



Cheshire
Fire Authority

Unaudited Statement of Accounts 2025/26

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STATEMENT OF ACCOUNTS

<u>Contents</u>	<u>Page</u>
Narrative Report	3
Statement of Responsibilities for the Statement of Accounts	22
Expenditure and Funding Analysis Note	23
Financial Statements	
Comprehensive Income and Expenditure Statement	25
Movement in Reserves Statement	26
Balance Sheet	29
Cash Flow Statement	30
Firefighter Pension Fund Statement	31
Notes to the Financial Statements (including accounting policies)	
List of the notes	32
Note 1: Accounting Policies	33
Note 2 onwards	49
Glossary of terms	94
Annual Governance Statement	101
Auditor's report — to be added following audit	—

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NARRATIVE REPORT

1. Introduction

- 1.1 Welcome to the 2025-26 Cheshire Fire Authority Statement of Accounts. Cheshire Fire Authority (“the Authority”) is the publicly accountable body that manages the Fire and Rescue Service (“the Service”) on behalf of local communities. The Authority is responsible for providing an efficient and effective fire and rescue service that protects the communities of Cheshire. The Authority consists of 23 elected Members appointed by Cheshire East Borough Council; Cheshire West and Chester Borough Council; Halton Borough Council; and Warrington Borough Council.
- 1.2 The Authority is dedicated to providing the communities of Cheshire with a fire and rescue service that is committed to saving lives, changing lives and protecting lives to achieve its vision of a Cheshire where there are no deaths, injuries or damage from fires and other emergencies.
- 1.3 The Chief Fire Officer and Chief Executive and the Service Leadership Team lead Cheshire Fire and Rescue Service. The Service operates from 28 fire stations across Cheshire, staffed in a few different ways to reflect local risks and demands. The Service also operates three community safety teams; three fire protection offices; a headquarters along with the operational training centre and the fleet workshop at the Sadler Road site; and a safety education centre in Lymm for schools and community groups.

2. Financial Statements

- 2.1 The Expenditure and Funding Analysis explains the relationship between the information used to manage resources, the amounts chargeable to the General Fund and the accounting figures in the Comprehensive Income and Expenditure Statement. Statutory adjustments and transfers to or from earmarked reserves mean that the accounting surplus or deficit is not the same as the budget outturn.
- 2.2 The Movement in Reserves Statement shows the movement from the start to the end of the year on the different reserves held by the Authority. This is analysed into ‘usable reserves’ (i.e. those that can currently be used to fund expenditure or reduce local taxation) and other ‘unusable’ reserves (technical accounting adjustment accounts reflecting the difference between the outcome of applying proper accounting practices and the statutory requirements for funding expenditure within the public sector). It shows how the movements 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 to the amounts chargeable to council tax for the year. This Statement has a strong link to the Expenditure and Funding Analysis and Comprehensive Income and Expenditure Statement.
- 2.3 The Comprehensive Income and Expenditure Statement shows the resources consumed or earned by the Authority in accordance with generally accepted accounting practice.
- 2.4 The Balance Sheet is a statement showing the Authority’s assets and liabilities i.e. what is owned and what is owed as at 31st March.
- 2.5 The final primary statement is the Cash Flow Statement. This shows the changes in cash and cash equivalents of the Authority during the financial year. The statement shows how the

Authority generates and uses cash by classifying cash flows as operating, investing and financing activities.

- 2.6 During 2025-26, the Authority maintained an average daily investment balance of £17.1m (2024-25 £14m) with fluctuations dependent on payroll and paying creditors versus when grants, precept, business rates and income were received. The main impact on these balances going forward is the funding of capital expenditure such as estates, vehicles, equipment and technology as agreed by the Authority. As at 31st March 2026, the Authority's PWLB debt stood at £11.1m.

3. Financial Performance 2025-26

- 3.1 Where does the Authority's taxation and non-specific grant income come from?

3.1.1. Council tax is the Authority's largest source of taxation and non-specific grant income. The 2025/26 Band D precept was £95.09, an increase of £5 from £90.09 in 2024/25. The table below presents income on the accounting basis used in Note 9, rather than mixing the budget and Collection Fund adjustment bases.

3.1.2. Council tax and business rates are recognised on an accrued basis. Differences from the amounts credited to the General Fund under statutory funding arrangements are taken through the Collection Fund Adjustment Account. These adjustments must be considered separately when comparing the accounts with budget monitoring.

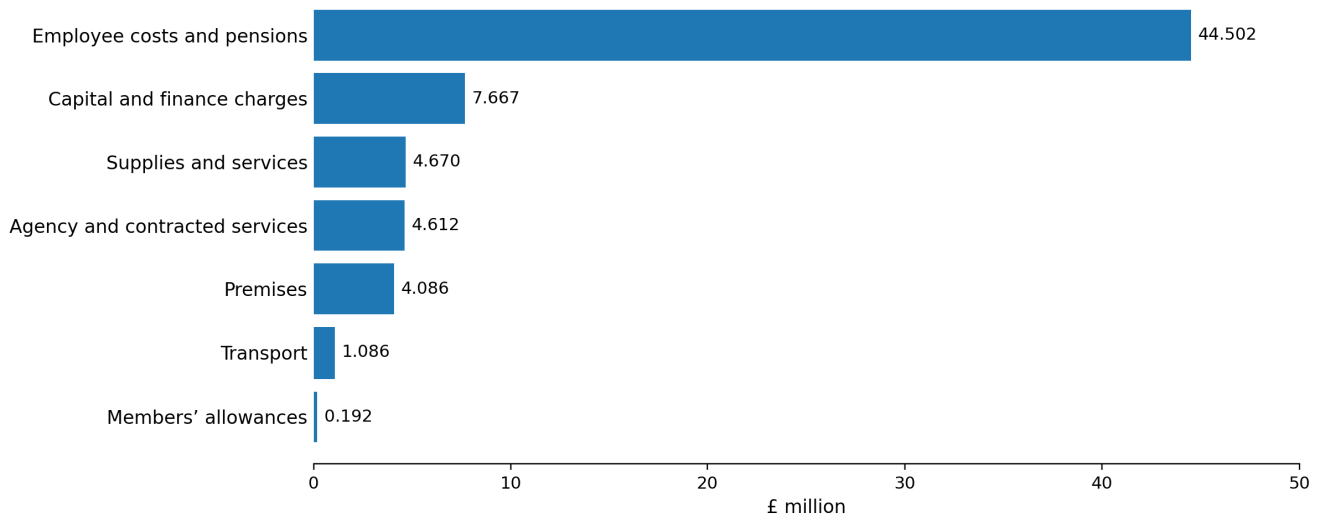
3.1.3. The table below shows the Authority's taxation and non-specific grant income recognised in the financial statements. Business rates includes the central government top-up grant, while non-specific government grants include Revenue Support Grant, Section 31 business rates grant and the Fire Pension Grant. Service-specific grants, fees and other service income are reported separately within the financial statements. The figures are presented on the statutory accounting basis used in Note 9 and may therefore differ from amounts reported through revenue budget monitoring.

Taxation and non-specific grant income	2025/26 £000	Share
Council tax	38,520	63.67%
Business rates including top-up	10,469	17.31%
Non-specific government grants	11,507	19.02%
Total income	60,496	100.00%

3.2 What does the Authority spend its money on?

3.2.1. The chart below shows Cheshire Fire Authority's gross expenditure analysed by nature, as reported in Note 6 to the financial statements. Note 6 reports total Authority expenditure of £66.817m, excluding the separately disclosed 25% share of North West Fire Control. This is a statutory accounting analysis and includes items such as capital and finance charges; it should therefore not be interpreted as the Authority's revenue budget outturn.

2025/26 expenditure analysis in Note 6



Total Cheshire Fire Authority expenditure per Note 6: £66.817m • Excludes the separately disclosed 25% NWFC share

3.2.2. The approved 2025/26 revenue budget was £59.230m. The final revenue outturn showed a £2.301m favourable variance against budget. This budgetary result is prepared on the Authority's funding and management reporting basis and is therefore different from the result shown in the statutory financial statements. The Comprehensive Income and Expenditure Statement reports a £3.064m deficit on the provision of services. Other comprehensive income of £5.499m, principally relating to asset revaluations and pension remeasurements, results in total comprehensive income of £2.435m. The differences arise from statutory accounting adjustments, including capital, pension and other funding-basis adjustments, together with movements in reserves. The CIES itself confirms the £3.064m deficit and £5.499m other comprehensive income.

3.2.3. At 31 March 2026, the Authority held usable reserves of £22.614m, compared with £24.182m at 31 March 2025, a net reduction of £1.568m. The closing balance comprises £5.258m General Fund balances, £16.320m earmarked reserves and £1.036m capital receipts. During the year, the General Fund balance increased by £0.347m, earmarked reserves reduced by £2.951m as resources were applied to their approved purposes, and capital receipts increased by £1.036m following asset disposals. These movements resulted in the £1.568m net reduction in total usable reserves and are reflected in the Movement in Reserves Statement and Note 19.

3.2.4. Earlier budget monitoring reports identified savings in utilities and supplies and services. Those explanations require reconciliation to the final ledger outturn before an overall year-end budget variance can be confirmed.

- Utilities – gas and electricity. Savings had been identified during the year, mainly due to the reduction in utility pricing and the purchasing profile the Authority had adopted. In the 2025-26 year the Authority undertook a detailed review with West Mercia Energy (an established Joint Committee, jointly owned by 4 Local authorities), on the forward purchasing of utilities for 2025-26 as well as the forthcoming year 2026-27.
- Supply and Service. This relates to the Airwave contract with Motorola, which was subject to a Competitions and Markets Authority investigation. Following litigation and subsequent appeals, Motorola issued credit notes and has reduced tariff rates going forward until 2029-30.
- The Authority has a substantial capital programme, part of which is planned to be financed through borrowing. The timing of external borrowing is managed alongside available cash balances and capital expenditure. Interest savings and investment income are revenue items. Any amount earmarked to support the capital programme is transferred to the capital reserve through an approved movement in reserves.

3.3 Capital

3.3.1. Capital expenditure recognised in the financial statements totalled £5.909m in 2025/26, as reported in Note 30. The programme analysis below presents £5.181m of expenditure on the Authority's principal operational capital programmes. The difference of £0.728m comprises other capital expenditure, right-of-use asset additions, intangible assets and other items outside the programme analysis below.

	2024-25 £000	2025-26 £000
Fire Station Builds & Modernisation Programme	6,273	4,455
Fire Houses Modernisation	258	-
Fire Appliances & Specials	1,075	537
Equipment - North West Fire Control Project	107	189
Total	7,713	5,181

Narrative-to-accounts reconciliation	£000
Principal capital programmes shown in narrative	5,181
Other PPE and capital expenditure	405
Non-cash right-of-use asset additions	147
Intangible asset additions	176
Total capital expenditure per Note 30	5,909

The Station Modernisation Programme continued through 2025-26 with work being completed at Winsford and Frodsham. Further to this, work started at Nantwich and Malpas. The programme will extend the life of the buildings by a further 25 years, modernise facilities, provide for better contaminant control, reduce environmental impact with better insulation and where possible utilise PV solar energy systems.



Winsford Fire Station



Frodsham Fire Station

4. Non-financial performance

- 4.1 The Service's Performance and Programme Board receives a quarterly review of performance against the Service's Key Performance Indicators (KPIs). The Board is responsible for monitoring and reviewing progress against performance targets and ensuring that action to improve

performance is taken wherever possible if targets are not being met. The quarterly reviews are presented to the Performance and Overview Committee.

4.2 The 2025-26 Corporate Performance Scorecard for the year is shown below.

Performance Indicators	2025/26 Target	2025/26 Actual	2024/25 Actual	Trend year on year
Deaths in Primary Fires	0	3	1	
Injuries in Primary Fires	27	33	27	
Accidental Dwelling Fires	310	278	317	
Deliberate Primary Fires	186	152	196	
Deliberate Secondary Fires	692	630	603	
Safe & Wells Visits	30000	32286	29280	
Safe & Well visits per 1000 population	26.32	28.32	26.15	
% of Safe & Wells in heightened risk addresses	80%	97.57	97.53%	
Fires in Non-Domestic Premises	148	116	162	
AFA's in Non-Domestic Premises	532	597	625	
% of alarm activations not attended	68%	79.2%	79.3%	
Fire Safety Health checks completed by Firefighters	2128	2435	2187	
Total Fire Safety Audits per 100 known premises	5.9	6.76	6.1	
Total Fire Safety Audits Completed	1800	2483	2042	
Risk Based Inspection Programme Completed	1240	1697	796	
Fire Control - Time Taken to Answer	10s	5.3s	Unavailable	N/A
Fire Control - Time Taken to Mobilise (Primary Fires)	90s	85s	92s	N/A
10-minute Response Standard	10 mins	9m 51s	9m 41s	
Minimum Fire Cover – Critical Level (100%)	14 Fire Engines	100%	100%	
Minimum Fire Cover – Optimum Level (98%)	18 Fire Engines	99.85%	99.7%	
Wholetime Fire Engine Availability	98%	99.6%	99.69%	
On-Call Fire Engine Availability	52%	56%	52%	
% of SSRI's completed within target	95%	100%	100%	

Points to note-

Injuries in Primary fires - any person taken to hospital post fire, no matter the level of seriousness of injury, is counted in the figure. It is unusually high this year due to the number of properties where the whole family were taken to hospital for precautionary review, 22 deemed slight and 11 as serious injuries. Nevertheless, we continue to focus our efforts with more Prevention activity.

