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Our reference: JAC/LH

Date: 13 February 2026

AGENDA

TO: THE MEMBERS OF THE JOINT AUDIT COMMITTEE

CUMBRIA COMMISSIONER FIRE & RESCUE AUTHORITY - JOINT AUDIT COMMITTEE

A special meeting of the Joint Audit Committee will take place on **Tuesday 24th February 2026** via Teams to review the Annual Statement of Accounts for approval and sign off.

Gill Shearer
Chief Executive

Note: Teams Link:
<https://teams.microsoft.com/meet/35699457412198?p=UVSkujrW7hruqkU49H>
Meeting ID: 356 994 574 121 98
Passcode: bb3a6jb9

COMMITTEE MEMBERSHIP

Mr Malcolm Iredale (Chair)
Mr Jake Cornthwaite
Mrs Susan Giles
Wing Commander (Retired) Tim Mann
Mr Mike Roper

AGENDA

PART 1 – ITEMS TO BE CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

Note – Items to be considered by exception, it is assumed that members will have read all papers before the meeting.

Agenda Item	Agenda Item	Officer/Lead	Time (Est)
1	APOLOGIES FOR ABSENCE	Chair	15:30
2	URGENT BUSINESS AND EXCLUSION OF PRESS AND PUBLIC To consider (i) any urgent items of business and (ii) whether the press and public should be excluded from the Meeting during consideration of any Agenda item where there is likely disclosure of information exempt under s.100A(4) and Part I Schedule A of the Local Government Act 1972 and the public interest in not disclosing outweighs any public interest in disclosure.	Chair	15:30
3	DISCLOSURE OF PERSONAL INTERESTS Members are invited to disclose any personal/prejudicial interest, which they may have in any of the items on the agenda. If the personal interest is a prejudicial interest, then the individual member should not participate in a discussion of the matter and must withdraw from the meeting room unless a dispensation has previously been obtained.	Chair	15:35
-	MINUTES OF MEETING AND MATTERS ARISING To receive and approve the minutes of the committee meeting held on 26 September 2024.	Minutes of the November meeting to be considered at the usual March meeting	
-	ACTION SHEET To receive the action sheet from previous meetings.	Minutes of the November meeting to be considered at the usual March meeting	
4	EXTERNAL AUDIT: AUDIT FINDINGS REPORT: To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements.	Audit Manager Grant Thornton	15:40
5	ASSURANCE FRAMEWORK STATEMENT OF ACCOUNTS: To receive a report from the CCFRA Finance Lead in respect of the CCFRA framework of assurance.	Finance Lead	15:50
6	ANNUAL STATEMENT OF ACCOUNTS: To receive the un-audited Statement of Accounts and consider a copy of a summarised non-statutory version of the accounts for the CFRA Group.	Finance Lead	16:00



Audit Findings (ISA 260) Report for Cumbria Commissioner Fire and Rescue Authority

Year ended 31 March 2025

24 February 2026

**Police, Fire and Crime Commissioner & Chief Fire Officer
Cumbria Commissioner Fire and Rescue Authority**

Carleton Hall
Penrith
Cumbria
CA10 2AU

24 February 2026

Dear Police, Fire and Crime Commissioner and Chief Fire Officer

Audit Findings for Cumbria Commissioner Fire and Rescue Authority for the 31 March 2025

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2024-.pdf \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2024-).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Elizabeth Luddington

Director
For Grant Thornton UK LLP

Chartered Accountants

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Headlines



Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Cumbria Commissioner Fire and Rescue Authority (the 'Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2025 for the attention of those charged with governance.

Financial statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to report whether, in our opinion:

- the Authority's financial statements give a true and fair view of the financial position of the Authority and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

As of this report's date, we have concluded several areas of our audit work, detailing the findings in the body of this report. For work not yet concluded, we have highlighted the work undertaken to date, and any findings or recommendations. The main area on which we have been unable to conclude our work is opening balances, given the disclaimer of opinion issued for 2023/24.

Our findings to date are summarised on the following pages. We have identified three adjustments to the financial statements. Audit adjustments are detailed on pages 37 to 41. During the course of our work, we have also raised eight recommendations for management, which are set out at pages 42 to 45. Our work is substantially complete, subject to the following outstanding matters:

- manager and engagement lead final reviews;
- receipt of management representation letter; and
- review of the final set of financial statements.

Owing to the challenges of undertaking an audit where the previous years audit was subject to backstop-related disclaimed audit opinions, we have been unable to undertake sufficient work to support an unmodified audit opinion in advance of the backstop date of 28 February 2026. The limitations imposed by not having assurance on opening balances mean that we will be unable to form an opinion on the financial statements. Our anticipated financial statements audit report opinion will be disclaimed. Our draft Audit Report is included in Appendix C of this report.

We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit.

Headlines

Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance.

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which was presented to the September JAC.

We are satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Our findings are set out in the value for money arrangements section of this report (page 47).

Headlines

Statutory duties

The Local Audit and Accountability Act 2014 (the ‘Act’) also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of work required under the Code. However, we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation has been received from the National Audit Office that the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Significant matters

During the audit we experienced difficulties in relation to Civica super-user access and obtaining reports from the system detailing how this access had been used during the year - see page 26 for further information. No other significant matters were identified during the audit.

Headlines

National context – audit backlog

Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Headlines

National context – local audit recovery

In the audit report for the year ended 31 March 2024, a disclaimer of opinion was issued due to the backstop legislation.

As a result, for 2024/25:

- we have no assurance over the opening balances for 2024/25
- no assurance over the closing reserves balance also due to the uncertainty over their opening amount.

Our aim for the 2024/25 audit has been to rebuild assurance, therefore our focus has been on in-year transactions including income and expenditure, journals, capital accounting, payroll and remuneration and disclosures; and closing balances.

On 5 June 2025 the National Audit Office (NAO) published its “Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06” for auditors which sets out special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions. The key messages outlined within this guidance include rebuilding assurance through:

- tailored risk assessment procedures for individual audit entities, including assessments over risk of material misstatements of opening balance figures and reserves;
- designing and performing specific substantive procedures, such as proof-in-total approach;
- special considerations for fraudulent reporting, property, plant & equipment, and pension related balances.

We will discuss with you our strategy for rebuilding assurance, in the light of this year’s audit, as part of our planning for 2025/26.

Headlines

Implementation of IFRS 16

Implementation of IFRS 16 Leases became effective for local government bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Local government accounts webinars were provided for our local government audit entities during March, covering the accounting requirements of IFRS 16. Additionally, CIPFA has published specific guidance for local authority practitioners to support the transition and implementation on IFRS 16.

Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration. This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires the right of use asset and lease liability to be recognised on the balance sheet by the lessee, except where:

- leases of low value assets
- short-term leases (less than 12 months).

This is a change from the previous requirements under IAS 17 where operating leases were charged to expenditure.

The principles of IFRS 16 also apply to the accounting for PFI liabilities.

The changes for lessor accounting are less significant, with leases still categorised as operating or finance leases, but some changes when an authority is an intermediate lessor, or where assets are leased out for little or no consideration.

Impact on the Authority

- Lease liabilities and right of use assets recognised on the balance sheet in respect of former operating leases. However, this has not had a material financial impact upon the financial statements, given the only IFRS 16 lease recognised on the Authority's balance sheet is the PFI liability.
- Additional accounting policies and disclosures in the financial statements and related internal controls required updating to reflect changes in accounting policies and processes.
- Identification of ‘low value’ and ‘short term’ leases. Identification of peppercorn rentals and recognising these as leases under IFRS 16, as appropriate.

Detail of assessment, the work undertaken and key observations regarding the implementation of IFRS 16 can be found on page 22.

Materiality



Our approach to materiality

As communicated in our Audit Plan dated 30 April 2025, we determined materiality at the planning stage as £747k based on 2% of prior year gross expenditure. At year-end, we reconsidered planning materiality based on the draft financial statements and decided to increase materiality to reflect that expenditure had increased by 11% from the prior year figures used to determine planning materiality.

A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

- At planning we determined materiality at £747k based on professional judgement in the context of our knowledge of the Authority, including consideration of the level of misstatement which could reasonably be expected to influence the economic decisions of users of the financial statements.
- We have used 2% of gross expenditure as the basis for determining materiality. This percentage reflects that we did not receive prior year draft financial statements until 15 January 2025, and as a result the 2023/24 audit was backstopped.
- On receipt of draft accounts, we increased our materiality figure to £832k given that expenditure had increased by 11% from the prior year figures on which we had previously calculated materiality.

Performance materiality

- At planning we determined performance materiality at £485k, this was based on 65% of headline materiality. We lowered our performance materiality percentage from the maximum to reflect the increased risk due to the Authority only being in its second year of operations and first year of audit and the implementation of a new financial system and the potential risk to the control environment.
- On receipt of draft accounts, our performance materiality figure increased to £541k following the increase in expenditure.

Specific materiality

- Senior officer remuneration - due to the sensitive nature of this disclosure, at planning we set a lower materiality of £21k. This was revised to £23k on receipt of the draft accounts.

Reporting threshold

- At planning we said we would report to you all misstatements identified in excess of £37k, in addition to any matters considered to be qualitatively material. This was revised to £41k on receipt of the draft accounts.

Our approach to materiality

A summary of our approach to determining materiality is set out below.

	Authority (£)	Qualitative factors considered
Materiality for the financial statements	831,940	<p>This equates to 2% of the Authority's prior year gross operating expenditure. This percentage reflects that we did not receive prior year draft financial statements until 15 January 2025, and as a result the 2023/24 audit was backstopped.</p> <p>The Authority operates in a generally stable, regulated environment, although in recent years government policies have reduced the funding available, and this has increased the financial pressures. There has been no change in key stakeholders, and no other sensitivities have been identified that would require materiality to be reduced.</p>
Performance materiality	540,761	<p>Reflects the fact that the Authority is only in its second year of operations and first year of audit and the implementation of a new financial system and the potential risk to the control environment.</p>
Specific materiality for senior officer remuneration	23,040	<p>This reflects public sensitivity in the pay of senior officers in the public sector.</p>
Reporting threshold	41,600	<p>The amount below which matters would be considered trivial to the reader of the financial statements.</p>

Overview of significant and other risks identified

Overview of audit risks

The below table summarises the significant and other risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Other risks are, in the auditor’s judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Low	●
The revenue cycle includes fraudulent transactions	Rebutted significant risk	↔	✓	Low	●
The expenditure cycle includes fraudulent transactions	Rebutted significant risk	↔	✓	Low	●
Closing valuation of land and buildings	Significant	↔	✗	High	●
Valuation of pension fund net asset/liability	Significant	↔	✗	High	●
IFRS 16 Implementation	Other	↔	✗	Medium	●
Employee costs	Other	↔	✗	Low	●
Cash and cash equivalents - bank recs	Other	↔	✗	Low	●
Disaggregation from CCC	Other	↔	✗	Low	●

- ↑ Assessed risk increase since Audit Plan
- ↔ Assessed risk consistent with Audit Plan
- ↓ Assessed risk decrease since Audit Plan

Significant risks

Risk identified

Management override of controls

Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.

We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.

Audit procedures performed

We have:

- reviewed accounting estimates, critical judgements and significant decisions made by management;
- evaluated the design and implementation of controls;
- reviewed accounting policies and any changes to those policies;
- tested journals entries for appropriateness; and
- reviewed unusual significant transactions.

In addition to the procedures set out in our Audit Plan, we have also:

- reviewed super-user access rights in order to pinpoint specific risk of management override of controls; and
- as a result of the super user access within the finance team, selected a sample of debtor and creditor accounts and reviewed all changes made during the year to determine whether management override of controls has occurred.

Key observations

In performing the procedures, we identified a population of journals to test using data analytic software to analyse journal entries and to split large batch journals into smaller sets of transactions that support targeted testing based on specific risk criteria assessed by the audit team. These criteria included:

- Material journals
- Year-end journals
- Post year-end journals
- Journals posted by senior management

Application of these routines and supplementary procedures identified a total sample of 53 journals to test.

We noted authorisation issues arising from the use of super-user access. The super-user access is discussed on page 26 and the potential impact on management override of control.

The impact in respect of the journals approach Specifically, certain journals were authorised by individuals who are junior to the preparer.

There are no value limits to journals which can be approved by any Finance team member. This means that large value journals could be approved by junior members of the team.

Further to the above, we also identified an additional deficiency relating to the authorisation of re-code journals. There are 13 re-code journals that have not been authorised. Recode journals should also be subject to the authorisation control, the lack of approval represents a control deficiency. We have included a recommendation in respect of these on page 43.

Our work in this area is complete. No further issues have been noted.

Significant risks

Risk identified

Presumed risk of fraud in revenue recognition

Under ISA (UK) 240, there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud related to revenue recognition.

At planning, we completed a risk assessment of all revenue streams for the Authority and rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams.

This is because there is little incentive to manipulate revenue recognition, opportunities to manipulate revenue recognition are very limited, most of the revenue received by the Authority comes from government grants and the culture and ethical frameworks of public sector bodies, including the Authority, mean that all forms of fraud are seen as unacceptable.

Therefore, we did not consider this to be a significant risk for the Authority.

Audit procedures performed

We have:

- reviewed and tested, on a sample basis, revenue transactions, ensuring that it remains appropriate to rebut the presumed risk of revenue recognition; and
- designed and carried out appropriate audit procedures to ascertain the recognition of income is in the correct accounting period using cut-off testing.

Key observations

Whilst revenue recognition was not identified as a significant risk, we have carried out standard audit procedures and tested material revenue streams to gain assurance over this area.

Our audit work has not identified any instances of fraudulent revenue recognition or inaccurate cut-off of revenue recorded around the year end. It therefore remains appropriate to rebut the presumed risk of fraud in revenue recognition.

Significant risks

Risk identified

Presumed risk of fraud in expenditure recognition

Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies.

At planning, we completed a risk assessment of all expenditure streams for the Authority and rebutted the presumed risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams.

This is due to the low fraud risk in the nature of the underlying nature of the transactions. Employee costs account for 70% of expenditure and therefore we deemed the overall risk that expenditure may be misstated due to improper recognition of expenditure to be low.

We identified a higher risk of error in the recognition of other service expenditure for the completeness of this expenditure stream. We identified the risk to be a higher risk of cut-off of expenditure accruals at year-end.

Audit procedures performed

We have:

- reviewed and tested, on a sample basis, expenditure transactions, ensuring that it remains appropriate to rebut the presumed risk of expenditure recognition; and
- designed and carried out appropriate audit procedures to ascertain the recognition of expenditure is in the correct accounting period using cut-off testing.

Key observations

Whilst expenditure recognition was not identified as a significant risk, we have carried out standard audit procedures and tested material expenditure streams to gain assurance over this area.

Our audit work has not identified any instances of fraudulent expenditure recognition or inaccurate cut-off of expenditure recorded around the year end. It therefore remains appropriate to rebut the presumed risk of fraud in expenditure recognition.

Significant risks

Risk identified

Closing valuation of land and buildings

The Authority revalues its land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value at the financial statements date.

This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.

We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.

Audit procedures performed

We have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the CIPFA code are met;
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding;
- evaluated the valuer's report to identify assets that have large and usual changes and/ or approaches to the valuation – these assets were substantively tested to ensure the valuations were reasonable;
- tested a selection of asset revaluations performed during the year to see if they have been input correctly into the Authority's asset register, revaluation reserve and Comprehensive Income and Expenditure Statement; and
- evaluated the assumptions made by management for those assets not revalued during the year and how management have satisfied themselves that these are not materially difference from current value at year-end.

Key observations

Accounting policies have been reviewed and assets have been identified within the fixed asset register which fall out of scope of useful economic life policies for both 'Buildings' and 'Vehicles, Plant, Furniture & Equipment' (Note 4.0.13). Management have confirmed that they will update the rate within both accounting policies.

An £887k variance was identified between the historic cost valuation net book value figure stated within the draft accounts as of 31 March 2025 and the figure stated within the fixed asset register. This variance does not impact the figure included on the balance sheet. Management have confirmed that they will be amending final accounts for this.

We have included disclosure misstatements in relation to these observations on page 39.

We also noted that title deeds for land and buildings were still registered to Cumbria County Council, we have included a recommendation on this on page 45.

Our work in this area is substantially complete, subject to final review.

Significant risks

Risk identified	Audit procedures performed	Key observations
<p>Valuation of pension fund net asset / liability (Local Government Pension Scheme – LGPS and Firefighters’ Pension Scheme – FPS)</p> <p>The Authority’s pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority’s pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement</p>	<p>We have:</p> <ul style="list-style-type: none">• updated our understanding of the processes and controls put in place by management to ensure that the Authority’s pension fund net liability is not materially misstated and evaluated the design of the associated controls;• evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary’s work;• Assessed the competence, capabilities and objectivity of the actuary who carried out the Authority’s pension fund valuation;• assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability;• tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;• undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor’s expert) and performing any additional procedures suggested within the report, including confirmation of the scope of the actuary’s work and whether the application of IFRIC 14 has been considered;• obtained assurances from the auditor of Cumbria Local Government Pension Scheme as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the LGPS pension fund and the fund assets valuation in the pension fund financial statements (this relates to the LGPS liability only); and• performed appropriate data checks in respect of Firefighters’ membership data and test the accuracy and validity of movements since the most recent triennial valuation, where material changes were identified.	<p>We requested assurances from the auditor of Cumbria Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. We have now received these assurances from the pension fund auditor.</p> <p>We have reviewed the IFRIC 14 assessment provided by the Actuary (Mercer). IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required for onerous funding commitments. No issues have been noted from our review.</p> <p>The assumptions used in calculating the net pension liability/surplus of both schemes are considered to be in line with expectations and we have not identified any issues with the estimation process.</p> <p>During the audit we were informed of a re-run of the LGPS values, which resulted in an increase of £223k in the fair value of pension assets. As this figure is below materiality, no changes will be made to the financial statements. Given the available economic benefit is capped at zero, this adjustment did not impact the Economic Benefit figure, and the unfunded liability of £151k remains unchanged in the Balance Sheet.</p> <p>However, the change in the fair value of plan assets has affected the ‘Effect of Asset Ceiling’ disclosure in Note 4.34 of the Financial Statements, increasing it from £5,414k to £5,637k.</p> <p>We also identified two variances, totalling an absolute difference of £11k, between the disclosures in the pensions note and the amounts reported by the actuary in Note 4.34. Management have confirmed that they will be corrected in the final set of financial statements.</p> <p>We have included disclosure misstatements in relation to the above observations on page 40.</p> <p>Pages 29 and 30 provide a detailed assessment of the estimation process for the valuation of the pension fund net liability.</p> <p>Our work in this area is complete. No further issues have been noted.</p>

Other risks

Risk identified

IFRS 16 Implementation

IFRS 16 Leases is now mandatory for all Local Government bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

In the public sector, the definition of a lease has been extended to include the use of assets for which little or no consideration is paid, often called “peppercorn” rentals. This is one instance where the right of use asset and its’ associated liability are not initially recognised at the same value. For peppercorn rentals, the right of use assets are initially recognised at market value. Any difference between market value and the present value of expected payments is accounted for as income. This has similarities with the treatment of donated assets.

Key judgements include

- determining what is deemed to be a low value lease. This is based on the value of the underlying asset when new and is likely to be the same as the authority’s threshold for capitalising owned assets;
- determining whether an option to terminate or extend the lease will be exercised. This is important as it affects the lease term and subsequently the calculation of the lease liability based on the expected payments over the lease term; and
- the valuation of the right of use asset after recognition. An expert valuer may be required to support management in this.

We have therefore identified completeness of the identification of relevant leases and valuation as a risk.

Audit procedures performed

We have:

- reviewed the processes and controls put in place by management to ensure that the implementation of IFRS 16 complete, accurate and not materially misstated. We have also evaluated the design of the associated controls;
- reviewed the proposed accounting policy and agree disclosures presented in the financial statements to underlying accounting records and calculations; and
- reviewed management’s lease accounting calculations and assess the accuracy and appropriateness of the inputs and assumptions used including lease term, discount rate and annual rentals.

Key observations

We have reviewed the transition adjustments and performed procedures to confirm the completeness of leases identified. No issues have been noted in this respect.

The only IFRS 16 implications for the Authority are in respect of the PFI scheme as the Authority has no other leases within the scope of IFRS 16.

Within the PFI Note 4.33, there is an error in the prior year comparative table for payment timescales, wherein the note in the accounts does not agree to the prior year signed accounts. We have challenged CCFRA on the reason for this error and received the explanation that this was due to the models being run incorrectly in the first instance, leaving a small liability outstanding after conclusion of the scheme, which appears in the 16-20 years row of the prior year comparative table of the 24/25 accounts. The 23/24 accounts are correct with the error being in the 24/25 accounts.

The models were since rerun, and the models that have been used as appropriate and reviewed by our Financial Modelling team are the correct models, but the prior year comparative table was not correctly updated. As a result, there remains a £362k error in the prior year comparative table of the note, which should instead be nil. As this is not material, management do not deem it necessary to adjust and will look at IFRS 16 in the 2025/26 accounts. We have included this as a disclosure misstatement on page 40.

Our work in this area is complete. No further issues have been noted.

Other risks

Risk identified

Employee costs

- Payroll was processed by Cumberland Council during the year using the legacy Cumbria County Council payroll system. Payroll costs were paid out of Cumberland Council's bank account on behalf of the Authority.
- In 2023/24, overpayments were identified as being made by the Authority during the year due to issues with the allocation of disaggregated payroll costs to successor bodies.

Audit procedures performed

We have:

- Understood the Authority's processes and controls in place for payroll, particularly occurrence and accuracy, during the year;
- Used audit data analytics to gain the level of assurance required to give assurance over payroll costs included within the financial statements; and
- understood how payroll costs are posted into the ledger and ensured total payroll costs per payroll system reconcile to those posted to the ledger at year end.

Key observations

A variance of £903k has been identified between the 'Other Service Expenses' amount disclosed in Note 4.14 and that of the transaction listing provided by management. This nets off to the variances identified between 'Employee Benefit expenses' (£898k) and 'Gains/ Losses on the disposal of assets' (£5k).

Management have updated the accounts for this. The overall total expenditure has not changed but there has been a movement between 'Other Service Expenses' and 'Employee Benefit expenses'/'Gains/ Losses on the disposal of assets'. Overall Income has reduced by £5k due to a decrease in 'Gain/Loss in Disposal of Non-Current Assets. Although the net impact is trivial, we have included this within our audit adjustments on page 38 as the gross amount is over triviality.

Our work is complete and we have not identified any other matters to bring to your attention.

Other risks

Risk identified	Audit procedures performed	Key observations
<p>Cash and cash equivalents - bank reconciliations</p> <ul style="list-style-type: none"> No cashbook management processes in place or bank reconciliations completed during the year. Year end bank reconciliation completed at 31 March 2025. 	<p>We have reviewed the March 2025 bank reconciliation to ensure the appropriate controls were in place by the year-end. Reconciling items included in the reconciliation were considered and followed up as necessary.</p>	<p>One investment was queried regarding classification as a cash equivalent. The investment was due to mature six months post year end, thus not meeting the criteria as a cash equivalent under the CIPFA Code. Management have agreed to separate this £1m balance from the cash equivalents lines in the final set of financial statements.</p> <p>We have included a disclosure misstatement in relation to this on page 40.</p> <p>We also queried the treatment of cash in transit with management, the balance made up £104k of the cash at bank balance. It was determined that this balance should be classified as a receivable. Management have agreed to update in the final set of financial statements. We have included an audit adjustment in relation to this on page 38.</p> <p>Monthly bank reconciliations were not undertaken during the 24/25 financial year, with the only reconciliation taking place at the year end. The weak controls in place for cash present the risk that the cash balance could be materially misstated on the balance sheet. See page 42 for our recommendation in relation to this.</p> <p>Our work in this area is complete and we have not identified any other matters to bring to your attention.</p>
<p>Disaggregation from Cumbria County Council (CCC)</p> <ul style="list-style-type: none"> Following Local Government Re-organisation, the Authority opening balances were disaggregated from the Balance Sheet of CCC to form the opening balances of the Authority as at 1 April 2023. Disaggregation can be a challenging process and there is a risk of error in this process. As a result, we are required to perform procedures to gain assurance. These opening balances should have been subject to audit in 2023/24 in order to gain assurance over accuracy and completeness. However, as the 2023/24 audit went to the backstop, we did not carry out any audit procedures over the opening balances at 1 April 2023. 	<p>We have:</p> <ul style="list-style-type: none"> reviewed the conclusions reached on the disaggregation of opening balances of the Authority from CCC; tested whether the agreed disaggregated balance sheet has been accounted for appropriately; and agreed that the disaggregated balances for each of the Authority's, reconcile back to the total closing balance for CCC. 	<p>Our work in this area is complete; the Authority has finalised the agreement of balances with Westmorland and Furness Council to within an acceptable difference.</p> <p>A significant piece of work has been carried out by management in relation to the disaggregation of balances from CCC. To date there have been no issues identified in relation to this work and the amounts included in the financial statements are thought to be reasonable.</p>

Other findings

Other areas impacting the audit

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan.

