.10	0	(32,345)	(32,345)
41,712	**(36,876)**	**4,836**	**(Surplus) or Deficit on Provision of Services**	4.13	**45,791**	**(39,196)**	**6,595**
		1,333	Surplus or Deficit on Revaluation of Non-Current Assets	4.31			(770)
		(32,441)	Remeasurements of the Net Defined Benefit Liability / (Asset)	4.34			(2,253)
		(31,108)	**Other Comprehensive Income & Expenditure**				**(3,022)**
		(26,272)	**Total Comprehensive Income & Expenditure**				**3,573**

3.2 Movement in Reserves Statement

2025/26	Note	General Fund Balances	Capital Receipts Reserve	Capital Grant Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000
Balance at 31 March 2025		**8,732**	**0**	**0**	**8,732**	**(172,001)**	**(163,267)**
Movement in reserves during 2025/26							
(Surplus) or Deficit on Provision of Services		(6,595)	0	0	(6,595)	3,022	(3,573)
Adjustments between accounting basis and funding basis under regulations	4.5	5,750	0	288	6,040	(6,040)	**0**
Increase/(Decrease) in Year		**(845)**	**0**	**288**	**(555)**	**(3,018)**	**(3,573)**
Balance at 31 March 2026		**7,886**	**0**	**288**	**8,174**	**(175,019)**	**(166,841)**

Restated 2024/25	Note	General Fund Balances	Capital Receipts Reserve	Capital Grant Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000
Balance at 1 April 2024		**9,649**	**171**	**0**	**9,820**	**(199,361)**	**(189,541)**
Movement in reserves during 2024/25							
(Surplus) or Deficit on Provision of Services		(4,836)		0	(4,836)	31,108	26,272
Adjustments between accounting basis and funding basis under regulations	4.5	3,919	(171)	0	3,748	(3,748)	**0**
Increase/(Decrease) in Year		**(917)**	**(171)**	**0**	**(1,088)**	**27,360**	**26,272**
Balance at 31 March 2025		**8,732**	**0**	**0**	**8,732**	**(172,001)**	**(163,267)**

3.3 Balance Sheet

Restated 31 March 2025 £000	Restated 31 March 2025 £000		Note	31 March 2026 £000	31 March 2026 £000
		Property, Plant and Equipment			
		Operational Assets			
43,219		Other Land & Building	4.21	44,456	
9,133		Vehicles & Plant	4.21	9,191	
		Non Operational Assets			
100		Intangibles	4.21	89	
0		Assets Under Construction		0	
	52,451	*Total Property, Plant and Equipment*			*53,736*
0		Other Long Term Assets (Pensions - LGPS)		733	
	0				*733*
	52,451	**Total Long Term Assets**			**54,469**
		Current Assets			
	1,000	Short Term Investments			0
	19,001	Cash and Cash Equivalents	4.27		6,816
	976	Inventories	4.26		853
4,086		Short Term Debtors	4.24	5,292	
90		Payments in Advance		629	
	4,176	*Total Short-Term Debtors*			*5,921*
	25,153	**Total Current Assets**			**13,590**
		Current Liabilities			
	(337)	Provisions	4.30		(269)
	(85)	Short Term Borrowing (Accrued Interest)			(85)
	(584)	Short Term PFI Liability	4.33		(637)
(17,990)		Short Term Creditors	4.28	(7,608)	
(1,191)		Receipts in Advance	4.29	(178)	
	(19,181)	*Total Short-Term Creditors*			*(7,786)*
	(20,188)	**Total Current Liabilities**			**(8,777)**
		Long Term Liabilities			
	(12,924)	Long Term PFI Liabilities	4.33		(12,363)
	(7,500)	Long Term Borrowing			(7,500)
	(268)	Provisions	4.30		(129)
	(151)	Other Long Term Liabilities (Pensions - LGPS)	4.34		(146)
	(199,840)	Other Long Term Liabilities (Pensions - Firefighters)	4.34		(205,984)
	(220,683)	**Total Long Term Liabilities**			**(226,122)**
	(163,267)	**Net Assets/(Liabilities)**			**(166,840)**
		Usable Reserves	4.6		
0		Capital Grants Unapplied		(288)	
(5,330)		General Fund Reserves		(5,043)	
(3,402)		Earmarked Reserves		(2,843)	
	(8,732)	*Total Usable Reserves*			*(8,174)*
		Unusable reserves	4.31		
199,991		Pension Reserve		205,397	
606		Employee Benefit Reserve		81	
(18,159)		Capital Adjustment Account		(19,968)	
(91)		Collection Fund Adjustment Account		414	
(10,346)		Revaluation Reserve		(10,906)	
	172,001	*Total Unusable Reserves*			*175,018*
	163,267	**Total Reserves**			**166,840**

I certify that the Statement of Accounts give a true and fair view of the financial position of the Authority at 31 March 2026 and its income and expenditure for the year ended 31 March 2026.

These financial statements were authorised for issue on 20 July 2026.

Signed:

Steven Tickner
Chief Finance Officer (S.151 Officer)

Date: 20 July 2026

3.4 Cash Flow Statement

Restated 2024/25 £000		Note	2025/26 £000
4,836	**Net (surplus) or deficit on the provision of services**		6,595
(19,647)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	4.38	4,118
1,042	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	4.38	(1,000)
(13,769)	**Net cash flows (inflows)/outflows from Operating Activities**		**9,713**
1,940	Investing Activities	4.39	1,964
(402)	Financing Activities	4.39	508
(12,231)	**Net (increase) or decrease in cash and cash equivalents**		**12,185**
6,770	Cash and cash equivalents at the beginning of the reporting period		19,001
19,001	Cash and cash equivalents at the end of the reporting period		**6,816**

SECTION 4 – NOTES TO THE ACCOUNTS

4.0 Accounting Policies

4.0.1 General Principles

The Statement of Accounts summarises the Authority's transactions for the 2025/26 financial year and its financial position at 31 March 2026. The Accounts and Audit (England) Regulations 2015 (as amended) require the Authority to prepare for each financial year, a statement of accounts in accordance with proper practices. Under section 21(2) of the Local Government Act 2003, these practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code), 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.

4.0.2 Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

4.0.3 Cash and Cash Equivalents

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

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

4.0.4 Exceptional Items

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

4.0.5 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

4.0.6 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

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

The Authority is not required to raise council tax to cover these costs but is required to make an annual contribution to reduce its overall borrowing requirement. This is known as the Minimum Revenue Provision and is calculated on an asset life basis at the start of the financial year. Depreciation, impairment losses, revaluation losses and amortisations are therefore replaced by a revenue provision in the Movement in Reserves Statement by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

4.0.7 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and flexitime, bonuses and non-monetary benefits (for example cars) for current employees and are recognised as an expense in the year in which employees render service to the Authority. The CIPFA Code of Practice on Local Authority Accounting requires the Authority to recognise the amount of untaken annual leave at the 31st March as a liability which is reflected on the Balance Sheet. To ensure consistency annual leave costs have been reflected in the year in which the annual leave should have been taken.

Termination Benefits

Termination benefits are amounts payable because of a decision by the Authority to terminate an officer's employment before the normal retirement date or of an officer's decision to accept voluntary redundancy in exchange for those benefits. These are charged on an Accruals basis to the CIES at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

When termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Retirement Benefits

Employees of the Authority are members of the following pensions schemes:

- The 1992, 2006, 2015 and Modified Firefighters' Pension Schemes (FPS) - these are unfunded schemes, which means that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet the actual payments as they fall due. The Authority is required by legislation to operate a Pension Fund, with the amounts that must be paid into or out of the Pension Fund being specified by regulation. The Authority set up a Pension Fund on 1 April 2006 from which pension payments are made and into which contributions, from the Authority and employees, are received. The Pension Fund receives a top-up grant from the Government equal to the deficit each year, with any surplus on the Pension Fund being repaid to the Government. The Pension Fund is shown separately in the Accounts.
- The Local Government Pension Scheme (LGPS) for support staff, administered by the Cumbria Pension Fund, is a funded scheme, which means that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment Assets.

The above schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Authority. They are accounted for in accordance with the requirements for Defined Benefits Schemes, based on the principle that an organisation should account for retirement benefits when it is committed to give them, even though this may be many years into the future.

A pensions Asset or Liability is recognised in the Balance Sheet, made up of the net position of retirement Liabilities and pension scheme Assets. Retirement Liabilities are measured on an actuarial basis using the projected unit method, by assessing the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees. Pension scheme assets (LGPS only) attributable to the Authority are included at their Fair Value. The Authority currently has a net pensions liability, and this is matched in the Balance Sheet by a Pensions Reserve.

The change in net pensions Liability during the year is analysed into the following components:
Service cost comprising:

- **Current service cost** – the increase in Liabilities because of service earned by employees in the current year. This is charged to services within the Comprehensive Income and Expenditure Statement
- **Past service cost** – the increase in Liabilities because of a scheme amendment or curtailment whose effect relates to service earned in earlier years. This is part of the services line in the Comprehensive Income and Expenditure Statement
- **Net interest on the net defined benefit Liability** – the change during the period in the net defined benefit Liability that arises from the passage of time. 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 at the end of the period, considering any changes in the net defined benefit Liability during the period as a result of contribution and benefit payments. This is charged to the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

Remeasurements comprising:

- The return on plan assets (LGPS only) – this excludes amounts included in net interest on the net defined benefit Liability and is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Actuarial gains and losses – changes in the net pensions Liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Contributions paid / benefits paid – cash paid as employer's contribution by the Authority either to LGPS or directly to pensioners to reduce the scheme Liabilities.

Statutory provisions require that the amount charged to the General Fund Balance is that payable by the Authority to Pensions Funds or directly to pensioners during the year rather than that calculated under accounting standards. This means that an appropriation to or from the Pensions Reserve is done within the Movement in Reserves Statement to replace the notional sums for retirement benefits with the actual pensions costs. The negative balance 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.

On 31st March 2022, following the Sergeant and McCloud ruling for Pensions Age Discrimination, both the 1992 & 2006 schemes were closed and all members of these schemes will be transferred to the 2015 pension scheme.

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

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

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

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

4.0.9 Financial Instruments

Financial Liabilities
Financial Liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

(i) Borrowing
Borrowing is classed as either a long-term liability, repayable after 12 months or longer, or a current liability if it is repayable within a 12-month period. Borrowing is shown in the Balance Sheet at amortised cost using the effective interest rate that applies to the individual loans comprising the total borrowing held by the Authority. For borrowing held by the Authority, this means that the amount shown in the balance sheet represents the outstanding principal repayable to the lender (plus accrued interest) and the interest on the borrowing that is charged to the Comprehensive Income and Expenditure Statement is the amount payable in the year under the loan agreement.

(ii) Creditors

Creditors are recognised when a contractual arrangement is entered into between the Authority and a supplier to provide goods and services for an agreed price. The value of the creditors recognised in the balance sheet represents the current value of the outstanding liabilities of the Authority on 31 March as a proxy for 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 and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit and Loss

Financial assets that are measured at Fair Value through Profit and Loss are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

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

4.0.10 Government Grants and Contributions

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

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

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

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

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

4.0.11 Inventories and Long-Term Contracts

Stocks are reflected in the balance sheet at cost prices. This is a departure from the requirements of the Code and IAS 2 Inventories, which requires stocks to be shown at the lower of cost or net realisable value where they are acquired through an exchange transaction.

4.0.12 Leases

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 *Leases* to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

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

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement
The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption
As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £5,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure
Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets are fully provided for under separate arrangements for capital financing. Amounts are therefore, appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The authority as lessor
Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance leases
Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) 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. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the deferred capital receipts reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

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

Operating leases
Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

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

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

De-minimis levels have been set at:

- £5,000 for expenditure on individual items of vehicles, plant, and equipment.
- £20,000 for expenditure on land, buildings, and other structures.

Measurement
Assets are initially measured at cost, comprising:
- the purchase prices.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

Donated assets are measured initially at current value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:
- assets under construction – historic cost
- operational buildings – Depreciated Replacement Cost
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

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

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

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

Impairment

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

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

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service 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 on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets that are not yet available for use (i.e. assets under construction).

Deprecation is calculated on the following bases:

Asset Category	Rate	Basis
Buildings	14-60	Straight Line
Vehicles, Plant, furniture & Equipment	1-19	Straight Line

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

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

Componentisation

The Authority has a policy on componentisation where any asset with a Gross Book Value of more than £2.5million and is subject to depreciation will be considered for componentisation where a component is deemed to be more than 5% of the assets value. This will primarily apply to buildings and the major components to be considered will be:

Component
Heating and Ventilation System
Electrical
Windows and External Doors
Roofing

If there is no material difference in the depreciation charge from componentising to not componentising, then the asset will not be split on the balance sheet.

4.0.14 Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

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

Contingent Assets

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

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

4.0.15 Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

4.0.16 VAT

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

4.0.17 Collection Fund Adjustment Account

The Council Tax and the non-domestic rates income included in the CIES will show the accrued income for the year. The difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is held in the Collection Fund Adjustment Account and included as a reconciling item in the 'Adjustments between accounting basis and funding basis under regulations' reconciliation.

The Authority's Balance Sheet shows the proportion of surplus/deficit of the Billing Authorities Collection Fund in the Debtors/Creditors balance. The Authority also shows the attributable share of the impairment allowance for doubtful debts and a provision for non-domestic rates appeals.

4.0.18 Private Finance Initiative (PFI)

Private Finance Initiative (PFI) transactions are treated in the Authority's accounts in accordance with latest recommended practice of Control of Assets (IFRIC12 – Service concession arrangements).