Automatic fire alarms in non-domestic premises totalled 597 against a benchmark of 532. Fires in non-domestic premises totalled 116, below the benchmark of 148. The Service continues targeted engagement with premises to reduce unwanted fire signals and fire risk.

4.3 Community Risk Management Plan 2024-28

4.3.1. Every four years the Fire Authority is required to produce a Community Risk Management Plan (CRMP), previously called the Integrated Risk Management Plan (IRMP), which will shape the Service over the next four years. This is done through an extensive review of the risks within Cheshire, a review of our workforce, training and equipment to meet these risks and consultation with our local community. The Service produced a draft Community Risk Management Plan for 2024-28 in September 2023, which after consultation with the community, staff and the Authority was approved by the Fire Authority in February 2024. This outlines the Service's responses to the risks within Cheshire to provide more Prevention, more Protection and better Response.

4.3.2. There are a number of key responses outlined below:

- Measuring response time to attending Primary fires- 10 minute standard from time of 999 call placed to appliance being at the scene.
- Review of Fire cover, creation of four daytime weekday appliances, offsetting the removal of a 4 on-call fire appliances with low availability. Providing 20 new Wholetime firefighter positions.
- Review of Fire cover, conversion of the Knutsford on-call appliance to the wholetime DC1 day crewing model, proving guaranteed cover 24 hours a day, all year round.
- Re-organising daytime fire cover between Birchwood and Stockton Heath – within the Warrington borough – 2 of the 5 appliances in the region.
- Strengthen the on-call system, a review to be carried out to improve pay and reward for this vital part of the service.
- Review of Prevention department to deliver more prevention activity in particular, improving response to people at heightened risk and water safety.
- Review of Protection department to deliver more protection activity. This has included review of processes and increasing number of qualified building inspectors. This will ensure we will complete our Risk Based Inspection Programme.
- Continue to modernise Fire Stations

Full details of the CRMP and response projects can be found in the key information section of the CFRS website ([community risk management plan 2024-28.pdf \(cheshirefire.gov.uk\)](https://www.cheshirefire.gov.uk/community-risk-management-plan-2024-28.pdf))

4.3.3. This is the second year of the CRMP. Most of the fire cover changes were completed in the first year and are being actively reviewed to ensure they are effective in operation. For example, the changes have increased productive capacity, enabling the Service to carry out over 30,000 Safe & Well visits, a 10.3% increase on the prior year. Using our targeting methodology, 97.6% of visits are to residents and properties that meet our heightened risk criteria.

4.3.4. Restructuring of the Prevention team has created two Crew Manager posts that has enabled the development of new dedicated water and road safety campaign programmes. There are two significant water safety campaigns, one dedicated to KS3 schools and the other to

waterside commercial and entertainment venues - the waterside responder scheme.

As part of the schools campaign, in 25-26 and 26-27 every single secondary school in Cheshire, Warrington and Halton will be visited by the water team to provide safety input to KS3 year 8 students. 44 of the 78 schools were visited in 25-26.

The waterside responder scheme is aimed at providing initial safety actions should someone be observed falling into the water. This is targeted at entertaining hotspots along the rivers in the county, i.e. Chester, Northwich, Warrington. Staff at the commercial establishments were provided with training on essential safety advice and the use of throwlines. These can be used before emergency services arrive on scene. We would like to thank the RNLI for the provision of the throwlines. The restructure also allowed for the creation of the "Persons at Heightened Risk" team, which focuses on finding and supporting those most at risk on fire safety, often with interagency referrals. The team's excellent work has been reported through the Performance and Overview Committee reports, alongside the annual safeguarding report on the committee's agenda on 19th November 2025 meeting (details of all papers, minutes and agendas are available on our public website).

4.4 Service Activity

4.4.1. The Service responded to a number of large scale and major incidents in the year, some of which are highlighted below.

4.4.2. Major Disused Building Fire – Warrington – 14 April 2025

A fire that broke out in a disused building had a significant response mounted by Cheshire Fire and Rescue Service, with support from neighbouring services. A large area of Warrington was closed off, with several businesses temporarily shut. The fire was fully extinguished by midday on 15 April and the scene was handed over to police.



4.4.3. Fire in a block of flats- Marsh House Lane, Warrington – 3 June 2025.

A large fire broke out within the stairwell of a block of flats in Warrington. Nine fire engines, two aerial ladder platforms and appliances from neighbouring services attended the scene. Road closures were put in place, and a total of 50 people were safely rescued from the building, including through the windows and balconies of the third and fourth floor. As the incident progressed the incident

commander declared an immediate building evacuation, which proved all the Service training and testing of high rise procedures worked.



4.4.4. Mortar shell found in a garden – Warrington- 28 July

A mortar shell was found in the garden of a house in Woolston, Warrington, causing a major incident standby to be declared. A cordon was put in place by police, and over 150 properties were evacuated, including a nearby nursing home. The shell was eventually found to be empty and the incident was stood down

4.4.5. Exercise Paddock set to test Cheshire emergency services' resilience – November 2025

This major multi-agency simulation involved emergency services, partner agencies, and volunteer actors to test the response to a mass-casualty incident on a high-traffic race day at Chester racecourse. This exercise involved 8 fire appliances, Police armed response units and NW ambulance service crews. The exercise was set up and co-ordinated by the Cheshire Resilience Forum which is hosted by Cheshire FRS.

4.4.6. Firefighters deployed to flood-hit Mozambique to assist in rescue mission – January 2026

Crew Manager Ant Naylor and Firefighter Daz Roberts were deployed to Mozambique as part of the UK International Search and Rescue (UKISAR) team responding to catastrophic flooding across the country.





4.5 Community events

4.5.1. During the year the Service undertakes a variety of community events and engagement activities, some of which are highlighted here.

4.5.2. Cheshire Safety Day – May 2025

Each year, the Service runs its annual Cheshire Safety Day, engaging directly with the public to provide vital advice. The event covers essential safety pillars, including Business, Home, Road, and Water safety, alongside life-saving CPR awareness training.



4.5.3. Cheshire Fire Cadets represent UK Fire Cadets at VJ Day Commemoration – August 2025.

Two Cheshire Fire Cadets were selected by the National Fire Chiefs Council to represent the UK at a VJ Day Commemoration garden party. The cadets had the opportunity to meet and speak with veterans and Prime Minister Keir Starmer.



4.5.4. Leading the way in Women's health- March 2026

Coinciding with International Women's Day, the Service officially pledged its commitment as an Endometriosis Friendly Employer. By recognising the condition and fostering an environment of open conversation and support, the Service ensures that affected staff feel understood and empowered in the workplace.



4.6 Service awards

4.6.1. British Empire Medal awarded for Outstanding Charity Work – June 2025

Crew Manager Stuart Plaskett was awarded the British Empire Medal (BEM) for his unwavering dedication to The Fire Fighters Charity. Under Stu's leadership, the Service has raised an incredible £683,000 through car washes, sporting events, station-based initiatives and more.



4.6.2. Chester Rows smoke detection system wins Gold for Innovation in the Public Sector – March 2026
Cheshire Fire and Rescue Service, in partnership with Cheshire West and Chester Council, won Gold in the Innovation in Public Sector Award at the IESE Public Sector Transformation Awards in Westminster. The award recognises the installation of a pioneering aspirating smoke detection system on Chester's historic Rows - the first time this early-warning technology has been applied to an outdoor heritage site in the UK

4.6.3. Celebrating excellence at the 2026 STAR awards – March 2026
The annual STAR Awards celebrate the dedication and hard work of personnel across the organisation. This year's ceremony honoured individuals and teams across several categories: Acting with Compassion, Be Inclusive, Cadet of the Year, Chief Fire Officer's Commendation, Doing the Right Thing, Employee of the Year, Leader of the Year, Making a Difference and Team Excellence, as well as recognising our On-Call Firefighters and Volunteers of the Year.



4.6.4. Hannah Caulfield awarded King's Fire Service Medal – December 2025

Group Manager Hannah Caulfield was awarded the King's Fire Service Medal in recognition of her outstanding service and leadership, commitment to supporting female firefighters and colleagues, and helping to make the Service more diverse, inclusive, and supportive.



- 4.6.5. The Service recognised both operational and support staff achieving 20 year, 30 years and more of Long Service and Good Conduct.



Pension Liability

- 4.7 The Authority as a responsible employer encourages its employees to participate in a pension scheme. Firefighters have access to the Firefighter Pension Scheme. For non-firefighters, the Local Government Pension Scheme (LGPS) is available.
- 4.8 Pension obligations are measured under IAS 19 using actuarial estimates of benefits earned by employees up to the reporting date. The recognised net pension liability or asset reflects the present value of those obligations, relevant scheme assets and any restriction on recognising a pension surplus. It is not an amount payable immediately. The firefighters' schemes are unfunded; the Local Government Pension Scheme is funded. Statutory funding arrangements determine the amounts charged to the General Fund, with accounting adjustments shown through the Pensions Reserve. Further information is provided in Note 32.
- 4.9 Claims of age discrimination were brought in relation to the terms of transitional protection by groups of firefighters and members of the Judiciary in the McCloud/Sargeant legal case (referred herein as "McCloud") and the Court of Appeal handed down its judgment on this claim on 20th December 2018, ruling that the transitional protection arrangements were discriminatory on the basis of age. As a result, the cost control element of the 2016 valuation was paused whilst the Government addressed the need to remedy this discrimination across all public service pension schemes. The cost cap mechanism for the 2016 valuation has since been un-paused and the calculations complete, with the outcome being no changes to benefits or contributions. The treatment of the deferred choice underpin as a member cost for cost cap purposes, along with the four year spreading period, was challenged in a Judicial

Review which was heard in early 2023. The claims made in the Judicial Review were dismissed by the High Court, in a judgment handed down on Friday 10th March 2023.

- 4.10 The McCloud remedy window ran from 1st April 2015 to 31st March 2022. Eligible members will be able to elect which scheme they wish to receive benefits from for this period.
- 4.11 Implementation of the McCloud remedy affects eligible benefits relating to service between 1 April 2015 and 31 March 2022. The accounting effects and any material remaining uncertainty are reflected in Note 32.

5. North West Fire Control / NW Fire Control Limited (NWFC)

- 5.1 NW Fire Control Limited is a company limited by guarantee, which was incorporated in July 2007 and was established to operate a Regional Control Centre with the responsibility for Fire and Rescue Service call handling and mobilisation for the North West region. The four services transferred their control-room functions to NWFC in May 2014. It handles calls for Cheshire, Cumbria, Greater Manchester and Lancashire fire and rescue services.
- 5.2 The Authority accounts for its interest in NW Fire Control Limited as a joint operation on the basis that the parties have joint control and rights to the assets and obligations for the liabilities of the arrangement. The accounts include the Authority's 25% share of the relevant assets, liabilities, income and expenditure. Note 28 explains the arrangement.

6. Future Developments and Plans

6.1 Community Risk Management Plan 2024-28

- 6.1.1. The Service will continue to drive the projects and action plans set out in the CRMP 2024-28 to deliver more Prevention, more Protection and better Response. It will monitor these activities to ensure it delivers an efficient and effective Service for the people of Cheshire.

6.2 Funding

- 6.2.1. The Government launched a consultation on Local Government funding called Fair Funding Review 2.0 during the summer 2025. The conclusion of the consultation resulted in new formulas for most of Local Government except for Fire and Rescue services, however whilst the old calculation model stood, the data within it would be updated. The single largest component to the formula is population, this had not been updated since 2013. The outcome from the new model produced large swings in funding for a number of services. The final settlement provided standalone Fire and Rescue Authorities with a funding floor, ensuring a minimum 3.8% increase in Core Spending Power in 2026/27 compared with 2025/26.. The Fair Funding Review also provided for; the first multi year settlement for close to a decade, an increase in the precept referendum limit to £5 and finally a commitment from Government to review the fire funding formula in time for the next spending review in three years time.

6.3 Regional Devolution

- 6.3.1. Cheshire is one of six regions to be selected for the Priority Devolution Programme. The aim of the programme is to have the establishment of Shadow Mayoral Strategic Authorities by April 2026, with Mayors elected in May 2027. Police and Fire Services may fall into these Authorities dependent on geographical boundary operations between the Authorities.

- 6.3.2. The Authority is engaged in monitoring the process and will plan appropriately, especially as the Fire Authority does not have a co-terminus boundary with the Mayoral Strategic Authority.

STATEMENT OF RESPONSIBILITIES

Responsibilities of Cheshire Fire Authority

Cheshire Fire Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In Cheshire Fire Authority that officer is the Treasurer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts

Statement from Cheshire Fire Authority

I hereby approve the Statement of Accounts for Cheshire Fire Authority for the year ended 31st March 2026.

Councillor

Chair of the Audit Committee, Cheshire Fire Authority.