Issue	Commentary	Auditor view
<p>Civica super-user access</p> <p>We noted authorisation issues arising from the use of super-user access on our findings in relation to management override of controls on page 17, however, in relation to this we also note a wider issue around the access rights of those super-users and the ability to make changes to the system over and above the risk of management override we usually address through our journals testing.</p>	<p>As part of our IT audit, we inspected administrative access to Civica and identified that all five finance users have high level privileged access. The combination of financial responsibilities with the ability to administer end-user security is considered a segregation of duties conflict.</p> <p>A combination of administration and financial privileges creates a risk that system-enforced internal controls can be bypassed. This could lead to:</p> <ul style="list-style-type: none">• unauthorised changes being made to system parameters;• creation of unauthorised accounts; and• unauthorised updates to their own account privileges. <p>User access may not be appropriately aligned to job role requirements which may lead to inappropriate access within the application or underlying data.</p>	<p>From discussions with management during the financial statements audit, we determined that there were no reports available from Civica which set out user activity throughout the year, which would therefore allow us to review any super-user access changes made.</p> <p>We have instead designed alternative procedures and reviewed all super-user access rights to determine where the risk lies and concluded that the key fraud risk is linked to debtor and creditor account management and the ability to make unauthorised changes.</p> <p>To gain assurance over this risk, we have selected a sample of debtor and creditor accounts and performed investigative procedures over these accounts to review all changes made by super-users.</p> <p>We acknowledge that the need for super-user access across the finance team is owing to the size of the team, its capacity and the lack of IT support available to the team. We appreciate that if super-user access were to be restricted, this would cause operational difficulties e.g. during periods of annual leave.</p> <p>We have included a recommendation around super-user access on page 42.</p> <p>Our work in this area is complete and we have not identified any other matters to bring to your attention.</p>

Other areas impacting the audit

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan.

Issue	Commentary	Auditor view
<p>Level of disclosure changes</p> <p>From our manager/engagement lead review, consistency review and 2023/24 cold review of the financial statements, there were many queries raised which have resulted in changes being made to the financial statements.</p>	<p>This is not unusual for a first-year audit; however, this has involved a great deal of time being spent both reviewing the draft financial statements and the final set of financial statements to ensure that the changes had been made correctly.</p>	<p>Our work to ensure that changes have been correctly reflected in the final set of financial statements is ongoing. We have raised a recommendation on page 43 in respect of this.</p> <p>We acknowledge the assistance of the finance team in this area and appreciate their openness, transparency and willingness to act on our findings.</p>
<p>Expenditure & Funding Analysis (EFA)</p> <p>There were several changes made to Note 4.12 Expenditure & Funding Analysis and Note 4.13 Adjustments between Funding and Accounting Basis between the 2023/24 and 2024/25 financial statements.</p>	<p>Management have changed the presentation of the EFA notes between the two years in response to queries raised as part of the cold review of the 2023/24 financial statements. The prior year comparatives in the 2024/25 notes also include material figures which were not included in the prior year financial statements - this has resulted in a restatement.</p>	<p>Management have included a prior period adjustment as follows:</p> <p>“The 2023/24 Expenditure and Funding Analysis note was presented incorrectly and did not include the detailed breakdown of the other income and expenditure line by the columns now shown. The table presented in the prior year accounts did not include the five columns as now shown. There is no impact on the main financial statements or net expenditure shown in the CIES. The adjustment relates to presentational information.”</p> <p>Our work in this area is complete and we have not identified any other matters to bring to your attention.</p>
<p>Joint operations - North-West Fire Control (NWFC)</p> <p>The draft financial statements included a holding paragraph as follows:</p> <p>“At the time of publication of these draft Statement of Accounts, the draft North-West Fire Control Statement of Accounts were unavailable, therefore, estimated figures based on 2023/24 have been used.”</p>	<p>On receipt of the draft financial statements for NWFC, some differences between the estimates included and the actual draft figures were material.</p>	<p>As a result, management have updated the final version of the financial statements to reflected the actual draft financial statement figures for NWFC. We have included this adjustment on page 37.</p>

Other findings key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Assessment:

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- [Green] We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
<p>Valuation of land and buildings</p> <p>£43.219m at 31 March 2025</p>	<p>Land and buildings comprise of specialised assets such as fire stations, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision.</p> <p>The Authority has engaged Carigiet Cowen to complete the valuation of properties as at 31 March 2025, all assets were revalued during 2024/25.</p> <p>The total year end valuation of land and buildings was £43.219m, a net decrease of £936k from 2024/25 (£44.155m).</p>	<p>The Authority’s accounting policy on valuation of land and buildings is included in Note 4.0.13 to the financial statements.</p> <p>Key observations</p> <p>The values in the valuation report have been used to inform the measurement of property assets at valuation in the financial statements. We have:</p> <ul style="list-style-type: none"> • assessed the qualifications, skills and experience of the Valuer and determined the service to be appropriate; • reviewed the underlying information prepared by the Authority and supplied to the Valuer and considered it to be complete and accurate; and • concluded that the Valuer prepared their valuations in accordance with the RICS Valuation - Global Standards using the information that was available to them at the valuation date in deriving their estimates. <p>Our review of the calculations performed by the valuer, demonstrated that the calculations had been based on realistic and sound assumptions supported by appropriate evidence at the time the work was completed.</p>	<p>No overall conclusion formed this year, as a disclaimer of opinion is proposed.</p>

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment																								
<p>Valuation of net pension liability/asset - LGPS £0.151m at 31 March 2025</p> <p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the Balance Sheet as an asset and whether any additional liabilities are required in respect of onerous funding commitments.</p> <p>IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.</p>	<p>The Authority's Local Government Pension Scheme net pension surplus at 31 March 2025 is nil (PY: nil) for the funded benefits scheme and £0.151m (PY £0.176m) for the unfunded benefits, comprising the Cumbria Local Government Pension Scheme obligations.</p> <p>The Authority uses Mercer to provide actuarial valuations of the Authority's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2023. Small changes in assumptions can result in significant valuation movements in the net pension liability/surplus. There has been a £2.901m net actuarial gain during 2024/25.</p>	<p>We have:</p> <ul style="list-style-type: none"> assessed management's expert; assessed the actuary's approach taken - detailed work undertaken to confirm reasonableness of approach; used the work of PwC, as auditor's expert, to assess the actuary and assumptions made by the actuary – see below considerations of key assumptions in your pension fund valuation: <table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>5.80%</td> <td>5.70% - 5.90%</td> <td>Reasonable</td> </tr> <tr> <td>CPI inflation</td> <td>CPI/CARE revaluation 2.6% Pension increases 2.7%</td> <td>2.60% - 2.70%</td> <td>Reasonable</td> </tr> <tr> <td>Salary growth</td> <td>4.10%</td> <td>3.10% - 5.20%</td> <td>Reasonable</td> </tr> <tr> <td>Life expectancy - Males currently aged 45/65</td> <td>22.8/21.5</td> <td>21.1-23.2 20.8-22.0</td> <td>Reasonable</td> </tr> <tr> <td>Life expectancy - Females currently aged 45/65</td> <td>25.7/24</td> <td>25.2-26.1 23.5-24.3</td> <td>Reasonable</td> </tr> </tbody> </table> <ul style="list-style-type: none"> undertook a reasonableness test of the Authority's share of LGPS pension assets and assessed the reasonableness of movement in the estimate; and assessed the adequacy of disclosure of estimate in the financial statements. 	Assumption	Actuary value	PwC range	Assessment	Discount rate	5.80%	5.70% - 5.90%	Reasonable	CPI inflation	CPI/CARE revaluation 2.6% Pension increases 2.7%	2.60% - 2.70%	Reasonable	Salary growth	4.10%	3.10% - 5.20%	Reasonable	Life expectancy - Males currently aged 45/65	22.8/21.5	21.1-23.2 20.8-22.0	Reasonable	Life expectancy - Females currently aged 45/65	25.7/24	25.2-26.1 23.5-24.3	Reasonable	<p>No overall conclusion formed this year, as a disclaimer of opinion is proposed.</p>
Assumption	Actuary value	PwC range	Assessment																								
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Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment																								
<p>Valuation of net pension liability/asset - Firefighters’ Pension Scheme</p> <p>£199.840m at 31 March 2025</p>	<p>The Authority’s Firefighters’ Pension Scheme net pension liability at 31 March 2025 is £199.840m (PY: £227.347m). The Authority operates three pension schemes for firefighters, these are the 1992, 2006 and 2015 Firefighter Pension Schemes.</p> <p>The Authority uses Mercer to provide actuarial valuations of the Authority’s assets and liabilities derived from this scheme. A full actuarial valuation is required every four years.</p> <p>The latest full actuarial valuation was completed in 2020. Small changes in assumptions can result in significant valuation movements in the net pension liability/surplus. There has been a £32.388m net actuarial gain during 2024/25.</p>	<p>We have:</p> <ul style="list-style-type: none"> assessed management’s expert; assessed the actuary’s approach taken - detailed work undertaken to confirm reasonableness of approach; used the work of PwC, as auditor’s expert, to assess the actuary and assumptions made by the actuary – see below considerations of key assumptions in your pension fund valuation: <table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>5.80%</td> <td>5.70% - 5.90%</td> <td>Reasonable</td> </tr> <tr> <td>CPI inflation</td> <td>CPI/CARE revaluation 2.6% Pension increases 2.7%</td> <td>2.60% - 2.70%</td> <td>Reasonable</td> </tr> <tr> <td>Salary growth</td> <td>4.10%</td> <td>3.10% - 5.20%</td> <td>Reasonable</td> </tr> <tr> <td>Life expectancy - Males currently aged 45/65</td> <td>22.4/20.7</td> <td>22.4-23.0 20.7-21.4</td> <td>Reasonable</td> </tr> <tr> <td>Life expectancy – Females currently aged 45/65</td> <td>22.4/20.7</td> <td>22.4-25.3 20.7-23.6</td> <td>Reasonable</td> </tr> </tbody> </table> <ul style="list-style-type: none"> undertook a reasonableness test of the Authority’s share of LGPS pension assets and assessed the reasonableness of movement in the estimate; and assessed the adequacy of disclosure of estimate in the financial statements. 	Assumption	Actuary value	PwC range	Assessment	Discount rate	5.80%	5.70% - 5.90%	Reasonable	CPI inflation	CPI/CARE revaluation 2.6% Pension increases 2.7%	2.60% - 2.70%	Reasonable	Salary growth	4.10%	3.10% - 5.20%	Reasonable	Life expectancy - Males currently aged 45/65	22.4/20.7	22.4-23.0 20.7-21.4	Reasonable	Life expectancy – Females currently aged 45/65	22.4/20.7	22.4-25.3 20.7-23.6	Reasonable	<p>No overall conclusion formed this year, as a disclaimer of opinion is proposed.</p>
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Other findings Information Technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Civica	<ul style="list-style-type: none"> Detailed ITGC assessment (design effectiveness only) 	 Red	 Red	 Green	 Green	Significant deficiencies identified in IT controls relevant to the audit of the financial statements in relation to segregation of duties conflicts. See page 26 for work performed during the audit in relation to this and page 42 for our corresponding recommendation.
Active Directory	<ul style="list-style-type: none"> Detailed ITGC assessment (design effectiveness only) 	 Green	 Green	 Not in scope	 Not in scope	IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope.

Assessment:

-  [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  [Amber] Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  [Green] IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  [Black] Not in scope for assessment

Communication requirements and other responsibilities

Other communication requirements

Issue	Commentary
Matters in relation to fraud	<ul style="list-style-type: none">• We have previously discussed the risk of fraud with the Joint Audit Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	<ul style="list-style-type: none">• A member of senior management was found to hold an active directorship for which no transactions were declared. On review of the ledger, we noted one transaction with the company which was not disclosed in the related party note. This has not been updated for in the final set of financial statements as the amount is trivial.• A related party declaration was not received for one member, management made attempts to obtain it but were unable to do so.• We have raised recommendations in relation to these findings as detailed on page 45.
Matters in relation to laws and regulations	<ul style="list-style-type: none">• We are not aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our work.
Written representations	<ul style="list-style-type: none">• We draw your attention to the draft Letter of Representation which will be appended to the final version of this Audit Findings Report in Appendix B. Representations will be requested from management in respect of the prior period adjustment in relation to the Expenditure and Funding Analysis notes.
Confirmation requests from third parties	<ul style="list-style-type: none">• We requested from management permission to send confirmation requests to the Authority's banking and treasury partners. This permission was granted and the requests were sent. All of these requests were returned with positive confirmations.
Disclosures	<ul style="list-style-type: none">• Our review found no material omissions in the financial statements.
Audit evidence and explanations/significant difficulties	<ul style="list-style-type: none">• All information and explanations requested from management was provided.• During the audit we experienced difficulties in relation to Civica super-user access and obtaining reports from the system detailing how this access had been used during the year - see page 26 for further information.
Other matters	<ul style="list-style-type: none">• There are no other matters to bring to your attention.

Other responsibilities

Issue

Commentary

Going concern

In performing our work on going concern, we have had reference to Statement of Recommended Practice - Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.

Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:

- The use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities
- For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report.

Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:

- the nature of the Authority and the environment in which it operates
- the Authority's financial reporting framework
- the Authority's system of internal control for identifying events or conditions relevant to going concern
- management's going concern assessment.

However, as this year's audit will be disclaimed, we have not been able to obtain sufficient appropriate audit evidence to enable us to conclude that:

- a material uncertainty related to going concern has not been identified; and
- management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with ‘delivering good governance in Local Government Framework 2016 Edition’ published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none">• if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit,• if we have applied any of our statutory powers or duties.• where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. <p>Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with ‘delivering good governance in Local Government Framework 2016 Edition’ published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Note that detailed work is not required as the Authority does not exceed the threshold.</p>
Certification of the closure of the audit	<p>We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation has been received from the NAO that the group audit has been certified by the C&AG and therefore no further work is required to be undertaken in order to discharge the auditor’s duties in relation to consolidation returns under paragraph 2.11 of the Code.</p>

Audit adjustments



Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below, along with the impact on the key statements.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Note 4.3 Joint operations - North-West Fire Control (NWFC)				
The draft financial statements included a holding paragraph as follows:				
<i>“At the time of publication of these draft Statement of Accounts, the draft North-West Fire Control Statement of Accounts were unavailable, therefore, estimated figures based on 2023/24 have been used.”</i>				
On receipt of the draft financial statements for NWFC, some differences between the estimates included and the actual draft figures were material. As a result, management have updated the final version of the financial statements to reflected the actual draft financial statement figures for NWFC.				
Dr Assets				
Cr Liabilities		382		
		(391)		
Dr CIES - remeasurement of net defined benefit liability	37		37	
Cr CIES – net cost of services	(27)		(27)	
Dr Reserves				10
Impact	10	(10)	10	10

Audit adjustments

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Note 4.10 Financing and Investment Income and Expenditure				
We identified £1.165m PFI interest expense included within net cost of services, which should have been included within Financing and Investment Income and Expenditure.				
Dr Financing and Investment Income and Expenditure	1,165		Nil	Nil
Cr Net Cost of Services	(1,165)			
Impact	Nil	Nil	Nil	Nil

Audit adjustments

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Note 4.14 Expenditure and Income Analysed by Nature				
A variance of £903k has been identified between the 'Other Service Expenses' amount disclosed in Note 4.14 and that of the transaction listing provided by client. This nets off to the variances identified between 'Employee Benefit expenses' (£898k) and 'Gains/ Losses on the disposal of assets' (£5k). The overall total expenditure has not changed but there has been a movement between 'Other Service expenses' and 'Employee Benefit expenses'/'Gains/ Losses on the disposal of assets'.				
Overall Income has reduced by £5k due to 'Gain/Loss in Disposal of Non-Current Assets' decreasing and overall deficit on the provision of services has gone from £4.863m to £4.858m.				
Dr Gain/Loss in Disposal of Non-Current Assets	5		(5)	(5)
Dr Employee Benefit expenses	898			
Cr Other Service Expenses	(903)			
Note 4.27 Cash and Cash Equivalents				
We queried the treatment of cash in transit with management, the balance made up £100k of the cash at bank balance. It was determined that this balance should be classified as a receivable.				
Dr Receivables		104		
Cr Cash and cash equivalents		(104)		
Overall impact	10	(10)	5	5

Impact of unadjusted misstatements

No unadjusted misstatements have been identified at the date of issuing our report. We will provide an update to Management and the Joint Audit Committee should any issues be identified from the remaining testing.

Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Narrative Report	On page 12 amendments are to be made to the Balance Sheet Analysis in line with amendments to be made to the Balance Sheet within the final set of financial statements as agreed with by management.	✓
Note 4.0.11/4.0.13 Accounting Policies	Inventory accounting policy - refers to current price, should be cost in line with CIPFA Code. Depreciation accounting policy - assets have been identified within the fixed asset register which fall out of scope of useful economic life policies for both 'Buildings' and 'Vehicles, Plant, Furniture & Equipment'.	✓
Various - NWFC	On receipt of the draft financial statements for NWFC, some differences between the estimates included and the actual draft figures were material. As a result, management have updated the final version of the financial statements to reflected the actual draft financial statement figures for NWFC.	✓
Note 4.12 Expenditure & Funding Analysis (and Note 4.13 Adjustments between Funding and Accounting Basis)	There were several changes made to Note 4.12 Expenditure & Funding Analysis and Note 4.13 Adjustments between Funding and Accounting Basis between the 2023/24 and 2024/25 financial statements. Management have included a prior period adjustment. See page 26 for further details. There were also changes made to note 4.5 Adjustments between accounting basis and funding basis under Regulations between the 2023/24 published accounts and the prior year comparatives in the 2024/25 financial statements to the value of £54k.	✓
Note 4.14 Expenditure and Income Analysed by Nature	Employee benefit expenditure - Decrease of £10,732k from £29,094k to £18,632k. We identified that £10,732k of pension interest cost had been included in the employee benefit expenditure line of Note 4.14. We deem this expenditure to relate to interest payments as opposed to employee benefit expenditure, and as such, the £10,732k will be moved from employee benefit expenditure line to an Interest on net pension liability line.	✓
Note 4.15 Officer's Remuneration	Officers over £50k note should exclude senior officers disclosed separately in the senior officers note (Code 3.4.5.1.1a). Some senior officers were included within this note and therefore needed removed.	✓
Note 4.22 PPE	An £887k variance was identified between the historic cost valuation net book value figure stated within the draft accounts as of 31 March 2025 and the figure stated within the fixed asset register. This variance does not impact the figure included on the balance sheet. A £206k variance was also identified between the 2023/24 net book value figure stated in the comparative note in the draft accounts as at 31 March 2025 and the figure stated within the fixed asset register. Again, this variance does not impact the figure included in the comparative balance sheet.	✓
Note 4.24 Financial Instruments	There were several adjustments required to the financial instrument notes.	✓

Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Note 4.25 Short Term Debtors	The 24/25 and 23/24 Short Term Debtors notes are inconsistent with one another in the draft accounts, due to the NWFC share figure presented together with the Other Local Authorities balance in previous years and presented separately in 24/25 accounts, the NWFC share figure was then mistakenly not removed from the Other Local Authorities balance and was so present twice within the Debtors note. The balance sheets across both years are consistent and do not require correction for this issue.	✓
Note 4.27 Cash and Cash Equivalents	One investment was queried regarding classification as a cash equivalent. The investment was due to mature six months post year end, thus not meeting the criteria as a cash equivalent under the CIPFA Code. Management have agreed to separate this £1m balance from the cash equivalents lines in the final set of financial statements.	✓
Note 4.33 PFI	<p>There is an error in the prior year comparative table for payment timescales, wherein the note in the accounts does not agree to the prior year signed accounts. We have challenged CCFRA on the reason for this error and received the explanation that this was due to the models being run incorrectly in the first instance, leaving a small liability outstanding after conclusion of the scheme, which appears in the 16-20 years row of the prior year comparative table of the 24/25 accounts. The 23/24 accounts are correct with the error being in the 24/25 accounts.</p> <p>The models were since rerun, and the models that have been used as appropriate and reviewed by our Financial Modelling team are the correct models, but the prior year comparative table was not correctly updated. As a result, there remains a £362k error in the prior year comparative table of the note, which should instead be nil. As this is not material, management do not deem it necessary to adjust.</p>	✗
Note 4.34 Disclosure of Net Pension Assets and Liabilities	<p>During the audit we were informed of a re-run of the LGPS values, which resulted in an increase of £223k in the fair value of pension assets. As this figure is below materiality, no changes will be made to the financial statements. Given the available economic benefit is capped at zero, this adjustment did not impact the Economic Benefit figure, and the unfunded liability of £151k remains unchanged in the Balance Sheet. However, the change in the fair value of plan assets has affected the 'Effect of Asset Ceiling' disclosure in Note 4.34 of the Financial Statements, increasing it from £5,414k to £5,637k.</p> <p>Management have not updated for this on the grounds of materiality.</p>	✗
Note 4.34 Disclosure of Net Pension Assets and Liabilities	We also identified two variances, totalling an absolute difference of £11k, between the disclosures in the pensions note and the amounts reported by the actuary.	✓
Note 4.36 Events after the Balance Sheet Date	Transfer from Home Office to MHCLG not disclosed in subsequent events note.	✓
Annual Governance Statement (AGS)	Several required disclosures are missing from the AGS. Disclosures omitted include summary regarding particular challenges that the authority have faced, inclusion of an agreed action plan, inclusion of a conclusion with a commitment to monitoring implementation and chief executive signature.	✓
Typographical changes	A small number of typographical and consistency changes were made to the statements.	✓

Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<p>●</p> <p>High</p>	<p>Civica super-user access</p> <p>On page 26, we noted a wider management override of controls issue around the access rights of Civica super-users. As part of our IT audit, we inspected administrative access to Civica and identified that all five finance users have high level privileged access. The combination of financial responsibilities with the ability to administer end-user security is considered a segregation of duties conflict.</p> <p>A combination of administration and financial privileges creates a risk that system-enforced internal controls can be bypassed. User access may not be appropriately aligned to job role requirements which may lead to inappropriate access within the application or underlying data.</p>	<p>The Authority should put in a place appropriate controls to address the risk posed by all finance team members having super-user access. We appreciate that in small teams this access may be considered necessary, but other processes could be introduced, for example:</p> <ul style="list-style-type: none">• Developing formal user access management procedures to ensure activities are consistently performed, logged and monitored.• Where new user access requests are initiated, management should have a process in place to record, approve and action the request based on user role, team and access level.• Where user access is modified, the Authority should proactively review existing user access prior to additional access rights being granted. This should ensure only access required for the user's new role remains assigned and that no segregation of duty threats are created.• The Authority should ensure that a comprehensive user administration procedures are in place to revoke application and Active Directory access in a timely manner. For a user administration process to be effective, IT must be provided with timely notifications from HR and/ or line managers• The Authority should consider performing user access reviews on all terminated accounts to ensure all accounts have been disabled in a timely manner. Where old or unused accounts have been identified, these should be immediately revoked. <p>Management response</p> <p>We will work with the system supplier to better understand and develop audit reporting in the system. Limited capacity in IT and finance resource limit the ability to segregate super users from normal users. The transfer of DDaT to the Constabulary in 2027 will help to alleviate this as will the Constabulary moving to Civica at the same time. Some synergies and economies of scale will help with having super users separated.</p> <p>Further investigation into short term measures to enhance controls will be investigated and implemented to ensure controls are robust.</p> <p>Deadline: 30/06/2026</p> <p>Chief Finance Officer</p>