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI scheme and the ownership of the fixed assets will pass to the Authority at the end of the contract for no additional charge, the Authority carries the fixed assets used under the contract on the Balance Sheet.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority. The amounts payable to the PFI operators each year (known as Unitary Charges) are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the CIES
- Finance costs – an interest charge of an agreed % on the outstanding Balance Sheet liability, debited to Interest Payable and Similar Charges in the CIES
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and Similar Charges in the CIES
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- Lifecycle replacement costs (regular planned refurbishments) – debited to the relevant service in the CIES

4.1 Accounting Standards that have been issued but have not yet been adopted.

The Authority has considered the impact of accounting changes that will be required by any new accounting standards that have been issued but not yet adopted by the Code for 2025/26. These changes relate to:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024

  It is very unlikely that Cumbria Fire and Rescue will be impacted by this standard.

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024

  It is very unlikely that Cumbria Fire and Rescue will be impacted by this standard.

- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024

  It is very unlikely that Cumbria Fire and Rescue will be impacted by this standard.

- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

  It is very unlikely that Cumbria Fire and Rescue will be impacted by this standard.

4.2 Critical Judgements made in applying Accounting Policies

In applying the accounting policies set out in Note 4.0, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant & Equipment (£53.737m at 31.03.2026)	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. Assets are valued on a five-year rolling basis, supported by indexation adjustments in years where assets are not valued. Where the authority is unable to obtain a suitable index, a desktop revaluation of the asset is carried out in year three of the five-year cycle.	If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. Based on remaining asset lives, it is estimated that the annual depreciation charge for operational assets will increase by £242,000 per year that useful lives of individual assets were to be reduced by 1-year. However, statutory accounting requirements mean that any increase in the depreciation charge would not impact on the General Fund. Based on the assets that were valued in the year as part of the five-year rolling revaluation programme, the average increase in the value of assets was 3.55%. For those assets where indexation was applied, the average increase in the value of assets was 2.8%. If the valuation percentage was applied to the assets valued using indices, this would increase their Balance Sheet value by £1,042,000, compared to an indexation increase of £822,000.
Operational Land and Buildings - Current value measurements (£44,456m as at 31.03.2026)	Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Significant unobservable inputs used in the current value measurement of property using the cost (DRC) approach include assumptions relating to location, physical deterioration and all relevant forms of obsolescence and optimisation.	Significant changes in any of the unobservable inputs would result in a significantly lower or higher current value measurement of operational land and buildings. A 1% change in asset values would have an impact of £0.445m.
LGPS Pensions Liability/Asset (£17.726m gross liability at 31.03.2026	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the	A sensitivity analysis for each significant actuarial assumption as of the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably

Item	Uncertainties	Effect if actual results differ from assumptions
excluding the asset ceiling adjustment)	Authority with expert advice about the assumptions to be applied.	possible at that date is set out in note 4.34.
Firefighters Pension Liability (£205.984m at 31.03.26)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	A sensitivity analysis for each significant actuarial assumption as of the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date is set out in note 4.34.

4.3 Joint Operation – North-West Fire Control

An assessment for Group Accounting requirements has taken place during 2025/26 in respect of NW Fire Control Limited. This is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom Based on International Financial Reporting Standards (IFRS 10, 11 & 12).

It has been determined that the company is governed by Joint Control since unanimous consent exists for key decisions and that each Authority has equal voting rights. This joint arrangement has been deemed to be a Joint Operation as the parties have rights to the assets, and obligations for the liabilities relating to the arrangement, and on this basis, the Authority's 25% share of the transactions and balances of NW Fire Control Limited have been recognised within the accounts.

4.4 Material Items of Income and Expense

The Authority had the following items of material income and expenditure in 2025/26:

- Council tax income of £18.281m was credited to the Comprehensive Income and Expenditure Statement.
- Retained Business Rates £7.899m.
- Grant Income of £4.765m.

Movement in Reserves Statement

4.5 Adjustments between accounting basis and funding basis under Regulations

This note details the adjustments that are made to Total Comprehensive Income and Expenditure recognised by the Authority in the year in accordance with the proper accounting practice to the resources that are specified by statutory provision 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 the 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 year end.

2025/26	General Fund balances £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable reserves £000	Revaluation Reserve £000	Pensions Reserve £000	Capital Adjustment Account £000	Collection Fund Adjustment Account £000	Short Term Compensated Absences Account £000	Total Authority Reserves £000
Adjustments to the Revenue Resources											
(Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:)											
Pension Costs	7,805	0	0	**7,805**	**(7,805)**	0	(7,805)	0	0	0	**0**
Pension Costs - NW Fire Control (25% Share)	(147)	0	0	**(147)**	**147**	0	147	0	0	0	**0**
Council Tax and NDR	506	0	0	**506**	**(506)**	0	0	0	(506)	0	**0**
Holiday Pay	(525)	0	0	**(525)**	**525**	0	0	0	0	525	**0**
Reversal of entries included in the Surplus or Deficit on Provision of Services in relation to Capital Expenditure:											
Depreciation & Amortisation	2,270	0	0	**2,270**	**(2,270)**	0	0	(2,270)	0	0	**0**
Impairment Losses/(Revaluation Gains) charged to CIES	(530)	0	0	**(530)**	**530**	0	0	530	0	0	**0**
Capital Grants and Contributions Applied	0	0	0	**0**	**0**	0	0	0	0	0	**0**
Capital Grants and Contributions Unapplied credited to CIES	(1,400)	0	1,400	**0**	**0**	0	0	0	0	0	**0**
Non Current Assets Written off on disposal or sale	0	0	0	**0**	**0**	0	0	0	0	0	**0**
Total Adjustments to Revenue Resources	**7,978**	**0**	**1,400**	**9,378**	**(9,378)**	**0**	**(7,658)**	**(1,739)**	**(506)**	**525**	**0**
Adjustments between Revenue and Capital Resources											
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	0	0	**0**	**0**	0	0	0	0	0	**0**
Statutory Provision for the repayment of debt - (Minimum revenue provision)	(1,226)	0	0	**(1,226)**	**1,226**	0	0	1,226	0	0	**0**
Capital Expenditure Financed from Revenue Balances	(1,000)	0	0	**(1,000)**	**1,000**	0	0	1,000	0	0	**0**
Total Adjustments between Revenue and Capital Resources	**(2,226)**	**0**	**0**	**(2,226)**	**2,226**	**0**	**0**	**2,226**	**0**	**0**	**0**
Adjustments to Capital Resources											
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	**0**	**0**	0	0	0	0	0	**0**
Use of captial grants and contributions to finance capital expenditure	0	0	(1,112)	**(1,112)**	**1,112**	0	0	1,112	0	0	**0**
Application of capital grants to finance capital expenditure	0	0	0	**0**	**0**	0	0	0	0	0	**0**
Total Adjustments to Capital Resources	**0**	**0**	**(1,112)**	**(1,112)**	**1,112**	**0**	**0**	**1,112**	**0**	**0**	**0**
Adjustment between Capital Adjustment Account (CAA) and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost.	**0**	**0**	**0**	**0**	**0**	**(210)**	**0**	210	**0**	**0**	**0**
Total Adjustments	**5,750**	**0**	**288**	**6,040**	**(6,040)**	**(210)**	**(7,658)**	**1,808**	**(506)**	**525**	**0**

Restated 2024/25	General Fund balances £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable reserves £000	Revaluation Reserve £000	Pensions Reserve £000	Capital Adjustment Account £000	Collection Fund Adjustment Account £000	Short Term Compensated Absences Account £000	Total Authority Reserves £000
Adjustments to the Revenue Resources											
(Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:)											
Pension Costs	4,946	0	0	**4,946**	**(4,946)**	0	(4,946)	0	0	0	**0**
Pension Costs - NW Fire Control (25% Share)	(37)	0	0	**(37)**	**37**	0	37	0	0	0	**0**
Council Tax and NDR	(118)	0	0	**(118)**	**118**	0	0	0	118	0	**0**
Holiday Pay	109	0	0	**109**	**(109)**	0	0	0	0	(109)	**0**
Reversal of entries included in the Surplus or Deficit on Provision of Services in relation to Capital Expenditure:											
Depreciation & Amortisation	2,668	0	0	**2,668**	**(2,668)**	0	0	(2,668)	0	0	**0**
Impairment Losses/(Revaluation Gains) charged to CIES	(483)	0	0	**(483)**	**483**	0	0	483	0	0	**0**
Capital Grants and Contributions Unapplied credited to CIES	0	0	0	**0**	**0**	0	0	0	0	0	**0**
Non Current Assets Written off on disposal or sale	4	0	0	**4**	**(4)**	0	0	(4)	0	0	**0**
Total Adjustments to Revenue Resources	**7,089**	**0**	**0**	**7,089**	**(7,089)**	**0**	**(4,909)**	**(2,189)**	**118**	**(109)**	**0**
Adjustments between Revenue and Capital Resources											
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(47)	47	0	**0**	**0**	0	0	0	0	0	**0**
Statutory Provision for the repayment of debt - (Minimum revenue provision)	(1,210)	0	0	**(1,210)**	**1,210**	0	0	1,210	0	0	**0**
Capital Expenditure Financed from Revenue Balances	(1,913)	0	0	**(1,913)**	**1,913**	0	0	1,913	0	0	**0**
Total Adjustments between Revenue and Capital Resources	**(3,170)**	**47**	**0**	**(3,123)**	**3,123**	**0**	**0**	**3,123**	**0**	**0**	**0**
Adjustments to Capital Resources											
Use of the Capital Receipts Reserve to finance capital expenditure	0	(218)	0	**(218)**	**218**	0	0	218	0	0	**0**
Total Adjustments to Capital Resources	**0**	**(218)**	**0**	**(218)**	**218**	**0**	**0**	**218**	**0**	**0**	**0**
Adjustment between Capital Adjustment Account (CAA) and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost.	**0**	**0**	**0**	**0**	**0**	**(328)**	**0**	328	**0**	**0**	**0**
Total Adjustments	**3,919**	**(171)**	**0**	**3,748**	**(3,748)**	**(328)**	**(4,909)**	**1,480**	**118**	**(109)**	**0**

4.6 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2025/26.

	Restated Balance 31 March 2025 £000	Transfers Between Reserves 2025/26 £000	Transfers Out 2025/26 £000	Transfers In 2025/26 £000	Balance 31 March 2026 £000
Capital:					
Capital Fund	0	0	0	288	288
Total Capital Reserves	**0**	**0**	**0**	**288**	**288**
Revenue					
Insurance Reserve	437	0	0	0	437
Estates Reserve	46	0	0	0	46
PFI Reserve	1,862	0	(79)	0	1,783
Donations (Young Firefighters and other)	113	0	0	0	113
ESMCP (Emergency Services Mobile Communications Project)	160	0	0	0	160
Home Office Grants	698	0	(437)	0	261
HMICFRS Inspection Reserve	45	0	(43)	0	2
Efficiency and Transformation Reserve	41	0	0	0	41
Total Revenue Reserves	**3,402**	**0**	**(559)**	**0**	**2,843**
Total Earmarked Reserves	**3,402**	**0**	**(559)**	**288**	**3,131**
General Reserves					
General Fund	4,491	0	(311)	0	4,180
Total General Fund Balances	**7,893**	**0**	**(870)**	**288**	**7,311**
NW Fire Control - 25% Share - General Fund	839	0	24	0	863
Total Usable Reserves	**8,732**	**0**	**(846)**	**288**	**8,174**

4.7 Nature and Purpose of Usable Reserves

The Authority is required to maintain several reserves under the provisions of the Code. The reserves and their broad functions are as follows.

(a) Earmarked Reserves

This balance represents monies available to support revenue spending but which the Authority have earmarked for specific purposes. Further details on individual earmarked reserves are contained within the Authority's Medium-Term Financial Plan, available upon request from the Chief Finance Officer.

(b) General Fund Balances

This balance represents the cumulative surplus available to the Authority to support revenue spending and which has not been earmarked for a specific purpose.

(c) Capital Grants Unapplied

This represents capital grants that have been received and recognised in the Comprehensive Income and Expenditure Statement, but which have yet to be applied to finance capital expenditure.

2024/25 £000		Note	2025/26 £000
(42)	(Gains)/Losses on disposal of non-current assets		0
(42)	**Total**		**0**

(d) Usable Capital Receipts Reserve

Capital reserves are not allowed to be used for revenue purposes and in certain cases can only be used for specific statutory purposes. The Usable Capital Receipts Reserve is a reserve established for specific statutory purposes.