Date:

Responsibilities of the Treasurer to the Cheshire Fire Authority

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

In preparing this Statement of Accounts, the Treasurer has ensured that:

- Suitable accounting policies have been selected and applied consistently;
- Judgements and estimates made were reasonable and prudent; and
- The Code of Practice was complied with.

The Treasurer 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.

The Treasurer's Certificate

The Treasurer's certificate will be completed on certification of the audited Statement of Accounts.



Ben Jones

Head of Finance and Treasurer, Cheshire Fire Authority.

Date:

EXPENDITURE AND FUNDING ANALYSIS NOTE 2025-26

2025-26	As reported for Resource Management £000	Adjust for earmarked reserve movements £000	Net expenditure chargeable to General Fund £000	Adjustments between funding and accounting basis £000 (a)	Net expenditure CIES £000
Firefighting and rescue operations	31,690	(7)	31,684	-	31,684
Protection	2,312	318	2,630	-	2,630
Prevention	2,833	78	2,911	-	2,911
Operational support and fleet	7,616	-	7,616	53	7,669
Corporate and support services / Finance resources	19,843	4,311	24,154	(26,966)	(2,812)
Net Cost of Services	64,294	4,700	68,994	(26,912)	42,082
Other income and expenditure	(60,496)	-	(60,496)	21,568	(38,928)
NWFC 25%	-	-	-	(90)	(90)
(Surplus) or Deficit	3,798	4,700	8,498	(5,434)	3,064

(a) See Note 5, for further details on the adjustments between funding and accounting basis.

This analysis is not a Primary Financial Statement and forms part of the Notes to the Accounts.

General Fund Reserves	£'000
Opening Total General Fund Reserves at 1 April 2025	(24,182)
Deficit on Provision of Services (CIES)	3,064
Adjustments between accounting basis and funding basis under regulations	(1,496)
Transfers between usable reserves	1,036
Net Movement in Year	2,604
Closing Total General Fund Reserves at 31 March 2026	(21,578)

EXPENDITURE AND FUNDING ANALYSIS NOTE 2024-25

	As reported for Resource Management £000	Adjust for Earmarked Reserve Movements £000	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis (a) £000	Net Expenditure Comprehensive Income and Expenditure Statement £000
Firefighting and Rescue operations	35,059	(317)	34,742	(10,154)	24,588
Protection	2,279	191	2,468	(691)	1,778
Prevention	2,529	(176)	2,353	(942)	1,411
Support Services	12,021	(545)	11,476	(1,093)	10,383
UPGs	67	-	67	-	67
Corporate / Finance resources	5,161	3,513	8,674	(7,697)	977
Actuarial pension cost - McCloud Judgement	-	-	-	-	-
Net Cost of Services	57,115	2,667	59,782	(20,577)	39,204
Net cost of service - 25% share of NWFC		(2)	(2)	(41)	(45)
Other Income & Expenditure	(57,115)	(826)	(57,941)	18,788	(39,167)
Other Income & Expenditure -25% share of NWFC	-	-	-	2	2
(Surplus) or Deficit	-	1,835	1,835	(1,828)	(8)
Opening General Fund at 31 March 2024			(26,016)		
Less/Plus (Surplus) Deficit on General Fund in Year	Fire	1,835			
	NWFC (25%)	(2)			
			1,833		
Closing General Fund at 31 March 2025			(24,182)		

(a) See Note 5, for further details on the adjustments between funding and accounting basis.
This analysis is not a Primary Financial Statement and forms part of the Notes to the Accounts.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2024-25				2025-26			
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net expenditure
£000	£000	£000		Note	£000	£000	£000
25,080	(492)	24,588	Firefighting and Rescue operations		31,740	(56)	31,684
1,994	(216)	1,778	Protection		2,837	(207)	2,630
2,352	(941)	1,411	Prevention		3,660	(749)	2,911
12,335	(908)	11,427	Operational and corporate support, including Finance Resources		6,323	(1,466)	4,857
41,761	(2,557)	39,204	Cheshire Fire Authority - Cost of Services				42,082
552	(597)	(45)	North West Fire Control – Cost of Services (25%)		406	(496)	(90)
			Other operating expenditure:				
			(Gains)/losses on the disposal of non-current assets		914		914
20,431	(753)	19,678	Financing & investment income & expenditure	9	21,343	(689)	20,654
-	(58,847)	(58,847)	Taxation & non-specific grant income & expenditure	9		(60,496)	(60,496)
-			Taxation (NWFC 25%)				
62,746	(62,754)	(8)	(Surplus)/Deficit on Provision of Services		67,223	(64,159)	3,064
		(4,336)	(Surplus) or deficit on revaluation of property, plant & equipment assets	20			(5,222)
		(47,099)	Remeasurement of the net defined benefit liability/(asset)	32			(277)
		(51,436)	Other comprehensive income & expenditure				(5,499)
		(51,444)	Total Comprehensive Income & Expenditure				(2,435)

MOVEMENT IN RESERVES STATEMENT 2025-26

	General Fund £000	Resource Centre Mgs £000	Community Risk Reduction £000	UPGs £000	Capital Reserve £000	Total General Fund £000	(Usable) Capital Receipts £000	Total Usable Reserves £000	Pensions Reserve £000	Revaluation Reserve £000	Collection Fund Adjustment £000	Accumulated Absences £000	Capital Adjustment Account and other unusable reserves £000	Total Unusable Reserves £000	Total All Reserves £000
Balance at 1 April 2025	(4,911)	(7,240)	(157)	(100)	(11,774)	(24,182)	-	(24,182)	400,158	(40,484)	(301)	755	(52,658)	307,470	283,288
Deficit on provision of services	3,064	-	-	-	-	3,064	-	3,064	-	-	-	-	-	-	3,064
Other comprehensive income and expenditure	-	-	-	-	-	-	-	-	(277)	(5,222)	-	-	-	(5,499)	(5,499)
Total comprehensive income and expenditure	3,064	-	-	-	-	3,064	-	3,064	(277)	(5,222)	-	-	-	(5,499)	(2,435)
Adjustments between accounting basis and funding basis under regulations															
Capital adjustments, including depreciation, impairment, amortisation, disposals, capital financing and MRP	1,053	-	-	-	-	1,053	-	1,053	-	1,725	-	-	(2,778)	(1,053)	-
Pensions adjustments	(2,419)	-	-	-	-	(2,419)	-	(2,419)	2,419	-	-	-	-	2,419	-
Collection Fund adjustment	(110)	-	-	-	-	(110)	-	(110)	-	-	110	-	-	110	-
Accumulated absences adjustment	(20)	-	-	-	-	(20)	-	(20)	-	-	-	20	-	20	-
Total adjustments between accounting basis and funding basis under regulations	(1,496)	-	-	-	-	(1,496)	-	(1,496)	2,419	1,725	110	20	(2,778)	1,496	-
Transfers between usable reserves	(1,915)	570	-	(7)	2,388	1,036	(1,036)	-	-	-	-	-	-	-	-
• Net movement in year	(347)	570	-	(7)	2,388	2,604	(1,036)	1,568	2,142	(3,497)	110	20	(2,778)	(4,003)	(2,435)
• Balance at 31 March 2026	(5,258)	(6,670)	(157)	(107)	(9,386)	(21,578)	(1,036)	(22,614)	402,300	(43,981)	(191)	775	(55,437)	303,467	280,853

MOVEMENT IN RESERVES STATEMENT 2024-25

	General Fund £000	Resource Centre Mgs £000	Community Risk Reduction £000	UPGs £000	Capital Reserve £000	Total General Fund £000	(Usable) Capital Receipts £000	Total Usable Reserves £000	Pensions Reserve £000	Revaluation Reserve £000	Collection Fund Adjustment £000	Accumulated Absences £000	Capital Adjustment Account £000	Total Unusable Reserves £000	Total All Reserves £000
Balance at 1 April 2024	(3,207)	(6,967)	(157)	(318)	(15,366)	(26,017)	-	(26,017)	444,783	(36,936)	32	752	(47,880)	360,751	334,734
Surplus/Deficit on provision of services	(8)	-	-	-	-	(8)	-	(8)	-	-	-	-	-	-	(8)
Other Comprehensive income and expenditure		-	-	-	-	-	-	-	(47,099)	(4,336)	-	-	-	(51,435)	(51,436)
Total Comprehensive Income & Expenditure	(8)	-	-	-	-	(8)	-	(8)	(47,099)	(4,336)	-	-	-	(51,435)	(51,436)
Adjustments between accounting basis & funding basis under regulations:															
• Depreciation etc.	(4,233)	-	-	-	-	(4,233)	-	(4,233)	-	788	-	-	3,445	4,233	-
• Gain/loss on disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
• Revaluation gain/loss	(557)	-	-	-	-	(557)	-	(557)	-	-	-	-	557	557	-
• Pension costs	(2,476)	-	-	-	-	(2,476)	-	(2,476)	2,476	-	-	-	-	2,476	-
• Capital expenditure charged to revenue	7,697	-	-	-	-	7,697	-	7,697	-	-	-	-	(7,697)	(7,697)	-
• Cash sale proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
• Use of capital receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
• Use of capital grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
• Collection Fund	333	-	-	-	-	333	-	333	-	-	(333)	-	-	(333)	-
• Accumulated Absences	(3)	-	-	-	-	(3)	-	(3)	-	-	-	3	-	3	-
• Statutory provision for the repayment of debt (MRP)	1,082	-	-	-	-	1,082	-	1,082	-	-	-	-	(1,082)	(1,082)	-
Net increase/decrease before earmarked reserve transfers	1,833	-	-	-	-	1,834	-	1,834	(44,624)	(3,548)	(333)	3	(4,777)	(53,279)	(51,446)
Transfers to/from earmarked reserves	(3,537)	(273)	-	218	3,592	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in year	(1,704)	(273)	-	218	3,592	1,835	-	1,833	(44,624)	(3,548)	(333)	3	(4,777)	(53,279)	(51,446)
Balances at 31 March 2025	(4,911)	(7,240)	(157)	(100)	(11,774)	(24,182)	-	(24,182)	400,159	(40,484)	(301)	755	(52,658)	307,473	283,288

BALANCE SHEET

31 Mar 2025		Note	31 Mar 2026	
£000	£000		£000	£000
107,538	Land and Buildings	10	112,934	
7,460	Vehicles, Equipment and Right-of-use Assets	10	7,252	
2,285	Assets under Construction	10	2,413	
208	Intangible Assets	11	385	
117,491	Total Long-term Assets		122,984	
5,438	Short-term investments	12	-	
940	Inventories	14	798	
5,120	Short-term debtors	15	6,095	
956	Amount due from pension fund	Pension Fund	-	
912	Assets held for sale	13	338	
9,020	Cash and Cash Equivalents	16	14,488	
22,386	Total Current Assets			21,719
139,877	Total Assets		144,703	
-	Short-term Borrowing	12	(119)	
(10,942)	Short-term Creditors	17	(7,915)	
(185)	Right of Use Asset Lease Liability	31	(189)	
(572)	Provisions	18	(560)	
0	Amounts due to Pension Fund	Pension Fund	(3,370)	
(11,699)	Total Current Liabilities			(12,153)
128,178	Total Assets less Current Liabilities		132,550	
(11,119)	Long-term borrowing	12	(11,000)	
(187)	Right of Use Asset Lease Liability	31	(103)	
(400,158)	Net Pension Liability (IAS 19)	32	(402,300)	
(411,464)	Total Long-term Liabilities			(413,403)
(283,288)	Net Assets / (Liabilities)		(280,853)	
(24,182)	Usable reserves	19	(22,614)	
307,470	Unusable reserves	20+32	303,467	
283,288	Total Reserves		280,853	

Ben Jones , Head of Finance and Treasurer, Cheshire Fire Authority.