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan

Assessment	Issue and risk	Recommendations
<p>● High</p>	<p>Journals authorisation controls</p> <p>We noted authorisation issues arising from the use of super-user access. Specifically, certain journals were authorised by individuals who are junior to the preparer.</p> <p>In addition to this, there are no value limits to journals which can be approved by any Finance team member. This means that large value journals could be approved by junior members of the team.</p> <p>We also identified an additional deficiency relating to the authorisation of re-code journals. There are 13 recode journals that have not been authorised.</p> <p>Finally, there are no financial limits to posting journals for all users.</p> <p>We note that these issues present a risk of error and fraud.</p>	<p>All journals should be approved by individuals more senior to the preparer.</p> <p>Recode journals should also be subject to the authorisation control.</p> <p>Management response</p> <p>The small finance team makes hierarchical approval of journals more difficult, however, procedures will be put in place to ensure approval is given by a supervisor wherever possible to all journals. It will be recognised that there will be times where this may not be possible, e.g. during periods of leave etc. but these will be documented.</p> <p>A process will be put in place to ensure all re-code journals are approved and monitored regularly.</p> <p>Deadline: 31/03/2026</p> <p>Chief Finance Officer</p>
<p>● High</p>	<p>Lack of bank reconciliation</p> <p>Monthly bank reconciliations were not undertaken during the 24/25 financial year, with the only reconciliation taking place at the year end.</p> <p>The weak controls in place for cash present the risk that the cash balance could be materially misstated on the balance sheet.</p>	<p>We recommend that the Authority carry out monthly bank reconciliations.</p> <p>Management response</p> <p>Capacity in the finance team in 2024/25 was limited and resource was constrained by the implementation of the new system. Resource has been subsequently increased (from 3 FTE to 4 FTE) and all reconciliations will now be undertaken on a regular basis and will be signed off by the Head of Finance or Chief Finance Officer monthly.</p> <p>Deadline: 31/03/2026</p> <p>Chief Finance Officer</p>

Action plan

Assessment	Issue and risk	Recommendations
<p>● Medium</p>	<p>Amendments to the accounts</p> <p>We noted a high level of adjustments during the audit, in terms of disclosures and financial adjustments to the draft version of accounts that were provided for audit.</p>	<p>We recommend management reviews its year-end process and ensures there is sufficient review time built in that the quality of the first draft is sufficiently high that there are less adjustments required during the audit.</p> <p>Management response</p> <p>The capacity and knowledge of the statement of accounts process is currently limited within the wider finance team. Having gone through a full year end process and with attendance at suitable training seminars, this knowledge is now increasing so that the completion of the accounts can be passed over from the Chief Finance Officer. The Chief Finance Officer will then be able to provide robust scrutiny and quality assurance of the accounts process.</p> <p>Deadline: 30/06/2026</p> <p>Chief Finance Officer</p>
<p>● Medium</p>	<p>Inventory control</p> <p>We identified a control deficiency in relation to the stock management system as there was a lack of evidence to support a number of movements in relation to stock issues and returns, with many inventory movements being tracked only on paper notes which are at risk of being lost and the movements forgotten.</p>	<p>We recommend that the Authority make improvements to its stock control system.</p> <p>Management response</p> <p>We recognise that the system used to control stock is not ideal and have been looking at an appropriate solution that will help manage stock better. We will progress this and ensure in the meantime we have robust controls in place for the management of stock and stores.</p> <p>Deadline: 30/06/2026</p> <p>Assistant Chief Fire Officer i Service Support</p>

Action plan

Assessment	Issue and risk	Recommendations
<p>● Low</p>	<p>Related party disclosures</p> <p>A member of senior management was found to hold an active directorship for which no transactions were declared. On review of the ledger, we noted one transaction with the company which was not disclosed in the related party note.</p> <p>A related party declaration was not received for one member, management made attempts to obtain it but were unable to do so.</p> <p>Management should ensure that all forms are received and disclosures are complete to ensure transparency.</p>	<p>Management should ensure that related party disclosure forms are received for all members, forms are complete and that the necessary disclosures are included in the financial statements.</p> <p>Management response</p> <p>Reminders are given to the members and officers who are required to complete the forms. Efforts will be made to ensure all forms are received, especially from those who have since left the service.</p> <p>Deadline: 31/03/2026</p> <p>Chief Finance Officer</p>
<p>● Low</p>	<p>Cybersecurity</p> <p>The Authority have not evidenced a dedicated system for monitoring and controlling compliance with applicable cybersecurity related privacy laws, rules or regulations including GDPR and similar regulations.</p>	<p>Management should implement such a system to ensure that any and all applicable regulations are adhered to.</p> <p>Management response</p> <p>CCFRS are developing a dedicated, outcome based compliance and resilience system. This provides continuous monitoring control and assurance of GDPR compliance and cyber security obligations. The ICO formal tracker is used to assess practices and to record track and report on progress. This is used as our governance front end.</p> <p>The CAF delivers government endorsed objectives and 14 principles for managing risk, protecting against attack, detecting events and minimising impact. The ICO and NCSC cooperate under an MOU; the outcomes of the CAF articulate what appropriate measures should be defined. We are currently undertaking a pre-assessment of Section B (protecting against cyber-attack), as there is a requirement for the Fire Service to be compliant with the CAF by 2027. Our Information Security Management approaches are aligned to ISO/IEC 27001:2022.</p> <p>The integrated model meets the audit requirement for a dedicated system and demonstrates continuous monitoring and control of GDPR and related privacy obligations.</p> <p>Deadline: 2027</p> <p>Area Manager</p>
<p>● Low</p>	<p>Property title deeds</p> <p>Land and buildings owned by the Authority are still registered in the name of Cumbria County Council on the title deeds.</p>	<p>Management should look to update the title deeds to reflect that the land and buildings are now owned by the Authority.</p> <p>Management response</p> <p>The assets were transferred to the fire authority on the closure of the county council based on a schedule of title deeds attached to the formal statutory instrument. On review, it has become apparent that the deeds quoted do not in all instances reflect the exact asset transfers that were intended to reflect fire's asset ownership. The service is working to progress the reconciliation of the correct deeds, make any corrections required and progress the transfer but this requires quite significant legal input and will take some time.</p>

Value for Money arrangements

Value for Money arrangements

Approach to Value for Money work for the year ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30th November each year from 2024-25. Our interim AAR was reported to you during the 11 September 2025 Joint Audit Committee. In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.

In undertaking this work we did not identify any significant weakness in arrangements. We have now completed all of our VFM work and can issue our final AAR to management, once the financial statements audit have been signed off.

Independence considerations



Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, there are no independence matters that we would like to report to you.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. No such breaches have been identified by team.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Authority's Ethical Standard. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

As part of our assessment of our independence we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Authority or investments in the Authority held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Authority as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Authority.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Authority's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Fees and non-audit services

The following tables below sets out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to date, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

None of the below services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Cumbria Commissioner Fire and Rescue Authority. There are no non-audit services provided to the Authority.

Audit fees	£
PSAA scale fee	£111,586
Additional IT related procedures for new ledger implementation	£10,000
IFRS 16	£500
Additional fees in respect of additional time spent on accounts reviews and adjustments and additional work performed to address the risk posed by Civica super-user access.	£10,000
Total	£132,086

The above fees are exclusive of VAT.

The fees reconcile to the financial statements as follows:

• fees per financial statements	£67k
• prior year adjustment due to reduced audit work in 23/24	£41k
• rebate from PSAA in year	£14k
• Additional fees not included in Audit Plan	£10k
• total fees per above	£132k

Appendices



A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●

A. Communication of audit matters with those charged with governance

Our communication plan

	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

B. Management letter of representation

We have provided management with a letter of representation, which is a separate agenda item at the 24 February 2026 Joint Audit Committee. The letter includes representations on the prior period adjustment as included in this audit findings report.

C. Audit opinion

Draft independent auditor's report to the members of Cumbria Commissioner Fire and Rescue Authority

Report on the audit of the financial statements

Disclaimer of opinion

We were engaged to audit the financial statements of Cumbria Commissioner Fire and Rescue Authority (the 'Authority') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including material accounting policy information and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Current Assets and Liabilities Statement and notes to the Firefighters Pension Fund account. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2025 by 27 February 2026 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements.

On 27 February 2025, we issued a disclaimer of opinion on the Authority's financial statements for the year ended 31 March 2024. We were not able to obtain sufficient appropriate audit evidence by 28 February 2025, the previous backstop date, that the financial statements were free from material misstatement. We were therefore unable to obtain sufficient appropriate audit evidence over the corresponding figures or whether there was any consequential effect on the Authority Comprehensive Income and Expenditure Statement for the year ended 31 March 2025 for the same reason.

As a result of the limitations imposed by the backstop date, we have been unable to obtain sufficient appropriate audit evidence over the Authority's opening balances reported in the financial statements for the year ended 31 March 2025. Consequently, we have been unable to satisfy ourselves over the in-year movements in the net pension liability and property, plant and equipment. Similarly, we have not been able to obtain assurance over the Authority's closing reserves balance of £163 million at 31 March 2025, also due to the uncertainty over their opening amount.

We have concluded that the possible effect of these matters on the financial statements could be both material and pervasive. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement of the Regulations to publish the financial statements for the year ended 31 March 2025 by the backstop date.

Other information we are required to report on by exception under the Code of Audit Practice

Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Opinion on other matters required by the Code of Audit Practice

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's financial statements and our auditor's report thereon. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our

work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 [in the course of](#), or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 [in the course of](#), or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 [in the course of](#), or at the conclusion of the audit; [or](#);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 [in the course of](#), or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 [in the course of](#), or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Chief Finance Officer

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, 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. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

C. Audit opinion

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matters described in the basis for disclaimer of opinion section of our report.

Report on other legal and regulatory requirements - the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception - the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in the Authority's use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper [arrangements](#)'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its [services](#);
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements - Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Cumbria Commissioner Fire and Rescue Authority for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

TO BE SIGNED

Elizabeth Luddington, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Manchester

TO BE DATED



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Cumbria Commissioner Fire and Rescue Authority Joint Audit Committee

TITLE:	Annual Statement of Accounts 2024/25: Assurance Framework
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DATE OF MEETING:	24 February 2026
REPORT OF:	Chief Finance Officer
REPORT AGENDA ITEM:	

Executive Summary:
 This report sets out for the Commissioner, Chief Fire Officer and members of the Joint Audit Committee, those areas of governance and audit pertaining to scrutiny and formal approval of the 2024/25 Statement of Accounts.

Recommendations:
 The Joint Audit Committee is **RECOMMENDED** to:

- note the contents of this report.

Report Tracking:	
Executive Board - Fire	
Joint Audit Committee	24 February 2026
Choose an item.	

1. Introduction and Background

- 1.1. This report sets out for the Commissioner, Chief Fire Officer and members of the Joint Audit Committee, those areas of governance and audit pertaining to scrutiny and formal approval of the 2024/25 Statement of Accounts. This report covers the single entity financial statements of the Cumbria Commissioner Fire and Rescue Authority. The report sets out the opinion of the Commissioner's appointed auditor and amendments made to the Accounts, and accompanying governance statement, as a consequence of the findings of the audit. It also sets out information provided to Mrs Liz Luddington, of Grant Thornton UK LLP, the Commissioner's appointed auditor, as part of the regulatory requirement for a letter of representation.
- 1.2. The report includes an appendix that provides a narrative on the financial statements (**Appendix A**). The appendix aims to support members of the Joint Audit Committee in undertaking their assurance role by providing a narrative in respect of the sources of assurance available to them and on the substantive issues that have been considered in respect of the production of the financial statements.

2. Formal Approval of the Audited Statements

- 2.1. With continued delays to the production and audit of local authority accounts, the Government amended the dates for the audit of the statutory accounts. The date for production of the draft statement of accounts was 30 June, however, the dates for audit were extended from 31 July to 30 September 2025 with a backstop date of 27 February 2026.

The draft Statement of Accounts for the Authority were authorised by the Chief Finance Officer on **30 June 2025**. The audit has now been substantially completed, the Chief Finance Officer is required to again certify the statements and present them to the Commissioner for formal approval. Prior to certification, the Commissioner will take into consideration the Audit Findings Report from Mrs Liz Luddington (Grant Thornton UK LLP). The Commissioner will also take into consideration the views of members of the Joint Audit Committee. The Committee will receive the Statement of Accounts and the Audit Findings Report. They will consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Commissioner.

3. Appointed Auditor's Audit Findings Report

- 3.1. Preceding this item on your agenda is the Audit Findings Report (AFR) from Mrs Liz Luddington, of Grant Thornton UK LLP, the Authority's appointed auditor. In the report, Mrs Luddington

advises members of her intention, based on her findings to date, to issue a disclaimed audit opinion in respect of the Statement of Accounts for the year to 31 March 2025.

3.2. The Auditor's Annual Report (AAR) which examines the Authority's arrangements to secure value for money is also provided on the agenda for this meeting. The AAR concludes that based on the areas of focus and evidence considered, they have found no evidence of significant weaknesses in the Authority's arrangements for improving economy, efficiency and effectiveness. This report makes 3 recommendations for improvement and also confirms that the recommendations raised following the 2023/24 AAR have now been evidenced and have been closed.

3.3. In carrying out their audit, the auditors have considered internal controls that are relevant to the preparation of the financial statements. Where they identify any control weaknesses, these are reported to the Commissioner. Within the AFR the auditors have raised seven recommendations:

- ◆ Civica Super-User access
- ◆ Journal authorisation controls
- ◆ Bank reconciliation
- ◆ Amendments to the accounts
- ◆ Related party disclosures
- ◆ Stock Management
- ◆ Cyber Security Arrangements

3.4. The AFR outlines audit adjustments which are classified into 3 main categories:

- ◆ **Adjusted misstatements** – there were 4 adjusted misstatements for the Authority statement of accounts.
- ◆ **Unadjusted misstatements** – There was no unadjusted misstatement in relation to the statement of accounts.
- ◆ **Misclassification and disclosure changes** – A number of misclassification and disclosure adjustments were identified through the audit process for both bodies and these have been amended in the accounts.

4. Post Balance Sheet Event

4.1. A post balance sheet event is an event, subsequent to the date of the financial statements, and for which International Financial Reporting Standards and the Code of Practice on Local

Authority Accounting (the Code) require adjustment or disclosure. There only disclosed post balance sheet event related to the change in government department for fire and rescue services, with a move from Home Office to MHCLG on 1 April 2025.

5. 2024/25 Governance Statements

- 5.1. The Commissioner approved the CCFRA Annual Governance Statement (AGS) on 27 May 2025.

6. Letters of Management Representation

- 6.1. At the conclusion of the audit of the Statement of Accounts, but before an opinion can be given, a 'Letter of Management Representation' is provided to the appointed auditors by the Chief Finance Officer on behalf of the Authority. The underlying purpose of the letter is to confirm that the financial statements reflect a true and fair view in accordance with international financial reporting standards. The letters set out that relevant codes, standards and statutory directions have been complied with and that we have made reasonable estimates and judgements in undertaking accounting entries and disclosures. The letters also confirm that there has been full disclosure of all matters requiring disclosure to our auditors.

7. Acknowledgements

- 7.1. The work undertaken in preparing the Statement of Accounts and supporting the audit for the year places very significant demands on staff within the financial services team. Key amongst those has been Lucy Taylor, Financial Accountant, Rachel Halbert, Assistant Accountant and Emma Brough, Finance Officer who have secured for the authority a positive audit. This report also acknowledges the work undertaken by our colleagues in external audit headed by Liz Luddington and Hannah Foster. The production of the Statement of Accounts for 2024/25 and subsequent audit process was successfully undertaken and the teams have once again worked well together and have held video conferences to work together and more innovative screen sharing sessions to enable finance staff to walk auditors through the working papers where required.

8. Recommendations

- 8.1. Following consideration of the findings and conclusions of the Appointed Auditor it is recommended that:
 - ◆ Members of the Joint Audit Committee determine whether there are any issues in respect of governance or the statement of accounts that they wish to report to the Commissioner.
 - ◆ The Commissioner sign the audited Statement of Accounts and authorise for publication the Accounts and accompanying Governance Statement.

Statement of Accounts Narrative 2024/25

1. Introduction and Background

- 1.1. The Commissioner is asked to sign the annual statement of accounts following audit and the review process by the Joint Audit Committee. Members of the Joint Audit Committee will receive a copy of the audited accounts and accompanying governance statement for which they have a review and assurance role. The Statement of Accounts are highly complex technical documents. They take a number of weeks to produce and a similar period of time to audit by a team of technical and experienced staff. The audit process will typically involve support from national technical teams who assess and advise on accounting treatment for complex transactions against the requirements of international financial reporting standards and codes of practice. Within the finance profession, the Statement of Accounts is a very specialist field.
- 1.2. In this context, this narrative aims to provide a guide to the considerations that the Commissioner, and Members of the Joint Audit Committee can reasonably be expected to take account of, in carrying out a review process and undertaking to approve the Statement of Accounts. It covers two main areas, sources of assurance for the financial statements and key challenges. These are the areas that influence the dialogue and engagement between the financial services staff preparing the accounts and those undertaking the audit. In doing this, the narrative aims to ensure that members have sufficient information to fulfil their assurance role and that the Commissioner can place reliance on this assurance in approving the Statement of Accounts.

2. Sources of Assurance

- 2.1. The Statement of Accounts consolidates financial transactions for a financial year and records the position as at 31 March in respect of assets and liabilities including reserves and cash flow. They include a number of year end accounting entries that ensure income and expenditure is presented on an accruals basis, that assets and liabilities are recorded in accordance with accounting standards and codes and that the financial implications of those assets and liabilities are adjusted such that net expenditure reflects the actual cost funded by external financing (government grants and the council tax payer). They are accompanied by accounting policies that explain how those transactions and balances have been accounted for and a set of notes that provide further detail on amounts included within the main financial statements.

2.2. Those undertaking a review of the accounts will not usually be in a position to determine whether the presented figures are correct based on a reading of the financial statements and notes. The review processes must therefore place reliance on wider sources of assurance from which it is reasonable to make a judgement that the accounts present a true and fair view. The main sources of assurance that support this process are the opinion of the Chief Finance Officer, the opinion of the Head of Internal Audit (HIA) and the opinion of the Appointed Auditor. These opinions are supported by the statements made by the Chief Finance Officer, on behalf of the Commissioner, within the letter of representation, by the Commissioner's Annual Governance Statements (signed by the Commissioner, the Authority's Monitoring Officer and the CFO).

The Chief Finance Officer's (CFO) Opinion

2.3. The CFO provides to members an annual opinion on the effectiveness of the arrangements for audit. That review, presented to members at their Meeting on 25 June 2025, concluded that "there are no material shortcomings in the effectiveness of the entirety of the Internal Audit arrangements for the year to 31 March 2025." In previous years, further assurance of the effectiveness of internal audit was taken from the opinion provided by the external auditors.

The external auditor (Grant Thornton) advised in June 2020 that they no longer use the work of internal audit to assist with their work and as such no longer provide an opinion on the work of internal audit. The internal auditors did however share some information with external auditors in relation to the audit on financial sustainability. The assurance from the Chief Finance Officer enables the Commissioner and members of the Joint Audit Committee to place reliance on the opinion of the Head of Internal Audit and the findings of internal audit.

Sources of Assurance

"There are no material shortcomings in the effectiveness of the entirety of the Internal Audit arrangements for the year to 31 March 2025."

Chief Finance Officer

The opinion of the Head of Internal Audit (HIA):

2.4 The HIA provides an annual opinion on the internal control environment. The opinion is based on the audit reviews undertaken over the course of the financial year. Audits are risk based and include cyclical reviews of the material financial systems. The findings of the HIA are set out in an annual report which was presented to members at the June meeting. The HIA's opinion for 2024/25 is that "the authority's frameworks of governance, risk management and internal control are reasonable

Sources of Assurance

TIAA is satisfied that, for the areas reviewed during the year, Cumbria Fire and Rescue

Service has reasonable and effective risk management, control and governance processes in place.

Head of Internal Audit.

and audit testing has confirmed that controls are generally working effectively in practice. Where internal audit work has identified scope for improvements, the management response has been positive with agreed action plans in place to address all recommendations.

- 2.4. Of the 7 audits finalised during 2024/25 all of which contributed to the authority's overall assurance with 7 of the 7 (100%) assurance audits achieving reasonable or substantial assurance.

The opinion of the Appointed Auditor

- 2.5. The Appointed Auditor will provide an independent external opinion on the financial statements following the audit process. In forming this audit opinion they will undertake a range of audit work. This will include reconciling the figures within the accounts to the financial ledger, undertaking a computer based analytical review to validate the accuracy of material transactions and undertaking further systems based sample testing of ledger amounts back to the primary financial transactions. The external auditors will also review accounting policies and ensure accounting estimates, manual entries and the presentation of financial information is consistent with policy, financial reporting standards and codes of practice. The external audit is typically undertaken by a team of professionally qualified staff who will audit a number of public and/or private sector clients. They will have access to national technical support and quality controls at a regional and national level to support the integrity of the audit and ensure specialist advice and input is given to the treatment of complex transactions of a technical nature.

Sources of Assurance

"We do not express an opinion on the accompanying financial statements of the authority".

The opinion of the Commissioner's appointed auditors, Grant Thornton.

- 2.6. In forming their opinion, the external auditors give consideration to internal controls relevant to the preparation of the financial statements. The external auditors complete walkthrough tests of controls operating in areas where they consider that there is a risk of material misstatement to the financial statements. For the 2024/25 financial statements this has included, an evaluation of the authority's internal controls environment, including its IT systems and controls; and Substantive testing on significant transactions and material account balances, including the procedures outlined in the Audit Findings report in relation to the key audit risks.

The Letters of Representation

- 2.7. The letters of representation are provided at **Appendix B** and referenced in the main body of this report. The letters provide assurances from the Commissioner to the Appointed Auditor.

The letters are written on behalf of the Commissioner by the Chief Finance Officer. The CFO, as required under legislation, must be financially qualified. The Chief Finance Officer, Steven Tickner and the CC Chief Finance Officer, is a member of the Chartered Institute of Public Finance and Accountancy (CIPFA) with a requirement to abide by codes of practice, standards and ethics. These arrangements provide assurance that members can place reliance on the representations made by the Chief Finance Officers in the letters of representation on behalf of the Commissioner. There have been no specific matters raised by the Commissioner in the letter of representation for 2024/25 and all appropriate assurances have been provided to the external auditors.

The Annual Governance Statement

- 2.8. An Annual Governance Statement (AGS) for the authority was presented to members on 25 June 2025 with a number of supporting governance papers. The AGS detail how the authority has complied with the governance framework set out within the Code. The Annual Governance Statement provides members with assurance that the authority has in place appropriate arrangements for financial and wider governance matters including arrangements for managing risks and internal controls.
- 2.9. Collectively, these sources of assurance, where they are operating to the satisfaction of members, can support conclusions in respect of the extent to which the committee is reasonably able to provide the related assurance to the Commissioner in reviewing the financial statements.