2024/25 £000			2025/26 £000
171	**Balance at 1 April**		**0**
47	Transfer to the capital receipts reserve upon receipt of cash		0
(218)	Use of Capital Receipts to finance capital expenditure		0
(171)			**0**
0	**Balance at 31 March**		**0**

Comprehensive Income and Expenditure

4.8 Other Operating Expenditure

2024/25 £000		Note	2025/26 £000
(42)	(Gains)/Losses on disposal of non-current assets		0
(42)	**Total**		**0**

4.9 Financing and Investment Income and Expenditure

2024/25 £000		Note	2025/26 £000
195	Interest payable and similar charges		195
1,165	Interest on PFI Liabilities		1,124
10,732	Net Interest on the defined benefit liability (pension assets)	4.34	10,663
(892)	Interest receivable and similar income		(821)
11,199	**Total**		**11,161**

4.10 Taxation and Non-Specific Grant Income

2024/25 £000		Note	2025/26 £000
(16,767)	Council Tax Income		(18,281)
(7,705)	Business Rates		(7,899)
(5,719)	Non-Ring-fenced Government Grants		(4,765)
0	Recognised Capital Income		(1,400)
(30,191)	**Total**		**(32,345)**

4.11 Expenditure & Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2025/26				
	As reported for management	Adjustment to arrive at the net amount chargeable to the General Fund balance	Net Expenditure Chargeable to the General Fund balance	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000s	£000s	£000s	£000s	£000s
Strategic Management	2,058		2,058	(27)	2,032
Corporate Services	6,636	(419)	6,217	(3,370)	2,847
Service Delivery	7,845	(953)	6,892	(90)	6,802
Response	15,783		15,783	(405)	15,377
NW Fire Control - 25% Share	0	849	849	(126)	722
Net Cost of Services	**32,321**	**(524)**	**31,798**	**(4,019)**	**27,779**
Other Operating Expenditure	0		0	0	0
Financing and Investment Income and Expenditure	0	498	498	10,663	11,161
Taxation and Non-Specific Grant Income	(31,451)	(288)	(31,739)	(606)	(32,345)
Other Income and Expenditure	**(31,451)**	**210**	**(31,241)**	**10,057**	**(21,184)**
(Surplus)/Deficit on the Provision of Services	**870**	**(313)**	**557**	**6,038**	**6,595**

	General Fund	Earmarked Revenue Reserves	Earmarked Capital Reserves	Total
	£000s	£000s	£000s	£000s
Opening General Fund Balance 1 April 2025	5,330	3,402	0	**8,732**
Surplus/Deficit on General Fund Balance in Year	(287)	(559)	288	**(557)**
Closing Reserve Balance at 31 March 2026	**5,043**	**2,843**	**288**	**8,174**

Restated 2024/25	As reported for management £000s	Adjustment to arrive at the net amount chargeable to the General Fund balance £000s	Net Expenditure Chargeable to the General Fund balance £000s	Adjustments between Funding and Accounting Basis £000s	Net Expenditure in the Comprehensive Income and Expenditure Statement £000s
	2024/25				
Strategic Management	1,360	0	1,360	5	1,365
Corporate Services	7,426	(579)	6,847	(5,712)	1,135
Service Delivery	6,765	(705)	6,060	29	6,089
Response	14,562	0	14,562	71	14,633
NW Fire Control - 25% Share	0	528	528	120	648
Net Cost of Services	**30,113**	**(756)**	29,357	**(5,487)**	**23,870**
Other Income and Expenditure	(29,032)	592	(28,440)	9,406	(19,034)
(Surplus)/Deficit on the Provision of Services	**1,081**	**(164)**	**917**	**3,919**	**4,836**

	General Fund £000s	£000s	Earmarked Revenue Reserves £000s	Earmarked Capital Reserves £000s	Total £000s
Opening General Fund Balance 1 April 2024	3,941		5,708	0	**9,649**
Surplus/Deficit on General Fund Balance in Year	1,389		(2,306)	0	**(917)**
Closing Reserve Balance at 31 March 2025	**5,330**		**3,402**	**0**	**8,732**

4.12 Adjustments between Funding and Accounting Basis

2025/26	Depreciation £000s	Total to arrive at the amount charged to the General Fund £000s	Adjustments for Capital Purposes £000s	Net Change for the Pensions Adjustments £000s	Other Differences £000s	Total Adjustment between funding and Accounting Basis £000s
Strategic Management	0	0	0	0	(27)	**(27)**
Corporate Services	(2,250)	(2,250)	(508)	(2,858)	(4)	**(3,370)**
Service Delivery	0	0	0	0	(90)	**(90)**
Response	0	0	0	0	(405)	**(405)**
NW Fire Control - 25% Share	(20)	(20)	20	(147)	0	**(127)**
Net Cost of Services	**(2,270)**	**(2,270)**	**(488)**	**(3,005)**	**(526)**	**(4,019)**
Other Income and Expenditure	0	0	0	0	0	**0**
(Surplus) / Deficit on Provision of Services	**(2,270)**	**(2,270)**	**(488)**	**(3,005)**	**(526)**	**(4,019)**
Further Analysis of adjustments						
Depreciation			2,270			**2,270**
MRP			(1,226)			**(1,226)**
Revaluations			(531)			**(531)**
Direct Revenue Contributions			(1,000)			**(1,000)**
Recognised capital income			(1,400)			**(1,400)**
Capital Grant Unapplied			288			**288**
Interest on Liabilities - LGPS				(332)		**(332)**
Interest on Liabilities - Fire pensions				10,996		**10,996**
Reverse Ee's contributions - LGPS				(677)		**(677)**
Reverse Ee's contributions - Fire pensions				(20,585)		**(20,585)**
Current Service Costs - LGPS				305		**305**
Current Service Costs - Fire pensions				2,100		**2,100**
Non Dist'd Costs				15,851		**15,851**
Acc'd Absence					(526)	**(526)**
Collection Fund					506	**506**
Total Adjustments	**0**	**0**	**(1,600)**	**7,658**	**(20)**	**6,038**

RESTATED 2024/25	Depreciation £000s	Total to arrive at the amount charged to the General Fund £000s	Adjustments for Capital Purposes £000s	Net Change for the Pensions Adjustments £000s	Other Differences £000s	Total Adjustment between funding and Accounting Basis £000s
Strategic Management	0	0	0	0	5	**5**
Corporate Services	(2,511)	(2,511)	(1,095)	(5,786)	4	**(6,877)**
Service Delivery	0	0	0	0	29	**29**
Response	0	0	0	0	71	**71**
NW Fire Control - 25% Share	(157)	(157)	157	(37)	0	**120**
Net Cost of Services	**(2,668)**	**(2,668)**	**(938)**	**(5,823)**	**109**	**(6,652)**
Other Income and Expenditure	0	0	(43)	10,732	(118)	**10,571**
(Surplus) / Deficit on Provision of Services	**(2,668)**	**(2,668)**	**(981)**	**4,909**	**(9)**	**3,919**
Further Analysis of adjustments						
Depreciation			2,668			**2,668**
MRP			(1,210)			**(1,210)**
Revaluations			(483)			**(483)**
Direct Revenue Contributions			(1,913)			**(1,913)**
P&L on sale of assets			4			**4**
Recognised capital income			(47)			**(47)**
Use of capital Grants			0			**0**
Interest on Liabilities - LGPS				(154)		**(154)**
Interest on Liabilities - Fire pensions				10,886		**10,886**
Reverse Ee'rs contributions - LGPS				(603)		**(603)**
Reverse Ee'rs contributions - Fire pensions				(10,420)		**(10,420)**
Current Service Costs - LGPS				525		**525**
Current Service Costs - Fire pensions				2,918		**2,918**
Non Dist'd Costs				1,757		**1,757**
Acc'd Absence					109	**109**
Collection Fund					(118)	**(118)**
Total Adjustments	**0**	**0**	**(981)**	**4,909**	**(9)**	**3,919**

(a) Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the service 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 Taxations 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.

(b) Net Change for the Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS19 *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 Comprehensive Income and Expenditure Statement.

(c) Other Differences

Other differences 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 differences 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 for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in the future Surpluses or Deficits on the Collection Fund.

- **For Services** this represents adjustments to expenditure to reflect timing differences associated with the recognition of the costs of short-term paid absences (holiday pay).

4.13 Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows:

2024/25 £000		Note	2025/26 £000
	Expenditure		
18,362	Employee Benefit expenses		22,139
9,229	Other Service expenses		9,400
2,029	Depreciation, amortisation and impairment		2,269
10,732	Interest on net pension liability		10,663
1,359	Interest payments		1,319
41,711	**Total Expenditure**		**45,791**
	Income		
(2,314)	Fee, charge and other service income		(1,622)
(892)	Interest and Investment Income		(821)
(24,472)	Income from Council Tax, Non-Domestic Rates		(26,180)
(9,155)	Grants, Contributions and Reimbursements		(10,573)
(42)	Gain or Loss in Disposal of Non-Current Assets		0
(36,875)	**Total Income**		**(39,196)**
4,836	**(Surplus) or Deficit on the Provision of Services**		**6,595**

4.14 Officers' Remuneration

The Accounts and Audit Regulations 2015 require that local authorities disclose details of the number of employees whose remuneration exceeds £50,000 in bands of £5,000. The table below includes senior employees who are also subject to additional disclosure below. Remuneration includes any payments made on termination of employment but does not include pension contributions.

The Accounts and Audit Regulations 2015 also now requires that local authorities disclose the individual remuneration details of senior employees by job title for several categories if their annual salary is above £50,000. For disclosure, senior employees are defined by the Authority as Group Manager or Head of Service and above.

Remuneration Banding (incl Termination Payments)	Number of Employees					
	2024/25			2025/26		
	Fire Officers	Fire Staff	Total	Fire Officers	Fire Staff	Total
Between £50,000 and £54,999	19	0	19	14	1	15
Between £55,000 and £59,999	5	1	6	12	2	14
Between £60,000 and £64,999	10	0	10	10	0	10
Between £65,000 and £69,999	5	0	5	8	0	8
Between £70,000 and £74,999	4	0	4	4	0	4
Between £75,000 and £79,999	1	0	1	4	0	4
Total Number of Employees (Excluding Senior Employees)	**44**	**1**	**45**	**52**	**3**	**55**

2025/26 Post	Note	Salaries, fees & allowances £000	Payments for loss of employment £000	Benefits in Kind (e.g car allowance) £000	Total Remuneration excluding pension contributions £000	Pension £000	Total £000
Chief Fire Officer		113	0	0	113	0	113
Assistant Chief Fire Officer		114	0	5	119	34	153
Assistant Chief Fire Officer	1	89	0	0	89	33	122
Assistant Chief Fire Officer	2	33	0	0	33	11	44
Area Manager	3	107	0	0	107	35	142
Area Manager		96	0	0	96	35	131
Area Manager		68	0	0	68	32	100
Area Manager	4	16	0	0	16	6	22
Area Manager	5	81	0	0	81	30	111
Area Manager	6	67	0	0	67	25	92
Transformation Project Lead	7	57	0	0	57	11	68
Head of Safety and Assurance		69	0	0	69	13	82
Head of Finance	8	3	0	0	3	1	4
Total		**912**	**0**	**5**	**917**	**265**	**1,185**

Note 1: The postholder started employment on 07/07/2025
Note 2: The postholder left the organisation on 30/06/2025
Note 3: The postholder was temporarily Assistant Chief to 31/07/2025 before reverting to Area Manager
Note 4: The postholder started employment on 26/01/2026
Note 5: The postholder started employment in this role on 15/12/2025 but was previously employed in the organisation under a different post
Note 6: The postholder left the organisation on 14/12/2025
Note 7: The postholder left the organisation on 31/01/2026
Note 8: The postholder started employment on 16/03/2026

2024/25 Post	Note	Salaries, fees & allowances £000	Payments for loss of employment £000	Benefits in Kind (e.g car allowance) £000	Total Remuneration excluding pension contributions £000	Pension £000	Total £000
Chief Fire Officer	1	127	0	0	127	43	170
Senior Fire Lead / Chief Fire Officer	2	88	0	0	88	0	88
Deputy Chief Fire Officer	3	3	0	0	3	1	4
Assistant Chief Fire Officer		109	0	0	109	41	150
Temporary Assistant Chief Fire Officer		108	0	0	108	27	135
Head of Prevention and Protection	4	40	0	0	40	0	40
Head of Preparedness		82	0	0	82	30	112
Area Manager		84	0	0	84	32	116
Head of Response		92	0	0	92	35	127
Programme Lead		57	0	0	57	11	68
Head of Safety and Assurance		67	0	0	67	12	79
Head of People and Talent	5	55	0	0	55	8	63
Total		**912**	**0**	**0**	**912**	**240**	**1,152**

Note 1: The postholder left the organisation on 31/12/2024
Note 2: The postholder started employment on 08/08/2024 and was appointed Chief Fire Officer on 31/01/2025
Note 3: The postholder left the organisation on 09/04/2024

Note 4: The postholder started employment on 01/11/2024
Note 5: The postholder left the organisation on 08/12/2024

Exit Packages
There were no exit packages awarded in the year.

4.15 External Audit Costs

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

2024/25 £000			2025/26 £000
122	Fees payable to the external auditor with regard to external audit services carried out by the appointed auditor		144
(41)	Prior Year Adjustment due reduced audit work 2023/24		11
(14)	Rebate from Public Sector Audit Appointments in year.		(24)
66	**Total**		**131**

4.16 Grants, Contributions and Reimbursement Income

The Authority credited the following grants, contributions and reimbursements to the Comprehensive Income and Expenditure Statement in 2025/26:

NWFC Restated 2024/25 £000			2025/26 £000
	Credited to Taxation and Non Specific Grant Income		
	Non Ringfenced Government Grants		
(4,679)	Revenue Support Grant		(4,765)
(59)	Levy Account Surplus		0
(473)	Rural Services Delivery Grant		0
(459)	Funding Guarantee		0
(49)	Services Grant		0
(5,719)	**Total**		**(4,765)**
	Recognised Capital Grants and Contributions		
0	MHCLG Grant		(1,400)
0	**Total**		**(1,400)**
	Credited to Services		
(1,654)	PFI Grant		(1,654)
(1,065)	Pensions Grant		(979)
(27)	New Dimensions		(27)
(52)	Firelink		0
(11)	JESO Grant		(13)
0	Employers NI Grant		(217)
(161)	Fire Protection Grant		(109)
(54)	Safer Streets		0
0	Home Office Grant		(1,000)
(126)	Other Grants		(122)
(3,150)	**Total**		**(4,122)**
(286)	**NW Fire Control - 25% Share recognised**		**(286)**
(9,156)	**Total Grants, Contributions and Reimbursements**		**(10,573)**

4.17 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 will allow 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.

IPSAS 20 Related Party Disclosures, based on IAS 24, requires CCFRA to disclose material transactions and outstanding balances with related parties – bodies or individuals that have the potential to control or influence CCFRA or to be controlled or influenced by CCFRA.