Date: 29.09.2026

CASH FLOW STATEMENT

2024-25 £000		Note	2025-26 £000
(8)	Net (surplus)/deficit on the provision of services	CI&E	3,064
(13,225)	Adjustment for non-cash and working-capital movements	21	(8,718)
(219)	Adjustment to for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	21	818
(13,453)	Net cash flows from Operating Activities		(4,836)
10,814	Investing Activities	21	(850)
685	Financing Activities	21	218
(1,954)	Net (increase)/decrease in cash and cash equivalents		(5,468)
7,066	Cash and Cash Equivalents at the beginning of the reporting period	16	9,020
9,020	Cash and Cash Equivalents at the end of the reporting period	16	14,488
(1,954)	Net (increase)/decrease in cash and cash equivalents		(5,468)

FIREFIGHTER PENSION FUND

2024-25		2025-26	
£000	£000	£000	£000
Contributions receivable			
Fire Authority contributions:			
-		-	
2,453		144	
(7,432)		(7,887)	
	(4,979)		(7,743)
-		-	
-		-	
	(4,979)		(7,743)
Firefighters' contributions:			
-		-	
(265)		(135)	
(2,569)		(2,734)	
	(2,834)		(2,869)
	(175)		(155)
	(7,987)		(10,767)
Total amount receivable			
Benefits payable			
18,109		18,788	
3,949		3,087	
164		23	
	22,222		21,898
-		310	
-		-	
	22,222		22,208
Total amount payable			
14,236			11,442
(14,236)			(11,442)
-			-
Net amount for the year			

NET ASSETS STATEMENT

31 Mar 25		31 Mar 26	
£000		£000	
956	Current Assets	(3,370)	
-	'Top-up' Government grant		
-	Employee arrears		
Current Liabilities			
-	Contributions received in advance		
-	Benefits outstanding		
(956)	Amount due to General Fund	3,370	
-	Net Assets	-	

Note ¹ - these rows include the Modified Firefighter Pension Scheme
For further details please see note 32 on page 84

NOTES TO THE ACCOUNTS

Note	Description	Page
1	Accounting Policies	33
2	Accounting Standards, issued but not yet adopted	49
3	Assumptions made about the future and other major sources of estimation uncertainty	50
4	Events after the Balance Sheet date	50
5	Supporting information for the Expenditure and Funding Analysis note	51
6	Expenditure and Income analysed by nature	52
7	Adjustment between Accounting Basis and Funding Basis under regulations	52
8	Movement in Earmarked Reserves	53
9	Notes to the Comprehensive Income and Expenditure Statement	53
10	Property, Plant and Equipment	54
11	Intangible Assets	59
12	Financial Instruments	59
13	Assets held for sale	64
14	Inventories	65
15	Debtors	65
16	Cash and Cash Equivalent	65
17	Creditors	66
18	Provisions	66
19	Usable Reserves	67
20	Unusable Reserves	68
21	Notes to the Cash flow Statement	71
22	Members' Allowances	72
23	Officer Remuneration	73
24	Termination Benefits	75
25	External Audit Costs	76
26	Grant Income	76
27	Related Parties	76
28	NW Fire Control Limited (NWFC)	79
29	Fire and Rescue Indemnity Company Limited (FRIC)	81
30	Capital Expenditure and Financing	81
31	Leases	81
32	Employee Benefits (Pensions)	84
33	Contingent Assets and Liabilities	92

NOTES TO THE ACCOUNTS

1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Authority's transactions for the 2025-26 financial year and its position at the year end of 31st March 2026. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations (England) 2015 which state that accounts need to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26, supported by International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

These financial statements have been prepared under the historical cost convention, modified by the revaluation of certain categories of non-current assets and where material, financial instruments as determined by the relevant accounting standard.

In addition, this Statement of Accounts assumes the Fire Authority will continue in operational existence for the foreseeable future under the 'Going Concern' concept as a statutory body under legislation.

1.2 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 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 on the basis of 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.

Immaterial departures from accrual accounting are assessed individually and in aggregate and are applied only where they do not affect a true and fair view.

1.3 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 highly liquid investments that mature in one month 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.

1.4 Exceptional Items

When items of income and expenditure are material and exceptional, 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 the understanding of the Authority's financial performance.

1.5 Prior Period Adjustments, Changes in Accounting Policies, 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.

Items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature and/or size of the omission or misstatement judged in the surrounding circumstances.

1.6 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 fixed assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and

impairment losses and amortisation are therefore, replaced by the contribution in the General Fund Balance [Minimum Revenue Provision (MRP)], by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.7 Council Tax and Non-domestic Rates

The four local authorities within Cheshire act as agents, collecting council tax and non-domestic rates on behalf of the major preceptors – including the Fire Authority. The authorities are required by statute to maintain a separate fund (called the Collection Fund) for the collection and distribution of amounts due in respect of council tax and non-domestic rates. Under the legislative framework for the Collection Fund, the local authorities, preceptors (including the Fire Authority) and central Government, share proportionately the risks and rewards should the amount collected be more or less than predicted.

The council tax income included in the Comprehensive Income and Expenditure Statement (CIES) is the Authority's share of the accrued income for the year. However, regulations determine the amount of council tax that must be included in the Authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account (an unusable reserve) and included as a reconciling item in the Movement of Reserves Statement.

The Balance Sheet includes the Authority's share of the end of year balances held by the four local authorities in respect of council tax and non-domestic rates. It takes into account arrears, impairment allowances for doubtful debts, overpayments and prepayments together with appeals.

Where debtor balances for the above are identified as impaired because of likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.8 Employee Benefits

1.8.1. Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

1.8.2. Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date; or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate

service in the Comprehensive Income and Expenditure Statement, 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.

Where 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.

1.8.3. Post-Employment Benefits

Employees of the Authority are entitled to be members of the following pension schemes:

- The Local Government Pension Scheme, administered by Cheshire West and Chester Council
- The Firefighter Pension Scheme (2015)

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

The Local Government Pension Scheme for non-uniformed staff

All non-uniformed staff, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme, which is administered by Cheshire Pension Fund. The scheme, which is a funded, defined benefit statutory scheme, is administered by Cheshire West and Chester Council in accordance with the Public Service Pensions Act 2013 and applicable Local Government Pension Scheme Regulations.

In 2025-26 the Authority paid an employer's primary rate contribution of 20.6% of employees' pensionable pay into the Cheshire Pension Fund. All pension payments to eligible staff are met from this fund. The attributable assets of the scheme are measured at fair value. Assets are valued at bid value.

Employer contribution rates are reviewed through the pension fund's triennial funding valuation and rates and adjustments certificate. These funding assessments are distinct from the annual IAS 19 valuation used for the Statement of Accounts.

The liabilities of the Local Government Pension Scheme attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method - an assessment of the future payments which will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings by current employees.

Liabilities are discounted to their value at current prices, using a discount rate, based on a "Hymans Robertson" corporate bond yield curve based on the constituents of the iBoxx AA corporate bond index.

A net defined benefit asset is recognised only to the extent of economic benefits available through refunds or reductions in future contributions, applying IAS 19 and IFRIC 14. The assessment is made for each relevant

arrangement. Interest on the effect of the asset ceiling is included in net interest on the net defined benefit liability or asset. Other changes in the effect of the asset ceiling are recognised in other comprehensive income and expenditure. The basis of the assessment and movements are disclosed in Note 32.

The Firefighter Pension Schemes (FPS) for uniformed staff

The firefighters' pension schemes are unfunded defined benefit arrangements, with no investment assets accumulated to meet future pension obligations. Legacy benefits relate to the 1992 and 2006 schemes, including the modified scheme. The Firefighters' Pension Scheme 2015 provides current benefit accrual. Pension-fund transactions are reported separately from the actuarial liabilities recognised in the Authority's Balance Sheet.

Part of the transitional arrangements was to provide varying degrees of protection for those members who were within 15 years of normal retirement age. This meant that some members went straight into FPS 2015 from 1st April 2015, whilst others with tapered protection stayed in the legacy scheme (FPS 2006 / FPS 1992) for longer or would remain in the legacy scheme until they retired if they were fully protected.

Following a legal challenge by judges and the Fire Brigade Union, known as the McCloud and Sargeant cases respectively, the courts determined that the transitional arrangements were discriminatory on the grounds of age. It is important to note that it was the transitional arrangements that were discriminatory and not the 2015 scheme itself.

The McCloud remedy addresses discriminatory transitional protection for eligible service between 1 April 2015 and 31 March 2022. All active firefighters accrue benefits in the 2015 scheme from 1 April 2022.

The accounting effects of the remedy and any material estimation uncertainty are assessed using the pension administrator's records and actuarial advice.

To remove future discrimination and ensure equal treatment, all remaining protected members who are not currently members of FPS 2015 transferred into this scheme on 1st April 2022. The FPS 1992 and FPS 2006 are now closed to future accrual for all members.

All firefighter pension schemes are administered through the Authority's separate pension fund. In 2025-26, the Authority paid an employer's contribution of 37.6% in respect of the 2015 scheme. The balance on the Authority's pension fund is funded by Government grant.

Firefighter Injury Scheme

Under the Firefighter Compensation Scheme (England) Order 2006, a firefighter receives an injury award where they have retired and are permanently disabled because of an injury received in the execution of their duty. Under IAS19 the Authority is required to account for contingent future injury benefits. The liability is based on an estimate of future benefits earned by members, and movements in this liability are treated in the same way as for the Firefighter Pension Schemes.

The impact of these four pension schemes and the Firefighter Injury Scheme is identified in the revenue account and balance sheet.

The change in net pension's liability is analysed into the following components:

a) Service cost comprising:

- Current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Net interest on the net defined benefit liability (asset) i.e. net interest expense for the Authority - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

b) Re-measurements comprising:

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

c) Contributions paid to the pension funds

- Cash paid as employer's contributions to the pension funds in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant Accounting Standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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 the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.9 Events after the Reporting Period

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 event 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.

1.10 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.

The Authority's borrowings presented in the Balance Sheet is the outstanding principal repayable (plus any accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of charging the full effect of premiums and discounts to the Comprehensive Income and Expenditure Statement in the year in which they are incurred.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. These three main classes of financial assets are measured at:

- Amortised cost;
- Fair value through profit or loss (FVPL); and
- Fair value through other comprehensive income (FVCOI).

Financial assets are measured at amortised cost where they are held within a business model whose objective is to collect contractual cash flows and those cash flows are solely payments of principal and interest on the principal outstanding. Other financial assets are classified and measured in accordance with the Code.

Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument. They are initially measured at fair value and subsequently at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For any loan that the Authority makes, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

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.

Fair value through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Authority becomes a party to a contractual provision of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise 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

For measuring assets and liabilities at fair value, the authority categorises the inputs to valuation techniques into 3 values as follows:

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

1.11 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. Where 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-ring-fenced 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.

1.12 Heritage Assets

Heritage assets are defined as tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. The Authority does not consider that any of its assets fall into the definition of a Heritage Asset.

1.13 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events, such as software licences, is capitalised where it is probable that future economic benefits or service potential will flow to the Authority and the cost of the asset can be measured reliably.

Intangible assets are initially measured at cost and subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are not measured using the revaluation model.

All intangible assets held by the Authority have finite useful lives. The depreciable amount of an intangible asset is amortised on a straight-line basis over its assessed useful life, normally five years.

Amortisation commences when the asset is available for use and is charged to the relevant service line in the Comprehensive Income and Expenditure Statement.

An intangible asset is reviewed for impairment whenever there is an indication that the asset may be impaired. Any impairment loss is charged to the relevant service line in the Comprehensive Income and Expenditure Statement.

An intangible asset is derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal. Any gain or loss arising on disposal or abandonment is recognised in the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains or losses are not permitted to affect the General Fund Balance. These amounts are therefore adjusted through the Movement in Reserves Statement and transferred to the Capital Adjustment Account. Disposal proceeds exceeding £10,000 are transferred to the Capital Receipts Reserve.

1.14 Interests in Companies and Other Entities (Group Accounts)

The Authority has an interest in North West (NW) Fire Control Limited. Cheshire Fire Authority's 25% share is shown in the accounts. 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). See note 28 for more details.

During 2015-16 a company limited by guarantee, Safer Cheshire Limited, was established. There was no business activity in 2025-26.

1.15 Inventory (Stock)

Inventory (stock) is included in the Balance Sheet at the lower of cost and net realisable value. The cost is assigned using the Average Costing formula to reflect the overall expenditure incurred to acquire the inventory.

1.16 Leases

A contract is, or contains, a lease where it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Authority assesses its contracts against the Code's lease requirements.

At commencement, the Authority recognises a right-of-use asset and a lease liability, except where the recognition exemptions for short-term leases or leases of low-value assets are applied. A short-term lease has a lease term of 12 months or less at commencement and does not contain a purchase option.

The Authority as Lessee:

Recognition and measurement

The lease liability is initially measured at the present value of lease payments unpaid at commencement. Payments are discounted using the interest rate implicit in the lease where readily determinable; otherwise the Authority's incremental borrowing rate is used. The lease term includes extension periods that the Authority is reasonably certain to exercise and periods covered by a termination option where the Authority is reasonably certain not to exercise that option. The initial cost of the right-of-use asset comprises:

- The initial lease liability and payments made at or before commencement, less lease incentives received; and
- Initial direct costs and qualifying restoration obligations.

Right-of-use assets are subsequently measured under the Code, including applicable depreciation, impairment and revaluation requirements. Depreciation runs from commencement to the earlier of the end of the useful life and the end of the lease term. Where ownership transfers, or the asset cost reflects an expected exercise of a purchase option, depreciation extends over the asset's useful life.

The Authority is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Subsequent measurement and exemptions

Lease liabilities are increased by interest, reduced by payments and remeasured where required following changes in relevant lease terms or payment assumptions. Remeasurements normally adjust the right-of-use asset.

Payments for leases covered by a recognition exemption are expensed over the lease term on a straight-line basis unless another systematic basis better represents the pattern of benefit.

- A lease is not derecognised merely because fewer than 12 months remain at the reporting date.
- Transition expedients applied on first adoption of IFRS 16 are not applied as recurring exemptions for new leases.
- Note 31 provides the Authority's lease disclosures.

1.17 Overheads and Support Services

The cost of overheads and support services are charged to the service segments in accordance with the Authority's arrangements for accountability and financial performance.

1.18 Property, Plant and Equipment

Property, plant and equipment are tangible assets held for use in the provision of services, for rental to others or for administrative purposes and are expected to be used for more than one financial year.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised where it is probable that the future economic benefits or service potential associated with the asset will flow to the Authority and its cost can be measured reliably.