3. Key Challenges

3.1. Changes to CIPFA Code of Practice 2024/25

For 2024/25 there was one main change to the code of practice, in relation to accounting for Leases under International Financial Reporting Standards (IFRS 16). This change required a considerable amount of work in assessing all lease arrangement and contracts that may contain a right of use asset and bringing these and a matching liability onto the balance sheet of the authority. The only significant impact on the authority was in relation to its PFI agreement.

3.2. 2024/25 Financial Year Accounts and Audit Timetable

For 2024/25 the only specific key challenge was in relation to the requirement to adopt IFRS16 in relation to leases (outlined above). The process of compiling the statutory accounts is complex and involves significant technical expertise. The process within the shared financial services team is well practiced and clearly timetabled. The requirements of audit have

changed over recent years and specific areas of the accounts, for example land and buildings valuations and pensions, receive increased audit focus. The finance team adapt the working papers each year to provide what the auditors require and then use these as a baseline for all future working paper uploads.

This work was successful in delivering a sign off date for the draft financial statements by the Chief Finance Officer on 30 June 2025 in accordance of the 30 June deadline.

The audit period commenced in September and was largely completed by January 2026, with the AFR being reported through JAC on 24 February 2026.

3.3. Public Consultation

The draft statements of Accounts for the authority have been published on the websites since 30 June 2025. The notice of publication advises readers of their rights of inspection. There have been no requests to view the financial statements or accompanying papers.

This concludes the substantive matters considered as part of the production of the statement of accounts.

Appendix B

Letter of Representation 2024/25



CCFRA 24.25 - Letter
of representation.doc



Grant Thornton UK LLP
Landmark
St Peter's Square
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M1 4PB

In case of enquiry please
contact: Mr S Tickner
Tel: 01768 217734
Email: commissioner@cumbria-pcc.gov.uk
www.cumbria-pcc.gov.uk

12 February 2026

Dear Grant Thornton UK LLP

Cumbria Commissioner Fire and Rescue Authority
Financial Statements for the year ended 31 March 2025

This representation letter is provided in connection with the audit of the financial statements of Cumbria Commissioner Fire and Rescue Authority ("the Authority") for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the Authority financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities, as set out in the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited, for the preparation of the Authority's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include land and buildings valuations, depreciation, valuation of defined net pension fund liabilities, fair value estimates and accruals. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data

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and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent;
 - b. none of the assets of the Authority has been assigned, pledged or mortgaged; and
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xi. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xii. The prior period adjustments disclosed in notes 4.12 and 4.13 to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.
- xiii. We have updated our going concern assessment. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
 - a. the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;
 - b. the financial reporting framework permits the Authority to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Authority's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements

- xiv. The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority's financial statements in the event of non-compliance.
- xv. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters;

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- b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.
- xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- xxiv. On 30 September 2024 Parliament approved the Accounts and Audit (Amendment) Regulations 2024. These regulations set a publication date for financial statements in respect of 2024-25 of 27 February 2026. The new National Audit Office Code of Audit Practice, which was published on 14 November 2024, also requires that where auditors are unable to conclude their work, they should issue either a qualified audit opinion or a disclaimer of opinion by this date, known as the 'backstop date'. It has not been possible to provide you with all the information required for you to complete your audit for the year ending 31 March 2025 by the backstop date in relation to the Authority's opening balances reported in the financial statements for the year ended 31 March 2025, the in-year movements in the net pension liability and property, plant and equipment and the Authority's closing reserves balance of £163 million as at 31 March 2025, also due to the uncertainty over their opening amount.

Annual Governance Statement

- xxv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxvi. The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority's financial statements.

Approval

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Police, Fire & Crime Commissioner for Cumbria | Carleton Hall | Penrith | Cumbria | CA10 2AU

The approval of this letter of representation was minuted by the Authority's Joint Audit Committee at its meeting on 24 February 2026.

Yours faithfully



Name...

David Allen.....

Position...Cumbria Commissioner Fire and Rescue Authority.....

Date.....27/02/2025.....



Name...

Steven Tickner.....

Position.....Chief Finance Officer.....

Date27/02/2025.....



Name...

Gill Shearer.....

Position...Chief Executive (Monitoring Officer).....

Date.....27/02/2025.....

Signed on behalf of the Authority

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CUMBRIA COMMISSIONER FIRE AND RESCUE AUTHORITY

AUDITED

STATEMENT OF ACCOUNTS

2024/25

STATEMENT OF ACCOUNTS

2024/25 CONTENTS

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Auditor Opinion

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 2024/25.
- 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 2025 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 4.12) 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 2024/25 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

The Police, Fire & Crime Commissioner for Cumbria (Fire & Rescue Authority) Order 2022 created a shadow Fire & Rescue Authority for the period beginning on 1st January 2023 and ending on the 1st April 2023, under section 4A of the 2004 Fire & Rescue Service Act, for the purposes of Chapter 4 (setting the precept) and Chapter 4ZA (referendums relating to council tax increases) of the Local Government Finance Act 1992.

The remainder of the Order came into force on 1st April 2023 and established a new Fire & Rescue Authority for the area covered by Cumbria County Council which dissolved on the 1st April 2023 and was replaced by two unitary authorities: Cumberland and Westmorland & Furness.

In compliance with the Code of Practice on Local Authority Accounting, the County Council balance sheet has been disaggregated as of 1 April 2023. This disaggregation provided the Fire & Rescue Authority with its share of the opening balances as at 1 April 2023 and these were incorporated into the values presented for 2023/24 as the comparator year to this reporting period (2024/25).

(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:



(iii) Community Risk Management Plan

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 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

Commented [TS1]: Amended the order of lines

(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.

(vi) Additional Home Office Funding

In 2023/24 the Authority was awarded £4.4million of additional one-off support from Home Office to assist with the disaggregation from the County Council and the transition to the PFCC governance arrangements. This funding was provided as a Revenue DEL grant, however, £2million has been utilised to provide Direct Revenue Financing in 2023/24 and 2024/25 of the capital programme. The balance of the grants has been held in an earmarked reserve and are released when expenditure is incurred.

At the end of 2024/25, £2.254million was utilised in the year for financing capital expenditure as well as revenue expenditure on identified projects such as a new HR system, new finance system and ICT support.

1.3 Non-Financial Performance

The key achievements in 2024/25 are as follows:



2024–25 saw our service deal with...





1.4 Future Outlook

The overall balance sheet at the 31st March 2025 remains healthy, which is reflected in the Medium Term Financial Forecast, which sets out the revenue budget position until 2029/30 and a capital programme, which is fully funded 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 2025/26 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 2025/26.

Against this background the 2025/26 budget provides £31.497million for Cumbria Fire and Rescue Service. The longer term 10-year capital programme envisages a total investment of £30million principally across the estate, fleet and ICT.

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 2024/25 Budget and Medium-Term Financial Plan

The 2024/25 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 2024/25 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 2024/25. More detailed information is shown in the Comprehensive Income and Expenditure Statement on page 16.

	Budget	Provisional	Variance
	£000	Outturn	£000
		£000	£000
Strategic Management	1,272	1,360	88
Corporate Services	8,104	7,426	(678)
Service Delivery	7,200	6,765	(435)
Response	13,880	14,562	682
Service Expenditure	30,456	30,113	(343)
Total	30,456	30,113	(343)
<u>Transfers to/(from) Reserves</u>			
General Fund Reserve	882	1,225	343
PFI Reserve	(52)	(52)	0
Home Office Grants Reserve	(2,254)	(2,254)	0
Total Transfer to/(from) Reserves	(1,424)	(1,081)	343
Financed by:			
Precept from Collection Fund	(16,713)	(16,713)	0
Business Rate Retention	(7,640)	(7,640)	0
Revenue Support Grant	(4,679)	(4,679)	0
Total Grants	(29,032)	(29,032)	0
Total	0	0	0

The Authority has total usable reserves of £8.744million at 31 March 2025 (£9.820million at 1 April 2024), of which the total earmarked reserves held are £3.402million (£5.708million at 1 April 2024). Reserves relating to CCFRA's 25% share ownership of North-West Fire Control equate to £0.843million on 31 March 2025 (£0.675million on 1 April 2024), further details on these reserves can be found at note 4.6.

For 2024/25 the Authority was under-spent by £0.343million against the revised budget. This resulted in an increased contribution to general fund reserves in 2024/25.

The Authority also has other unusable reserves totalling £172.005million on 31 March 2025 (£199.361million on 1 April 2024). 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 2025 to those that were forecast when it set its revenue budget in February 2025.

	Forecast 31/03/2025 £000	Outturn 31/03/2025 £000
General Reserves		
General Fund	4,748	5,334
	4,748	5,334
Earmarked Reserves		
PFI	1,862	1,862
Insurance	437	437
Donations	113	113
Estates	46	46
HMICFRS Inspection Reserve	45	45
Emergency Services Mobile Communications Programme	160	160
Efficiency & Transformation Reserve	41	41
Home Office Grants Reserve	0	698
	2,704	3,402
Total Usable Reserves	7,452	8,736

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 4.12 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 2024/25 was approved at £3.768million. Overall capital spending for 2024/25, totalled £2.131million, resulting in an underspend of £1.637million. Where projects have not completed in the year, £1.381million 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	153
Estates Schemes	272
Equipment and PPE Schemes	349
Fleet Schemes	1,357
	2,131

	£000
Capital Financing	
Direct Revenue Financing	1,913
Capital Receipts	218
	2,131

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 2025:

2023/24 £000		2024/25 £000	Year on Year Change £000
52,745	Non Current Assets	52,559	(186)
5,410	Net current assets: Debtors, Stock & Cash less short term creditors and liabilities	4,855	(555)
(247,696)	Long Term Liabilities and Provisions	(220,683)	27,013
(189,541)	Net (Liabilities) Assets	(163,269)	26,272
	Represented by:		
(9,649)	Revenue Reserves (General Fund and Earmarked)	(8,736)	913
(171)	Other Usable Reserves (Capital)	0	171
199,361	Unusable Reserves	172,005	(27,356)
189,541	Total Reserves	163,269	(26,272)

The Authority's holding of Property, Plant and Equipment has decreased in value in the year from £52.745million to £52.559million.

(i) Reserves & Balances

The following table shows a reconciliation between the amount of cash-backed reserves held by the Authority on 31 March 2025 and the amount of cash and investments it held at 31 March 2025.

2023/24 £000		2024/25 £000
(3,266)	General Fund Balance	(4,491)
(171)	Capital Reserves	0
(5,708)	Earmarked Reserves	(3,402)
27	Collection Fund Adj Account	(91)
(178)	Provisions	(608)
(675)	NW Fire Control 25% Share - GF Reserves	(843)
(9,971)	Amount available for Investment	(9,435)
	Investments	
0	Short Term	1,000
6,711	Cash & Cash Equivalents	19,001
6,711	Total Investments	20,001
(3,260)	Surplus Monies / (Internal Borrowing)	10,566
(258)	Working Capital	(13,531)
(3,518)	Surplus Monies / (Internal Borrowing)	(2,965)

N.B the working capital figure presented in the published 2023/24 accounts was incorrect. The presented figure of £(1,076k) should have been £(258k).

This table shows that at 31 March 2025 the Authority's cash balances held in investments was made up of its cash-backed reserves and balances (£9.435million) and cash held in working capital. The net position shows that £2.965million can be represented by a position of under borrowing. The actual borrowing the Authority held on 31 March 2025 was £7.5million plus £12.924m in PFI liabilities, the actual borrowing requirement the Authority had at 31 March 2025 was £23.092million (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 2025 (excluding accrued interest at 31 March 2025). 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 2025. Included in the Comprehensive Income and Expenditure Statement within Services are net upward revaluations totalling £0.483million 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 2025, 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 £0.151m (i.e. a net pension asset). This compares with a net pension liability on 31 March 2024 of £0.176m.

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 2025, 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 £5.414m.

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 2024/25 the net change in cash and cash equivalents was £12.231million.

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 creditor. For 2024/25 this totalled £6.287million.

1.10 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 2025 and its income and expenditure for the year there ended

1.11 Prior Period Adjustments

The 2023/24 accounts did not receive a full audit due to timings around the backstop date. A cold review was undertaken by Grant Thornton which helped to identify areas where further examination may be needed. Following consideration of this review and following a more comprehensive process to prepare the 2024/25 accounts, there have been some areas, where notes and information provided in the 2023/24 accounts have been updated. Where these have been necessary, an explanation is provided by each note to the accounts. None of the amendments affect the main financial statements or the financial position of the Authority.

The accounts present a true and fair view of the position of the Cumbria Commissioner Fire and Rescue Authority accounts as of 31 March 2025 and its income and expenditure for the year there ended

Signed:

David Allen
Police, Fire and Crime Commissioner
Cumbria Commissioner Fire and Rescue Authority

Signed:

Steven Tickner
Chief Finance Officer (S.151)

Signed:

Paul Hancock
Chief Fire Officer

Date: 24 February 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 2025 and its income and expenditure for the year ended 31 March 2025.

Signed:

Steven Tickner
Chief Finance Officer (S.151 Officer)

Date: 24 February 2026

SECTION 3 – FINANCIAL STATEMENTS

3.1 Comprehensive Income and Expenditure Statement

2023/24				Note	2024/25		
Expenditure	Income	Net			Expenditure	Income	Net
£000	£000	£000			£000	£000	£000
1,165	1	1,166	Strategic Management		1,376	(11)	1,365
6,836	(7,943)	(1,107)	Corporate Services		3,840	(3,870)	(30)
(230)	(127)	(357)	Service Delivery		6,519	(430)	6,089
14,848	(29)	14,819	Response		14,642	(9)	14,633
1,438	(1,429)	9	NW Fire Control - 25% Share		2,073	(1,425)	648
24,057	(9,527)	14,530	Cost of Services		28,450	(5,745)	22,705
18	0	18	Other Operating Expenditure	4.9	5	(47)	(42)
13,263	(597)	12,666	Financing and Investment Income and Expenditure	4.10	13,256	(892)	12,364
0	(27,325)	(27,325)	Taxation and Non-Specific Grant Income	4.11	0	(30,191)	(30,191)
37,338	(37,449)	(111)	(Surplus) or Deficit on Provision of Services	4.14	41,711	(36,875)	4,836
		(1,225)	Surplus or Deficit on Revaluation of Non-Current Assets	4.31			1,333
		(6,631)	Remeasurements of the Net Defined Benefit Liability / (Asset)	4.34			(32,441)
		(7,856)	Other Comprehensive Income & Expenditure				(31,108)
		(7,967)	Total Comprehensive Income & Expenditure				(26,272)

3.2 Movement in Reserves Statement

2024/25	Note	General Fund Balances £000	Capital Receipts Reserve £000	Capital Grant Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 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	0	(4,836)	31,108	26,272
Adjustments between accounting basis and funding basis under regulations	4.5	3,923	(171)	0	3,752	(3,752)	0
Increase/(Decrease) in Year		(913)	(171)	0	(1,084)	27,356	26,272
Balance at 31 March 2025		8,736	0	0	8,736	(172,005)	(163,269)

2023/24	Note	General Fund Balances £000	Capital Receipts Reserve £000	Capital Grant Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 1 April 2023		5,744	162	27	5,933	(203,441)	(197,508)
Movement in reserves during 2023/24							
(Surplus) or Deficit on Provision of Services		111	0	0	111	7,856	7,967
Adjustments between accounting basis and funding basis under regulations	4.5	3,794	9	(27)	3,776	(3,776)	0
Increase/(Decrease) in Year		3,905	9	(27)	3,887	4,080	7,967
Balance at 31 March 2024		9,649	171	0	9,820	(199,361)	(189,541)

3.3 Balance Sheet

31 March 2024		Note	31 March 2025	
£000	£000		£000	£000
44,155				
8,149		4.22	43,219	
		4.22	9,133	
192				
249		4.22	207	
			0	
	52,745			52,559
	52,745			52,559
	0			1,000
	6,770	4.27		19,001
	758	4.26		976
11,239		4.25	4,086	
39			90	
	11,278			4,176
	18,806			25,153
	(27)	4.30		(340)
	(86)			(85)
	(492)	4.33		(584)
(12,422)		4.28	(18,098)	
(369)		4.29	(1,191)	
	(12,791)			(19,289)
	(13,396)			(20,298)
	(12,522)	4.33		(12,924)
	(7,500)			(7,500)
	(151)			(268)
	(176)	4.33		(151)
	(227,347)	4.33		(199,840)
	(247,696)			(220,683)
	(189,541)			(163,269)
		4.6		
(171)			0	
(3,941)			(5,334)	
(5,708)			(3,402)	
	(9,820)			(8,736)
		4.31		
227,523			199,991	
497			606	
(16,679)			(18,155)	
27			(91)	
(12,007)			(10,346)	
	199,361			172,005
	189,541			163,269

I certify that the Statement of Accounts give a true and fair view of the financial position of the Authority at 31 March 2025 and its income and expenditure for the year ended 31 March 2025.

These financial statements replace the unaudited financial statements confirmed by the Chief Finance Officer on 30 June 2025 and were authorised for issue on 24 February 2026.

Signed:

Steven Tickner
Chief Finance Officer (S.151 Officer)

Date: 24 February 2026

3.4 Cash Flow Statement

2023/24 £000		Note	2024/25 £000
(111)	Net (surplus) or deficit on the provision of services		4,836
(8,692)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	4.37	(19,758)
36	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	4.37	1,042
(8,767)	Net cash flows (inflows)/outflows from Operating Activities		(13,880)
1,882	Investing Activities	4.38	2,051
492	Financing Activities	4.38	(402)
(6,393)	Net (increase) or decrease in cash and cash equivalents		(12,231)
377	Cash and cash equivalents at the beginning of the reporting period		6,770
6,770	Cash and cash equivalents at the end of the reporting period		19,001

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 2024/25 financial year and its financial position at 31 March 2025. 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 2024/25 (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).

Depreciation 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) 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 204/25. These changes relate to:

- **IAS 21 – The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)** issued in August 2023.
The amendments to IA21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

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

- **IFRS17 Insurance Contracts** issued in May 2017.
IFRS17 replaces IFRS4 and sets out principles for recognition, measurement and presentation and disclosure of insurance contracts.

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 (£52.559m at 31.03.2025)	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.	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.
Operational Land and Buildings - Current value measurements (£43.219m as at 31.03.2025)	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 £0.413m.
LGPS Pensions Liability/Asset (£23.303m gross liability at 31.03.2025 excluding the asset ceiling adjustment)	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.
Firefighters Pension Liability (£199.840m at 31.03.25)	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 2024/25 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 2024/25:

- Council tax income of £16.767m was credited to the Comprehensive Income and Expenditure Statement.
- Retained Business Rates £7.705m.
- Grant Income of £9.155m.

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.

	General Fund balances	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable reserves	Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Collection Fund Adjustment Account	Short Term Compensated Absences Account	Total Authority Reserves
2024/25	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£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	2,672	0	0	2,672	(2,672)	0	0	(2,672)	0	0	0
Impairment Losses/(Revaluation Gains) charged to CIES	(483)	0	0	(483)	483	0	0	483	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	7,093	0	0	7,093	(7,093)	0	(4,909)	(2,193)	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	3,923	(171)	0	3,752	(3,752)	(328)	(4,909)	1,476	118	(109)	0

	General Fund balances	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable reserves	Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Collection Fund Adjustment Account	Short Term Compensated Absences Account	Total Authority Reserves
2023/24	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£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	4,668	0	0	4,668	(4,668)	0	(4,668)	0	0	0	0
Pension Costs - NW Fire Control (25% Share)	(20)	0	0	(20)	0	0	0	0	0	0	0
Council Tax and NDR	(201)	0	0	(201)	201	0	0	0	201	0	0
Holiday Pay	262	0	0	262	(262)	0	0	0	0	(262)	0
Reversal of entries included in the Surplus or Deficit on Provision of Services in relation to Capital Expenditure:											
Depreciation & Amortisation	1,943	0	0	1,943	(1,943)	0	0	(1,943)	0	0	0
Impairment Losses/(Revaluation Gains) charged to CIES	(502)	0	0	(502)	502	0	0	502	0	0	0
Capital Grants and Contributions Unapplied credited to CIES	27	0	27	54	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	6,177	0	(27)	6,204	(6,170)	0	(4,668)	(1,441)	201	(262)	0
Adjustments between Revenue and Capital Resources											
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(9)	9	0	0	0	0	0	0	0	0	0
Statutory Provision for the repayment of debt - (Minimum revenue provision)	(1,167)	0	0	(1,167)	1,167	0	0	1,167	0	0	0
Capital Expenditure Financed from Revenue Balances	(1,207)	0	0	(1,207)	1,207	0	0	1,207	0	0	0
Total Adjustments between Revenue and Capital Resources	(2,383)	9	0	(2,374)	2,374	0	0	2,374	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
Total Adjustments to Capital Resources	0	0	0	0	0	0	0	0	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	(222)	0	222	0	0	0
Total Adjustments	3,794	9	(27)	3,830	(3,796)	(222)	(4,668)	1,155	201	(262)	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 2024/25.

	Balance 31 March	Transfers Between Reserves	Transfers Out	Transfers In	Balance 31 March
	2024 £000	2024/25 £000	2024/25 £000	2024/25 £000	2025 £000
Capital:					
Capital Fund - Home Office Grants	793	(793)	0	0	793
Total Capital Reserves	793	(793)	0	0	793
Revenue					
Insurance Reserve	437	0	0	0	437
Estates Reserve	46	0	0	0	46
PFI Reserve	1,914	0	(52)	0	1,862
Donations (Young Firefighters and other)	113	0	0	0	113
ESMCP (Emergency Services Mobile Communications Project)	160	0	0	0	160
Home Office Grants	2,159	793	(2,254)	0	698
HMICFRS Inspection Reserve	45	0	0	0	45
Efficiency and Transformation Reserve	41	0	0	0	41
Total Revenue Reserves	4,915	793	(2,306)	0	3,402
Total Earmarked Reserves	5,708	0	(2,306)	0	4,195
General Reserves					
General Fund	3,266	0	0	1,225	4,491
Total General Fund Balances	8,974	0	(2,306)	1,225	8,686
NW Fire Control - 25% Share - General Fund	675	0	0	168	843
Total Usable Reserves	9,649	0	(2,306)	1,393	9,529

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.

The amounts set aside as capital fund in 23/24 have been transferred to revenue in 2024/25 due to the Home Office Grant they relate to being given as a revenue grant.

(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.

(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.

Comprehensive Income and Expenditure

4.8 Exceptional Items – Home Office Grant received

2023/24 £000		Note	2024/25 £000
(4,400)	Home Office Grant Received		0
(4,400)	Total		0

4.9 Other Operating Expenditure

2023/24 £000		Note	2024/25 £000
(9)	(Gains)/Losses on disposal of non-current assets		(42)
27	NW Fire Control - 25% Share Capital Grants Unapplied Applied		0
18	Total		(42)

4.10 Financing and Investment Income and Expenditure

2023/24 £000		Note	2024/25 £000
1,452	Interest payable and similar charges		1,359
1,116	Interest on PFI Liabilities		1,165
10,695	Net Interest on the defined benefit liability (pension assets)		10,732
(597)	Interest receivable and similar income		(892)
12,666	Total		12,364

4.11 Taxation and Non-Specific Grant Income

2023/24 £000		Note	2024/25 £000
(15,924)	Council Tax Income		(16,767)
(6,497)	Business Rates		(7,705)
(4,895)	Non-Ring-fenced Government Grants		(5,719)
(9)	Recognised Capital Income		0
(27,325)	Total		(30,191)

4.12 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.