Central Government has effective control over the general operations of both CCFRA and the OPFCC. It is responsible for providing the statutory framework within which CCFRA and the OPFCC operates, together with funding in the form of general or specific grants.

The Chief Finance Officer (S.151) and Joint Head of Estates of the OPFCC undertake these roles jointly for the OPFCC and also for CCFRA. The OPFCC Chief Executive also acts as the Monitoring Officer for the Authority and all OPFCC staff support the governance and accountability of CCFRA. The costs are reviewed annually as part of the budget setting process and in 2025/26, the sum of £274,798 was charged to CCFRA for this support.

CCFRA collaborate and deliver mutual aid arrangements to and from other Fire Authorities. They collaborate with Lancashire, Cheshire and Greater Manchester for the control room and system.

The OPFCC maintains a register of business interests and key members of staff in the OPFCC and CCFRA Chief Officers and the JAC members are required, at the end of each year, to declare whether they, or any member of their immediate family, have had any related party transactions (i.e. significant financial dealings) with the OPFCC and CCFRA. All returns were received and reviewed by the S151 Officer and no disclosures are required.

On 31 March 2026, the Authority owed £2.278 million to Cumberland Council, £0.146 million to Westmorland and Furness Council and was owed £0.048 million from Westmorland and Furness Council. These relate primarily to transactions required to balance off the services provided to/from the Authority by the unitary council's.

<u>Local Authority Controlled Company – NW Fire Control Limited</u>

NW Fire Control Limited is a company limited by guarantee with the responsibility for Fire and Rescue Service mobilisation for the North West region. The company registration number is 06314891. The Company has four members - Cheshire, Cumbria, Greater Manchester and Lancashire Fire & Rescue Authorities (FRAs). The liability of each member in the event of the company being wound up is limited and shall not exceed £1. Each member of the company has the right to appoint two directors, who are Councillors appointed to their respective FRAs. All directors have equal voting rights. In 2014 all four services transferred their Control Room functions into the regionalised service provided by NW Fire Control Limited. The cost of the service is charged out to the four FRAs on an agreed pro rata basis set out in a Service Level Agreement.

An assessment for Group Accounting requirements has taken place during 2025/26 in respect of NW Fire Control Limited. in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom Based on International Financial Reporting Standards (IFRS10, 11 & 12).

It has been determined that the company is governed by Joint Control as unanimous consent exists for key decisions and that each Authority has equal voting rights. This joint arrangement has been deemed to be a Joint Operation as the parties have rights to the assets, and obligations for the liabilities relating to the arrangement and as such group accounts are not required.

The Company's Financial Statements can be obtained from Companies House with the deadline for submission as 31st December 2026 for the final audited 2025/26 accounts.

Below shows the key Information from the Draft Financial Statements of NW Fire Control Limited:

Restated 2024/25 £000			2025/26 £000
383	Total Assets less current liabilities		402
383	Net Assets		402
185	Surplus/(Deficit) before taxation		612
178	Surplus/(Deficit) after taxation		608
0	Balance owed by CCFRA		59
13	Balance owed to CCFRA		20
730	Invoices raised by NW Fire Control to CCFRA		869
13	Invoices raised by CCFRA to NW Fire Control		72

The following balance sheet items are included in the Authorities overall balance sheet (representing the Authorities 25% share).

Restated 2024/25 £000			2025/26 £000
101	Intangible Assets		89
12	Property Plant and Equipment Assets		65
113	**Total Long Term Assets**		**154**
153	Debtors		625
525	Cash		394
677	**Total Current Assets**		**1,019**
(695)	Creditors		(1,073)
(695)	**Total Current Liabilities**		**(1,073)**
0	Pension Liabilities		0
95	**Total Net Assets**		**100**
(843)	General Fund Reserve		(867)
748	Capital Adjustment Account		767
(95)	**Total Reserves**		**(100)**

4.18 Pension Costs

Participation in pension schemes

On 1 April 2015 a new Firefighters' Pension Scheme was introduced, and the following notes include the data for the three schemes combined, 2015, 2006 and 1992. Employees' and employers' contributions into the Firefighters' Pension Fund are determined by the Secretary of State on the advice of the Government Actuary. Payments of pensions and other retirement benefits are made from the Pension Fund. Government grant is payable to cover any shortfall on the Pension Fund account.

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme, which is a funded defined benefits scheme administered by Westmorland and Furness Council. The Authority and employees pay contributions to the LGPS Pension Fund, calculated at a level intended to balance the pension liability with investment assets. In 2025/26, the rate of contributions payable by employees range from 5.5% to 12.5% depending on the salary band of the employee. The Authority contributes at the rate prescribed by the Fund's actuary.

Transactions relating to retirement benefits

The Authority recognises the cost of retirement benefits in the Net Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions. However, the funding needs of the Authority are based upon the cash payable in the year, so the real cost of retirement benefits is reversed out after Net Operating Expenditure. The following transactions have been made during the year:

2024/25 LGPS Unfunded £000	2024/25 LGPS Funded £000	2024/25 Fire Fighters £000	2024/25 Total £000		2025/26 LGPS Unfunded £000	2025/26 LGPS Funded £000	2025/26 Fire Fighters £000	2025/26 Total £000
				Comprehensive Income and Expenditure Statement				
				Cost of Services				
0	410	2,918	**3,328**	Current Service Costs	0	288	2,100	**2,388**
0	0	1,738	**1,738**	Past Service Costs / (Gain)	0	0	15,831	**15,831**
				Other Operating Expenditure				**0**
0	19	0	**19**	Administration Expenses	0	21	0	**21**
				Financing and Investment Income & Expenditure				**0**
8	(162)	10,886	**10,732**	Net Interest Expense	7	(339)	10,995	**10,663**
8	**267**	**15,542**	**15,817**	**Total Post Employment Benefits charged to Surplus or Deficit on Provision of Services**	**7**	**(30)**	**28,926**	**28,903**
				Other Comprehensive Income and Expenditure				
				Remeasurements of the net defined benefit liability comprising:				
0	753	0	**753**	Return on Plan Assets (excluding the amount included in the net interest expense)	0	422	0	**422**
(1)	(57)	(407)	**(465)**	Actuarial (Gains) and losses arising on changes in demographic assumptions	0	(26)	(285)	**(311)**
(9)	(2,834)	(31,981)	**(34,824)**	Actuarial gains and losses arising on changes in financial assumptions	0	(246)	3,176	**2,930**
0	(25)	(241)	**(266)**	Experience (Gains)/Losses	9	(718)	(694)	**(1,403)**
0	2,324	0	**2,324**	Effect of the asset ceiling		(327)	0	**(327)**
(10)	**161**	**(32,629)**	**(32,478)**	**Total Other Comprehensive Income & Expenditure**	**9**	**(895)**	**2,197**	**1,311**
(2)	**428**	**(17,087)**	**(16,661)**	**Net Charge to the Comprehensive Income & Expenditure Statement**	**16**	**(925)**	**31,123**	**30,214**
				Movement in Reserves Statement				
0	(267)	(15,542)	**(15,809)**	Reversal of net charge made for retirement benefits in accordance with IAS 19	(7)	30	(28,926)	**(28,903)**
23	428	10,420	**10,848**	Actual amount charged against the General Fund Balance for pensions in the year	21	492	20,585	**21,098**
23	**161**	**(5,122)**	**(4,961)**	**Contribution (to) / from Pension Reserve**	**14**	**522**	**(8,341)**	**(7,805)**

The amounts in relation to North West Fire Control are as follows :

2024/25 NWFC £000	2024/25 NWFC @25% £000			2025/26 NWFC £000	2025/26 NWFC @25% £000
		Comprehensive Income and Expenditure Statement			
		Cost of Services			
459	115	Current Service Costs		319	80
		Financing and Investment Income & Expenditure			
(4)	(4)	Net Interest Expense		(251)	(63)
455	**111**	**Total Post Employment Benefits charged to Surplus or Deficit on Provision of Services**		**68**	**17**
		Other Comprehensive Income and Expenditure			
		Remeasurements of the net defined benefit liability comprising:			
483	121	Return on Plan Assets (excluding the amount included in the net interest expense)		(333)	(83)
(3,123)	(781)	Actuarial (Gains) and losses		51	13
		Effect of the asset ceiling			
(2,640)	**(660)**	**Total Other Comprehensive Income & Expenditure**		**(282)**	**(71)**
(2,185)	**(549)**	**Net Charge to the Comprehensive Income & Expenditure Statement**		**(214)**	**(54)**
		Movement in Reserves Statement			
(455)	(114)	Reversal of net charge made for retirement benefits in accordance with IAS 19		(68)	(17)
606	152	Actual amount charged against the General Fund Balance for pensions in the year		657	164
151	**38**	**Contribution (to) / from Pension Reserve**		**589**	**147**

4.19 Gains/Losses on Sale of Property, Plant and Equipment

The Comprehensive Income and Expenditure Statement includes gains and losses from the sale of Authority assets. The value of the gains and losses for the year 2025/26 is as follows:

2024/25 £000			2025/26 £000
(42)	Vehicles Plant and Equipment		0
(42)	**Total**		**0**

4.20 Revaluations Charged to CIES

During 2025/26 the value of Non-Current Assets that were revalued and charged to the surplus/deficit on Provision of Services within the Comprehensive Income and Expenditure Statement were £0.531million. Movements in other Property, Plant and Equipment are shown in the Comprehensive Income and Expenditure Account within Net cost of Services. The table below shows the service line that all revaluations were originally charged to.

2024/25 £000			2025/26 £000
483	Corporate Services		531
483	**Total Included in Net Cost of Services**		**531**

Balance Sheet

4.21 Property Plant and Equipment

2025/26	CCFRA				NW Fire Control				Overall
	Other Land & Buildings £000	Vehicles Equip & Plant £000	Assets under Constr £000	Total £000	Intangibles £000	Fixtures & Fittings £000	Computer Equipment £000	Total	Total
Cost or Valuation									
Valuation as at 1 April 2025	43,219	19,697	0	**62,916**	1,107	63	163	**1,333**	**64,249**
Remeasurements due to IFRS16	81	0	0	**81**	0	0	0	**0**	**81**
Additions/Enhancements	887	531	694	**2,112**	0	0	61	**61**	**2,173**
Disposals	0	(10)	0	**(10)**	0	0	0	**0**	**(10)**
Revaluations Taken to Revaluation Reserve	108	0	0	**108**	0	0	0	**0**	**108**
Revaluations Charged to Surplus/Deficit on Provision of Services 2025/26	161	0	0	**161**	0	0	0	**0**	**161**
Valuation as at 31 March 2026	**44,455**	**20,218**	**694**	**65,368**	**1,107**	**63**	**224**	**1,394**	**66,761**
Depreciation									
Accumulated Dep'n at 1 April 2025	0	(10,576)	0	**(10,576)**	(1,006)	(55)	(159)	**(1,220)**	**(11,797)**
Depreciation Charge to CIES 2025/26	(1,031)	(1,219)	0	**(2,250)**	(12)	(1)	(7)	**(20)**	**(2,270)**
Depreciation on Disposals	0	10	0	**10**	0	0	0	**0**	**10**
Depreciation w/out to Revaluation Reserve	661	0	0	**661**	0	0	0	**0**	**661**
Depreciation w/out to Surplus/Deficit on Provision of Services	370	0	0	**370**	0	0	0	**0**	**370**
Accumulated Dep'n at 31 March 2026	**0**	**(11,785)**	**0**	**(11,785)**	**(1,018)**	**(56)**	**(167)**	**(1,241)**	**(13,026)**
Net Book Value at 31 March 2026	**44,455**	**8,433**	**694**	**53,582**	**89**	**7**	**57**	**153**	**53,735**
Net Book Value at 31 March 2025	**43,219**	**9,121**	**0**	**52,339**	**100**	**8**	**4**	**112**	**52,451**
Nature of Asset holding									
Owned	24,465	8,433	694	**33,592**	89	7	57	**153**	**33,745**
PFI	19,990	0	0	**19,990**	0	0	0	**0**	**19,990**
	44,455	**8,433**	**694**	**53,582**	**89**	**7**	**57**	**153**	**53,735**
Historic Cost Valuation									
Net Book Value 31 March 2026	33,577	8,406	694	**42,677**	89	7	57	**153**	**42,830**
Net Book Value 31 March 2025	32,899	9,093	0	**41,992**	100	8	4	**112**	**42,104**