Expenditure that maintains, but does not add to, an asset's future economic benefits or service potential is charged to the Comprehensive Income and Expenditure Statement as incurred.

The Authority applies a de minimis capitalisation threshold of £10,000, below which expenditure is charged to revenue.

Initial measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- costs directly attributable to bringing the asset to the location and condition necessary for it to operate as intended; and
- the initial estimate of the costs of dismantling and removing the asset and restoring the site, where the Authority has an obligation to undertake such work.

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

The cost of an asset acquired other than by purchase is measured at fair value unless the transaction lacks commercial substance, or neither the fair value of the asset received nor the asset given up can be measured reliably. In these circumstances, the cost is measured at the carrying amount of the asset given up.

Donated assets

Donated assets are initially measured at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line in the Comprehensive Income and Expenditure Statement, unless the donation is subject to an outstanding condition.

Where a condition remains outstanding, the gain is recognised in the Donated Assets Account until the condition is satisfied. Gains credited to the Comprehensive Income and Expenditure Statement are transferred from the General Fund Balance to the Capital Adjustment Account through the Movement in Reserves Statement.

Subsequent measurement

Assets are subsequently carried in the Balance Sheet using the following measurement bases:

- infrastructure assets and assets under construction are measured at depreciated historical cost;
- community assets are measured at historical cost;
- surplus assets are measured at fair value based on their highest and best use;
- non-specialised operational land and buildings are measured at current value, interpreted as Existing Use Value;

- specialised operational land and buildings, where relevant market evidence is not available, are measured using Depreciated Replacement Cost; and
- vehicles, plant, furniture and equipment are measured at current value. Depreciated historical cost is used as a proxy for current value where assets have short useful lives, low values, or both.

Current value measurements reflect the economic environment prevailing for the service or function supported by the asset at the reporting date.

Valuation frequency and indexation

From 1 April 2025, assets measured at current value are subject to a formal valuation at least once every five years, either through a quinquennial valuation or a five-year rolling programme.

Appropriate indices are applied in intervening years to estimate movements in current value. The indices selected reflect the nature, valuation basis and location of the relevant assets. Where the resulting movement is material, the carrying amount is adjusted accordingly.

Where no suitable index is available, the Authority may undertake a desktop valuation in year three of the five-year valuation cycle. The Authority documents the indices considered and the reasons why they were not considered suitable.

Where an indexation adjustment is not recognised because its effect is immaterial, the cumulative effect is considered in subsequent reporting periods. These requirements reflect the revised five-year valuation and intervening-indexation regime introduced by the 2025/26 Code.

Revaluation gains and losses

Increases in an asset's carrying amount arising from revaluation or indexation are normally credited to the Revaluation Reserve and recognised in Other Comprehensive Income and Expenditure.

Where an increase reverses a revaluation loss or impairment previously charged to the Surplus or Deficit on the Provision of Services for the same asset, the increase is credited to the Surplus or Deficit on the Provision of Services to the extent of the previous loss, adjusted for the depreciation that would have been charged had the loss not been recognised.

Where a revaluation or indexation results in a decrease, it is charged against the balance held in the Revaluation Reserve for that asset. Any amount exceeding the available asset-specific balance is charged to the relevant service line in the Comprehensive Income and Expenditure Statement.

Amounts recognised in the Comprehensive Income and Expenditure Statement are adjusted through the Movement in Reserves Statement so that they do not affect the amount charged to the General Fund.

Accumulated depreciation on revaluation

When an asset is revalued, accumulated depreciation is eliminated against the asset's gross carrying amount, with the resulting net carrying amount restated to the revalued amount.

Impairment

Assets are reviewed at each reporting date for indications of impairment. Where an indication exists and the estimated effect is material, the asset's recoverable amount is determined and an impairment loss is recognised where this is lower than its carrying amount.

A full professional valuation is not undertaken solely to demonstrate that no impairment exists. Out-of-cycle valuation work is commissioned where impairment indicators or material asset-specific changes require an asset's value to be reassessed.

An impairment loss on a revalued asset is charged against the balance in the Revaluation Reserve for that asset, with any excess charged to the relevant service line in the Comprehensive Income and Expenditure Statement. An impairment loss on an asset held at historical cost is charged directly to the relevant service line.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line up to the amount of the original loss, adjusted for the depreciation that would have been charged had the loss not been recognised.

Component accounting

Where an item of property, plant and equipment contains components that are significant in relation to the asset's total cost and have materially different useful lives or depreciation methods, the components are recognised and depreciated separately.

The Authority considers componentisation for assets with a carrying value of at least £2m or approximately 5% of the total carrying value of the relevant asset class. A component is treated as significant where it represents at least 20% of the cost of the individual asset.

Components with similar useful lives and depreciation methods may be grouped for depreciation purposes. Where a component is replaced, the carrying amount of the component replaced is derecognised and the replacement is capitalised where it meets the recognition criteria.

Depreciation

Depreciation is provided on all property, plant and equipment with finite useful lives by allocating the depreciable amount over the period in which the asset's economic benefits or service potential are expected to be consumed.

Depreciation commences when an asset is available for use and is calculated on a straight-line basis over the following periods:

- buildings: over the useful lives assessed by the Authority's professional valuer;
- fire appliances: 13 to 20 years;
- other vehicles, plant and equipment: 5 to 15 years; and
- right-of-use assets: over the shorter of the estimated useful life and lease term, unless ownership transfers to the Authority at the end of the lease term.

Land with an indefinite useful life is not depreciated. Assets under construction are not depreciated until they are complete and available for use. Assets classified as held for sale are not depreciated from the date the classification criteria are met.

Where an asset is revalued, depreciation is based on its revised carrying amount and remaining useful life from the appropriate effective date.

An amount equal to the difference between depreciation charged on the current value of revalued assets and the depreciation that would have been charged on their historical cost is transferred annually from the Revaluation Reserve to the Capital Adjustment Account.

Residual values, useful lives and depreciation methods are reviewed at least at the end of each financial year and revised where expectations differ from previous estimates.

Assets under construction

Assets under construction are carried at historical cost and are not depreciated until complete and available for operational use.

When an asset becomes available for use, it is transferred to the appropriate property, plant and equipment class. Expenditure that does not meet the criteria for capitalisation is removed from the asset balance.

Where expenditure replaces a significant component of an existing asset, the carrying amount of the component replaced is derecognised.

Disposals and derecognition

An asset is derecognised when it is disposed of or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss on disposal is calculated as the difference between the net disposal proceeds and the asset's carrying amount and is recognised in the Other Operating Expenditure line of the Comprehensive Income and Expenditure Statement.

Disposal proceeds exceeding £10,000 are treated as capital receipts and credited to the Capital Receipts Reserve for use in accordance with statutory requirements.

The carrying amount of a disposed asset is not a charge against the General Fund. The amount charged to the Comprehensive Income and Expenditure Statement is transferred from the General Fund Balance to the Capital Adjustment Account through the Movement in Reserves Statement. Any balance relating to the disposed asset in the Revaluation Reserve is also transferred to the Capital Adjustment Account.

Assets that are to be abandoned or scrapped are not classified as held for sale.

Assets with a nil net book value are reviewed annually and assets that can no longer be substantiated are derecognised.

Non-current assets held for sale

An asset is classified as held for sale where its carrying amount will be recovered principally through a sale transaction rather than continuing use, the asset is available for immediate sale in its present condition and the sale is highly probable.

Classification requires that:

- the appropriate level of management is committed to a plan to sell;
- an active programme to locate a buyer and complete the plan has commenced;
- the asset is marketed at a price reasonable in relation to its current fair value;
- completion of the sale is normally expected within one year; and
- actions required to complete the plan indicate that significant changes to, or withdrawal from, the plan are unlikely.

The asset is revalued immediately before reclassification and is then measured at the lower of its carrying amount and fair value less costs to sell. Depreciation ceases from the date of classification. If the criteria are no longer met, the asset is reclassified as a non-current asset and measured at the lower of:

- the carrying amount before classification as held for sale, adjusted for the depreciation or revaluation that would have been recognised had it not been classified as held for sale; and
- its recoverable amount at the date of the decision not to sell.

Statutory adjustments

Charges arising from depreciation, impairment, revaluation losses and the carrying amount of disposed assets are recognised in the Comprehensive Income and Expenditure Statement in accordance with proper accounting practices.

Where statutory provisions do not permit these amounts to be charged to the General Fund, they are reversed through the Movement in Reserves Statement and transferred to the Capital Adjustment Account or other appropriate capital reserve.

1.19 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, considering 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 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.

Termination benefits are recognised at the earlier of the point when the Authority can no longer withdraw the offer of those benefits and the recognition of restructuring costs involving the payment of termination benefits.

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. They are disclosed unless the possibility of an outflow of resources is remote.

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.

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

1.21 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.

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

The 2026/27 Code of Practice on Local Authority Accounting in the United Kingdom has been issued but has not been adopted in preparing these 2025/26 financial statements. It applies to accounting periods commencing on or after 1 April 2026 and will be adopted by the Authority from that date. In accordance with the 2026/27 Code, the Authority has considered the known or reasonably estimable effect of the following amendments:

- Amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland - heritage assets. The amendments introduce disclosure of depreciation or amortisation recognised on heritage assets with finite useful lives. The Authority does not currently recognise any assets that meet the definition of a heritage asset and therefore does not expect the amendment to have a material effect.
- Amendments to the Classification and Measurement of Financial Instruments - IFRS 9 and IFRS 7. The amendments clarify the derecognition date for liabilities settled through electronic payment systems, the assessment of contractual cash-flow characteristics, including instruments with environmental, social and governance-linked features, and related disclosures. Based on the financial instruments currently recognised by the Authority, no material effect is presently expected. The Authority will complete its implementation assessment before preparing the 2026/27 financial statements.
 - Annual Improvements to IFRS Accounting Standards - Volume 11. These are limited clarifications and minor amendments, including terminology changes for consistency with IFRS 15. The Authority does not expect these amendments to have a material effect.
 - Contracts Referencing Nature-dependent Electricity - amendments to IFRS 9 and IFRS 7. These amendments clarify the own-use requirements and hedge-accounting provisions for certain contracts, commonly power purchase agreements, where electricity generation depends on natural conditions. The Authority is assessing whether any existing or planned electricity arrangements fall within their scope. The financial effect is not currently known or reasonably estimable. If applicable, the Authority will adopt the requirements prospectively from 1 April 2026.

- Other changes made by the 2026/27 Code either reflect changed circumstances, clarify existing requirements or provide additional guidance and are not expected to require additional disclosure or have a material effect on the Authority.

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

Critical judgements in applying accounting policies

The Authority has considered the classification of its interest in NW Fire Control Limited and the availability of economic benefits from the Local Government Pension Scheme surplus. The conclusions and supporting circumstances are disclosed in Notes 28 and 32 respectively.

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

The items in the Authority's Balance Sheet at 31st March 2026 for which there is a significant risk of material adjustments in the forthcoming financial year are set out below.

Item	Uncertainties	Effect if actual results differ from assumptions
Pension Liability (see Note 32)	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 age, 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 for firefighter pensions and Cheshire West & Chester Council provide information on the Local Government Pension Scheme.	The effects on the net pension liability of changes in individual assumptions can be measured. Sensitivity analyses in respect of the Firefighter and Local Government Pension schemes are shown in Note 32, together with the monetary value that would result if they came to fruition.

The sensitivities regarding the principal assumptions used to measure the pension scheme liabilities are shown in Note 32.

4. Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by Ben Jones, Head of Finance and Treasurer (Section 151 Officer), on the date shown on the signed statement. The accounts are unaudited and may be amended following external audit. Events between 31 March 2026 and that date have been assessed. Information providing evidence of conditions at 31 March 2026 has been reflected in the accounts; material non-adjusting events are disclosed in this note.