	2024/25				
	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	1,360		1,360	5	1,365
Corporate Services	7,426	(579)	6,847	(6,877)	(30)
Service Delivery	6,765	(705)	6,060	29	6,089
Response	14,562		14,562	71	14,633
NW Fire Control - 25% Share	0	524	524	124	648
Net Cost of Services	30,113	(760)	29,353	(6,648)	22,705
Other Income and Expenditure	(29,032)	592	(28,440)	10,571	(17,869)
(Surplus)/Deficit on the Provision of Services	1,081	(168)	913	3,923	4,836

	General Fund	Earmarked Revenue Reserves	Earmarked Capital Reserves	Total
	£000s	£000s	£000s	£000s
Opening General Fund Balance 1 April 2024	3,941	5,708	0	9,649
Surplus/Deficit on General Fund Balance in Year	1,393	(2,306)	0	(913)
Closing Reserve Balance at 31 March 2025	5,334	3,402	0	8,736

Prior Period Adjustment

The 2023/24 Expenditure and Funding Analysis note was presented incorrectly and did not include the detailed breakdown of the other income and expenditure line by the columns now shown. The table presented in the prior year accounts did not include the five columns as now shown. There is no impact on the main financial statements or net expenditure shown in the CIES. The adjustment relates to presentational information.

	2023/24				
	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
2023/24	£000s	£000s	£000s	£000s	£000s
Strategic Management	1,142	0	1,142	24	1,166
Corporate Services	500	(288)	212	(1,319)	(1,107)
Service Delivery	5,559	0	5,559	(5,916)	(357)
Response	14,485	0	14,485	334	14,819
NW Fire Control - 25% Share	0	(160)	(160)	170	10
Net Cost of Services	21,686	(448)	21,238	(6,707)	14,531
Other Income and Expenditure	(25,430)	287	(25,143)	10,502	(14,641)
(Surplus)/Deficit on the Provision of Services	(3,744)	(161)	(3,905)	3,795	(110)

	General Fund		Earmarked Revenue Reserves	Earmarked Capital Reserves	Total
	£000s	£000s	£000s	£000s	£000s
Opening General Fund Balance 1 April 2023	(1,990)		(3,754)	0	(5,744)
Surplus/Deficit on General Fund Balance in Year	(1,951)		(1,953)	0	(3,904)
Closing Reserve Balance at 31 March 2024	(3,941)		(5,707)	0	(9,648)

4.13 Adjustments between Funding and Accounting Basis

	Depreciation	Total to arrive	Adjustments	Net Change for	Other Differences	Total
		at the amount	for Capital	the Pensions		Adjustment
		charged to the	Purposes	Adjustments		between
		General Fund				funding and
						Accounting
						Basis
2024/25	£000s	£000s	£000s	£000s	£000s	£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	(161)	(161)	161	(37)	0	124
Net Cost of Services	(2,672)	(2,672)	(934)	(5,823)	109	(6,648)
Other Income and Expenditure	0	0	(43)	10,732	(118)	10,571
(Surplus) / Deficit on Provision of Services	(2,672)	(2,672)	(977)	4,909	(9)	3,923
Further Analysis of adjustments						
Depreciation			2,672			2,672
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				10,887		10,887
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				1,756		1,756
Acc'd Absence					109	109
Collection Fund					(118)	(118)
Total Adjustments	0	0	(977)	4,909	(9)	3,923

Prior Period Adjustment

The 2023/24 Adjustments between Funding and Accounting Basis note was presented incorrectly and did not include the detailed breakdown of the other income and expenditure line by the columns now shown. The table presented in the prior year accounts did not include the breakdown of columns as now shown. There is no impact on the main financial statements or net expenditure shown in the CIES. The adjustment relates to presentational information.

	Depreciation	Total to arrive	Adjustments	Net Change for	Other Differences	Total
		at the amount	for Capital	the Pensions		Adjustment
		charged to the	Purposes	Adjustments		between
		General Fund				funding and
						Accounting
						Basis
2023/24	£000s	£000s	£000s	£000s	£000s	£000s
Strategic Management	0	0	0	0	24	24
Corporate Services	(1,784)	(1,784)	(1,092)	(31)	(197)	(1,320)
Service Delivery	0	0	0	(6,017)	101	(5,916)
Response	0	0	0	0	334	334
NW Fire Control - 25% Share	(159)	(159)	186	(16)	0	170
Net Cost of Services	(1,943)	(1,943)	(906)	(6,064)	262	(6,708)
Other Income and Expenditure	0	0	(9)	10,712	(201)	10,502
(Surplus) / Deficit on Provision of Services	(1,943)	(1,943)	(915)	4,648	61	3,794
Further Analysis of adjustments						
Depreciation			1,943			1,943
MRP			(1,167)			(1,167)
Revaluations			(502)			(502)
Direct Revenue Contributions			(1,207)			(1,207)
P&L on sale of assets			(9)			(9)
Recognised capital income			0			0
Use of capital Grants			27			27
Interest on Liabilities - LGPS				(108)		(108)
Interest on Liabilities - Fire pensions				10,787		10,787
Reverse Ee'rs contributions - LGPS				(434)		(434)
Reverse Ee'rs contributions - Fire pensions				(9,361)		(9,361)
Current Service Costs - LGPS				402		402
Current Service Costs - Fire pensions				2,918		2,918
Non Dist'd Costs				444		444
Acc'd Absence					262	262
Collection Fund					(201)	(201)
Total Adjustments	0	0	(915)	4,648	61	3,794

(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).

4.14 Expenditure and Income Analysed by Nature

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

2023/24 £000		Note	2024/25 £000
	Expenditure		
15,488	Employee Benefit expenses		18,362
8,262	Other Service expenses		9,229
1,441	Depreciation, amortisation and impairment		2,029
10,695	Interest on net pension liability		10,732
1,452	Interest payments		1,359
37,338	Total Expenditure		41,711
	Income		
(1,522)	Fee, charge and other service income		(2,314)
(597)	Interest and Investment Income		(892)
(22,421)	Income from Council Tax, Non-Domestic Rates		(24,472)
(12,927)	Grants, Contributions and Reimbursements		(9,155)
27	NW Fire Control - Recognise release of capital grant unapplied		0
(9)	Gain or Loss in Disposal of Non-Current Assets		(42)
(37,449)	Total Income		(36,875)
(111)	(Surplus) or Deficit on the Provision of Services		4,836

4.15 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					
	2023/24			2024/25		
	Fire Officers	Fire Staff	Total	Fire Officers	Fire Staff	Total
Between £50,000 and £54,999	10	1	11	19	0	19
Between £55,000 and £59,999	7	1	8	5	1	6
Between £60,000 and £64,999	11	0	11	10	0	10
Between £65,000 and £69,999	2	0	2	5	0	5
Between £70,000 and £74,999	2	0	2	4	0	4
Between £75,000 and £79,999	0	0	0	1	0	1
Total Number of Employees (Excluding Senior Employees)	32	2	34	44	1	45

Post	Note	Salaries, fees & allowances	Payments for loss of employment	Benefits in Kind (e.g car allowance)	Total Remuneration excluding pension contributions	Pension	Total
		£000	£000	£000	£000	£000	£000
2024/25							
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 31/12/24

Note 2: The postholder started employment on 8/08/2024 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

Post	Note	Salaries, fees & allowances	Payments for loss of employment	Benefits in Kind (e.g car allowance)	Total Remuneration excluding pension contributions	Pension	Total
		£000	£000	£000	£000	£000	£000
2023/24							
Chief Fire Officer	1	44	0	0	44	13	57
Assistant Chief Fire Officer / Chief Fire Officer	2	140	0	0	140	32	172
Deputy Chief Fire Officer		128	0	0	128	37	165
Area Manager / Assistant Chief Fire Officer	3	107	0	0	107	24	131
Area Manager (Head of Response)		85	0	0	85	24	109
Area Manager (NWFC Project)		81	0	0	81	23	104
Area Manager (Head of Preparedness)		79	0	0	79	21	100
Head of People and Talent		74	0	0	74	13	87
Head of Safety and Assurance		64	0	0	64	12	76
Transformation Project Lead		58	0	0	58	11	69
Total		860	0	0	860	210	1,070

Note 1: Chief Fire Officer retired on 09/07/23

Note 2: Appointed as Chief Fire Officer 09/07/23. Previously Assistant Chief Fire Officer

Note 3: Appointed as temporary Assistant Chief Fire Officer 09/07/23, Previously Area Manager

Exit Packages

There were no exit packages awarded in the year.

4.16 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.

2023/24 £000		2024/25 £000
101	Fees payable to the external auditor with regard to external audit services carried out by the appointed auditor	122
0	Prior Year Adjustment due reduced audit work 2023/24	(41)
(14)	Rebate from Public Sector Audit Appointments in year.	(14)
87	Total	67

4.17 Grants, Contributions and Reimbursement Income

The Authority credited the following grants, contributions and reimbursements to the Comprehensive Income and Expenditure Statement in 2024/25:

2023/24 £000		2024/25 £000
	Credited to Taxation and Non Specific Grant Income	
	Non Ringfenced Government Grants	
(3,211)	Revenue Support Grant	(4,679)
(992)	Business Rate Multiplier Cap	0
0	Levy Account Surplus	(59)
(409)	Rural Services Delivery Grant	(473)
0	Funding Guarantee	(459)
(283)	Services Grant	(49)
(4,895)	Total	(5,719)
	Credited to Services	
(4,400)	Home Office Grants	
(1,654)	PFI Grant	(1,654)
(1,255)	Pensions Grant	(1,065)
(101)	New Dimensions	(27)
(78)	Firelink	(52)
(26)	JESO Grant	(11)
(59)	Levy Account Surplus	0
(58)	Fire Protection Grant	(161)
(56)	Safer Streets	(54)
(33)	ESMCP Grant	0
(8)	Other Grants	(126)
(7,728)	Total	(3,150)
(304)	NW Fire Control - 25% Share recognised	(304)
(12,927)	Total Grants, Contributions and Reimbursements	(9,173)

4.18 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 2024/25, the sum of £217,338 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 2025, the Authority owed £1.421million to Cumberland Council, £6.866million to Westmorland and Furness Council and was owed £0.767million 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 and amounts due to/from the Authority in relation to disaggregation of the County Council balance sheet.

Local Authority Controlled Company – NW Fire Control Limited

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 2024/25 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 2025 for the final audited 2024/25 accounts.

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

2023/24 £000		2024/25 £000
356	Total Assets less current liabilities	420
356	Net Assets	420
85	Surplus/(Deficit) before taxation	70
84	Surplus/(Deficit) after taxation	69
159	Balance owed by CCFRA	0
0	Balance owed to CCFRA	13
516	Invoices raised by NW Fire Control to CCFRA	730
0	Invoices raised by CCFRA to NW Fire Control	13

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

2023/24 £000		2024/25 £000
191	Intangible Assets	207
14	Property Plant and Equipment Assets	12
205	Total Long Term Assets	219
236	Debtors	154
59	Cash	525
295	Total Current Assets	679
(412)	Creditors	(803)
(412)	Total Current Liabilities	(803)
0	Pension Liabilities	0
88	Total Net Assets	95
(674)	General Fund Reserve	(842)
587	Capital Adjustment Account	747
(88)	Total Reserves	(95)

4.19 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 2024/25, 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:

2023/24	2023/24	2023/24		2024/25	2024/25	2024/25
LGPS	Fire	Total		LGPS	Fire	Total
£000	Fighters	£000		£000	Fighters	£000
			Comprehensive Income and Expenditure Statement			
			<u>Cost of Services</u>			
402	2,918	3,320	Current Service Costs	410	2,918	3,328
1	420	421	Past Service Costs / (Gain)	0	1,738	1,738
5	0	5	Curtailment Costs	0	0	0
			<u>Other Operating Expenditure</u>			
18	0	18	Administration Expenses	19	0	19
			<u>Financing and Investment Income & Expenditure</u>			
(88)	10,787	10,699	Net Interest Expense	(154)	10,886	10,732
			Total Post Employment Benefits charged to Surplus or Deficit on Provision of Services	275	15,542	15,817
			<u>Other Comprehensive Income and Expenditure</u>			
			Remeasurements of the net defined benefit liability comprising:			
(796)	0	(796)	Return on Plan Assets (excluding the amount included in the net interest expense)	753	0	753
(255)	(4,540)	(4,795)	Actuarial (Gains) and losses arising on changes in demographic assumptions	(58)	(407)	(465)
(314)	(3,665)	(3,979)	Actuarial gains and losses arising on changes in financial assumptions	(2,843)	(31,981)	(34,824)
154	1,402	1,556	Experience (Gains)/Losses	(25)	(241)	(266)
1,291	0	1,291	Effect of the asset ceiling	2,324	0	2,324
80	(6,803)	(6,723)	Total Other Comprehensive Income & Expenditure	151	(32,629)	(32,478)
			Net Charge to the Comprehensive Income & Expenditure Statement	426	(17,087)	(16,661)
			Movement in Reserves Statement			
(338)	(14,125)	(14,463)	Reversal of net charge made for retirement benefits in accordance with IAS 19	(275)	(15,542)	(15,817)
434	9,361	9,795	Actual amount charged against the General Fund Balance for pensions in the year	451	10,420	10,871
96	(4,764)	(4,668)	Contribution (to) / from Pension Reserve	176	(5,122)	(4,946)

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

2023/24 NWFC £000	2023/24 NWFC @ 25% £000		2024/25 NWFC £000	2024/25 NWFC @25% £000
		Comprehensive Income and Expenditure Statement		
		<u>Cost of Services</u>		
448	112	Current Service Costs	459	115
		<u>Financing and Investment Income & Expenditure</u>		
(16)	(4)	Net Interest Expense	(4)	(1)
432	108	Total Post Employment Benefits charged to Surplus or Deficit on Provision of Services	455	114
		<u>Other Comprehensive Income and Expenditure</u>		
		Remeasurements of the net defined benefit liability comprising:		
(200)	(50)	Return on Plan Assets (excluding the amount included in the net interest expense)	483	121
(80)	(20)	Actuarial (Gains) and losses arising on changes in demographic assumptions	(22)	(6)
(1,016)	(254)	Actuarial gains and losses arising on changes in financial assumptions	(2,985)	(746)
396	99	Experience (Gains)/Losses	(116)	(29)
(1,588)	(397)	Effect of the asset ceiling	(2,792)	(698)
(2,488)	(622)	Total Other Comprehensive Income & Expenditure	(5,432)	(1,358)
(2,056)	(514)	Net Charge to the Comprehensive Income & Expenditure Statement	(4,977)	(1,244)
		Movement in Reserves Statement		
(432)	(108)	Reversal of net charge made for retirement benefits in accordance with IAS 19	(455)	(114)
512	128	Actual amount charged against the General Fund Balance for pensions in the year	606	152
80	20	Contribution (to) / from Pension Reserve	151	38

4.20 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 2024/25 is as follows:

2023/24 £000		2024/25 £000
(9)	Vehicles Plant and Equipment	(42)
(9)	Total	(42)

4.21 Revaluations Charged to CIES

During 2024/25 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 £0.483million. 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.

2023/24 £000		2024/25 £000
502	Corporate Services	483
502	Total Included in Net Cost of Services	483

Balance Sheet
4.22 Property Plant and Equipment

2024/25	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 2024	44,155	18,125	249	62,529	1,043	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	175	0	0	175	2,306
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	1,218	63	163	1,444	64,360
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)	(159)	(1)	(1)	(161)	(2,672)
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)	(1,011)	(55)	(159)	(1,224)	(11,800)
Net Book Value at 31 March 2025	43,219	9,121	0	52,340	207	8	4	219	52,559
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	207	8	4	219	32,974
PFI	19,585	0	0	19,585	0	0	0	0	19,585
	43,219	9,121	0	52,340	207	8	4	219	52,559
Historic Cost Valuation									
Net Book Value 31 March 2025	32,899	9,093	0	41,992	207	8	4	219	42,211
Net Book Value 31 March 2024	32,174	8,135	249	40,558	191	9	5	205	40,763

2023/24					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 £000	Total £000
Cost or Valuation									
Valuation as at 1 April 2023	43,101	16,108	1,590	60,799	1,004	63	163	1,230	62,029
Additions/Enhancements	156	802	249	1,207	39	0	0	39	1,246
Disposals	0	(375)	0	(375)	0	0	0	0	(375)
Reclassifications	0	1,590	(1,590)	0	0	0	0	0	0
Revaluations Taken to Revaluation Reserve	625	0	0	625	0	0	0	0	625
Revaluations Charged to Surplus/Deficit on Provision of Services 2023/24	273	0	0	273	0	0	0	0	273
Valuation as at 31 March 2024	44,155	18,125	249	62,529	1,043	63	163	1,269	63,798
Depreciation									
Accumulated Dep'n at 1 April 2023	0	(9,409)	0	(9,409)	(701)	(54)	(150)	(905)	(10,314)
Depreciation Charge to CIES 2023/24	(829)	(956)	0	(1,785)	(151)	(1)	(8)	(159)	(1,944)
Depreciation on Disposals	0	375	0	375	0	0	0	0	375
Depreciation w/out to Revaluation Reserve	600	0	0	600	0	0	0	0	600
Depreciation w/out to Surplus/Deficit on Provision of Services	229	0	0	229	0	0	0	0	229
Accumulated Dep'n at 31 March 2024	0	(9,990)	0	(9,990)	(852)	(54)	(158)	(1,064)	(11,054)
Net Book Value at 31 March 2024	44,155	8,135	249	52,539	191	9	5	205	52,744
Net Book Value at 31 March 2023	43,101	6,699	1,590	51,390	303	9	5	316	51,706
Nature of Asset holding									
Owned	23,585	8,135	249	31,969	191	9	5	205	32,174
PFI	20,570	0	0	20,570	0	0	0	0	20,570
	44,155	8,135	249	52,539	191	9	5	205	52,744
Historic Cost Valuation									
Net Book Value 31 March 2024	32,174	8,135	249	40,765	191	9	5	205	40,970
Net Book Value 31 March 2023	32,124	6,699	1,590	40,413	303	9	5	316	40,729

N.B The total NBV at 31 March 2024, has been corrected from what was published in 2023/24 due to a formula error

(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 2024/25, the Authority made no material changes to its processes and techniques for making accounting estimates for Property, Plant and Equipment.

4.23 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 an annual revaluation programme. Valuations for 2024/25 were carried out by Michael Beales BSc (Hons) MRICS, Carigiet Cowen, as at 31 March 2025. 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 2025.

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

	31 March 2025
Fire Stations	38
Plant, Furniture & Equipment	45
Vehicles	184

4.24 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 2025 £000	31-Mar 2025 £000	31-Mar 2025 £000	31-Mar 2025 £000	31-Mar 2025 £000
2024/25					
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

N.B Current investments includes cash and cash equivalents

	Non Current		Current		Total
	Investments	Debtors	Investments	Debtors	
	31-Mar 2024 £000	31-Mar 2024 £000	31-Mar 2024 £000	31-Mar 2024 £000	31-Mar 2024 £000
2023/24					
Fair Value through Profit & Loss	0	0	0	0	0
Amortised Cost	0	0	6,770	5,248	12,018
Total Financial Assets	0	0	6,770	5,248	12,018
Non-Financial Assets	0	0	0	5,991	5,991
Total	0	0	6,770	11,239	18,009

Financial Liabilities

	Non Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	31-Mar 2025 £000	31-Mar 2025 £000	31-Mar 2025 £000	31-Mar 2025 £000	31-Mar 2025 £000
2024/25					
Amortised Cost	(20,424)	0	(669)	(10,240)	(31,333)
Total Financial Liabilities	(20,424)	0	(669)	(10,240)	(31,333)
Non-Financial Liabilities	0	0	0	(9,049)	(9,049)
Total	(20,424)	0	(669)	(19,289)	(40,382)

	Non Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	31-Mar 2024 £000	31-Mar 2024 £000	31-Mar 2024 £000	31-Mar 2024 £000	31-Mar 2024 £000
2023/24					
Amortised Cost	(20,022)	0	(578)	(9,132)	(29,732)
Total Financial Liabilities	(20,022)	0	(578)	(9,132)	(29,732)
Non-Financial Liabilities	0	0	0	(3,290)	(3,290)
Total	(20,022)	0	(578)	(12,422)	(33,022)

(b) Income, Expense, Gains and Losses

2023/24			2024/25	
Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000		Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
(74)	0	Net (Gains)/Losses on: Financial Assets measured at Amortised Cost	138	0
(74)	0	Total Net (Gains)/Losses	138	0
(597)	0	Interest Revenue: Financial Assets measured at Amortised Cost	(892)	0
(597)	0	Total Interest Revenue	(892)	0
1,452	0	Interest Expense: Financial Liabilities measured at Amortised Cost	1,359	0
1,452	0	Total Interest Expense	1,359	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 2025;
- 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;

31 March 2024			31 March 2025	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
(20,600)	(22,988)	Financial Liabilities held at amortised cost	(21,093)	(19,288)
(9,132)	(9,132)	Short Term Operational Creditors	(10,240)	(10,240)
(29,732)	(32,120)	Total	(31,333)	(29,528)

31 March 2024			31 March 2025	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
5,248	5,248	Short Term Debtors	1,451	1,451
6,770	6,770	Cash & Cash Equivalent	20,001	20,001
12,018	12,018	Total	21,452	21,452

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 2024), also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria as set out in the 2024/25 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 to this is the NatWest bank (Currently BBB+) which provides the day-to-day banking services to the Commissioner.	Maximum per institution or Group £2m (varies according to credit rating). Maximum of all deposits £20m.
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 2025 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 2025 £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	19,775	Nil	Nil	0
Gross Operational Debtors	1,832	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:

2023/24 £000		2024/25 £000
671	Opening Balance	597
0	Write Offs in Year	0
(74)	(Decrease)/Increase to Provisions	138
597	Closing Balance	735

(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.

2023/24 £000		2024/25 £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 2024/25.

4.25 Short Term Debtors

2023/24 £000		2024/25 £000
4,348	Central Government Bodies	1,374
4,989	Other Local Authorities	1,394
1,885	Bodies external to government	1,899
378	Inter-company - Firefighters pension scheme	0
236	NW Fire Control - 25% Share	154
(597)	Bad debt provisions	(735)
11,239	Total	4,086

N.B The breakdown of the 23/24 balances have been amended from the published 23/24 accounts for more accurate representation of the breakdown

4.26 Inventories

2023/24 £000		2024/25 £000
435	Balance at 1 April	758
558	Purchases	791
(235)	Recognised as an expense in the year	(421)
0	Written Off Balances	(152)
758	Balance at 31 March	976

4.27 Cash and Cash Equivalents

2023/24 £000		2024/25 £000
101	Cash and Bank	44
6,610	Short Term Investments with maturity of less than 3 months	18,432
59	NW Fire Control - 25% Share	525
6,770	Total	19,001

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

4.28 Short Term Creditors

2023/24 £000	Short Term Creditors		2024/25 £000
(64)	Central Government Bodies		0
(9,726)	Other Local Authorities		(8,315)
(1,684)	Other Entities and Individuals		(2,066)
0	Inter-company - Firefighters pension scheme		(6,287)
(412)	NW Fire Control - 25% Share		(803)
(536)	Accumulated Absences	4.39e	(627)
(12,422)	Total		(18,098)

There are significant balances owed and owing to other local authorities 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 to 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.

4.29 Receipts in Advance

2023/24 £000			2024/25 £000
(82)	Central Government Bodies		(1,037)
(78)	Other Local Authorities		(34)
(209)	Other Entities and Individuals		(120)
(369)	Total Revenue Receipts In Advance		(1,191)

4.30 Provisions

The movement in the level of provisions held by the Authority during 2024/25 is as follows: -

	1 April 2024	Additions in year	Used in year	Unused Amounts reversed	31 March 2025
	£000	£000	£000	£000	£000
Short Term Provisions					
Insurance Claims	(27)	(17)	17	7	(20)
Legal Provisions	0	(202)	0	0	(202)
Pensions Provisions	0	(118)	0	0	(118)
Total	(27)	(337)	17	7	(340)
Long Term Provisions					
Insurance Claims	(63)	(21)	25	4	(55)
Pension Provision	0	(141)	0	0	(141)
Business Rate Appeals (CCFRA Share)	(88)	(53)	69	0	(72)
Total	(151)	(215)	94	4	(268)

- (i) **Insurance Claims**
The Authority has established a provision totalling £0.073m 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 2025 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 2025/26.
- (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 £0.072m.