Restated 2024/25	CCFRA Other Land & Buildings £000	CCFRA Vehicles Equip & Plant £000	CCFRA Assets under Constr £000	CCFRA Total £000	NW Fire Control Restated Intangibles £000	NW Fire Control Fixtures & Fittings £000	NW Fire Control Computer Equipment £000	NW Fire Control Total	Overall Total
Cost or Valuation									
Valuation as at 1 April 2024	44,155	18,125	249	**62,529**	1,044	63	163	**1,269**	**63,798**
Remeasurements due to IFRS16	1,035	0	0	**1,035**	0	0	0	**0**	**1,035**
Additions/Enhancements	272	1,859	0	**2,131**	64	0	0	**64**	**2,194**
Disposals	0	(536)	0	**(536)**	0	0	0	**0**	**(536)**
Reclassifications	0	249	(249)	**0**	0	0	0	**0**	**0**
Revaluations Taken to Revaluation Reserve	(2,212)	0	0	**(2,212)**	0	0	0	**0**	**(2,212)**
Revaluations Charged to Surplus/Deficit on Provision of Services 2024/25	(31)	0	0	**(31)**	0	0	0	**0**	**(31)**
Valuation as at 31 March 2025	**43,219**	**19,697**	**0**	**62,916**	**1,107**	**63**	**163**	**1,332**	**64,249**
Depreciation									
Accumulated Dep'n at 1 April 2024	0	(9,990)	0	**(9,990)**	(852)	(54)	(158)	**(1,064)**	**(11,054)**
Depreciation Charge to CIES 2024/25	(1,393)	(1,118)	0	**(2,511)**	(155)	(1)	(1)	**(157)**	**(2,668)**
Depreciation on Disposals	0	532	0	**532**	0	0	0	**0**	**532**
Depreciation w/out to Revaluation Reserve	879	0	0	**879**	0	0	0	**0**	**879**
Depreciation w/out to Surplus/Deficit on Provision of Services	514	0	0	**514**	0	0	0	**0**	**514**
Accumulated Dep'n at 31 March 2025	**0**	**(10,576)**	**0**	**(10,576)**	**(1,006)**	**(55)**	**(159)**	**(1,220)**	**(11,796)**
Net Book Value at 31 March 2025	**43,219**	**9,121**	**0**	**52,340**	**100**	**8**	**4**	**112**	**52,451**
Net Book Value at 31 March 2024	**44,155**	**8,135**	**249**	**52,539**	**191**	**9**	**5**	**205**	**52,744**
Nature of Asset holding									
Owned	23,634	9,121	0	**32,755**	100	8	4	**112**	**32,867**
PFI	19,585	0	0	**19,585**	0	0	0	**0**	**19,585**
	43,219	**9,121**	**0**	**52,340**	**100**	**8**	**4**	**112**	**52,451**
Historic Cost Valuation									
Net Book Value 31 March 2025	32,899	9,093	0	**41,992**	100	8	4	**112**	**42,104**
Net Book Value 31 March 2024	32,174	8,135	249	**40,558**	191	9	5	**205**	**40,763**

(a) Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Asset Category	Rate	Basis
Buildings	14-60	Straight Line
Vehicles, Plant, Furniture & Equipment	1-19	Straight Line

(b) Effects of Changes in Estimates

In 2025/26, the Authority made no material changes to its processes and techniques for making accounting estimates for Property, Plant and Equipment.

4.22 Bases of Valuation

From 1 April 1994 all the Authority's property, plant and equipment have been valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS). Details of the valuation bases applied are set out in Note 4.0 (Statement of Accounting Policies).

Valuations are carried out via a five-year revaluation programme. Valuations for 2025/26 were carried out by Michael Beales BSc (Hons) MRICS, Carigiet Cowen, as at 31 March 2026. Vehicles, Plant and Equipment assets are held at Historic Cost and are not subject to revaluations. All assets subject to revaluation were revalued as at 31 March 2026.

The table below shows the number and types of asset the Authority reports on its balance sheet:

	31 March 2026
Fire Stations	38
Plant, Furniture & Equipment	60
Vehicles	183

4.23 Financial Instruments

(a) Categories of Financial Instruments

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

Financial Assets

	Non Current		Current		Total
	Investments	Debtors	Investments	Debtors	
	31-Mar 2026	31-Mar 2026	31-Mar 2026	31-Mar 2026	31-Mar 2026
2025/26	£000	£000	£000	£000	£000
Fair Value through Profit & Loss	0	0	0	0	**0**
Amortised Cost	0	0	6,816	2,718	**9,534**
Total Financial Assets	**0**	**0**	**6,816**	**2,718**	**9,534**
Non-Financial Assets	**0**	**0**	**0**	**3,203**	**3,203**
Total	**0**	**0**	**6,816**	**5,921**	**12,737**

N.B Current investments includes cash and cash equivalents

2024/25	Non Current Investments 31-Mar 2025 £000	Non Current Debtors 31-Mar 2025 £000	Current Investments 31-Mar 2025 £000	Current Debtors 31-Mar 2025 £000	Total 31-Mar 2025 £000
Fair Value through Profit & Loss	0	0	0	0	**0**
Amortised Cost	0	0	20,001	1,451	**21,452**
Total Financial Assets	**0**	**0**	**20,001**	**1,451**	**21,452**
Non-Financial Assets	**0**	**0**	**0**	**2,725**	**2,725**
Total	**0**	**0**	**20,001**	**4,176**	**24,177**

Financial Liabilities

2025/26	Non Current Borrowings 31-Mar 2026 £000	Non Current Creditors 31-Mar 2026 £000	Current Borrowings 31-Mar 2026 £000	Current Creditors 31-Mar 2026 £000	Total 31-Mar 2026 £000
Amortised Cost	(19,860)	0	(722)	(5,599)	**(26,181)**
Total Financial Liabilities	**(19,860)**	**0**	**(722)**	**(5,599)**	**(26,181)**
Non-Financial Liabilities	**0**	**0**	**0**	**(2,187)**	**(2,187)**
Total	**(19,860)**	**0**	**(722)**	**(7,786)**	**(28,368)**

Restated 2024/25	Non Current Borrowings 31-Mar 2025 £000	Non Current Creditors 31-Mar 2025 £000	Current Borrowings 31-Mar 2025 £000	Current Creditors 31-Mar 2025 £000	Total 31-Mar 2025 £000
Amortised Cost	(20,424)	0	(669)	(10,132)	**(31,226)**
Total Financial Liabilities	**(20,022)**	**0**	**(578)**	**(10,132)**	**(29,732)**
Non-Financial Liabilities	**0**	**0**	**0**	**(9,049)**	**(9,049)**
Total	**(20,022)**	**0**	**(578)**	**(19,181)**	**(38,781)**

(b) Income, Expense, Gains and Losses

2024/25 Surplus or Deficit on the Provision of Services £000	2024/25 Other Comprehensive Income and Expenditure £000		2025/26 Surplus or Deficit on the Provision of Services £000	2025/26 Other Comprehensive Income and Expenditure £000
		Net (Gains)/Losses on:		
138	0	Financial Assets measured at Amortised Cost	303	0
138	**0**	**Total Net (Gains)/Losses**	**303**	**0**
		Interest Revenue:		
(892)	0	Financial Assets measured at Amortised Cost	(821)	0
(892)	**0**	**Total Interest Revenue**	**(821)**	**0**
		Interest Expense:		
1,359	0	Financial Liabilities measured at Amortised Cost	1,319	0
1,359	**0**	**Total Interest Expense**	**1,319**	**0**

(c) Fair Value of Assets & Liabilities carried at Amortised Cost

The carrying amount financial assets and financial liabilities whose carrying value does not approximate fair value are calculated as follows:

- The Authority has based its fair value report on the borrowing/deposit rate for the same financial instrument from a comparable lender;
- A consistent approach has been applied to assets and liabilities;
- Estimated fair values have been calculated using the equivalent market interest rates as at 31 March 2026;
- Early repayment or impairment is not recognised; and
- The fair value of operational liabilities and receivables is taken to be the invoiced or billed amount;

Restated 31 March 2025 Carrying Amount £000	Restated 31 March 2025 Fair Value £000		31 March 2026 Carrying Amount £000	31 March 2026 Fair Value £000
(21,093)	(19,288)	Financial Liabilities held at amortised cost	(20,582)	(18,781)
(10,132)	(10,132)	Short Term Operational Creditors	(5,599)	(5,599)
(31,226)	**(29,420)**	**Total**	**(26,181)**	**(24,379)**

31 March 2024			31 March 2025	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
1,451	1,451	Short Term Debtors	2,718	2,718
20,001	20,001	Cash & Cash Equivalent	6,816	6,816
21,452	**21,452**	**Total**	**9,534**	**9,534**

Short Term Debtors and Creditors are carried at cost as this is a fair approximation of their value.

(d) Risks arising from Financial Instruments

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

- **credit risk** – the possibility that other parties might fail to pay amounts due to the Authority.
- **liquidity risk** – the possibility that the Authority might not have funds available to meet its payment commitments; and
- **market risk** – the possibility that a financial loss might arise for the Authority because of movements in interest rates.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Finance team, under policies approved by Authority in the Annual Treasury Management Strategy Statement. The Authority also maintains Treasury Management Practices (TMP's) that provide written principles for overall risk management as well as specific areas covering interest rate risk, credit risk and the investment of surplus cash.

(e) Credit Risk

Credit risk arises from deposits with banks and other financial institutions, as well as credit exposure from the Authority's customers. This risk is minimised through the annual investment strategy.

Credit Risk Management Practices

The Authority's credit risk management practices are set out in appendix A of the Treasury Management Strategy Statement.

This risk is minimised through the application of policies set out in the annual Treasury Management Strategy Statement (TMSS), which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch and Moody's ratings services. The annual TMSS (approved by the Commissioner in February 2025), also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria as set out in the 2025/26 TMSS in respect of financial assets held by the Commissioner are detailed below:

Financial Asset Category	Minimum Criteria	Maximum Investment
Deposits with major UK and non-UK Banks and Building Societies (Unsecured)	A- The maximum duration of investments varies according to the credit rating. The only exception	Maximum per institution or Group £2m (varies according to credit rating). Maximum of all deposits £20m.

	to this is the NatWest bank (Currently BBB+) which provides the day-to-day banking services to the Commissioner.	
Deposits with major UK and non-UK Banks and Building Societies (Secured)	A- The maximum duration of investments varies according to the credit rating.	Maximum per institution or Group £4m (varies according to credit rating). Maximum of all deposits £20m.
Deposits with Money Market Funds/Pooled Funds	Long Term: AAA	£4m per fund. Maximum of all deposits £20m.
Deposits with Government (includes HM Treasury and other Local Authorities)	Not credit rated but are legally required to set a balanced budget.	£4m per Local Authority, unlimited with HM Treasury. Maximum of all deposits – No Limit.

The Authority's maximum exposure to credit risk in relation to its investments in banks, building societies and other Local Authorities of £4m at the balance sheet date cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all of the Commissioner's deposits, but there was no evidence at the 31 March 2026 that this was likely to happen.

Amounts arising from Expected Credit Losses

The following analysis summarises the Authority's potential maximum credit risk exposure, based on the experience gathered over the last five financial years, on the level of default on loans and receivables and adjusted for current market conditions:

	Value at 31 March 2026 £000	% Default based on previous experience	% Default adjusted for current market conditions	Estimated maximum exposure to default £000
Deposits with banks and other financial institutions	6,816	Nil	Nil	0
Gross Operational Debtors	2,718	n/a	0.00%	0
				0

In determining expected credit losses for trade receivables, the Authority utilises the lifetime expected credit loss measurement basis under the simplified approach as per the Code of Practice. This approach determines the age of debts and applies the historical likelihood of debt recovery for debts of similar ages.

During the period the movement on the bad debt provision that related to customers including Council Tax and Business Rates was as follows:

2024/25 £000		2025/26 £000
597	Opening Balance	735
0	Write Offs in Year	0
138	(Decrease)/Increase to Provisions	303
735	**Closing Balance**	**1,038**

(f) Liquidity Risk

As the Authority has ready access to borrowings from the PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. A more pertinent risk is that the Authority will be required to replenish a significant proportion of its internal borrowings at a time of unfavourable interest rates. At the balance sheet date, the Authority is confident that it has adequate working capital principally as a result of its reserves to mitigate this risk. Nevertheless, prevailing money market rates are regularly monitored with a view to ensuring that long term debt financing decisions are made at the optimum time.

2024/25 £000			2025/26 £000
7,500	Over 5 years		7,500
7,500	**Total**		**7,500**

All operational liabilities are due to be repaid within one year.

(g) Market Risk

The Authority is exposed to some risk due to movements in interest rates on its loans and investments. These potential risks are:

- An increase in interest rates will result in a fall in the fair value of borrowings and investments.
- A decrease in interest rates will result in a rise in the fair value of borrowings and investments.
- The value of interest received from investments will rise or fall depending on increases and decreases in interest rates and will impact on the Comprehensive Income and Expenditure Statement.

As all of the Authority’s existing borrowings and investments have been placed at fixed rates, this risk has to a large extent been minimised.

Borrowings and investments are carried in the Balance Sheet at amortised cost, so nominal gains and losses on fixed rate financial instruments have no impact on the Comprehensive Income and Expenditure Statement.

The Authority carries out its borrowing and investment function within parameters set out in its Treasury Management Strategy, which assesses interest rate exposure to feed into the budget process. Forecasts are updated regularly throughout the year, which allows any significant changes to interest rates to be reflected in current budget projections.

The Treasury Management Strategy also advises on the limits for new variable and fixed–rate borrowing for the year. No new external long-term borrowing was undertaken in 2025/26.

4.24 Short Term Debtors

2024/25 £000			2025/26 £000
1,374	Central Government Bodies		688
1,394	Other Local Authorities		732
1,899	Bodies external to government		3,530
0	Inter-company - Firefighters pension scheme		755
154	NW Fire Control - 25% Share		625
(735)	Bad debt provisions (All in relation to CTAX & NNDR)		(1,038)
4,086	**Total**		**5,292**

There is a significant balance owed from the Fire Service Pension Account. This is in respect of all income and expenditure (whether in relation to the fire and rescue service or the fire service pension account) being received into a single bank account. Therefore, any income and expenditure in relation to the fire service pension account is shown as a net debtor/creditor in the fire and rescue authority accounts. For the previous period this was presented under short term creditors.

4.25 Payments in Advance

2024/25 £000			2025/26 £000
0	Central Government Bodies		3
25	Other Local Authorities		4
45	Bodies external to government		619
20	Accumulated Absences		4
90	**Total**		**629**

4.26 Inventories

2024/25 £000			2025/26 £000
758	**Balance at 1 April**		**976**
791	Purchases		731
(421)	Recognised as an expense in the year		(725)
(152)	Written Off Balances		(129)
976	**Balance at 31 March**		**853**

4.27 Cash and Cash Equivalents

2024/25 £000			2025/26 £000
44	Cash and Bank		(30)
18,432	Short Term Investments with maturity of less than 3 months		6,452
525	NW Fire Control - 25% Share		394
19,001	**Total**		**6,816**

The value of short-term investments was significantly higher in 2024/25 due to receipt of pension grant in the year that was distributed in 2025/26.