5. Supporting information for the Expenditure and Funding Analysis note

Adjustments from General Fund (GF) to arrive at the Comprehensive Income & Expenditure Statement	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments 2025-26
2025-26	£000	£000	£000	£000
Firefighting & rescue operations	-	(14,715)	14,715	-
Protection	(1)	(911)	912	-
Prevention	-	(1,396)	1,396	-
Support Services	(160)	(1,587)	1,800	53
UPGs	-	-	-	-
Corporate/Finance Resources	(5,313)	-	(21,653)	(26,966)
Net cost of services	(5,474)	(18,609)	(2,829)	(26,912)
NWFC 25%	-	17	(107)	(90)
Other income & expenditure from the funding analysis	(1,026)	21,079	1,515	21,568
NWFC 25%	-	-	-	-
Difference between GF surplus/ deficit and CIES surplus/ deficit	(6,500)	2,487	(1,421)	(5,434)

Adjustments from General Fund (GF) to arrive at the Comprehensive Income & Expenditure Statement	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments 2024-25
2024-25	£000	£000	£000	£000
Firefighting & rescue operations	3,777	(13,933)	2	(10,154)
Protection	257	(948)	-	(691)
Prevention	350	(1,292)	0.5	(942)
Support Services	406	(1,499)	0.5	(1,093)
UPGs	-	-	-	-
Corporate/Finance Resources	(7,697)	-	-	(7,697)
Net cost of services	(2,907)	(17,673)	3	(20,577)
NWFC 25%	-	(41)	-	(41)
Other income & expenditure from the funding analysis	(1,082)	20,203	(333)	18,788
NWFC 25%	-	(1)	-	(1)
Difference between GF surplus/ deficit and CIES surplus/ deficit	(3,989)	2,488	(330)	(1,829)

6. Expenditure and Income analysed by nature

2024-25		2025-26
£000		£000
	Expenditure:	
39,865	Employee pay	43,478
672	Other Employee expenses	487
436	Pensions	537
3,600	Premises	4,086
1,133	Transport	1,086
4,518	Supplies, Services & other expenses	4,670
4,262	Agency & Contracted Services	4,612
2,530	Net change for the Pension adjustments	-
5,034	Capital Charges & Finance Resources	7,667
159	Members' Allowances	192
62,208	Total Cheshire Fire Authority expenditure	66,817
551	25% NWFC expenditure	406
62,759	Total financial reporting entity expenditure	67,223
	Income:	
(2,537)	Fees & Other Service Income	(2,477)
(19)	Sales	(1)
(753)	Interest	(689)
(58,847)	Government Grants & local taxation	(60,496)
(62,157)	Total Cheshire Fire Authority income	(63,663)
(597)	25% NWFC income	(496)
(62,754)	Total financial reporting entity income	(64,159)
(8)	Net (surplus)/deficit on provision of services	3,064

7. Adjustment between Accounting Basis and Funding Basis under regulations

Please refer to the Movement in Reserves Statement for details on the adjustments that are made to the total Comprehensive Income and Expenditure Statement. The adjustments reflect items recognised by the Authority in year in accordance with proper accounting practice and are further analysed in the Expenditure and Funding Analysis on page 23.

8. Movement in Earmarked Reserves

For details on all earmarked reserves and any in-year movement, please refer to the Notes 19 and 20.

9. Notes to the Comprehensive Income and Expenditure Statement

Within the Comprehensive Income and Expenditure Statements there are three summary lines which are explained in more detail within the next two tables.

Financing and Investment Income and Expenditure	2025-26 £000	2024-25 £000
Interest and Investment Income	(689)	(753)
Interest Payable and Similar Charges	201	221
Interest payable on finance leases or IFRS16 leases	16	24
Pension Net Interest	21,079	20,186
NWFC Finance Interest	63	
NWFC interest income and related financing adjustment	(16)	-
Total	20,654	19,678

Taxation and Non-Specific Grant Income	2025-26 £000	2024-25 £000
Council Tax Income	(38,520)	(35,913)
Non-domestic Rates/Business Rates Retention Scheme	(10,469)	(10,486)
Non-specific Government Grants	(11,507)	(12,448)
Capital Grants and Contributions	-	-
Total	(60,496)	(58,847)

Note that council tax and non-domestic rates income has been adjusted to reflect the surpluses and deficits on Collection Fund accounts, as reflected in the Movement in Reserves Statement.

10. Property, Plant and Equipment

The following table shows the movement of assets classified as property, plant and equipment including work in progress (WIP).

2025-26

	Cheshire Fire Authority					NWFC (25%)			Financial Entity Reporting Total
	Land & Buildings	Vehicles	Equipment	Assets under Construction	Right of Use Assets	Total	Fittings	Computer Equipment	Total
<u>Cost or Valuation</u>	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2025	107,620	17,605	3,447	2,285	-	130,957	63	163	225
Presentation reclassification of ROU assets	-	(566)	-	-	566	-	-	-	-
Adjusted 1 April balance	107,620	17,039	3,447	2,285	566	130,957	62	163	225
Additions	4,346	717	8	515	147	5,733	-	61	61
Revaluations: charged to reserve	4,691	-	-	-	-	4,691	-	-	-
Revaluations: charged to CIES	(717)	-	-	-	-	(717)	-	-	-
Impairments	(829)	-	-	-	-	(829)	-	-	-
Disposals	(972)	(990)	-	-	(51)	(2,013)	-	-	-
Assets Held for Sale (Note 13)	(338)					(338)			
Transfers and reclassifications	(531)	(998)	(66)	(387)	-	(1,982)	1	-	1
At 31 March 2026	113,270	15,768	3,389	2,413	662	135,502	63	224	287

	<u>Depreciation</u>									
At 1 April 2025	(82)	(10,661)	(2,945)	-	-	(13,688)	(54)	(159)	(213)	(13,901)
Presentation reclassification of ROU depreciation	-	135	-	-	(135)	-	-	-	-	-
Adjusted 1 April balance	(82)	(10,526)	(2,945)	-	(135)	(13,688)	(54)	(159)	(213)	(13,901)
Charge in year	(3,146)	(768)	(130)	-	(160)	(4,203)	(1)	(7)	(8)	(4,211)
Written out on revaluation to Revaluation Reserve	1,159	-	-	-	-	1,159	-	-	-	1,159
Written out on revaluation through CIES	1,986	-	-	-	-	1,986	-	-	-	1,986
Accumulated depreciation on disposals	-	973	-	-	19	992	-	-	-	992
Transfers and reclassifications	(253)	999	41	-	-	787	-	(2)	(2)	785
At 31 March 2026	(336)	(9,322)	(3,034)	-	(276)	(12,967)	(55)	(168)	(223)	(13,190)
Opening NBV at 31 March 2025 before adjustments	107,538	6,513	502	2,285	431	117,269	9	4	13	117,282
Net Book Value at 31 March 2026	112,934	6,446	355	2,413(a)	386	122,532	8	57	65	122,599

(a) At 31 March 2026, Assets under Construction included £2.178m relating to buildings, £0.219m relating to vehicles and £0.016m relating to plant and equipment. These assets were not yet available for operational use.

2024-25	Cheshire Fire Authority					NWFC (25%)		Financial reporting entity	
	Land & Buildings	Vehicles	Plant & Equipment	Assets Under construction	CFA Total	Fixtures & Fittings	Computer equipment	NWFC Total	TOTAL
<u>Cost or Valuation</u>	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2024	101,105	16,023	3,447	2,023	122,597	62	163	225	122,822
Additions	5,101	1,197	-	2,223	8,521	-	-	-	8,521
Revaluations: charged to reserve	1,970	-	-	-	1,970	-	-	-	1,970
Revaluations: charged to CIES	(1,301)	-	-	-	(1,301)	-	-	-	(1,301)
Disposals	-	-	-	-	-	-	-	-	-
Reclassifications	745	385	-	(1,961)	(830)	-	-	-	(830)
At 31 March 2025	107,620	17,605	3,447	2,285	130,957	62	163	225	131,182
<u>Depreciation</u>									
At 1 April 2024	-	(9,686)	(2,797)	-	(12,483)	(53)	(158)	(211)	(12,694)
Charge in year	(3,110)	(975)	(148)	-	(4,233)	(1)	(1)	(2)	(4,233)
Written out to reserve	2,366	-	-	-	2,366	-	-	-	2,366
Written out to CIES	744	-	-	-	744	-	-	-	744
Disposals	-	-	-	-	-	-	-	-	-
Reclassifications	(82)	-	-	-	(82)	-	-	-	(82)
At 31 March 2025	(82)	(10,661)	(2,945)	-	(13,688)	(54)	(159)	(213)	(13,901)
Net Book Value at 1 April 2024	101,105	6,337	650	2,023	110,114	9	5	14	110,128
Net Book Value at 31 March 2025	107,538	6,944	502	2,285	117,269	9	5	14	117,283

Revaluations

From 1 April 2025, the Code of Practice on Local Authority Accounting requires assets measured at current value to be formally valued at least once every five years, either through a quinquennial valuation or a five-year rolling programme, with appropriate indexation applied in the intervening years.

A formal external valuation of the properties identified by the Authority was undertaken by Bruton Knowles Limited as at 31 March 2026 for financial reporting purposes. The exercise comprised asset-specific valuations supported by sample property inspections, measurement surveys and desktop analysis.

The valuation bases applied were:

- day-crewed housing and other non-specialised operational properties were valued at Existing Use Value using relevant market evidence;
- fire stations, the Training Centre and the Safety Centre were valued using Depreciated Replacement Cost, based on the cost of a modern equivalent asset and adjusted for physical deterioration, obsolescence and optimisation; and
- surplus assets were valued at Fair Value based on their highest and best use.

Relevant construction cost information, including Building Cost Information Service indices, was used as an input to Depreciated Replacement Cost valuations where appropriate.

The valuations were prepared in accordance with the RICS Valuation Global Standards and the RICS UK National Supplement, together known as the RICS Red Book, insofar as these are consistent with IFRS as interpreted by the 2025/26 Code of Practice on Local Authority Accounting.

Compliance with the relevant RICS professional standards also provides alignment with International Valuation Standards.

Unless otherwise stated, the valuations assume that operational properties will continue to be occupied and used by the Authority for the foreseeable future, having regard to the expected continuation of service delivery from those assets.

The Responsible Valuer was Sarah Nicholas BSc (Hons) PGDip MRICS, RICS Registered Valuer and Associate at Bruton Knowles Limited. The valuation report was reviewed by Helen McLeod-Baikie BSc (Hons) MRICS IRRV (Hons), RICS Registered Valuer, Partner and Head of Public Sector Valuations.

At 31 March 2026, the Authority held surplus land and properties measured at Fair Value. This included land at Hallwood Link Road, Runcorn, valued at £0.385m, unchanged from 31 March 2025. At 31 March 2026, 36 Ackers Road was classified as an asset held for sale and carried at £0.338m. The classification and measurement are based on the evidence available at the reporting date.

Capital Commitments

At 31st March 2026, the Authority had capital commitments of £1.184m (31st March 2025 £0.961m).

There was ongoing station modernisation work at Malpas and Nantwich at 2025-26 year end.
Contract to start work at Poynton had been signed at the year end.

These commitments are detailed as follows:	31 March 26	31 March 25
	£000	£000
Fire Station Modernisation programme	1,184	483
Appliance replacement programme	-	259
Specialist and support vehicles / equipment	-	219
Total capital commitments	1,184	961

11. Intangible Assets

The Authority accounts for software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item in plant and equipment. The intangible assets reflect the purchased software and licences.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives generally assigned to the major software suites used by the Authority is five years. The movement on intangible assets during the year is as follows:

	2025-26			2024-25		
	CFA	NWFC (25%)	Total	CFA	NWF C (25%)	Total
	£000	£000	£000	£000	£000	£000
Net carrying amount						
Balance at 1 April	-	208	208	-	192	192
CFA intangible work in progress additions	176	-	176	-	-	-
Transfer/reclassification from PPE or other adjustment	13		13			
NWFC additions / (asset-control adjustment)	-	-	-	-	175	175
Amortisation charge	-	(12)	(12)	-	(159)	(159)
Balance at 31 March	189	196	385	-	208	208

12. Financial Instruments

The definition of a financial instrument is “any contract that gives rise to a financial asset of one entity and a financial liability, or equity instrument of another entity”. The term ‘financial instrument’ covers both financial assets and liabilities. These range from straightforward debtors and creditors to more complex investments and borrowings. The following categories of financial instruments are carried in the Balance Sheet; current is deemed to be under one year and long-term over one year.

	Long-term		Current	
	31 March	31 March	31 March	31 March
	2026	2025	2026	2025
	£000	£000	£000	£000
<u>Investments</u>				
- Investments	-	-	-	5,438
- Imprest and cash	-	-	14,094	9,020
Total Investments	-	-	14,094	14,458
<u>Debtors</u>				
- Debtors at amortised costs	-	-	1,610	737
- Plus items not classed as Financial Instruments	-	-	4,485	4,383
Total Debtors	-	-	6,095	5,120
<u>Borrowings</u>				
Financial Liabilities at amortised costs				
- PWLB	(11,000)	(11,119)	(119)	-
Total Borrowings	(11,000)	(11,119)	(119)	-
<u>Creditors</u>				
- Financial liabilities at amortised costs	-	-	(5,421)	(3,788)
- Plus items not classed as Financial Instruments	-	-	(2,494)	(7,154)
Total Creditors	-	-	(7,915)	(10,942)

Income, Expense, Gains and Losses

	Financial Liabilities at amortised costs	Financial assets at amortised cost	TOTAL
	£000	£000	£000
2025-26			
Interest Expense	(201)		(201)
Impairment losses (bad debt provision)		8	8
Total expense in Surplus/Deficit on the Provision of Services	(201)	8	(193)
Interest Income	-	689	689
Total income in Surplus/Deficit on the Provision of Services	-	689	689
Net Gain/(Loss) for the year	(201)	697	496
Interest Expense	(221)	-	(221)
Impairment losses (bad debt provision)	-	3	3
Total expense in Surplus/Deficit on the Provision of Services	(221)	3	(218)
Interest Income	-	753	753
Total income in Surplus/Deficit on the Provision of Services	-	753	753
Net Gain/(Loss) for the year	(221)	756	535

Fair Values of Assets and Liabilities

Financial assets and liabilities classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present values of the cash flows that will take place of the remaining term of the instrument, making the following assumptions:

- For PWLB, interest rates prevailing at 31st March 2026;
- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be an approximate to fair value; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Financial Liabilities	31 March 2026		31 March 2025	
	Carrying	Fair	Carrying	Fair
	Amount	Value	Amount	Value
	£000	£000	£000	£000
PWLB	(11,119)	(3,798)	(11,119)	(4,054)
TOTAL	(11,119)	(3,798)	(11,119)	(4,054)

Short-term debtors and creditors are carried at cost with bank deposits and short-term investments also carried at cost as this is deemed a fair approximation of their value.