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.

2023/24 £000		2024/25 £000
11,004	Balance at 1 April	12,007
1,229	Upward Revaluation of Assets	1,626
(4)	Downward Revaluation of assets and impairment losses not charged to the Surplus/Deficit on Provision of Services	(2,959)
1,225	Surplus or Deficit on Revaluation of Non Current Assets not posted to the Surplus or Deficit on Provision of Services	(1,333)
(222)	Difference between Fair Value Depreciation and Historic Cost Depreciation	(328)
12,007	Balance at 31 March	10,346

N.B. In the 2023/24 published accounts, the (£222,000) line was incorrectly categorised with the heading 'Accumulated Gains on assets sold or scrapped'. This was an incorrect heading and should have been the same as in the table above, i.e. Difference between Fair Value Depreciation and Historic Cost Depreciation.

(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.

2023/24 £000		2024/25 £000
15,952	Balance at 1 April	17,266
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
(1,785)	Charges for depreciation and impairment of non-current assets	(2,511)
502	Revaluation gains/(losses) on Property, Plant and Equipment	483
0	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(4)
(1,283)		(2,032)
222	Adjusting Amounts written out of the Revaluation reserve	328
(1,061)	Net written out amount of the cost of non-current assets consumed in the year	(1,704)
14,892		15,562
	Capital Financing Applied in the year	
0	Use of Capital Receipts Reserve to finance new capital expenditure	218
1,167	Statutory provision for the financing of capital investment charged against the General Fund	1,210
1,207	Capital expenditure charged against the General Fund	1,913
2,374		3,341
17,266	Balance at 31 March	18,903
	<u>NW Fire Control</u>	
(428)	Balance at 1 April	(587)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
(159)	Charges for depreciation and impairment of non-current assets	(161)
(587)	Balance at 31 March	(747)
16,679	Overall Closing Balance	18,155

(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.

2023/24 £000		2024/25 £000
(229,578)	Balance at 1 April	(227,523)
8,014	Remeasurements of the net defined benefit liability/(asset)	34,802
(14,463)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(15,817)
9,795	Employer's pensions contributions and direct payments to pensioners payable in the year	10,871
(1,291)	Effect of Asset Ceiling	(2,324)
(227,523)	Balance at 31 March	(199,991)

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

2023/24 £000		2024/25 £000
72	Balance at 1 April	0
225	Remeasurements of the net defined benefit liability/(asset)	660
(108)	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	(114)
128	Employer's pensions contributions and direct payments to pensioners payable in the year	152
(317)	Effect of Asset Ceiling	(698)
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.

2023/24 £000		2024/25 £000
(228)	Balance at 1 April	(27)
201	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	118
(27)	Balance at 31 March	91

(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.

2023/24 £000		2024/25 £000
(235)	Balance at 1 April	(497)
235	Settlement or cancellation of accrual made at the end of the previous period	497
(497)	Amounts accrued at the end of the current year	(606)
(262)	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	(109)
(497)	Balance at 31 March	(606)

(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.

2023/24 £000		2024/25 £000
162	Balance at 1 April	171
9	Transfer to the capital receipts reserve upon receipt of cash	47
0	Use of Capital Receipts to finance capital expenditure	(218)
9		(171)
171	Balance at 31 March	0

4.32 Capital Expenditure and Capital Financing

2023/24 £000		2024/25 £000
24,434	Opening Capital Financing Requirement	23,267
0	Remeasurements for IFRS16	1,035
		24,302
	Capital Expenditure	
1,207	Property, Plant and Equipment	2,131
1,207		2,131
	Sources of Finance	
0	Capital Receipts used to finance expenditure	(218)
(1,207)	Revenue Financing & Reserves	(1,913)
(1,167)	Minimum Revenue Provision	(1,210)
(2,374)		(3,341)
23,267	Closing Capital Financing Requirement	23,092
	NW Fire Control CFR	
752	Opening Balance	791
39	Capital Expenditure	175
791	Closing Balance	966
24,058	Total Closing CFR	24,058
	Explanation of Movements in year	
(1,167)	Increase in underlying need to borrow (unsupported by Government Finance Assistance)	(1,210)
(1,167)	Increase/(decrease) in Capital Financing Requirement	(1,210)

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

2023/24 £000	Fire Station PFI	2024/25 £000
	Cost or Valuation	
19,967	Valuation as at 1 April	20,570
0	Remeasurements due to IFRS16	1,035
99	Additions/Enhancements	17
0	Disposals	0
0	Reclassifications	157
458	Revaluations Taken to Revaluation Reserve	(1,929)
46	Revaluations Charged to Surplus/Deficit on Provision of Services	(264)
20,570	Valuation as at 31 March	19,586
	Depreciation	
0	Accumulated Dep'n at 1 April	0
(401)	Depreciation Charge to CIES	(555)
0	Depreciation on Disposals	0
401	Depreciation w/out to Revaluation Reserve	496
0	Depreciation w/out to Surplus/Deficit on Provision of Services	59
0	Accumulated Dep'n at 31 March	0
20,570	Net Book Value at 31 March	19,586
19,050	Net Book Value at 1 April	19,050
	Historic Cost Valuation	
12,666	Net Book Value 31 March	13,315
12,772	Net Book Value 1 April	12,428

Movement on PFI Liabilities

2023/24 £000	Fire Station PFI	2024/25 £000
(13,467)	Balance outstanding at start of year	(13,014)
0	Remeasure for IFRS16 on transition (1 April 2024)	(939)
	Remeasure for IFRS16 on next indexation Date	(95)
453	Payments During Year	540
(13,014)	Balance outstanding at end of year	(13,508)

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
2024/25				
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

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
2023/24				
Short Term PFI Liability				
Payable within 1-year	767	492	1,226	2,485
Total Short Term Liability	767	492	1,226	2,485
Long Term PFI Liability				
Payable within 2-5 Years	3,302	2,418	4,514	10,234
Payable within 6-10 Years	4,711	4,365	4,434	13,510
Payable within 11-15 Years	4,719	5,377	2,120	12,216
Payable within 16-20 years	0	362	0	362
Total Long Term Liability	12,732	12,522	11,068	36,322
Total	13,499	13,014	12,294	38,807

N.B The 23/24 table has been updated from the one published in the 2023/24 accounts to recognise the amounts payable in years 16-20. This line was omitted from the 2023/24 table in the previously published accounts

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 2022.

Reconciliation of asset and benefit obligation:

2023/24	2023/24	2023/24		2024/25	2024/25	2024/25
LGPS	Fire	Total		LGPS	Fire	Total
£000	Fighters	£000		£000	Fighters	£000
(19,948)	(229,386)	(249,334)	Benefit Obligation at beginning of period (1 April)	(20,232)	(227,347)	(247,579)
(402)	(2,918)	(3,320)	Current Service Cost	(410)	(2,918)	(3,328)
(941)	(10,787)	(11,728)	Interest on Pension Liabilities	(975)	(10,886)	(11,861)
(148)	(1,553)	(1,701)	Member Contributions	(154)	(1,827)	(1,981)
			Remeasurement (Gains) and Losses:			
255	4,540	4,795	Actuarial (Gains)/Losses arising from changes in demographic assumptions	58	407	465
314	3,665	3,979	Actuarial (Gains)/Losses arising from changes in financial assumptions	2,843	31,981	34,824
(154)	(1,402)	(1,556)	Experience (Gains)/Losses	25	241	266
(1)	(420)	(421)	Past Service Cost	0	(1,738)	(1,738)
(5)	0	(5)	Losses/(Gains) on Curtailments	0	0	0
798	10,914	11,712	Benefits/transfers paid	805	12,247	13,052
(20,232)	(227,347)	(247,579)	Benefit Obligation at end of period (31 March)	(18,040)	(199,840)	(217,880)

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

2023/24	2023/24		NWFC	NWFC
NWFC	NWFC @			25%
£000	25%			£000
(12,700)	(3,175)	Benefit Obligation at beginning of period (1 April)	(13,011)	(3,253)
(448)	(112)	Current Service Cost	(459)	(115)
(612)	(153)	Interest on Pension Liabilities	(641)	(160)
(160)	(40)	Member Contributions	(191)	(48)
		Remeasurement (Gains) and Losses:		
80	20	Actuarial (Gains)/Losses arising from changes in demographic assumptions	22	6
1,016	254	Actuarial (Gains)/Losses arising from changes in financial assumptions	2,985	746
(396)	(99)	Experience (Gains)/Losses	116	29
209	52	Benefits/transfers paid	220	55
(13,011)	(3,253)	Benefit Obligation at end of period (31 March)	(10,959)	(2,740)

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

2023/24	2023/24	2023/24		2024/25	2024/25	2024/25
LGPS £000	Fire fighters £000	Total £000		LGPS £000	Fire Fighters £000	Total £000
21,555		21,555	Fair Value of plan assets at beginning of period (1 April)	23,146		23,146
1,029		1,029	Interest on Plan Assets	1,129		1,129
			Remeasurement gain/(loss):			
796		796	The return on plan assets, excluding the amount included in the net interest expense	(753)		(753)
(18)		(18)	Other - Administration Expenses	(19)		(19)
434	9,361	9,795	Employer Contributions	451	10,420	10,871
148	1,553	1,701	Member Contributions	154	1,827	1,981
(798)	(10,914)	(11,712)	Benefits/transfers paid	(805)	(12,247)	(13,052)
23,146	0	23,146	Fair Value of plan assets at end of period (31 March)	23,303	0	23,303

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

2023/24	2023/24		NWFC	NWFC
NWFC £000	NWFC @ 25% £000			25%
12,984	3,246	Fair Value of plan assets at beginning of period (1 April)	14,278	3,570
628	157	Interest on Plan Assets	706	177
		Remeasurement gain/(loss):		
200	50	The return on plan assets, excluding the amount included in the net interest expense	(483)	(121)
512	128	Employer Contributions	606	152
160	40	Member Contributions	191	48
(204)	(51)	Benefits/transfers paid	(220)	(55)
14,280	3,570	Fair Value of plan assets at end of period (31 March)	15,078	3,770

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

2023/24	2023/24	2023/24		2024/25	2024/25	2024/25
LGPS £000	Fire fighters £000	Total £000		LGPS £000	Fire Fighters £000	Total £000
(20,232)	(227,347)	(247,579)	Present value of the liabilities	(18,040)	(199,840)	(217,880)
23,146	0	23,146	Fair Value of Plan Assets	23,303	0	23,303
2,914	(227,347)	(224,433)		5,263	(199,840)	(194,577)
(3,090)	0	(3,090)	Effect of Asset Ceiling	(5,414)	0	(5,414)
(176)	(227,347)	(227,523)	Net Liability/(Asset) arising from defined benefit obligation	(151)	(199,840)	(199,991)

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

2023/24	2023/24		NWFC	NWFC
NWFC £000	NWFC @ 25% £000			25%
(13,011)	(3,253)	Present value of the liabilities	(10,959)	(2,740)
14,280	3,570	Fair Value of Plan Assets	15,078	3,770
1,269	317		4,119	1,030
(1,269)	(317)	Effect of Asset Ceiling	(4,119)	(1,030)
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 £199.991million 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.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The 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 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.

2023/24	2023/24		2024/25	2024/25
LGPS £000	Fire fighters £000		LGPS £000	Fire fighters £000
		Mortality assumptions:		
		Longevity at 65 for current pensioners (age 60 for Fire):		
21.50	25.30	Men	21.50	25.30
23.90	25.30	Women	24.00	25.30
		Longevity at 65 for future pensioners (age 60 for Fire):		
22.80	27.30	Men	22.80	27.30
25.70	27.30	Women	25.70	27.30
2.70%	2.70%	Rate of Inflation (CPI)	2.60%	2.60%
4.20%		Rate of Increase in Salaries	4.10%	
	3.95%	Rate of revaluation of CARE Pensions		3.85%
2.80%	2.80%	Rate of increase in Pensions	2.70%	2.70%
4.90%	4.80%	Rate of discounting Scheme Liabilities	5.80%	5.80%

Sensitivity analysis for LGPS:

2024/25		+0.5% p.a. discount Rate	+0.25% p.a. inflation	+0.25% Pay Growth	1 Year Increase in Life Expectancy	+/-1% change in 2023/24 investment returns	
£000		£000	£000	£000	£000	£000	£000
						+1%	-1%
(18,040)	Liability	(16,848)	(18,667)	(18,138)	(18,407)	(18,040)	(18,040)
23,303	Assets	23,303	23,303	23,303	23,303	23,535	23,071
5,263	(Deficit) / Surplus	6,455	4,636	5,165	4,896	5,495	5,031
309	Projected Service Cost for Next Year	269	331	309	317	309	309
(319)	Projected Net Interest Cost for Next Year	(421)	(281)	(312)	(296)	(332)	(305)

Sensitivity analysis for the Firefighters pension scheme:

2024/25		+0.5% p.a. discount Rate	+0.25% p.a. inflation	+0.25% Pay Growth	1 Year Increase in Life Expectancy
£000		£000	£000	£000	£000
(199,840)	Liability	(185,721)	(207,739)	(201,511)	(203,733)
0	Assets	0	0	0	0
(199,840)	(Deficit) / Surplus	(185,721)	(207,739)	(201,511)	(203,733)
1,975	Projected Service Cost for Next Year	1,582	2,205	1,992	2,032
11,289	Projected Net Interest Cost for Next Year	11,375	11,748	11,386	11,514

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:

2023/24		2024/25
LGPS		LGPS
£000		£000
8,958	Equity Investments	8,063
3,055	Bonds	3,379
1,713	Property	1,817
393	Cash/Liquidity	350
9,027	Other Assets	9,694
23,146		23,303

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 and this exercise will continue into 2025/26 where required. Members have now started receiving payments and will continue to do so into 2025/26.

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 a payment of £9.300m in July 2024 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, it is expected that the McCloud/Sargeant remedy contribution compensation payments to members, projected to occur in 2023-24 will fall into 2024-25. Similar to the above Matthews case, the Home Office have undertaken a detailed exercise and have estimated the distribution to eligible members between FRAs.

The Authority received a payment of £1.170m in July 2024 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 30 June 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 1 April 2025, governmental responsibility for Fire and Rescue Services transferred from Home Office to Ministry of Housing Communities and Local Government.

Cash-Flow Statement**4.37 Cash Flow Statement – Operating Activities**

2023/24 £000		2024/25 £000
(111)	(Surplus) / Deficit on the Provision of Services	4,836
	Adjustments to the net surplus or deficit on the provision of services for non cash movements	
(1,441)	Depreciation and revaluation charges	(2,189)
0	IFRS16 Remeasurements	1,035
0	Carrying amount of non current assets sold	
(4,648)	Pension (IAS 19)	(4,909)
323	Increase/(decrease) in inventories	216
7,002	Increase/(decrease) in debtors	(7,137)
(9,941)	(Increase)/decrease in creditors	(6,827)
13	Other non-cash items charged to net surplus/deficit on provision of services	53
(8,692)		(19,758)
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	
9	Gain/(Loss) from the sale of property plant and equipment, investment property and intangible assets	42
0	Purchase of short and long term investments	1,000
27	Capital Grants charged to Comprehensive Income and Expenditure	
36		1,042
(8,767)	Net Cash Flow from Operating Activities	(13,880)
	Shown within Net Cash Flow from Operating Activities	
1,307	Interest Payable	1,360
(575)	Interest Receivable	(840)
(384)		520

4.38 Cash Flow Statement – Investing and Financing Activities

2023/24 £000		2024/25 £000
	Investing Activities	
1,871	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	2,116
(9)	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(47)
20	Other Receipts from Investing Activities	(18)
1,882	Net Cash Flows from Investing Activities	2,051
	Financing Activities	
492	Other payments for financing activities	
	Repayments of Short and Long Term Borrowing	(402)
492	Net Cash Flows from Financing Activities	(402)

SECTION 5 – SUPPLEMENTARY FINANCIAL STATEMENTS

5.1 Firefighters’ Pension Fund Account

2023/24 £000		Note	2024/25 £000
	Income to the Fund		
	Contributions Receivable		
(3,345)	From Employer	7	(4,533)
(1,543)	From Members	9	(1,929)
(4,888)			(6,462)
	Transfers in		
(41)	Individual transfers in from other schemes		(20)
(4,929)	TOTAL INCOME		(6,482)
	Expenditure by the Fund		
	Benefits Payable		
6,907	Pensions		7,460
1,475	Ill Health and Injury		1,466
1,679	Lump Sums		1,684
721	Lump Sum Death Benefits & Widows Pensions		708
10,782			11,318
	Payments to and on account of leavers		
79	Individual transfers out to other schemes		714
10,861	TOTAL EXPENDITURE		12,032
5,932	Net amount payable for the year		5,550
(5,932)	Top up grant receivable from Central Government	10	(5,550)
0	Net Fund position for year		0

2023/24 £000	Net Current Assets and Liabilities	Note	2024/25 £000
1,967	Top Up grant receivable/(received) from Central Government		0
646	Prepaid Pensions		679
0	Other current assets		383
2,613	Current Assets		1,062
(2,613)	Other current liabilities		5,767
0	Pension funding surplus - payable to Government		(6,829)
(2,613)	Current Liabilities		(1,062)
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 2024/25

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 2024-25

Introduction and Scope of Responsibilities

The Police, Fire and Crime Commissioner for Cumbria (the Commissioner) in his capacity as Cumbria Commissioner Fire & Rescue Authority (the Authority) 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 Commissioner 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 Commissioner 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 Commissioner's website at www.cumbria-pcc.gov.uk

This Annual Governance Statement (AGS) describes how the Commissioner 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 Commissioner's statement of accounts.

REVIEW OF EFFECTIVENESS

The key systems and processes that comprise the Commissioner's governance arrangements for 2024/25 have been guided by the seven core principles of Corporate Governance from the CIPFA/Solace Governance Framework applicable to the 2024/25 financial year. This is the standard against which all local government bodies, including fire, should assess themselves.

The Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of his 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 Commissioner'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 his annual report.
- A review of the effectiveness of the Joint Audit Committee against CIPFA guidance on Audit Committees for Fire.

The following Annual Governance Statement demonstrates how the Commissioner has complied with the governance framework set out within The Code to meet each of the seven governance principles. The Annual Governance Statement is published alongside the Statement of Accounts and also incorporates an action plan of planned future improvements for governance arrangements.

The RAG ratings in the table below show where we were with the requirements for 2024/25.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with, and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.

The Governance Framework

The Authority's Local Code of Corporate Governance set out its framework for corporate governance. The key elements of the systems and processes that comprise the Authority's governance arrangements which include:

- The Police, Fire and Crime Plan sets the direction of the Commissioner and the Authority
- The Community Risk Management Plan (CRMP) sets out the direction of the Service and how we will make Lancashire safer. It is informed by the greatest risks to the people and communities of Cumbria. The plan describes our aim, priorities, equality objectives and values, alongside how we will prevent, protect, and respond to the risks in Cumbria.

Significant governance issues

On the basis of the review of the sources of assurance set out in this statement, we are satisfied that Cumbria Commissioner Fire and Rescue Authority and Cumbria Fire and Rescue Service have in place a satisfactory system of internal control which facilitates the effective exercise of its functions, and which includes arrangements for the management of risk.

At the start of 2024/25, a new Commissioner was elected and during 2024/25 an inspection was undertaken by His Majesty's Inspectorate of Constabularies and Fire and Rescue Services (HMICFRS) with the outcome of the inspection published in July 2025. The inspection recorded significant improvements had been made across the service with five 'Good' ratings and six 'Requires Improvement' ratings. This was a significant

improvement from the 2023 inspection. A number of improvement recommendations were made, and these are being monitored through the Authority and Service's governance framework.

Changes were made to the Leadership Team during the year and a restructure of the Senior Leadership team undertaken to ensure the strategic goals of the Service can be delivered. Two new Assistant Chief Fire Officer's were appointed to support the Chief Fire Officer.

Monthly Executive Board – Fire meetings were held with the Commissioner as well as Public Accountability Conferences where the Commissioner received assurances from the Service on the operational aspects being undertaken, performance and progress against inspection and audit action plans. Progress on audit and risk was monitored closely by the Joint Audit Committee and the Community Scrutiny Panel continued to provide 'critical friend' analysis of operational aspects of the service, particularly around HR and People practices.

The service and authority engaged with other external stakeholders such as Safer Cumbria, Cumbria Road Safety Partnership, Cumbria Safeguarding Children's partnership, and the Local Resilience Forum.

Financial monitoring continued to be maintained, and the implementation of its own Financial Ledger system in April 2024, enabled much more accurate reporting to be undertaken and reporting to be developed for the needs of the Service.

Weekly briefings were issued to all members of the service to ensure they are collectively kept informed of how the service is doing, what is happening and notification of significant events. These were supplemented with an Annual Awards Ceremony to recognise the achievements of the Service team and Leadership Away Days.

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

Details	How We Meet these Principles	Evidence	Improvements/ Updates	RAG
A1: Behaving with Integrity and demonstrating strong commitment to ethical values.				
We ensure that members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation		<ul style="list-style-type: none"> Members of the Community Scrutiny Panel and the Joint Audit Committee all sign a Code of Conduct as part of their appointment and induction process The Fire and Rescue Service locally and nationally through the National Fire Chiefs' Council has adopted the Core Code of Ethics which consists of five ethical principles. The principles underpin our commitment to serving the communities of Cumbria The Fire & Rescue Service regularly communicates the core code of ethics to all staff and expected behaviours. 		
We take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)		<ul style="list-style-type: none"> The Fire & Rescue Authority is compliant with the CIPFA Statement on the role of the Chief Financial Officer in Local Government. The Chief Finance Officer performs the duties of the S151 Officer, and it is their role to ensure the proper administration of the Authority's financial affairs The Chief Finance Officer is a qualified accountant and is supported by a Finance Team that includes a number of professionally qualified finance officers 	The Service Leadership Team has recently agreed a set of core values that all members should display	
We lead by example and use standard operating principles or values as a framework for decision making and other actions.		<ul style="list-style-type: none"> CCFRA and CFRS have a robust decision-making process embedded within its Corporate Governance Framework. This framework includes the delegations made to each key officer. In accordance with the CIPFA guidance, the Chief Finance Officer is a key member of the Fire & Rescue Service Leadership Team, helping to develop and implement strategy and to resource and deliver the Authority's strategic objectives sustainably and in the 		

Details	How We Meet these Principles	Evidence	Improvements/ Updates	RAG
		<p>public interest. They are also actively involved in all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and aligned with the Fire & Rescue Authority's financial strategy.</p> <ul style="list-style-type: none"> ▪ The Chief Finance Officer leads on the promotion and delivery of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively. ▪ The Chief Executive of the OPFCC is the Monitoring Officer for the Fire & Rescue Authority as set out in section 5 of the Local Government and Housing Act 1989, whose role is to advise on the rule of law and ensure decision-making is legally sound. ▪ The Chief Fire Officer is the Head of Paid Service for the Fire & Rescue Authority and is responsible for the coordination and discharge of the functions of the Fire & Rescue Service . ▪ The Community Scrutiny panel carry out the role of a `standards committee' across the Fire & Rescue Service and act as a critical friend, providing advice and guidance to help the Fire & Rescue Authority and Fire & Rescue Service to maintain high standards of integrity and ethical working. 		
We demonstrate how we communicate and embed the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively		<ul style="list-style-type: none"> ▪ The Fire & Rescue Service has introduced a new Workforce Complaints procedure, making it easier for staff to raise issues and have access to welfare officers who can support them. The Service has also updated its Whistleblowing Policy. CCFRA reports on the effectiveness of these arrangements on an annual basis to the Joint Audit Committee. 	All strategic documents have recently been reviewed, with a consistent approach that allows the Service to demonstrate how it is incorporating its value.	