Cash at bank is reported as an overdraft in the statement of accounts due to an outstanding payment that cleared on 1 April 2026. At no point during the financial year was the bank account overdrawn.

4.28 Short Term Creditors

NWFC Restated 2024/25 £000	Short Term Creditors		2025/26 £000
0	Central Government Bodies		(463)
(8,315)	Other Local Authorities		(3,588)
(2,066)	Other Entities and Individuals		(2,400)
(6,287)	Inter-company - Firefighters pension scheme		0
(695)	NW Fire Control - 25% Share		(1,073)
(627)	Accumulated Absences	4.31e	(84)
(17,990)	**Total**		**(7,608)**

There were significant balances owed and owing to other local authorities in 2024/25 that were settled in 2025/26 primarily in respect of amounts owed following local government reorganisation and the continued use of hosted services, shared arrangements and disaggregation of the County Council balance sheet.

There is a significant balance owed from the Fire Service Pension Account. This is in respect of all income and expenditure (whether in relation to the fire and rescue service or the fire service pension account) being received into a single bank account. Therefore, any income and expenditure in relation to the fire service pension account is shown as a net debtor/creditor in the fire and rescue authority accounts. For the current period this is presented under short term debtors.

4.29 Receipts in Advance

2024/25 £000			2025/26 £000
(1,037)	Central Government Bodies		(44)
(34)	Other Local Authorities		(29)
(120)	Other Entities and Individuals		(105)
(1,191)	**Total Revenue Receipts In Advance**		**(178)**

4.30 Provisions

The movement in the level of provisions held by the Authority during 2025/26 is as follows: -

	1 April 2025 £000	Additions in year £000	Used in year £000	Unused Amounts reversed £000	31 March 2026 £000
Short Term Provisions					
Insurance Claims	(17)	(60)	0	17	(60)
Legal Provisions	(202)	0	98	15	(90)
Pensions Provisions	(118)	(119)	94	23	(119)
Total	**(337)**	**(179)**	**192**	**55**	**(269)**
Long Term Provisions					
Insurance Claims	(55)	(20)	15	20	(40)
Pension Provision	(141)	(25)	0	141	(25)
Business Rate Appeals (CCFRA Share)	(72)	(63)	72	0	(63)
Total	**(268)**	**(109)**	**87**	**161**	**(129)**

(i) Insurance Claims
The Authority has established a provision totalling £0.100m to meet insurance claims arising from public liability, employer's liability, motor vehicle and other claims. This figure is based on the estimated gross value of claims against the Authority at 31 March 2026 and the insurance provision will therefore cover this value in full.

(ii) Pensions Provisions
Provisions have been made for pensions payments that are being spread over a period of three-years as per the pension fund requirements.

(iii) Legal Provisions
The Authority has made provision for known litigation cases ongoing that will be resolved in 2026/27.

(iv) Business Rate Retention Appeals
An appeals provision has been established in accordance with the new scheme. The Authority share of the outstanding appeals is £0.063m.

4.31 Unusable reserves

(a) 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.

2024/25 £000			2025/26 £000
12,007	**Balance at 1 April**		**10,346**
1,626	Upward Revaluation of Assets		885
(2,959)	Downward Revaluation of assets and impairment losses not charged to the Surplus/Deficit on Provision of Services		(115)
(1,333)	Surplus or Deficit on Revaluation of Non Current Assets not posted to the Surplus or Deficit on Provision of Services		770
(328)	Difference between Fair Value Depreciation and Historic Cost Depreciation		(210)
10,346	**Balance at 31 March**		**10,906**

(b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisitions, 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 also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation reserve was created to hold such gains.

Note 4.5 provides details of the source of all the transactions posted to the Account.

Restated 2024/25 £000			2025/26 £000
17,265	**Balance at 1 April**		**18,901**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
(2,511)	Charges for depreciation and impairment of non-current assets		(2,250)
483	Revaluation gains/(losses) on Property, Plant and Equipment		531
(5)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES		0
(2,033)			**(1,718)**
328	Adjusting Amounts written out of the Revaluation reserve		210
(1,705)	**Net written out amount of the cost of non-current assets consumed in the year**		**(1,508)**
15,560			**17,393**
	Capital Financing Applied in the year		
218	Use of Capital Receipts Reserve to finance new capital expenditure		0
0	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing		0
0	Application of grants to capital financing from the Capital Grants Unapplied Account		1,112
1,210	Statutory provision for the financing of capital investment charged against the General Fund		1,226
1,913	Capital expenditure charged against the General Fund		1,000
3,341			**3,338**
18,901	**Balance at 31 March**		**20,731**
	<u>NW Fire Control</u>		
(586)	**Balance at 1 April**		**(743)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
(157)	Charges for depreciation and impairment of non-current assets		(20)
(743)	**Balance at 31 March**		**(763)**
18,159	**Overall Closing Balance**		**19,968**

(c) 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.

2024/25 £000			2025/26 £000
(227,523)	**Balance at 1 April**		**(199,991)**
34,802	Remeasurements of the net defined benefit liability/(asset)		2,533
(15,817)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement		(28,903)
10,871	Employer's pensions contributions and direct payments to pensioners payable in the year		21,098
(2,324)	Effect of Asset Ceiling		(134)
(199,991)	**Balance at 31 March**		**(205,397)**

The amounts in relation to North West Fire Control are as follows:

2024/25 £000			2025/26 £000
0	**Balance at 1 April**		**0**
660	Remeasurements of the net defined benefit liability/(asset)		71
(114)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement		(17)
152	Employer's pensions contributions and direct payments to pensioners payable in the year		164
(698)	Effect of Asset Ceiling		(218)
(0)	**Balance at 31 March**		**(0)**

(d) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax-payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2024/25 £000			2025/26 £000
(26)	**Balance at 1 April**		**92**
118	Amount by which council tax income and non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements		(506)
92	**Balance at 31 March**		**(414)**

(e) Accumulated Absences Account

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

The service implemented a change in the holiday year on the 1 January 2026, moving from a "birthday to birthday" cycle to a holiday year that ran from 1 January 2026 to 31 December 2026.

2024/25 £000			2025/26 £000
(497)	**Balance at 1 April**		**(606)**
497	Settlement or cancellation of accrual made at the end of the previous period		606
(606)	Amounts accrued at the end of the current year		(81)
(109)	Amounts by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration charged in the year in accordance with statutory requirements		**525**
(606)	**Balance at 31 March**		**(81)**

(f) Usable Capital Receipts Reserve

The Usable Capital Receipts Reserve holds the balance of any received capital receipts that have yet to be set aside against capital expenditure.

2024/25 £000			2025/26 £000
171	**Balance at 1 April**		**0**
47	Transfer to the capital receipts reserve upon receipt of cash		0
(218)	Use of Capital Receipts to finance capital expenditure		0
(171)			**0**
0	**Balance at 31 March**		**0**

(g) Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve holds the balance of any capital grants that have not yet been used to finance capital expenditure.

2024/25 £000			2025/26 £000
0	**Balance at 1 April**		**0**
0	Transfer to the capital grants unapplied reserve		288
0			**288**
0	**Balance at 31 March**		**288**

4.32 Capital Expenditure and Capital Financing

NWFC Restated 2024/25 £000			2025/26 £000
23,267	Opening Capital Financing Requirement		23,092
1,035	Remeasurements for IFRS16		81
24,302			23,173
	Capital Expenditure		
2,131	Property, Plant and Equipment		2,112
2,131			2,112
	Sources of Finance		
(218)	Capital Receipts used to finance expenditure		0
0	Government Grants and Contributions		(1,112)
(1,913)	Revenue Financing & Reserves		(1,000)
(1,210)	Minimum Revenue Provision		(1,226)
(3,341)			(3,338)
23,092	**Closing Capital Financing Requirement**		**21,947**
	NW Fire Control CFR		
791	Opening Balance		855
64	Capital Expenditure		61
855	**Closing Balance**		**915**
23,947	**Total Closing CFR**		**22,862**
	Explanation of Movements in year		
(1,210)	Increase in underlying need to borrow (unsupported by Government Finance Assistance)		(114)
(1,210)	**Increase/(decrease) in Capital Financing Requirement**		**(1,226)**

4.33 PFI

The Authority is involved in a PFI project, with Merseyside and Lancashire Fire and Rescue Authorities, to provide sixteen new fire stations, five of which are in Cumbria. The basis of the partnership is set out in a joint working agreement. Contracts were signed between Balfour Beatty Fire and Rescue NW Ltd in February 2011, with construction commencing in 2011/12 and completion in 2013/14. The cost to the Authority of the Cumbria element of the contract is expected to be £40m. At the end of the concession period the fire stations will be transferred to the Authority's ownership. The contract will run for 25 years from the date of final handover, and the Authority pays a unitary payment. The stations built in Cumbria are:

- Carlisle - 2 sites - Carlisle East and Carlisle West.
- Workington – includes the Locality Headquarters.
- Penrith - includes the Council's Resilience Unit and Fire & Rescue Service Headquarters and Learning & Development Department.
- Patterdale.

The PFI contract has been assessed as the only arrangement that falls within the requirements of IFRS16 and as such the accounting treatment has been amended in line with the requirements for right of use assets. There are no other arrangements that fall within IFRS16 for the Authority.

Movement on PFI Assets

2024/25 £000	Fire Station PFI		2025/26 £000
	Cost or Valuation		
20,570	Valuation as at 1 April		19,586
1,035	Remeasurements due to IFRS16		81
17	Additions/Enhancements		342
0	Disposals		0
157	Reclassifications		0
(1,929)	Revaluations Taken to Revaluation Reserve		(63)
(264)	Revaluations Charged to Surplus/Deficit on Provision of Services		45
19,586	**Valuation as at 31 March**		**19,991**
	Depreciation		
0	Accumulated Dep'n at 1 April		0
(555)	Depreciation Charge to CIES		(384)
0	Depreciation on Disposals		0
496	Depreciation w/out to Revaluation Reserve		343
59	Depreciation w/out to Surplus/Deficit on Provision of Services		41
0	**Accumulated Dep'n at 31 March**		**0**
19,586	**Net Book Value at 31 March**		**19,991**
19,050	**Net Book Value at 1 April**		**19,050**
	Historic Cost Valuation		
13,315	Net Book Value 31 March		13,555
12,428	Net Book Value 1 April		13,315

Movement on PFI Liabilities

2024/25 £000	Fire Station PFI		2025/26 £000
(13,014)	Balance outstanding at start of year		(13,508)
(939)	Remeasure for IFRS16 on transition (1 April 2024)		0
(95)	Remeasure for IFRS16 on next indexation Date		(81)
540	Payments During Year		589
(13,508)	**Balance outstanding at end of year**		**(13,000)**

2025/26	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Short Term PFI Liability				
Payable within 1-year	786	637	1,073	**2,496**
Total Short Term Liability	**786**	**637**	**1,073**	**2,496**
Long Term PFI Liability				
Payable within 2-5 Years	3,385	3,114	3,686	**10,185**
Payable within 6-10 Years	4,832	4,290	2,451	**11,573**
Payable within 11-15 Years	2,545	4,959	765	**8,269**
Payable within 16-20 years	0	0	0	**0**
Total Long Term Liability	**10,762**	**12,363**	**6,902**	**30,027**
Total	**11,547**	**13,000**	**7,975**	**32,522**

2024/25	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Short Term PFI Liability				
Payable within 1-year	761	584	1,117	**2,462**
Total Short Term Liability	**761**	**584**	**1,117**	**2,462**
Long Term PFI Liability				
Payable within 2-5 Years	3,278	2,857	3,914	**10,049**
Payable within 6-10 Years	4,677	5,132	3,252	**13,061**
Payable within 11-15 Years	3,559	4,935	761	**9,255**
Payable within 16-20 years	0	0	0	**0**
Total Long Term Liability	**11,514**	**12,924**	**7,927**	**32,365**
Total	**12,275**	**13,508**	**9,044**	**34,827**

4.34 Disclosure of Net Pension Assets and Liabilities

Assets and liabilities in relation to retirement benefits

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these will not actually be payable until employees retire, the Authority has a commitment to make payments that need to be disclosed at the time that employees earn their future entitlement. The Authority participates in two defined benefit pension schemes:

- the Local Government Pension Scheme for civilian employees, administered by Westmorland and Furness Council – this is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.

- the Firefighters' Pension Scheme – this is an unfunded scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due. The Authority's budget is set taking the employer's pension contribution into account and government grant is received to cover any shortfall in the account.

The Local Government Pension Scheme contributions payable by employers are determined by the actuary to the Pension Fund based on triennial valuations, the most recent of which was at 31 March 2025.