The Authority's activities in relation to financial instruments 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 commitments and payments.
- Re-financing Risk – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market Risk – the possibility that financial loss might arise for the Authority as a result of changes in measures such as interest rates, foreign exchange rates or stock market movements.

The Treasury Management Strategy is approved annually by the Fire Authority when it approves the budget. It includes a section on risks associated with Treasury Management and identifies the Head of Finance and Treasurer as being responsible for managing them. The overarching principle is to seek to maximise financial benefit from Treasury Management activities within a control framework which mitigate against the high risk attached to these activities. The Authority's principal objectives for investments are security first, liquidity next and finally yield.

Credit Risk

Credit Risk arises from deposits with banks and financial institutions as well as credit exposure to the Authority's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category. It imposes a maximum sum of £10.0m to be invested at any one time with any single institution or group.

The Fire Authority uses the creditworthiness service provided by MUFG Corporate Markets. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard & Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- credit Default Swaps to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

This modelling approach combines credit ratings, credit watches and credit overlooks in a weighted scoring system, which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative standing of counterparties. These colour codes are used by the Authority to determine the suggested duration of investments.

As this methodology uses a wide range of information beyond basic credit ratings, it ensures that no one source of information is given undue credence. All ratings and colour codes are monitored weekly via Link's credit listings and in-between via business press.

Customers of goods and services are assessed taking into account their financial position, past experience and other factors to produce an individual credit limit in accordance with the parameters set by the Authority.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £0m (2024-25 £5.4m) 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 institution. Recent experience has shown that it is rare for such organisations to be unable to meet their commitments. A risk of non-recovery applies to all of the Authority's deposits but no evidence exists at 31st March 2026 to indicate any material likelihood of this occurring.

The following analysis summarises the Authority's potential maximum exposure to credit risk on other financial assets based on historic experience of default and non-collection and demonstrates that the risk is clearly not material at 31st March 2026:

	Amount at 31/03/2026 £000 A	Historical Risk of Default at 31/03/2026 % B	Estimated maximum exposure to default and uncollectability at 31/03/2026 £000 (A x B)
Deposits with banks and financial institutions	0	0.000	0.000

During 2024-25, there were no breaches of the approved credit limits set within the Annual Investment Strategy. The Authority does not expect any losses from non-performance by any of its counter-parties in relation to deposits but continues to invest in a prudent manner. The Authority does not generally allow credit for customers.

The level of debt held which is past its due date is analysed by age as follows:

Analysis of the Fire Authority's system debtors	31 March 2026 £000	31 March 2025 £000
Less than three months	132	164
Three to six months	57	-
Six months to one year	29	5
More than one year	15	9
TOTAL	233	178

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected cash demands occur the Authority has ready access to borrowings from the money markets and the Public Works Loan Board (PWLB). There is no significant risk that it will be unable to raise the necessary funding to meet its commitments under financial instruments. Instead the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

The Authority set limits on the proportion of its fixed rate borrowing maturing during specified periods. The maturity analysis of the current financial liabilities is as follows:

	31 March 2026 £000	31 March 2025 £000
Less than one year	119	-
Between one and two years	-	119
Between two and five years	-	-
Between five and ten years	-	-
Between ten and fifteen years	-	-
Between fifteen and twenty years	-	-
More than twenty years	11,000	11,000
TOTAL	11,119	11,119

The analysis above shows PWLB borrowing. The Authority has taken out no new loans in 2025-26. Two new loans with PWLB were taken out during 2021-22, £4m that matures in 2069-70 and £3m maturing in 2071-72. In 2020-21, the Authority took out a new loan with PWLB for £4m which matures in 2070-71.

A PWLB loan principal repayment of £0.119m falls due during 2026/27 and is therefore classified as short-term borrowing at 31 March 2026.

All trade and other payables are due to be paid in less than one year.

Market Risk

If interest rates had been 1% higher (with all other variables held constant), the financial effect would have been as follows:

	2025-26
	£000
Daily average investment balance (average rate of interest 5.16%)	17,088
Additional interest assuming such rates were 1% higher than actual	171
Decrease in fair value of fixed rate borrowing liabilities (no impact on CIES)	605

The Authority aimed to minimise interest rate risk by working with its Treasury Management advisers during 2024-25, MUFG Corporate Markets, to agree a strategy in relation to investment and debt portfolios, which is reflected within the overall Treasury Management Strategy. The Authority's policy is to maximise the percentage of borrowings and investments at fixed rates as this provides cost certainty for budget purposes, especially in the current economic climate. In addition, the Authority has relatively small portfolios of loans and investments, which makes it more difficult to offset risk through a mixed portfolio.

The Authority does not have any investment in equity shares and is therefore, not exposed to price risk. The Authority has very low levels of transactions in foreign currencies and therefore has minimal exposure to exchange rate risk.

13. Assets held for sale (AHFS)

	2025-26		2024-25	
<u>Cost or Valuation</u>	£000	£000	£000	£000
At 1 April		912		-
Newly classified as AHFS:				
• Property, Plant and Equipment	338		912	
• Other Assets	-	-	-	-
				912
Revaluations gains/(losses)		-		-
Impairment losses		-		-
Assets sold		(912)		-
At 31 March		338		912

At 31 March 2026, 36 Ackers Road was held for sale at a carrying value of £0.338m. The property was available for immediate sale, an active plan of sale was in place and completion was considered highly probable within 12 months. Depreciation ceased when the asset was classified as held for sale.

14. Inventories

	Workshops	Uniform	Firefighters & General	TOTAL
2025-26	£000	£000	£000	£000
Balance at 1 April 2025	67	784	88	939
Purchases in year	40	187	292	519
Distributed in year (expended)	(58)	(304)	(305)	(667)
Write-off in year	-	-	-	-
Balance at 31 March 2026	49	673	76	798

	Workshops	Uniform	Firefighters & General	TOTAL
2024-25	£000	£000	£000	£000
Balance at 1 April 2024	75	681	104	860
Purchases in year	45	533	240	818
Distributed in year (expended)	(53)	(470)	(249)	(772)
Write-off in year	-	40	(7)	33
Balance at 31 March 2025	67	784	88	939

15. Debtors (Amounts due to the Authority)

	31 Mar 26	31 Mar 25
	£000	£000
Central Government bodies	1,125	1,097
Other Local Authorities	816	807
NHS bodies	32	8
Other Entities and Individuals	1,003	847
Princes Trust related debtors	440	193
Collection Fund – Council Tax payers	1748	1,763
Collection Fund – Business Rate payers	306	251
Total for Cheshire Fire	5,470	4,966
Cheshire Fire share of NWFC debtors (25%)*	625	154
Financial reporting entity Total	6,095	5,120

16. Cash and Cash Equivalents

	31 Mar 26	31 Mar 25
	£000	£000
Cash held by the Authority	25	29
Bank Current Accounts	14,069	8,466
Total for Cheshire Fire	14,094	8,495
Cheshire Fire share of NWFC cash (25%)*	394	525
Financial reporting entity Total	14,488	9,020

17. Creditors (Amounts payable by the Authority)

	31 Mar 26	31 Mar 25
	£000	£000
Central Government bodies	(944)	(4,046)
Other Local Authorities	(915)	(1,136)
Other Entities and Individuals	(3,017)	(3,837)
Collection Fund – Council Tax payers	(978)	(1,000)
Collection Fund – Business Rate payers	(988)	(120)
Total for Cheshire Fire	(6,842)	(10,139)
Cheshire Fire share of NWFC creditors (25%)*	(1,073)	(803)
Financial reporting entity Total	(7,915)	(10,942)

18. Provisions

The Authority is subject to the fluctuations of the business rates collection funds of the four unitary councils in Cheshire. A provision has been created to reflect the likely costs of a deficit on the funds and the Authority's share of the cost of business rate appeals.

	Collection Fund £000	Total provision £000
Balance as at 1 April 2025	(572)	(572)
Additions to provision in year	(560)	(560)
Amounts used in year	-	-
Reduction to provision in year	572	572
Balance as at 31 March 2026	(560)	(560)

19. Usable Reserves

Usable reserves are those reserves that can be used to fund general expenditure or reduce local taxation. Usable reserves held by the Authority are set out below.

	31 Mar 26	31 Mar 25
	£000	£000
General Fund	(5,258)	(4,911)
Capital Receipts	(1,036)	-
<u>Earmarked Reserves</u>		
- Resource Centre Managers	(6,670)	(7,240)
- Community Risk Reductions	(157)	(157)
- Unitary Performance Groups	(107)	(100)
Capital Reserve	(9,386)	(11,774)
TOTAL	(22,614)	(24,182)
NWFC (25%) general fund balance*	-	-
Financial reporting entity Total	(22,614)	(24,182)

General Fund: The general fund represents resources available to meet the potential financial consequences of the Authority's risk profile and other unforeseen circumstances. On a separate line, 25% of North West Fire Control Ltd is also shown.

Capital Receipts: The Capital Receipts Reserve holds the proceeds from the disposal of non-current assets. These resources may be applied only for purposes permitted under the statutory capital-finance framework.

Resource Centre Managers: This earmarked reserve is set aside to meet future identified commitments within the respective Resource Managers' areas.

Community Risk Reduction: This funding has been earmarked to support the cost of the Authority's home safety assessments and other community safety activities.

Unitary Performance Groups: This earmarked reserve is set aside for facilitating partner engagement in community safety activities.

Capital Reserve: This reserve is earmarked to fund future capital expenditure.

20. Unusable Reserves

The Authority also holds unusable reserves (technical accounting adjustment accounts reflecting the difference between the outcome of applying proper accounting practices and the statutory requirements for funding expenditure within the public sector). This note shows the movements in year.

	31 Mar 26	31 Mar 25
	£000	£000
Revaluation Reserve	(43,981)	(40,484)
Capital Adjustment Account	(55,437)	(52,658)
Pensions Reserve	402,300	400,158
Collection Fund Adjustment Account	(191)	(301)
Accumulated Absences Account	775	755
TOTAL	303,467	307,470

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its non-current assets. The balance is reduced when assets with accumulated gains are:

- Re-valued 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 1st 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.

	2025-26	2024-25
	£000	£000
Revaluation Reserve		
Balance at 1 April	(40,484)	(36,936)
Upward revaluation of assets	(6,866)	(7,465)
Downward revaluation of assets and impairment losses	1,860	3,129
Difference between fair value depreciation & historical cost depreciation	2,419	788
Write out of revaluation reserve on disposal / reclassification	432	-
Other revaluation/indexation movement recognised in OCI	(216)	
Other transfer/reclassification with the Capital Adjustment Account	(1,126)	-
Balance at 31 March	(43,981)	(40,484)

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 additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs 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 subsequent costs.

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

	2025-26 £000	2024-25 £000
Capital Adjustment Account		
Balance at 1 April	(52,658)	(47,880)
Charges for depreciation and impairment on non-current assets	5,162	4,232
Revaluation gains /(losses) on property, plant and equipment	-	557
Amortisation of intangible assets	12	-
Impact of disposal or sale of non-current assets	967	-
Adjusting amounts written out of the revaluation reserve	(2,419)	(788)
	<u>(48,937)</u>	<u>(43,879)</u>
Capital financing – charged against the General Fund	(5,474)	(7,697)
Capital financing – funding from Capital Grants and Contributions	-	-
Capital financing – charged against Capital Receipts	-	-
Capital financing – charged against Capital Grants – unapplied	-	-
Statutory provision for financing of capital expenditure (MRP)	(1,026)	(1,082)
Balance at 31 March	<u>(55,437)</u>	<u>(52,658)</u>

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2025-26 £000	2024-25 £000
Pensions Reserve		
Balance at 1 April	400,158	444,783
Re-measurement of the net defined benefit liability/(asset)	(277)	(47,100)
Reversal of pension accounting entries in the CIES	23,197	23,721
Employer's pension contributions and payments to pensioners in year	(20,778)	(21,245)
Balance at 31 March	<u>402,300</u>	<u>400,158</u>

Collection Fund Adjustment Account

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

	2025-26	2024-25
	£000	£000
Collection Fund Adjustment Account		
Balance at 1 April	(301)	32
Amount by which the council tax and non-domestic rates income credited to the CIES is different to the income calculated under statute.	110	(333)
Balance at 31 March	(191)	(301)

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 31st March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

	2025-26	2024-25
	£000	£000
Accumulated Absences Account		
Balance at 1 April	755	752
Settlement or cancellation of accrual made at the end of the preceding year	(755)	(752)
Amounts accrued at the end of the current year	775	755
Balance at 31 March	775	755

21. Notes to the Cash Flow Statement

Cash Flow Statement - Operating Activities - adjustment for non-cash movements charged to the net (surplus)/deficit on the provision of services:

	2025-26	2024-25
	£000	£000
Depreciation	(4,212)	(4,233)
Impairment and downward revaluation	(1,261)	(557)
Amortisation	(12)	(159)
Movement in impairment provision for bad debts	2	(3)
Movement in creditors	2,374	(2,707)
Movement in debtors	975	(999)
Movement in amount due from pension fund	-	(2,150)
Movement in amount due to pension fund	(3,371)	-
Movement in stock/inventories	142	79
Movement in pension liability	(2,419)	(2,476)
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(968)	-
Movement in Accumulated Absences Account	(20)	
Other non-cash items charged to the net surplus or deficit on the provision of services	52	(20)
Total adjustment for non-cash movements	(8,718)	(13,225)

The cash flows for operating activities include the following items:	2025-26	2024-25
	£000	£000
Interest received	689	753
Interest paid	(217)	(221)

Cash Flow Statement - Investment Activities

	2025-26	2024-25
	£000	£000
Purchase of non-current assets	5,586	8,382
Purchase of short-term and long-term investments	56,340	85,742
Proceeds from sale of non-current assets	(1,036)	-
Proceeds from short-term and long-term investments	(61,740)	(83,310)
Other receipts from investing activities	-	-
Net cash flows from investing activities	(850)	10,814

The purchase of non-current assets shown in the Cash Flow Statement represents cash expenditure. The difference between cash purchases of £5.586m and capital expenditure of £5.909m reported in Note 30 comprises £0.147m of non-cash right-of-use asset additions and £0.176m of intangible asset additions presented separately in the capital expenditure analysis.