Details	How We Meet these Principles	Evidence	Improvements/ Updates	RAG
		<ul style="list-style-type: none"> ▪ The Service has an Anti-Money Laundering Policy and Guidance document, also Anti-Fraud and Corruption arrangements, which includes mechanisms for confidential reporting and whistleblowing. These arrangements are reported to the Joint Audit Committee on a bi-annual basis. CFRS website has information on how members of the public can make complaints regarding different staff, officers, members and volunteers. ▪ In Autumn 2023, HMICFRS undertook a thematic inspection of the handling of misconduct in fire and rescue services. The inspection was undertaken across a number of Fire & Rescue Services and a generic report was published on 1st August 2024. The report details 15 recommendations for services to adopt. Cumbria Fire & Rescue Service has carried out an initial gap analysis of their processes and approach against the recommendations. This is being monitored through an internal governance board chaired by the Police, Fire & Crime Commissioner. 13 of the 15 recommendations have been completed 	<p>A further piece of work will involve the Service considering the language used in its range of strategic documents to ensure it is appropriate and consistent.</p>	
A2: Demonstrating strong commitment to ethical values				
<p>Seeking to establish, monitor and maintain the organisation's ethical standards and performance</p>		<ul style="list-style-type: none"> ▪ The Community Scrutiny Panel provides advice and guidance to help CCFRA and the Fire & Rescue Service to maintain high standards of integrity and ethical working. During 2024/25 the Panel have carried out dip sample processes and thematic inspections across different areas of business within fire 		

Details	How We Meet these Principles	Evidence	Improvements/ Updates	RAG
		<ul style="list-style-type: none"> ▪ The Community Scrutiny Panel continues to monitor and reports on some specific areas of activity, such as complaint handling and misconduct cases, in relation to ethical issues. 		
Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation’s culture and operation		<ul style="list-style-type: none"> ▪ The Fire & Rescue Service has invested in Leadership Training across all levels of management in the Service, which specifically included the core code of ethics. Visits have been undertaken with all staff, both operational and corporate, providing an opportunity to make sure values and behaviours are understood and demonstrated by all staff. ▪ The Service also regularly references the core code of ethics and expected behaviours to all staff in its regular communications and strategic documents.. ▪ The Service has developed and issued a 'how to complain' poster to all stations, advertising a Crimestoppers anonymous line available to raise complaints. This reporting line has been introduced to give staff the confidence to report issues if there are other reasons making them feel reluctant to do so. 		
Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values		<ul style="list-style-type: none"> ▪ When the Service was part of Cumbria County Council, it did not have fire specific policies and procedures meaning a number of opportunities were missed to ensure that staff were working within a policy framework specifically focussed on fire. The change in Governance has meant during the last year, the Service has undertaken an extensive review of its policies and procedures ensuring they are fit for purpose and place emphasis on the core code of conduct and ethical values important to the Service. • Our key strategic documents have been reviewed by HMICFRS as part of their latest service inspection 	A shared procurement function with the Constabulary ensures that ethical values are considered in any activity.	

Details	How We Meet these Principles	Evidence	Improvements/ Updates	RAG
		<ul style="list-style-type: none"> ▪ The Fire & Rescue Authority has a sustainable Procurement and Commissioning Strategy which provides a framework that ensures the Service obtains optimum value for money in all of its procurement and commissioning activity that supports the principles and priorities of sustainable development. 		
Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation		<ul style="list-style-type: none"> ▪ The new Procurement Act 2023 has gone live and the Fire & Rescue Authority has reviewed its policies and procedures to align with the requirements of the Act. ▪ a shared Procurement function has been established with Cumbria Constabulary that will enable joint contractual arrangements between Policing and Fire to improve efficiencies. This will ensure that all contractors are appropriately vetted to the standard required by Policing. 		
A3	Respecting the rule of law			
We ensure staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations		<ul style="list-style-type: none"> ▪ The Fire & Rescue Service has a Service Level Agreement with one of the unitary councils to deliver legal support to the Fire Authority and Fire & Rescue Service on all legal matters. ▪ The Chief Executive of the OPFCC is the Monitoring Officer for the Fire & Rescue Authority and has specific legal requirements in legislation for ensuring legality for investigating any suspected instances of failure to comply with these requirements and for reporting any such instances to the PFCC, JAC or the Police, Fire & Crime Panel. 	The OPFCC is currently in the process of trying to recruit a new head of legal.	
We create conditions to ensure that statutory officers, other key post holders and members are able to fulfil their responsibilities in		<ul style="list-style-type: none"> ▪ The Fire & Rescue Authority has a Corporate Governance Framework and Decision-Making processes. These both provide guidance on expected behaviours to ensure integrity, transparency and excellent standards of ethical behaviours in 		

Details	How We Meet these Principles	Evidence	Improvements/ Updates	RAG
	accordance with legislative and regulatory requirements.	<p>accordance with legislative and regulatory requirements. The Joint Audit Committee. Is responsible for reviewing these on an annual basis.</p> <ul style="list-style-type: none"> ▪ Compliance with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government is reported through the annual governance statement which accompanies the annual statement of accounts. 		
	We strive to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholder	<p>Legal advice is provided to the Fire & Rescue Authority and the Fire & Rescue Service by the unitary council's Legal Services Department. If necessary, legal advice can be sought from other legal bodies.</p> <ul style="list-style-type: none"> ▪ The Protection team has access to dedicated legal advice to allow it to carry out its statutory responsibilities. 		
	We deal with breaches of legal and regulatory provisions effectively.	<ul style="list-style-type: none"> ▪ The Fire & Rescue Service investigates all instances of Fraud, Corruption and Whistleblowing and the Chief Finance Officer, the PFCC and the Monitoring Officer have specific responsibilities for ensuring both organisations comply effectively with legal and regulatory provisions. ▪ Policies are in place for Anti-Fraud & Corruption, and Anti-Money Laundering. ▪ Mechanisms exist to ensure that the Fire & Rescue Service is compliant with Health and Safety Legislation. The Service has systems in place to support the reporting and investigation of all accidents and near misses. This helps in limiting potential for recurrence, increases learning from incidents and creates a safer environment with a positive Health and Safety culture. 		

Details	How We Meet these Principles	Evidence	Improvements/ Updates	RAG
We ensure corruption and misuse of power are dealt with effectively.		<ul style="list-style-type: none"> ▪ Anti-Fraud & Corruption arrangements were last reviewed in 2024/2025 and presented to the Joint Audit Committee who concluded that the arrangements were effective. ▪ The Fire & Rescue Authority provides annual reports to the Committee on the effectiveness of the arrangements. 		

Core Principle B: Ensuring openness and comprehensive stakeholder engagement

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
B1	Openness			
We ensure there is an open culture through demonstrating, documenting and communicating the organisation’s commitment to openness		<ul style="list-style-type: none"> ▪ An Annual Statement of Assurance is prepared, agreed and published. ▪ The Service has an established process for receiving and responding to Freedom of Information Requests, Environmental Information Requests and Subject Access Requests in line with specified timescales. ▪ The OPFCC and Fire & Rescue Service websites are used to publish a wide range of policy and information about the Service, making this easily accessible to the public. ▪ The PFCC chairs a Public Accountability Conference every quarter whereby they hold the Chief Fire Officer and their Principal Officer Team to account. These meetings are open to the public. All agendas and presentations are available on the OPFCC website. The minutes of the meeting are also published to transparently demonstrate the PFCC holding the Chief Fire Officer to account in line with the PFCC’s statutory role. 	<p>Introduce the facility for members of the public to submit questions for consideration at all PACs.</p> <p>Updates on Information Governance to be provided regularly to Fire Executive Board</p>	
We make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes.		<ul style="list-style-type: none"> ▪ The Fire & Rescue Authority and Fire & Rescue Service has a robust decision-making policy. Decisions made by the PFCC are published on the OPFCC website. ▪ To promote openness and transparency, all Public Accountability Conferences are open to members of the press and public to attend, with all minutes arising from them being published subsequently 		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
We provide clear reasoning and evidence for decisions in both public records and explanations to stakeholders.		<p>A decision template has been developed for the Fire & Rescue Authority and the Fire & Rescue Service to use. There is a requirement to include all information, rationales, risks and legal issues and the scheme of delegation highlights the required sign-off</p> <ul style="list-style-type: none"> ▪ Minutes from meetings illustrate discussions and rationales for decisions made ▪ There are agreed timescales for the publication of information (including minutes and decisions) 	Decision template to be revised to allow a consistent approach across all meetings.	
We use formal and informal consultation and engagement to determine the most appropriate and effective interventions or courses of action.		<ul style="list-style-type: none"> ▪ The Fire & Rescue Service has a Communication and Engagement Strategy ▪ During 2024, the Fire & Rescue Authority and Fire & Rescue Service consulted with the public on the priorities in the Fire & Rescue Plan and Community Risk Management Plan (CRMP). Consultation included both staff and public. The results of the consultation were reported to the Police, Fire & Crime Panel to aid their decision when approving the Plan 		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<ul style="list-style-type: none"> ▪ Where required, we consult on any new proposals as a result of action within the CRMP. Mechanisms also exist for risk to be raised with the Service through a number of channels. ▪ The PFCC also undertook public consultation to inform the setting of the Fire & Rescue Service percept for 2024/2025 ▪ The Fire & Rescue Service engages with various groups, organisations, and people throughout the year, organises community engagement events providing updates on the work of the Service. This also enables the public to ask the Service questions and provide feedback. 		
B2	Engaging comprehensively with institutional stakeholders			
Effectively engage with stakeholders to develop formal and informal partnerships to allow recourses to be used efficiently		<ul style="list-style-type: none"> ▪ The Commissioner in his capacity as the Fire Authority is actively engaged with a wide range of bodies to encourage a multi-agency approach to matters within his remit. For example, he chairs Safer Cumbria (a strategic board) that has responsibility for delivery of the Serious Violence Duty. 	CFRS participates effectively in a wide range of partnerships, including Water Safety, Road Safety, Safeguarding and Community Safety	
We develop formal and informal partnerships to allow for resources to be used efficiently and outcomes achieved more effectively.		<ul style="list-style-type: none"> • Working in partnership with others is one of the key parts of the Authority's ethos. For example, the Commissioner chairs a Blue Light Collaboration board which has brought together the police and fire estates function into a single shared service. 		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<ul style="list-style-type: none"> • There are formal arrangements in place with both local authorities to ensure high risk individuals receive a home fire safety visit • The Fire & Rescue Service works closely with a wide range of partners; local authorities, NHS, policing, third sector organisations, etc. to deliver interventions on a number of areas such as Water Safety, Road Traffic Collisions (RTCS), Safeguarding and Modern Slavery. • Over the last twelve months, the Fire & Rescue Service has worked with Cumbria Constabulary through the Cumbria Road Safety Partnership to ensure activity is targeted effectively and efficiently. • Cumbria Constabulary has introduced ‘Right Care, Right Person’ where a large number of incidents that they previously dealt with, are now picked up by a range of partner agencies, including the Fire & Rescue Service. The Service has worked with the Constabulary to ensure they are not overwhelmed by any increased demand. 		
We ensure that partnerships are based on trust, shared commitment to change, a culture that promotes and accepts challenge and the added value of partnership working is explicit.		<ul style="list-style-type: none"> • Partnerships we engage with are regularly reviewed. Our core code of ethics ensures that we engage with partnerships in good faith, ready to work with partners to deliver for the people of Cumbria. 		
B3	Engaging stakeholders effectively including citizens and service users			
We are clear on the types of issues we will consult with or involve stakeholders or service users to ensure service provision is contributing towards the achievement of intended outcomes.		<ul style="list-style-type: none"> ▪ The PFCC leads the Safer Cumbria partnership which provides strategic input into key strategies and plans that support the joint delivery of priority outcomes critical to Cumbria. ▪ During 2024/2025 engagement included visits to several Fire Stations and attendance at On-Call Appreciation events. 	Development of an Operational Cover Review will necessitate a comprehensive round of consultation with all interested parties on any	

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<ul style="list-style-type: none"> ▪ The Fire & Rescue Authority launched public consultation on the proposal to increase the fire part of the council tax precept for 2025/2026 The Fire & Rescue Authority logs all quality-of-service issues that are raised with the Commissioner, these are tracked and escalated with the Chief Fire Officer where appropriate. 	changes to service delivery.	
We ensure that communication methods are effective and that we are clear about our roles with regard to community engagement.		<ul style="list-style-type: none"> ▪ The Fire & Rescue Service has a Communication and Engagement Strategy. The Service regularly works with the PFCCs Office to ensure its engagement is fit for purpose. ▪ For large engagement such as the CRMP, the Service regularly reviews who and how it will consult with the public and partners. 		
We collect and evaluate the views and experiences of communities, service users and organisations		<ul style="list-style-type: none"> • The Fire & Rescue Authority logs all quality-of-service issues that are raised, these are tracked and escalated with the Chief Fire Officer where appropriate. Quality of Service Issues raised with the Chief Fire Officer are addressed within Service. <p>The CRMP reflects the Service's risk profile. This process enables the Service to be clear about the levels of risk that exist, influencing prevention, protection and response arrangements. In 2024, CFRS went through a comprehensive process to develop a CRMP to covers the years 2025-2028. This process involved the creation of a comprehensive Risk Based Evidence Profile using the latest available data and a comprehensive engagement programme.</p> <ul style="list-style-type: none"> • All complaints and compliments are considered by the Service. 		
We implement effective feedback mechanisms to demonstrate how views have been taken into account, whilst balancing competing demands.		<ul style="list-style-type: none"> ▪ All correspondence sent to the Fire & Rescue Authority receives an individual and tailored response. ▪ Regular feedback is provided to staff and the Rep bodies in the course of Service delivery. 		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
We take into account the interests of future generations of taxpayers and service users.		<ul style="list-style-type: none"> ▪ A 5-year Medium Term Financial Forecast is produced along with a longer-term Capital investment strategy to account for and consider future events that would impact on taxpayers and service users. ▪ Budget consultation is undertaken annually. ▪ The Fire & Rescue Authority holds the Chief Fire Officer to account through its internal governance boards and Public Accountability Conferences to ensure value for money from service provision. 		

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

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
C1	Defining outcomes			
<p>We have a clear vision which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation’s overall strategy, planning and other decisions</p>		<ul style="list-style-type: none"> ▪ A Fire & Rescue Plan, drawing on the results of public consultation and a strategic analysis of the community safety trends, emerging issues and partner agency feedback, is prepared for each Commissioner’s term of office. This document underpins the overarching ambitions for the Fire & Rescue Authority which is supported by the Fire & Rescue Service CRMP. The CRMP explains the approach the Service will take to support the Plan and sets out the planned activity to deliver and achieve the intended outcomes. ▪ The OPFCC is an established office that works beyond governance and scrutiny to ensure that there is a longer-term strategic direction around all aspects of fire and community safety and that when put into practical terms enables or influences delivery against the priorities. ▪ Performance indicators are agreed and reported to the PFCC, the Fire Senior Leadership Team and the public, showing how effectively the priorities are being delivered. ▪ A new CRMP was published in 2024 and takes into consideration feedback from the public. 	<p>A revised Police, Fire & Crime Plan has been developed for April 2025.</p>	
<p>We specify the intended impact on, or changes for, stakeholders including citizens and service users. It could be</p>		<ul style="list-style-type: none"> ▪ CFRS publishes its CRMP to show direction of travel over the next four years. 		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
immediately or over the course of a year or longer		<ul style="list-style-type: none"> ▪ The Fire & Rescue Service responds to all FOIs that it receives and has a publication scheme. ▪ The Fire & Rescue Authority publishes its Fire & Rescue Plan with an annual report identifying achievements throughout the year. 		
We deliver defined outcomes on a sustainable basis within the resources that will be available		<ul style="list-style-type: none"> ▪ Public Accountability Conferences support the Fire & Rescue Authority to monitor performance and budget progression. During 2024/2025 thematic reports presented at the meetings provided assurance on how the Fire & Rescue Service responds to a number of issues ▪ An internal Fire Executive Board helps to drive and monitor the efficiency and effectiveness of the Fire & Rescue Authority and Fire & Rescue Service. It is the forum whereby the Commissioner can maintain oversight of the totality of the fire and rescue service in Cumbria. It enables senior officers from the Fire & Rescue Authority and the Service to work together to review key issues/challenges affecting service delivery, and identify solutions, including how resources can be used. ▪ A Medium-Term financial Plan (MTFP) is produced annually, reviewed regularly and updated as necessary setting out the financial assumptions and demands upon the Service to highlight budgetary pressures and set out options to address any funding shortfalls to ensure sustainability. The MTFP is supplemented by a Capital Strategy and Reserves Strategy. ▪ The 2024/2025 budget, council tax levels and MTFP, alongside the Capital, Reserves and Treasury Management Strategies were considered by the PFCC in proposing and setting the level of fire precept. 	The establishment of a Service Improvement Board will allow a focus on all aspects of the business to ensure outcomes are delivered.	

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<ul style="list-style-type: none"> ▪ During 2024/2025, the Police, Fire and Crime Panel has continued to facilitate effective scrutiny of the Fire & Rescue Service budget. ▪ His Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) Inspections further supports the Fire & Rescue Authority in identifying areas that are working well and those that would benefit from improvement. This supports the Authority in holding the Chief Fire Officer to account for performance of the service. All reports are publicly available. ▪ Regular news and social media posts published by both the Fire & Rescue Authority and Service inform communities of how effectively the Service is performing. 		
We identify and manage risks to the achievement of outcomes.		<ul style="list-style-type: none"> ▪ Performance is reported through quarterly Public Accountability Conferences and regularly via the Fire Executive Board and Fire Senior Leadership Team. ▪ The Fire & Rescue Authority and the Fire & Rescue Service undertake a continuous review of its risk management responsibilities by ensuring that it maintains an up-to-date Operational Risk Register and Strategic Risk Register. This is reported quarterly via the Fire Executive Board. 	Both risk registers to be merged into one holistic document	
C2	Sustainable economic, social and environmental benefits			
We consider and balance the combined economic, social and environmental impact of policies, plans and decisions when taking service provision decisions		<ul style="list-style-type: none"> ▪ A Capital Investment Strategy is in place, focused on future use, with links to the Medium-Term Financial Forecast and compliant with the Prudential Code. This has been revised to ensure compliance with the new requirements linking capital investment 		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<p>decisions with the Prudential Code and Treasury Management investment decisions.</p> <ul style="list-style-type: none"> ▪ Equality Impact Assessments are carried out on policies and procedures. This assesses the impact of any changes that may affect staff, stakeholders and the public. ▪ Risk management processes are in place and reviewed regularly. ▪ The Section 151 officer sits at the Senior Leadership Team and is involved in all formal decision-making processes for expenditure, including those that relate to any changes to programmes, policies and procedures. This helps to ensure value for money is achieved within a balanced and sustainable budget. 		
<p>Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints</p>		<ul style="list-style-type: none"> ▪ The Corporate Governance Framework provides the basis for decision-making and set outs the key roles and responsibilities of statutory officers. ▪ The Fire & Rescue Authority publishes on the Commissioner's website: <ul style="list-style-type: none"> ○ Committee/Panel agendas and reports ○ Minutes of meetings ○ CCFRA decisions ▪ Where necessary, advice is sought from Finance and Legal Services before any decision is made. All decision papers include a section where potential risk implications are identified, i.e., legal, human resource, equality, IT, etc. ▪ The Fire & Rescue Authority and Fire & Rescue Service has introduced a process to allow all key decisions to be logged. 		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs		<ul style="list-style-type: none"> ▪ The Fire & Rescue Authority and Fire & Rescue Service decisions are required to be on decision paper to ensure that all issues are identified, and risk assessed. All decision papers are submitted for consideration to either the OPFCC Executive Team or the Fire Senior Leadership Team. 		
We ensure that there is fair access to services		<ul style="list-style-type: none"> ▪ The Fire & Rescue Service resources are distributed so that it can respond in regard to risk and demand. ▪ Access to Home Fire Safety Visits is risk based and prioritises high risk individuals. ▪ Prevention material and awareness raising is delivered countywide based on identified risk. 		

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

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
D1	Determining interventions			
We ensure that decision makers receive objective and rigorous analysis, including achieved & intended outcomes and their associated risks.		<ul style="list-style-type: none"> The Corporate Governance Framework includes a decision-making framework which ensures that all decisions are supported by all the relevant information, including financial, legal and other appropriate professional advice. Decisions are formally recorded and published subject to confidentiality requirements. There are formal arrangements in place to monitor against outcomes associated with decision making, performance and financial management against the Fire & Rescue Authority and Fire & Rescue Service. Monitoring arrangements and their frequencies are contained within the Fire & Rescue Authority Accountability Framework. This framework enables detailed scrutiny against agreed and expected outcomes and allows for robust challenge and necessary intervention by the PFCC if the actions are not delivering the expected outcome. The creation of a new finance team and the introduction of a new finance system means that the Fire & Rescue Authority and Fire & Rescue Service benefits from a focussed and knowledgeable set up that facilitates informed decision making. 		
We consider feedback from citizens and service users when making decisions about service improvements or where services are no longer required to prioritise competing demands.		<ul style="list-style-type: none"> The Fire & Rescue Authority has a Medium-Term Financial Planning process (MTFP) which integrates budget and corporate planning to match resources to the priorities (mid-year review of MTFP will take into account any revisions to priorities). There is an annual budget consultation involving the public, local businesses, and staff. Further stakeholder engagement with the public is achieved through social media messaging and promotion of specific consultations and surveys. 		
D2:	Planning interventions			

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
	<p>We establish and implement robust planning and control cycles that cover strategic and operational plans, priorities and targets. Ensuring that they are flexible and agile to adapt delivery outputs and changing circumstances.</p>	<ul style="list-style-type: none"> ▪ The Fire & Rescue Authority administers an internal Executive Board for Fire which is chaired by the Commissioner to make decisions. ▪ The Fire & Rescue Service has in place a board structure that ensures the Services delivered across Cumbria are fit for purpose. ▪ The Fire & Rescue Service have robust business continuity plans in place. The Service’s approach to business continuity includes regular testing of its plans, both in isolation and with partners, thus ensuring resilience. If the Service does come under pressure, there is a degradation plan in place that allows for the prioritisation of resources to protect the most vulnerable. This is also tested regularly. 	<p>Following the review of internal governance, changes to internal meeting and reporting structure to be implemented throughout 2025</p>	
	<p>We engage with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.</p>	<ul style="list-style-type: none"> ▪ During the last year, the Fire & Rescue Authority and Fire & Rescue Service have continued to build on existing collaboration and partnerships to address priorities in the Fire & Rescue Plan. Projects have included: <ul style="list-style-type: none"> ▪ Working closely with the new Community Safety Partnerships in each of the Local Authority areas. ▪ Formed a Blue Light Transformation Board to explore collaboration opportunities between fire and policing. This has resulted in the appointment of a new Joint Head of Estates which has led to improved joint working between the Fire & Rescue Service, Cumbria Constabulary and the OPFCC. ▪ We have recently taken the lead in the Water Safety Partnership and Road Traffic Collision Partnership, ensuring activity is targeted and intelligence led. These are both excellent examples of how the Service can add real value and support the communities we serve. ▪ One of the legacies of the Local Government Reform process was the Fire & Rescue Service currently has several Service Level 	<p>During 2024/2025, the Service Level Agreements with the unitary authority have been reviewed to drive further efficiencies and ensure any future arrangements meet the requirements of the Service.</p> <p>Consultation processes reviewed by HMICFRS as part of the inspection. The historic AFI in regard to community engagement was closed.</p>	