Reconciliation of asset and benefit obligation:

2024/25 LGPS Unfunded £000	2024/25 LGPS Funded £000	2024/25 Fire Fighters £000	2024/25 Total £000		2025/26 LGPS Unfunded £000	2025/26 LGPS Funded £000	2025/26 Fire Fighters £000	2025/26 Total £000
(176)	(20,056)	(227,347)	**(247,579)**	Benefit Obligation at beginning of period (1 April)	(151)	(17,889)	(199,840)	(217,880)
0	(410)	(2,918)	**(3,328)**	Current Service Cost	0	(288)	(2,100)	(2,388)
(8)	(967)	(10,886)	**(11,861)**	Interest on Pension Liabilities	(7)	(1,022)	(10,995)	(12,024)
0	(154)	(1,827)	**(1,981)**	Member Contributions	0	(176)	(5,316)	(5,492)
				Remeasurement (Gains) and Losses:				0
1	57	407	**465**	Actuarial (Gains)/Losses arising from changes in demographic assumptions	(9)	718	(285)	424
9	2,834	31,981	**34,824**	Actuarial (Gains)/Losses arising from changes in financial assumptions	0	246	3,176	3,422
0	25	241	**266**	Experience (Gains)/Losses	0	26	(694)	(668)
0	0	(1,738)	**(1,738)**	Past Service Cost	0	0	(15,831)	(15,831)
0	0	0	**0**	Losses/(Gains) on Curtailments	0	0	0	0
23	782	12,247	**13,052**	Benefits/transfers paid	21	805	25,901	26,727
(151)	**(17,889)**	**(199,840)**	**(217,880)**	**Benefit Obligation at end of period (31 March)**	**(146)**	**(17,580)**	**(205,984)**	**(223,710)**

The amounts in relation to North West Fire Control are as follows:

2024/25 NWFC £000	2024/25 NWFC @ 25% £000			2025/26 NWFC £000	2025/26 NWFC 25% £000
(13,011)	(3,253)	Benefit Obligation at beginning of period (1 April)		(10,959)	(2,740)
(459)	(115)	Current Service Cost		(319)	(80)
(641)	(160)	Interest on Pension Liabilities		(648)	(162)
(191)	(48)	Member Contributions		(211)	(53)
		Remeasurement (Gains) and Losses:			
3,123	781	Actuarial (Gains)/Losses		(51)	(13)
220	55	Benefits/transfers paid		285	71
(10,959)	**(2,740)**	**Benefit Obligation at end of period (31 March)**		**(11,903)**	**(2,976)**

Reconciliation of opening and closing balances of the fair value of scheme assets:

2024/25 LGPS Unfunded £000	2024/25 LGPS Funded £000	2024/25 Fire fighters £000	2024/25 Total £000		2025/26 LGPS Unfunded £000	2025/26 LGPS Funded £000	2025/26 Fire Fighters £000	2025/26 Total £000
0	23,146		**23,146**	Fair Value of plan assets at beginning of period (1 April)	0	23,303		23,303
0	1,129		**1,129**	Interest on Plan Assets	0	1,361		1,361
				Remeasurement gain/(loss):				0
0	(753)		**(753)**	The return on plan assets, excluding the amount included in the net interest expense	0	(422)		(422)
0	(19)		**(19)**	Other - Administration Expenses	0	(21)		(21)
23	428	10,420	**10,871**	Employer Contributions	21	492	20,585	21,098
0	154	1,827	**1,981**	Member Contributions	0	176	5,316	5,492
(23)	(782)	(12,247)	**(13,052)**	Benefits/transfers paid	(21)	(805)	(25,901)	(26,727)
0	**23,303**	**0**	**23,303**	**Fair Value of plan assets at end of period (31 March)**	**0**	**24,084**	**0**	**24,084**

The amounts in relation to North West Fire Control are as follows:

2024/25 NWFC £000	2024/25 NWFC @ 25% £000		2025/26 NWFC £000	2025/26 NWFC 25% £000
14,278	3,570	Fair Value of plan assets at beginning of period (1 April)	15,078	3,770
706	177	Interest on Plan Assets	899	225
		Remeasurement gain/(loss):		
(483)	(121)	The return on plan assets, excluding the amount included in the net interest expense	333	83
606	152	Employer Contributions	657	164
191	48	Member Contributions	211	53
0	0	Other Gains and Losses	(683)	(171)
(220)	(55)	Benefits/transfers paid	(285)	(71)
15,078	**3,770**	**Fair Value of plan assets at end of period (31 March)**	**16,210**	**4,053**

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

Scheme history

2024/25 LGPS Unfunded £000	2024/25 LGPS Funded £000	2024/25 Fire fighters £000	2024/25 Total £000		2025/26 LGPS Unfunded £000	2025/26 LGPS Funded £000	2025/26 Fire Fighters £000	2025/26 Total £000
(151)	(17,889)	(199,840)	**(217,880)**	Present value of the liabilities	(146)	(17,580)	(205,984)	(223,710)
0	23,303	0	**23,303**	Fair Value of Plan Assets	0	24,084	0	24,084
(151)	**5,414**	**(199,840)**	**(194,577)**		**(146)**	**6,504**	**(205,984)**	**(199,626)**
0	(5,414)	0	**(5,414)**	Effect of Asset Ceiling	0	(5,771)	0	(5,771)
(151)	**0**	**(199,840)**	**(199,991)**	**Net Liability/(Asset) arising from defined benefit obligation**	**(146)**	**733**	**(205,984)**	**(205,397)**

The amounts in relation to North West Fire Control are as follows:

2024/25 NWFC £000	2024/25 NWFC @ 25% £000		2025/26 NWFC £000	2025/26 NWFC 25% £000
(10,959)	**(2,740)**	Present value of the liabilities	(11,903)	(2,976)
15,078	**3,770**	Fair Value of Plan Assets	16,210	4,053
4,119	**1,030**		**4,307**	**1,077**
(4,119)	**(1,030)**	Effect of Asset Ceiling	(4,307)	(1,077)
0	**0**	**Net Liability/(Asset) arising from defined benefit obligation**	**0**	**0**

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £205.984million has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet

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

- the surplus on the local government scheme will be made taken into account when setting future contribution rates, as assessed by the scheme actuary; and
- finance is only required to be raised to cover fire pensions when the pensions are actually paid.

<u>Basis for estimating assets and liabilities</u>

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The annual Fire Authority budget will make allowance for the firefighter's pension scheme payments based on an estimate of when such payments fall due. The Authority's budget is set taking the employer's pension contribution into account and government grant is received to cover any shortfall in the account.

The actuary has assessed both the Firefighters' scheme and the Local Government Pension Scheme (LPGS) liabilities. The Firefighters' scheme figures are taken from roll up calculations in the absence of the full actuarial report being available at the time of preparing the draft statement of accounts. The main assumptions used in their calculations are as follows:

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

2024/25 LGPS £000	2024/25 Fire fighters £000		2025/26 LGPS £000	2025/26 Fire fighters £000
		Mortality assumptions:		
		Longevity at 65 for current pensioners (age 60 for Fire):		
21.50	**25.30**	Men	21.40	25.60
24.00	**25.30**	Women	24.10	25.60
		Longevity at 65 for future pensioners (age 60 for Fire):		
22.80	**27.30**	Men	22.70	27.60
25.70	**27.30**	Women	25.60	27.60
2.60%	**2.60%**	Rate of Inflation (CPI)	2.90%	2.90%
4.10%		Rate of Increase in Salaries	4.40%	
	3.85%	Rate of revaluation of CARE Pensions		4.15%
2.70%	**2.70%**	Rate of increase in Pensions	3.00%	3.00%
5.80%	**5.80%**	Rate of discounting Scheme Liabilities	6.20%	6.20%

Sensitivity analysis for LGPS:

2025/26 £000		+0.5% p.a. discount Rate £000	+0.25% p.a. inflation £000	+0.25% Pay Growth £000	1 Year Increase in Life Expectancy £000	+/-1% change in 2025/26 investment returns £000 +1%	£000 -1%
(17,726)	Liability	(16,591)	(18,322)	(17,786)	(18,091)	(17,726)	(17,726)
24,084	Assets	24,084	24,084	24,084	24,084	24,324	23,844
6,358	**(Deficit) / Surplus**	**7,493**	**5,762**	**6,298**	**5,993**	**6,598**	**6,118**
278	Projected Service Cost for Next Year	233	303	278	285	278	278
(402)	Projected Net Interest Cost for Next Year	(510)	(364)	(397)	(378)	(417)	(387)

Sensitivity analysis for the Firefighters pension scheme:

2025/26 £000		+0.5% p.a. discount Rate £000	+0.25% p.a. inflation £000	+0.25% Pay Growth £000	1 Year Increase in Life Expectancy £000
(205,984)	Liability	(190,904)	(214,450)	(207,934)	(209,846)
0	Assets	0	0	0	0
(205,984)	**(Deficit) / Surplus**	**(190,904)**	**(214,450)**	**(207,934)**	**(209,846)**
2,016	Projected Service Cost for Next Year	1,606	2,255	2,033	2,071
12,411	Projected Net Interest Cost for Next Year	12,403	12,936	12,531	12,651

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

2024/25 LGPS £000		2025/26 LGPS £000
8,063	Equity Investments	8,285
3,379	Bonds	3,574
1,817	Property	1,743
350	Cash/Liquidity	1,033
9,694	Other Assets	9,449
23,303		**24,084**

4.35 Contingent Assets and Liabilities

The items below are classified as contingent assets or liabilities:

(a) **Special retained members (Matthews)**

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

This options exercise has now commenced and will increase the pension entitlement for some current special retained members and also allow access to the scheme for additional historic retained firefighters.

The Authority have now written to all affected members. Members have now started receiving payments and will continue to do so into 2026/27.

MHCLG (previously The Home Office) have undertaken a detailed exercise and have estimated the distribution of eligible members between FRAs based on eligible firefighter estimates collected through the December 2023 survey of FRAs, with gaps filled using the July 2022 survey (if available) or the 2020 valuation data breakdown of overall retained active members for each FRA. The total Matthews cashflows have been split by looking at the proportion of eligible members for each FRA in this distribution. The Authority received payments of £9.300m in July 2024, £6.000m in July 2025 and £2.707m in February 2026 as part of the annual pension top-up payment as this pension liability will be fully funded by Government.

(b) **Age Discrimination and the McCloud Sargeant judgement**

In 2014 and 2015 the government set out reforms to public sector pensions, allowing older workers to stay in their existing schemes while younger members moved to new ones. In 2018 the Court of Appeal ruled that the reforms discriminated against younger members of the schemes. The government accepted the judgment and agreed to make changes to all public service pension schemes the McCloud/Sargeant remedy.

Due to delays in implementing remedy, the McCloud/Sargeant remedy contribution compensation payments to members, projected to occur in the period 2023-24 to 2024-25 fell into 2025-26. Similar to the above Matthews case, MHCLG (previously The Home Office) have undertaken a detailed exercise and have estimated the distribution to eligible members between FRAs. The Authority received payments of £1.170m in July 2024 and £0.856m in July 2025 as part of the annual pension top-up payment as this pension liability will be fully funded by Government.

4.36 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 20 July 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Cash-Flow Statement

4.37 Cash Flow Statement – Operating Activities

Restated 2024/25 £000			**2025/26 £000**
4,836	(Surplus) / Deficit on the Provision of Services		**6,595**
	Adjustments to the net surplus or deficit on the provision of services for non cash movements		
(2,185)	Depreciation and revaluation charges		(1,739)
1,034	IFRS16 Remeasurements		81
(4,909)	Pension (IAS 19)		(7,658)
216	Increase/(decrease) in inventories		(123)
(7,137)	Increase/(decrease) in debtors		1,778
(6,719)	(Increase)/decrease in creditors		11,810
53	Other non-cash items charged to net surplus/deficit on provision of services		(30)
(19,647)			4,118
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
42	Gain/(Loss) from the sale of property plant and equipment, investment property and intangible assets		0
1,000	Purchase of short and long term investments		(1,000)
1,042			**(1,000)**
(13,769)	**Net Cash Flow from Operating Activities**		**9,713**
	Shown within Net Cash Flow from Operating Activities		
1,360	Interest Payable		1,319
(840)	Interest Receivable		(851)
520			**468**

4.38 Cash Flow Statement – Investing and Financing Activities

Restated 2024/25 £000			2025/26 £000
	Investing Activities		
2,004	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets		1,967
(47)	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets		0
(17)	Other Receipts from Investing Activities		(3)
1,940	**Net Cash Flows from Investing Activities**		**1,964**
	Financing Activities		
	Other payments for financing activities		
(402)	Repayments of Short and Long Term Borrowing		508
(402)	**Net Cash Flows from Financing Activities**		**508**

SECTION 5 – SUPPLEMENTARY FINANCIAL STATEMENTS

5.1 Firefighters' Pension Fund Account

2024/25 £000		Note	2025/26 £000
	Income to the Fund		
	Contributions Receivable		
(4,533)	From Employer	7	(4,812)
(1,929)	From Members	9	(5,492)
(6,462)			**(10,304)**
	Transfers in		
(20)	Individual transfers in from other schemes		(39)
(6,482)	**TOTAL INCOME**		**(10,343)**
	Expenditure by the Fund		
	Benefits Payable		
7,460	Pensions		15,930
1,466	Ill Health and Injury		1,535
1,684	Lump Sums		7,254
708	Lump Sum Death Benefits & Widows Pensions		670
11,318			**25,389**
	Payments to and on account of leavers		
714	Individual transfers out to other schemes		321
12,032	**TOTAL EXPENDITURE**		**25,710**
5,550	**Net amount payable for the year**		**15,367**
(5,550)	**Top up grant receivable from Central Government**	10	(15,367)
0	**Net Fund position for year**		**0**

2024/25 £000	Net Current Assets and Liabilities	Note	2025/26 £000
0	Top Up grant receivable/(received) from Central Government		1,477
679	Prepaid Pensions		735
383	Other current assets		80
1,062	**Current Assets**		**2,292**
5,767	Other current liabilities		(2,292)
(6,829)	Pension funding surplus - payable to Government		0
(1,062)	**Current Liabilities**		**(2,292)**
0	**Total**		**0**

NOTES TO FIREFIGHTERS' PENSION FUND ACCOUNT

Notes to the Firefighters Pension Fund Statement

1. This statement has been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain.

2. Three pension schemes operate within the Fund, the 1992 scheme, the 2006 scheme, and the 2015 scheme

3. The Fund is administered and managed according to the statutory requirements set out in the 1992, 2006, and 2015 scheme legislation.

4. The Firefighters Pension Schemes are unfunded and as such have no investment assets. They are funded through employee and employer contributions and Government grant.

5. All firefighter pension related benefits are charged to the Firefighters Pension Fund Account with the exception of costs relating to non-member retirement on ill health grounds and all costs relating to injury pensions, which are charged to the Fire Service Operating Account (revenue).

6. The Fund Account captures income and liabilities relevant to the period shown and therefore does not take account of liabilities to pay pensions and other benefits after the period end.

7. Normal Employer contributions are made as follows:

- 2015 scheme 37.6% of pensionable pay in 2025/26

There have been no active Employer contributions being made to either the 1992 or 2006 schemes since all members transitioned into the 2015 scheme on 1 April 2022.

8. For any retirement on ill health grounds the Fire Service is required to make a payment to the Pension Fund from its revenue account. This is payable over 3 years. There were 0 retirements of scheme members on ill health grounds

9. Members contributions, for all Fire pensions schemes, changed to having banded contribution rates in 2013/14. The bandings for the active 2015 scheme are as follows:

2015 scheme members Pensionable Pay	 FPS 2015
Up to £27,818	11.0%
£27,819 to £51,515	12.9%
£51,516 to £142,500	13.5%
£142,501 or more	14.5%

10. These accounts have been prepared on an accruals basis.

SECTION 6 – ANNUAL GOVERNANCE STATEMENT

Cumbria Commissioner Fire & Rescue Authority

Annual Governance Statement – Good Governance Principles 2025/26

Annual Governance Statement for 2025/26 can be located https://www.cumbriafire.gov.uk/our-performance-and-transparency, a summary has been provided below as part of the statement of accounts.

Executive Summary

The Police, Fire and Crime Commissioner for Cumbria (the CCFRA) is responsible for ensuring business is carried out in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

To meet this overall responsibility, the CCFRA has put in place proper arrangements for overseeing what we do. These arrangements are intended to make sure that we do the right things, in the right way and are fair, open, honest and accountable.

Our arrangements for governance are set out within a Code of Corporate Governance ('The Code'). The Code explains the way the CCFRA governs and the frameworks that are in place to support the overall arrangements for fulfilling his functions. The Code of Corporate Governance is published alongside the Annual Governance Statement on the CCFRA's website at www.cumbria-pcc.gov.uk

This Annual Governance Statement (AGS) describes how the CCFRA has followed The Code. It also meets the requirements of regulation 6(1) and 10(1) of the Accounts and Audit Regulations 2015. The regulations say that we must prepare and publish an Annual Governance Statement (AGS) to accompany the CCFRA's statement of accounts. The Statement also allows the Fire and Rescue Service to demonstrate how through its governance, processes and meeting structures it contributes to the CCFRA discharging their statutory responsibilities;

Our assessment of effectiveness

The key systems and processes that comprise the CCFRA's governance arrangements for 2025-26 have been guided by the seven core principles of Corporate Governance from the CIPFA/Solace Governance Framework applicable to the 2025-26 financial year, including the updated 2025 addendum guidance. This is the standard against which all local government bodies, including police, should assess themselves.

The CCFRA has responsibility for conducting, at least annually, a review of the effectiveness of their governance framework including the system of internal control. The review of effectiveness is informed by the work of Chief Officers and senior managers who have responsibility for the development and maintenance of the governance environment. The review process comprises:

- A cyclical detailed review of the key documents within the CCFRA's governance framework.
- A review of the governance arrangements in place to support each core principle, culminating in an updated Code of Corporate governance.
- A review of what has happened during the past year to evidence how the governance framework has been complied with.
- A review of the effectiveness of the arrangements for Internal Audit. The review is supported by consideration of the opinion of the Head of Internal Audit, as set out in their annual report and summarised below.
- A review of the effectiveness of the Joint Audit Committee against CIPFA guidance on Audit Committees.

The following Annual Governance Statement demonstrates how the CCFRA has complied with the governance framework set out within the Code, to meet of each of the seven principles of good governance.

- A: Integrity, ethics and the rule of law
- B: Openness and stakeholder engagement
- C: Defining sustainable outcomes
- D: Determining interventions
- E: Capacity and capability
- F: Risk management and internal control
- G: Accountability and transparency

The Annual Governance Statement is published alongside the Statement of Accounts and incorporates an action plan of planned future improvements for governance arrangements.

Progress has been made on addressing the issues raised in the Annual Governance Statement for 2024-25. During 2026/27 we will continue to monitor the implementation of any outstanding or newly identified actions. In relation to the 2025-26 identified actions.

Overall Summary

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

How we meet the requirement - In summary, the CCFRA has in place a well-established governance framework to promote good behaviour and high standards. This includes Codes of Conduct, registers of interests, and rules around gifts and hospitality. These arrangements are embedded through induction processes and supported by a suite of policies.

The Chief Executive, in their role as Monitoring Officer, plays a central role in promoting and upholding ethical standards across the organisation. This is supported by robust scrutiny and governance arrangements, which provide assurance that ethical standards are consistently applied.

The CCFRA also has arrangements in place to ensure it follows the law and regulations. The Monitoring Officer oversees this, with support from legal services when needed. Financial spending is regularly reviewed through internal boards and external oversight, helping to ensure money is managed properly and the organisation remains accountable.

Principle B: Ensuring openness and comprehensive stakeholder engagement

How we meet the requirement – In summary, the CCFRA is open and transparent in how it works and makes sure it communicates clearly with the public. It publishes important information such as decisions, financial details and performance information so people can see what is happening and hold the organisation to account.

We listen to the public and partners in different ways and use what they tell us to help shape our decisions and future plans.

Decision-making is supported by structured templates, which explain the reasons behind decisions, any risks involved, and the expected outcomes. This helps ensure decisions are documented and easy to understand.

The Service delivers comprehensive stakeholder engagement, either regularly as part of its prevention and protection programme, raising awareness as part of targeted campaigns or when delivering specific projects.

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

How we meet the requirement: In summary, the CCFRA sets clear priorities through the Police, Fire and Crime Plan, which is based on what the public and partners say, as well as local needs and risks. Progress is reported each year via an annual report so people can see what has been achieved. This is complemented through the Service delivering against its CRMP.

Governance and accountability arrangements such as internal Executive Boards and Public Accountability Conferences make sure decisions are based on good financial and performance information, and that money is used wisely and in line with the CCFRA's priorities.

We work to make sure services are fair and accessible. Decisions about services are based on need, legal requirements and working with partners, especially to support victims and vulnerable groups. Funding is targeted at projects that reduce crime and improve outcomes for communities. Equality Impact Assessments are used to make sure services are inclusive.

We also work closely with partners and follow a clear approach to commissioning services. This includes joint procurement and a focus on social value, so services not only offer value for money but also bring wider benefits to communities.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

How we meet the requirement: In summary, the CCFRA has good systems in place to make sure we plan properly and use our resources to achieve our goals.

We plan both short-term and long-term through our Medium-Term Financial Plan (MTFP). This links our money, priorities and services together, so we are focusing resources on what matters most. We review this every year to reflect any changes, and senior leaders regularly check progress at Executive Board meetings.

We also have clear rules and structures that make sure money and resources are used for the right priorities. Senior leaders regularly review spending and performance to make sure everything is on track and delivering value for money.

Our performance is closely monitored through regular meetings, performance indicators, and accountability sessions. This helps us spot issues early and act quickly to stay on track with our goals.

When we buy services or commission work, we also consider social value, making sure we deliver wider benefits for the community, not just the core service.

The introduction of a new meeting structure and risk based approach allows the Service to deliver against its priorities and support the CCFRA in overseeing delivery within Cumbria.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

How we meet the requirement: In summary, the CCFRA have clear roles, good leadership, and strong support in place so people can do their jobs well.

Roles and responsibilities are clearly defined, including for senior officers, so everyone knows what they are accountable for. Key leaders work together and are involved in decision-making to make sure things are done properly, legally, and with good financial oversight. Specific executive leadership training is made available to senior officers within the Service.

We follow recognised standards for financial management, with the Chief Finance Officer playing a central role and staying up to date through professional development.

Staff are supported through induction, training, and regular reviews, helping them build skills and improve. Members also receive training to help them carry out their responsibilities. A workforce plan and investment in Organisational Development have allowed the Service to develop leadership at all levels.

We make sure we have the right people and structure in place to deliver our plans and priorities. We also support learning and wellbeing, with access to training, regular team meetings, and services like occupational health to help staff stay healthy and work effectively.

Principle F: Managing risks and performance through robust internal control and strong public financial management

How we meet the requirement: In summary, the CCFRA has strong systems in place to manage risk, control how we work, and make sure money is used properly.

We manage risk well by reviewing it regularly, with clear ownership and oversight from senior leaders and the Joint Audit Committee. We also manage risks with partners, making sure shared work is properly monitored and controlled. A similar approach is adopted by the Service following a comprehensive review.

We manage our finances carefully by linking spending to our priorities and reviewing performance regularly, with oversight from the Chief Finance Officer

The service and ourselves have good internal controls, including data protection, asset management, and clear procurement processes to ensure everything is done safely, legally, and efficiently.

We regularly review performance and risk, using our boards, internal audit and public meetings to check progress and act where needed.

The CCFRA welcomes challenge, with independent scrutiny from audit committees and panels that help hold us to account and improve what we do.

Principle G: Implementing good practice in transparency, reporting and audit to deliver effective accountability

How we meet the requirement: In summary the CCFRA have clear arrangements in place to support transparency, reporting and accountability.

We respond to external challenge from auditors, inspectors and scrutiny panels. We take their feedback seriously, develop action plans, and track progress through our governance boards and audit committee. This approach is used by the Serivce when responding to HMICFRS and other external challenge, for example in response to the Grenfell Tower Inquiry

We use learning to improve. Recommendations from audits and inspections are regularly reviewed and monitored to make sure changes are made and improvements happen.

We are open and accountable in our partnerships. We manage contracts and partnerships carefully, with regular monitoring of performance, outcomes and spending. We also work with partners through groups like Safer Cumbria to ensure shared accountability.

We are transparent with the public. We publish key information on our website and use meetings such as Public Accountability Conferences to openly review our performance. We also have strong independent oversight with arrangements such as the Joint Audit Committee and Community Scrutiny Panel to provide challenge and assurance that our governance and controls are working properly.

Head of Internal Audit Opinion

The overall opinion for the period 1st April 2025 to 31st March 2026 provides Moderate Assurance, that there is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some of the organisation's objectives at risk.

This opinion is provided in the context that Cumbria Fire and Rescue Service like other organisations across the public sector is continuing to face a number of challenging issues and wider organisational factors particularly with regards to the proposed changes to national and local bodies and the corresponding uncertainty this causes, ongoing financial challenges and increasing collaboration across organisations and systems.

This is MIAA's first year as the organisation's Internal Auditors. The strategic risk framework, together with the outcomes from core, mandatory and risk-based reviews and the organisation's response to the implementation of internal audit recommendations are key elements are in informing our overall opinion. The profile of risk based internal audit reviews completed during the year presents a varied picture, with assurance opinions broadly split across Substantial, Moderate and Limited. Across the reviews undertaken, this has highlighted themes, including that generally, controls needed to be strengthened including the updating and embedding Policies and Procedures.

With regards to the Senior Leadership Team, 2025/26 has seen the first full financial year overseen by the current Chief Fire Officer, there has also been a reorganisation of the Strategic Leadership Team during the year with the appointment of two new Assistant Fire Officers and internal promotions to Area Manager who have Strategic responsibilities.

In July 2025 HMICFRS published their latest inspection report on the service. Five out of the eleven areas received a good graded judgement, these were understanding fire and risk, public safety through fire regulation, responding to fires and emergencies, responding to major incidents and future affordability. The remaining six areas of preventing fire and risk, best use of resources, promoting values and culture, right people, right skills, promoting fairness and diversity and, managing performance and developing leaders received a requires improvement judgement. The Service have been working on the recommendations and resulting actions during the year. A further inspection is due to take place in 2026/27.

A new Police, Fire and Crime Plan for 2025 – 2029 was published, which sets out how the Police, Fire and Crime Commissioner will work with the Service and sets out five priorities and key objectives to deliver the plan.

Compliance with professional standards: In providing this opinion we can confirm continued compliance with the definition of internal audit (as set out in your Internal Audit Charter), code of ethics and professional standards. We also confirm organisational independence of the audit activity and that this has been free from interference in respect of scoping, delivery and reporting.

SECTION 7 - FINANCIAL ABBREVIATIONS

AGS	**Annual Governance Statement**
CAA	**Capital Adjustment Account**
CFR	**Capital Financing Requirement**
CIPFA	**Chartered Institute of Public Finance and Accountancy**
CIES	**Comprehensive Income and Expenditure Statement**
FRS	**Financial Reporting Standards**
IIA	**Institute of Internal Auditors**
IAS	**International Accounting Standards**
ISA	**International Standards in Auditing**
IFRS	**International Financial Reporting Standards**
LASAAC	**Local Authority (Scotland) Accounts Advisory Committee**
LGPS	**Local Government Pension Scheme**
MTFP	**Medium Term Financial Plan**
MRP	**Minimum Revenue Provision**
NNDR	**National Non-Domestic Rates**
PPE	**Property, Plant and Equipment**
PSIAS	**Public Sector Internal Auditing Standards**
RSG	**Revenue Support Grant**
SeRCOP	**Service Reporting Code of Practice**
VFM	**Value of Money**