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<p>Agreements with the unitary authorities. The Fire & Rescue Service is working diligently to review these to drive efficiencies and ensure that any future delivery arrangements meet the needs of the Service.</p>		
<p>We consider and monitor risks facing each partner when working collaboratively including shared risks.</p>		<ul style="list-style-type: none"> ▪ The Fire & Rescue Service identifies risks with both unitary authorities, through contract management of the Service Level Agreements and project management processes. There is an escalation process to the operational and strategic risks registers which are monitored by the Fire Executive Board and Senior Leadership Team. 	<p>Appropriate mechanisms will need to be agreed with the OPFCC and Constabulary to identify and monitor risks of any new collaboration arrangements as and when they are implemented.</p>	
<p>We have established performance indicators to identify how the performance of services and projects is to be measured.</p>		<ul style="list-style-type: none"> ▪ The Fire & Rescue Authority has established an internal governance board to help drive and monitor the efficiency and effectiveness of the Fire Service. It is the forum whereby the Fire & Rescue Authority can maintain oversight of the totality of fire across Cumbria. Performance against budgets is monitored, which examines the progress against planned activity and spend against sets budgets. A quarterly performance report against a suite of key performance indicators is also provided highlighting any current issues or emerging trends. ▪ During the course of 2024/25, the Fire & Rescue Authority held the Chief Fire Officer to account through Public Accountability Conferences. Through this forum, the Fire & Rescue Authority received assurance from the Fire Service across several areas of performance. In the February meeting, the Fire & Rescue Authority approved the budget for Cumbria Fire & Rescue Service 	<p>Establishment of the Service Improvement Board will allow more focus on performance and individuals to be held to account by the Chief Fire Officer</p>	

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<ul style="list-style-type: none"> ▪ The Commissioner in his capacity as the Fire Authority holds regular one-to-one meetings with the Chief Fire Officer. These internal meetings allow the Commissioner and the Chief Fire Officer to discuss strategic and financial issues, national considerations, HMICFRS and anything else that is relevant to the successful delivery of the fire service in Cumbria. This forum allows for full and frank conversations in a confidential environment. ▪ The Fire & Rescue Service carried out a review of its key performance indicators to ensure they were relevant and measurable. Performance is discussed monthly at a number of boards across the Service, and any exceptions raised through the Fire & Rescue Authority Accountability Framework 		
<p>We inform medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.</p>		<ul style="list-style-type: none"> ▪ There is a Medium-Term Financial Planning process (MTFP) which integrates budget and corporate planning to match resources to the priorities (annual review of MTFP will take into account any revised corporate priorities). ▪ There is an annual budget consultation involving the public, local businesses, and staff. Further stakeholder engagement with the public is achieved through social media messaging and promotion of specific consultations and surveys. ▪ The budget for 2024/2025 has been balanced, however savings will be required from 2026/2027 onwards. ▪ Against this background, modelling of a range of financial scenarios through the Medium-Term Financial Planning process, undertaken by the Fire & Rescue Authority, have continued to inform wider business planning and develop savings proposals, as a means of balancing the budget over the medium term. 	<p>Resource planning will be improved through the delivery of an operational cover review which will provide the required evidence to inform decision making.</p>	

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
D3	Optimising Achievement of Intended Outcomes			
We ensure that the services we commission achieve social value		<ul style="list-style-type: none"> ▪ The Fire & Rescue Service has a Sustainable Procurement and Commissioning Strategy. ▪ A shared procurement function has been developed with Cumbria Constabulary which will consider the approach to social value for Fire as it has done for Policing. 		
We ensure the achievement of `social value` through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is " <i>the additional benefit to the communityover and above the direct purchasing of goods, services and outcomes</i> ".		<ul style="list-style-type: none"> ▪ The Sustainable Procurement and Commissioning Strategy ensures best value is achieved. This strategy is supported by the financial regulations and contract standing orders embed within the Corporate Governance Framework. ▪ Frameworks used by the Service ensure social value is considered as part of any procurement process. 		
We ensure the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.		<ul style="list-style-type: none"> ▪ The Fire & Rescue Authority has a Medium-Term Financial Planning process (MTFP) which integrates budget and corporate planning to match resources to organisational priorities. The budget is prepared on zero-based budget principles. ▪ The MTFP is reviewed regularly and updated as necessary setting out the financial assumptions and demands upon the Service to highlight budgetary pressures and set out options to address any funding shortfalls to ensure sustainability. This is reported to the Fire Executive Board. The MTFP is supplemented by a Capital Strategy and Reserves Strategy. 		

Core Principle E: Develop the capacity and capability of CCFRA / CFRS Staff to be effective and to deliver services effectively

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
E1: Developing CCFRA / CFRS capacity				
We review our operations, performance and use of assets on a regular basis to ensure their continued effectiveness.		<ul style="list-style-type: none"> ▪ The Fire & Rescue Service carries out a wide range of assurance functions that ensure we can review our performance and improve where possible. A key part of the Service's assurance includes Operational Assurance, Debriefs and Exercising. Another key area of focus is to ensure that we work effectively with our multi-agency partners under the Joint Emergency Service Interoperability Principles (JESIP). This approach is reinforced through the service using learning from inquests to inform policy, procedural reviews and to advise on any improvement to operational equipment where necessary. Operational Assurance is used to promote workforce learning by identifying examples of good practice and where improvements can be made in the delivery of the Service. This is captured through the Incident Monitoring processes. This work not only supports local learning but includes reporting through the national sector learning portals; Joint Organisational Learning (JOL) and the National Operational Learning (NOL). ▪ Financial performance is regularly reported to the Fire Executive Board and is aligned with the budget planning process. In addition, the Police, Fire and Crime Panel continues to facilitate effective scrutiny of the Fire & Rescue Service budget at its quarterly meeting. 	The creation of the operational improvement group and the establishment of its relationship to the Service Improvement Board ensures that effectiveness and use of assets is considered in decision making on a regular basis.	
We recognise the benefits of partnership and collaborative working where added value can be achieved.		<ul style="list-style-type: none"> ▪ The Fire & Rescue Service does not operate in isolation. It has in place Section 13/16 arrangements with our five neighbouring services that allow for mutual aid to be received 	The Fire & Rescue Authority has established an Executive Board – Working Together to explore	

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<p>and delivered. It also has access to a range of national assets if needed to resolve incidents.</p> <ul style="list-style-type: none"> ▪ The Service works with other Northwest Services to share risk information on a regular basis and one of the areas where it is currently collaborating on is the impact of contaminants. 	<p>further collaboration opportunities between fire and policing.</p>	
<p>We develop and maintain an effective workforce plan to enhance the strategic allocation of resources.</p>		<ul style="list-style-type: none"> ▪ The Fire & Rescue Service has a three-year Learning & Development Plan (2024-2027). The Workforce Development Group meets monthly to address needs in vacancies, recruitment, skills, development and succession planning. 	<p>Develop a detailed Workforce Development Plan properly aligns to the Medium-Term Financial Plan.</p>	
E2	Developing the capability of CCFRA/ CFRS leadership			
<p>We develop the capabilities of senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks.</p>		<ul style="list-style-type: none"> ▪ The Fire & Rescue Service is a learning organisation and takes every opportunity to allow staff to develop. To that end a comprehensive 360-degree process has been introduced. All senior leaders have undergone this process and taken onboard the feedback. The Chief Finance Officer continues to receive support from the Police and Crime Commissioner’s Treasurer’s Society (PaCCTS) and the associated technical information service. ▪ The Chief Finance Officer is also a member of the NFCC Fire Finance Network for all aspects affecting the Fire sector. ▪ A number of senior managers have completed the Executive Leadership Programme (ELP). 	<p>360 process needs to be implemented across the Service to fulfil one of the recommendations of the HMICFRS Culture and Values report.</p>	

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
	We ensure the Commissioner and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of Commissioner’s objectives	<ul style="list-style-type: none"> The roles and responsibilities of the PFCC and his Executive Team are set out in the Corporate Governance Framework. 		
E3	Developing the capability of staff within CCFRA/CFRS			
	We develop the capability of staff within the Fire & Rescue Authority and Fire & Rescue Service	<ul style="list-style-type: none"> The Workforce Development Group allows the Service to have informed discussions about the workforce and the training it needs to develop. The group also supports the identification and encouragement of talent, helping individuals to put their skills to best use by the Service. The Fire & Rescue Service has also reviewed its promotion processes to ensure the right people with the right skills are promoted. 	The workforce plan needs to be developed to reflect the needs of all staff members including Green book.	
	We hold staff to account through regular performance reviews which take into account training or development needs	<ul style="list-style-type: none"> The Fire & Rescue Service has an appraisal process that reviews performance and considers the training needs and career aspirations of staff. 	Completion rates for the Appraisal process need to be improved.	
	We ensure that there are arrangements to maintain the health and wellbeing of the workforce, both physical and mental wellbeing.	<ul style="list-style-type: none"> The Service consults its employees on matters affecting health and safety, providing information instruction and training to all employees. In addition, the service has systems in place to support the reporting and investigation of all accidents and near misses. This helps in limiting the potential for recurrence, learning from incidents and creation of a safer environment with a positive health and safety culture. The Service works with its Human Resources Team and the Occupational Health Team to promote and support the wellbeing of staff. The Service has a programme of health 	A new mental health App is being introduced which will facilitate easier access to more up to date information. This needs to be rolled out in 2025	

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		and wellbeing campaigns and has developed a cohort of mental health trainers and first aiders, thereby providing all staff with access to support for physical and mental wellbeing.		
E4	Developing the capability of members and volunteers appointed by the OPFCC			
We develop the capability of appointed members and volunteers to assist them in performing their roles.		<ul style="list-style-type: none"> ▪ Development sessions for the Joint Audit Committee members were held over the year. ▪ 360-degree appraisals of senior officers were undertaken in June 2024. ▪ Throughout the year the Ethics and Integrity Panel has carried out a diverse range of thematic sessions. Prior to each of these they are provided with information to assist them understand the business area and officers/staff at the session provide further information. The Panel membership has a diverse range of backgrounds, skills and knowledge which assists with the different business areas. 		

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

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
F1	Managing Risk			
We recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making.		<ul style="list-style-type: none"> ▪ The OPFCC has a Risk Management Strategy which is reviewed on a cyclical basis and was last reviewed in 2023. This was presented to the Joint Audit Committee in November 2023 who gave their approval. ▪ The Fire & Rescue Service also has a risk management policy considered by JAC. ▪ The Fire Executive Board receives quarterly risk updates from both the Fire & Rescue Authority and Service, ensuring the PFCC is fully sighted. This provides organisational assurance that the Authority and Service's current risk exposure is being managed and suitable controls and mitigations are in place. 	Following a recommendation by JAC, the OPFCC will merge its risk register with that of the Service to provide one cohesive document.	
We implement robust and integrated risk management arrangements ensuring that they are work effectively.		<ul style="list-style-type: none"> ▪ The Fire & Rescue Authority Strategic and Operational risks are reviewed by staff on a quarterly basis. Each risk is scored based on probability and level of impact, and the outcome is rated using a Red, Amber or Green (RAG status). Updates are then reported to the Executive Team Gold for oversight and scrutiny at the Fire Executive Board. ▪ The Fire & Rescue Authority's strategic risk management arrangements are reported to the Joint Audit Committee on a six-monthly basis. ▪ The Fire & Rescue Service strategic risks are reviewed by staff on a regular basis. Updates are then reported to the Fire Senior Leadership Team for oversight and scrutiny as well as the Fire Executive Board and JAC. 		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
We ensure that responsibilities for managing individual risks are clearly allocated.		<ul style="list-style-type: none"> ▪ Each risk identified by the Fire & Rescue Authority and the Service identify the risk holder and the overall risk manager for that area of business. 	New combined risk register to be created	
F2	Managing Performance			
	We ensure we monitor service delivery effectively by securing reports (including financial information) on service delivery, plans and progress towards outcome achievement.	<ul style="list-style-type: none"> ▪ The Chief Fire Officer is held to account for delivery of fire objectives through Public Accountability Conferences (PACs). The dates for these meetings are agreed 12 months in advance. ▪ During 2024/2054 thematic reports presented at the Public Accountability Conferences provided assurance on how the Fire Service's responds to its demand across Cumbria ▪ At the Public Accountability Conference in February, the Fire & Rescue Authority approved the budget for fire. ▪ Detailed financial reports are presented to, and scrutinised by, the Fire Executive Board. The reports include full details of performance against budget for the key reporting areas namely; revenue, capital, cash, reserves, and delivery of efficiencies and savings. Quarterly reports are also presented to and challenged by the Police, Fire and Crime Panel. ▪ Performance reports are presented to the Fire Senior Leadership Team on a regular basis, performance information is available to all staff via a range of Power BI dashboards and exceptions are raised by the Head of Safety and Assurance where necessary. ▪ Relevant HMICFRS inspections (local, regional and national) and other regulatory reports are reviewed and monitored through the Fire Executive Board. 		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<ul style="list-style-type: none"> The Commissioner, in his capacity as the Fire Authority holds regular one-to-one meetings with the Chief Fire Officer. 		
F2	Robust Internal Control			
	We evaluate and monitor the Corporate Governance Framework, risk management arrangements and internal control on a regular basis	<ul style="list-style-type: none"> A full review of the Corporate Governance Framework was carried out in 2024 to harmonise the requirements between the Fire Authority, Constabulary and the OPFCC. This ensures commonality of requirements around governance and controls across the Commissioners portfolio. 		
	We ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.	<ul style="list-style-type: none"> Internal controls have also been reviewed through the annual process of management assurances and the annual internal audit plan. 	Recent audit gave reasonable assurance on the governance in place with only minor recommendations which have all been addressed.	
	We ensure effective counter fraud and anti-corruption arrangements are in place.	<ul style="list-style-type: none"> Robust arrangements for Anti-Fraud and Corruption are in place. These were presented to the Joint Audit Committee in November 2024 and approved. The Fire & Rescue Authority provides an annual report to the Joint Audit Committee on the effectiveness of these arrangements. 		
F3	Managing Data			
	We ensure there are effective arrangements for the safe collection, storage, use and sharing of data.	<ul style="list-style-type: none"> The Fire & Rescue Service has a Data Protection policy and guidance to support staff in receipting, storing and deleting data as appropriate. The Service also has an Information Governance Officer and a range of policies to ensure that data is shared, stored and managed in line with its requirements. 		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
	Where information is shared with other organisations we ensure there are effective arrangements for data sharing in place.	<ul style="list-style-type: none"> ▪ The Fire & Rescue Service has a number of information sharing agreements with partner agencies. ▪ Members of the Ethics and Integrity Panel and our volunteers all sign confidentiality agreements to cover any information they are made aware of as part of their respective roles. 	Review of existing data sharing protocols	
F4	Strong Public Financial Management			
	Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance.	<ul style="list-style-type: none"> ▪ The Fire & Rescue Authority has a duty to comply with the key principles contained within the revised CIPFA statement of the 'Role of the Chief Financial Officer in Local Government' and the CCFRA continues to comply with 5 key principles of the CIPFA statement. ▪ The CFRS Chief Finance Officer (S151 Officer) is a qualified accountant and is a key member of the CFRS Senior Leadership Team and as such, has direct access to the Chief Fire Officer. ▪ The Chief Finance Officer is supported by a capable and fully resourced finance team in the Fire & Rescue Service, who support the proper administration of the financial affairs, including leading the promotion and delivery of good financial management to safeguard public money at all times; to ensure the effective, efficient and economic use of resources; and to ensure that the short and long term implications of all material business decisions are fully considered and aligned to the Medium Term Financial Plan . ▪ The main controls for financial management are set out in the Corporate Governance Framework – these are the Budget and Policy Framework and the Financial Regulations. These cover the arrangements for Financial Management, Financial Planning, Risk Management and Control of Resources, 		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		Financial Systems and Procedures and External arrangements. The Fire & Rescue Authority also complies with the Prudential Framework for Local Authority Finance.		
We ensure well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.		<ul style="list-style-type: none"> ▪ Financial implications and impact on service delivery is reported to Executive Team Gold, Fire Executive Board and Police, Fire and Crime Panel. ▪ An Expenditure Management Group is held monthly with budget managers and looks at management accounts , forecast spend, capital and efficiencies. 		

Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
G1	Implementing good practice in transparency			
We report at least annually on performance, value for money and the stewardship of its resources.		<ul style="list-style-type: none"> Throughout the year the Fire & Rescue Authority has published regular financial monitoring information in a short and succinct format that aims to increase the transparency and accessibility of financial information. The outturn reports were presented to Police, Fire and Crime Panel in September 2024. An Annual Report is published in the autumn of each year. 	OPFCC Annual Report has been developed and published in autumn 2024.	
We ensure robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)		<ul style="list-style-type: none"> Annual governance statement prepared annually including opinion by internal audit service on controls in place. Annual Governance Statement presented to and approved by Joint Audit Committee, which includes (if necessary) an action plan to address any significant control weaknesses. Annual governance statement prepared annually by the Fire and Rescue Service including opinion by internal audit service on controls in place. Annual Governance Statement presented to and approved by the Joint Audit Committee. Formally signed off by the Commissioner, Chief Executive and S151 Officer. We will carry out a review of our strategic documentation to ensure a consistency of language between the AGS, and these other documents. We will aim to do this throughout 2025/26 and as key documents come up for review. 	A review of strategic documentation will be undertaken in 2025/26	
G2	Implementing good practices in reporting			

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
We provide assurance on the work carried out by CCFRA/CFRS.		<ul style="list-style-type: none"> The Fire & Rescue Authority will publish an Annual Report in autumn. The report will highlight key challenges and achievements from the year and includes performance and financial information set out in a simple but informative way. An updated Code of Corporate Governance has been prepared for 2024/2025 in line with the 2016 CIPFA/Solace Good Governance Framework for Local Government. A review of the arrangements for internal audit have confirmed that the service meets the requirements of the Public Sector Internal Audit Standards (PSIAS) during 2024/25. 		
We report on our performance, value for money and stewardship of our resources.		<ul style="list-style-type: none"> A comprehensive Risk Based Evidence Profile is available on the service website. The annual statement of accounts is presented to the Joint Audit Committee for scrutiny and is subsequently published on the OPFCC's website. 		
G3	Assurance and effective accountability			
We ensure that recommendations for corrective action made by external audit are acted upon.		<ul style="list-style-type: none"> Recommendations made by both internal and external audit are monitored through Executive Board Fire and the Senior Leadership Team, and are scrutinised by the Joint Audit Committee. 		
We ensure an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon.		<ul style="list-style-type: none"> A review of the arrangements for internal audit have confirmed that the service meets the requirements of the Public Sector Internal Audit Standards (PSIAS) during 2024/25. Implementation of recommendations arising from the internal audit plan, external audit reports and HMICFRS are monitored by the Joint Audit Committee. 	New Auditors have been commissioned from 01/04/2025 due to failings in the service delivered by the previous company.	

Action Plan

Ref	Action	Lead Officer	Implementation by	Action Update May 2025	Revised Implementation Date	Status
Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.						
CPA/3	We ensure staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	OPFCC	30th August	<p>The Fire & Rescue Service has a Service Level Agreement with one of the unitary councils to deliver legal support to the Fire Authority and Fire & Rescue Service on all legal matters.</p> <p>The Chief Executive of the OPFCC is the Monitoring Officer for the Fire & Rescue Authority and has specific legal requirements in legislation for ensuring legality for investigating any suspected instances of failure to comply with these requirements and for reporting any such instances to the PFCC, JAC or the Police, Fire & Crime Panel.</p> <p>Outstanding recruitment of legal officer needs to be resolved</p>		
Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.						
CPB/1	We ensure there is an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	Blue Light Collaboration Manager	31st July 2025	<p>Introduce the facility for members of the public to submit questions for consideration at all PACs.</p> <p>Updates on Information Governance to be provided regularly to Fire Executive Board</p>		
CPB/1	We provide clear reasoning and evidence for decisions in both public records and explanations to stakeholders.	Blue Light Collaboration Manager	31st July 2025	Decision template to be reviewed to allow consistent reporting at all OPFCC meetings.		
CPB/3	We are clear on the types of issues we will consult with or involve stakeholders or service users to ensure service provision is contributing towards the achievement of intended outcomes.	Head of Planning and Improvement	31st January 2026	Development of an Operational Cover Review will necessitate a comprehensive round of consultation with all interested parties on any changes to service delivery.	Complete	
Core Principle C: Focusing on defining outcomes in terms of sustainable, economic, social and environmental benefits						
CPC/1	We deliver defined outcomes on a sustainable basis within the resources that will be available	Chief Fire Officer	31-Dec-25	Embed the delivery of the new Service Improvement Board	Complete	
CPC/1	We identify and manage risks to the achievement of outcomes.	Head of Programmes and Risk	31-Jul-25	Ensure the creation of a new risk register that combines both that of the OPFCC and that of the Service	Complete	
Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended outcomes.						
CPD/2	We establish and implement robust planning and control cycles that cover strategic and operational plans, priorities and targets. Ensuring that they are flexible and agile to adapt delivery outputs and changing circumstances.	CFRS	31-Mar-26	Following review of internal governance, new reporting structures to be embedded		
CPD/2	We consider and monitor risks facing each partner when working collaboratively including shared risks.	OPFCC	31-Jul-25	Appropriate mechanisms will need to be agreed with the OPFCC and Constabulary to identify and monitor risks of any new collaboration arrangements as and when they are implemented.		
CPD/2	We ensure the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the communityover and above the direct purchasing of goods, services and outcomes".	Chief Fire Officer	30-Sep-25	<p>The Fire & Rescue Service, in collaboration with the Fire & Rescue Authority, should put in place a mechanism for monitoring social value benefits as part of contract monitoring.</p> <p>A shared commercial function goes lives as of the 1st June. The Head of Commercial will work with the Chief Fire Officer to ensure the above.</p>	Complete	

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CPD/2	We have established performance indicators to identify how the performance of services and projects is to be measured.	Head of Safety and Assurance	31-Oct-25	Establishment of the Service Improvement Board will allow more focus on performance and individuals to be held to account by the Chief Fire Officer	31/03/2026	
CPD/2	We inform medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.	Head of Finance	31-Jan-26	Resource planning will be improved through the delivery of an operational cover review which will provide the required evidence to inform decision making.	Complete	
Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and the individuals within it.						
CPE/1	We develop and maintain an effective workforce plan to enhance the strategic allocation of resources.	Assistant Chief Fire Officer	31-Oct-25	Ensure a detailed Workforce Development Plan properly aligns to the Medium-Term Financial Plan.		
CPE/2	We develop the capabilities of senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks.	Assistant Chief Fire Officer	31-Oct-25	360 process needs to be implemented across the Service to fulfil one of the recommendations of the HMICFRS Culture and Values report.		
CPE/3	We develop the capability of staff within the Fire & Rescue Authority and Fire & Rescue Service	Assistant Chief Fire Officer	31-Oct-25	The workforce plan needs to be developed to reflect the needs of all staff members including Green book.		
CPE/3	We hold staff to account through regular performance reviews which take into account training or development needs	Assistant Chief Fire Officer	31-Oct-25	Action plan for the improvement of Appraisal completion rates to be developed.		
CPE/3	We ensure that there are arrangements to maintain the health and wellbeing of the workforce, both physical and mental wellbeing.	Assistant Chief Fire Officer	31-Oct-25	A new mental health App is being introduced which will facilitate easier access to more up to date information. This needs to be rolled out in 2025		
Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.						
CPF/1	We recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making.	Head of Programmes and Risk	30-Jun-25	Following a recommendation by JAC, the OPFCC will merge its risk register with that of the Service to provide one cohesive document.	Complete	
CPF/1	Where information is shared with other organisations we ensure there are effective arrangements for data sharing in place.	Head of Legal	31-Dec-25	Comprehensive review of all DSAs to be carried out		
Core Principle G: Focusing on implementing good practices in transparency, reporting and audit to deliver effective accountability.						
CPG/3	We ensure an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon.	Chief Finance Officer	31 March 2025	Review of the performance of the newly commissioned audit service to be carried out to ensure value for money is being delivered.		

Conclusion

Significant progress has continued to be made around governance of CCFRA and CFRS. The action plan for areas identified for improvement is monitored regularly through Executive Board Fire and Joint Audit Committee.

Signed

David Allen
Police, Fire and Crime Commissioner

Paul Hancock
Chief Fire Officer

Gill Shearer
Chief Executive (Monitoring Officer)

Steven Tickner
Chief Finance Officer (S.151)

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