Cash Flow Statement - Financing Activities

	2025-26	2024-25
	£000	£000
Cash receipts of short-term and long-term borrowing	-	-
Cash payments for the reduction of the outstanding liabilities relating to right of use assets	218	218
Repayment of short-term and long-term borrowing	-	467
Net cash flows from financing activities	218	685

Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities:

	2025-26	2024-25
	£000	£000
Reverse - Other receipts from investing activities	-	-
Reverse - Proceeds from sale of non-current assets	1,036	-
Reverse - Cash payments for the reduction of the outstanding liabilities relating to right of use assets	(218)	(218)
Total	818	(218)

22. Members' Allowances

The Authority paid the following amounts to Members during the year:

	2025-26	2024-25
	£000	£000
Members' allowances	188	162
Travel and subsistence, training and conferences	4	13
Total	192	175

23. Officers' Remuneration

Officers' Remuneration	Dates in Post	Gross Annual Salary (a)	Salary and Allowances	Benefits in kind (b)	Compensation for loss of office	Pension Contribution	Total
2025-26		£	£	£	£	£	£
Chief Fire Officer and Chief Executive Alex Waller	Full year	194,695	194,727	-	-	72,779	267,506
Deputy Chief Fire Officer Lee Shears	Full year	156,066	156,397	1,504	-	58,367	216,268
Assistant Chief Fire Officer Neil Griffiths	01/04/25 – 25/04/25	141,869	10,307	86	-	3,845	14,238
Assistant Chief Fire Officer Steven Barnes	26/04/25 – 31/03/26	146,409	136,508	4,885	-	50,919	192,311
Director of Governance and Commissioning Andrew Leadbetter (d)	01/04/25 – 04/06/25	113,743	14,212	-	71,986	2,083	88,281
Head of Governance Melissa Andrews	05/06/25 – 31/03/26	85,009	72,179	-	-	14,869	87,048
Head of Finance and Treasurer (Section 151 Officer)	Full year	82,220	86,332	-	-	17,784	104,116
Total 2025-26			670,662	6,475	71,986	220,646	969,769

Notes:

- a) Gross annualised salary is not the actual salary paid during 2025-26, it represents the gross full time equivalent salary applicable to the post at 31st March, or when the person left post if earlier.
- b) Benefits in kind consist of taxable benefits relating to car lease and car allowance payments.
- c) All members of the Leadership Team above are excluded from the remuneration banding figures shown two pages on.
- d) Director of Governance and Commissioning post and post holder reduced from 1.0FTE to 0.5FTE on the 1st August 2022.

Officers' Remuneration	Dates in Post	Gross Annual Salary (a)	Salary and Allowances	Benefits in kind (b)	Compensation for loss of office	Pension Contribution	Total
2024-25		£	£	£	£	£	£
Chief Fire Officer and Chief Executive Alex Waller	Full year	187,159	190,419	-	-	68,834	259,253
Deputy Chief Fire Officer Lee Shears	Full year	149,727	152,969	1,504	-	55,068	209,541
Assistant Chief Fire Officer Neil Griffiths	Full year	140,369	143,376	1,239	-	51,626	196,241
Director of Governance and Commissioning (d)	Full year	110,217	55,109	-	-	11,077	66,186
Head of Finance and Treasurer (Section 151 Officer)	Full year	79,671	79,231	-	-	15,925	95,156
Total 2024-25			621,104	2,743	-	202,530	826,377

- Notes:
- a) Gross annualised salary is not the actual salary paid during 2024-25, it represents the gross full time equivalent salary applicable to the post at 31st March, or when the person left post if earlier.
 - b) Benefits in kind consist of taxable benefits relating to car lease and car allowance payments.
 - c) All members of the Leadership Team above are excluded from the remuneration banding figures shown two pages on.
 - d) The Brigade Manager's pay award for January 2022 and January 2023 was agreed in May 2023, back pay went through shortly after including officers who had retired in 2022.
 - e) Director of Governance and Commissioning post and post holder reduced from 1.0FTE to 0.5FTE on the 1st August 2022.

Of the Authority's remaining employees, the following numbers received more than £50,000 remuneration for the year (excluding employer's pension contributions):

Remuneration Band	No of Employees	
	2025-26	2024-25
£50,000 - £54,999	64	37
£55,000 - £59,999	37	32
£60,000 - £64,999	13	17
£65,000 - £69,999	21	10
£70,000 - £74,999	1	8
£75,000 - £79,999	7	8
£80,000 - £84,999	1	3
£85,000 - £89,999	1	1
£90,000 - £94,999	3	2

The number of exit packages with total cost per band and the total cost of the compulsory and other redundancies are set out in the table below.

Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £
2025-26				
£0 – £20,000		2	2	8,964
£60,001 – £80,000		1	1	71,986
£80,001 – £100,000				
Total		3	3	80,950
Amounts provided for in CI&E in 2025-26 to be released in 2026-27				
Total cost included in 2025-26 CIES				80,950
2024-25				
£0 - £20,000	-	29	29	74,950
£20,000-£40,000	-			
£300,000-£350,000	-			
Total	-	29	29	74,950
Amounts provided for in CI&E in 2024-25 to be released in 2025-26			-	-
Total cost included in 2024-25 CIES				74,950

24. Termination Benefits

During 2024-25 the Community Risk Management Plan introduced a number of changes to the duty systems, on-call firefighters at Stockton Heath, Runcorn, Northwich, Winsford and Knutsford, were offered the option of migrating to the wholetime duty system, re-locate to another on-call station or accept redundancy. In 2025-26 there were no further changes from the CRMP.

The 2025-26 exit-package disclosure includes compensation for loss of office of £71,986, as shown in Note 23.

See Note 23 for the number of exit packages and total cost per band.

25. External Audit Costs

	2025-26	2024-25
	£000	£000
Annual Fees	103	89
Additional Fee for 2024-25	7	-
Cabinet Office	-	1
	110	90

26. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement during the year:

	2025-26	2024-25
	£000	£000
Credited to Taxation and Non-Specific Grant Income and Expenditure		
Revenue Support Grant	(7,086)	(6,962)
Business rates - central government top up grant	(5,613)	(5,562)
Business rates - levy account surplus	-	(79)
S31 grant - Business rates / NDR	(2,719)	(2,783)
Local council tax support grant	-	(66)
Funding Guarantee grant	-	(880)
Transparency grant	-	(8)
Fire Pension grant	(1,633)	(1,623)
Covid-19 emergency funding / NHS support grant	-	-
Tax income guarantee/ compensation scheme	-	-
	(17,051)	(17,963)
Credited to Services		
Fire Revenue Grant - New Dimensions Fund	(7)	(7)
Fire Revenue Grant - FireLink	-	(65)
Protection Uplift Programme	(145)	(145)
Redmond review – local audit costs	(13)	(13)
Pension Admin Grant	-	(114)
Apprenticeship Levy	(37)	(180)
Donations	-	-
Other contributions	-	-
	(201)	(524)

27. Related Parties

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

Central Government

Central Government has significant influence over the general operations of the Authority - it is responsible for providing the statutory framework within which the Authority operates, provides a substantial part of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties.

Grants received from Government Departments are set out in note 26, Grant Income.

The Authority has utilised the borrowing facilities operated by the Debt Management Office (PWLB loans).

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in the year is shown in Note 22 (Members' Allowances). There were no transactions during the year in which members were required to declare an interest.

Officers

Alex Waller, the Chief Fire Officer and Chief Executive of Cheshire Fire and Rescue Service, became a Director of Fire and Rescue Indemnity Company (FRIC) on 10th June 2021. This is a mutual set up, and now working on behalf of fourteen organisations. For more information see note 29.

He is also a Trustee for 'Classroom in the Clouds' (Charity no. 1170522). CFO Waller has been integral in supporting the work of the Cheshire Fire Cadets and Fire Apprentices who have been magnificent in raising money to build many classrooms in Nepal.

There were no other transactions during the year in which officers were required to declare an interest.

Entities Controlled or Significantly Influenced by the Authority

The Authority was one of four Fire and Rescue Authorities that together set up NW Fire Control Limited (NWFC). NWFC is a company limited by guarantee, which was incorporated in July 2007 and was established to operate a Regional Control Centre with the responsibility for Fire and Rescue Service mobilisation for the North West region. It has been determined that the company is governed by Joint Control due to the fact that 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. More details on NWFC can be found in the next note.

Safer Cheshire Limited, a company limited by guarantee, was established by the Authority on 15th December 2015, with the object of reducing accidental death, injury and harm by educating those most at risk about staying safe at home, on the road and in the community. An application to register this company with the Charity Commission has been unsuccessful. There has been no activity since 2022.

Firefighters Pension Fund

The Fire Authority administers the Firefighter Pensions Schemes. The account for the schemes is included in the Statement of Accounts. See note 32 for more details.

Other Public Bodies (subject to common control by central government)

The Fire Authority consists of 23 members, who are nominated by the constituent local authorities (the unitary councils of Cheshire West and Chester, Cheshire East, Halton and Warrington). All transactions between the Authority and these authorities are included in the accounts. The principal transactions between the Authority and the constituent authorities are in respect of precept of council tax and the baseline funding (the Fire Authority's share of Business Rates raised in its four constituent authorities).

These are as follows:

Billing Authority	2025-26 £000	2024-25 £000
[a] Council Tax		
Cheshire East Council	(15,524)	(14,457)
Cheshire West and Chester Council	(12,520)	(11,686)
Halton Borough Council	(3,632)	(3,331)
Warrington Borough Council	(6,842)	(6,438)
Total	(38,519)	(35,912)

Billing Authority	2025-26 £000	2024-25 £000
[b] Business Rates		
Cheshire East Council	(1,543)	(1,487)
Cheshire West and Chester Council	(1,531)	(1,561)
Halton Borough Council	(540)	(660)
Warrington Borough Council	(1,214)	(1,137)
Total	(4,828)	(4,845)

Note that council tax / business rates income above; has been adjusted to reflect the surpluses and deficits on Collection Fund accounts, as reflected in the Movement in Reserves Statement.

As at 31st March the other local authorities net position due to Cheshire Fire was:

	31 Mar 26 £000	31 Mar 25 £000
Billing Authority		
Cheshire East Council	177	63
Cheshire West and Chester Council	1,189	494
Halton Borough Council	(31)	110
Warrington Borough Council	90	73
Total	1,425	740

28. NW Fire Control Limited (NWFC)

NWFC item	Whole company £000	CFA 25% £000	Authority accounts treatment
Turnover	7,742	1,936	Income before elimination
Administrative expenses	8,628	2,157	Service expenditure
Other operating income	1,247	312	Income
Interest income	251	63	Financing income
Corporation tax	4	1	Tax expense
Company surplus after tax before CFA consolidation adjustments	608	152	Not the final CFA CIES contribution
Actuarial loss	589	147	OCI pension remeasurement
Total comprehensive income	19	5	Movement in NWFC members funds
Intangible assets	355	89	Balance Sheet
Tangible assets	260	65	Balance Sheet/PPE
Debtors	2,501	625	Balance Sheet
Cash	1,576	394	Balance Sheet
Creditors	4,290	1,073	Balance Sheet
Net assets / members funds	402	100	Reserve/control
Pension obligation	11,903	2,976	Pension note
Pension plan assets	16,210	4,053	Pension note
Pension surplus before ceiling	4,307	1,077	Pension note
Asset ceiling restriction	4,307	1,077	Pension note
Recognised pension asset/liability	0	0	Balance Sheet

NW Fire Control Limited is a company limited by guarantee which was incorporated in July 2007 and was established to operate a Regional Control Centre with the responsibility for Fire and Rescue Service mobilisation for the North West region.

During 2011-12, decisions were made about the future of the project following the closure of the National Project announced in December 2011 by the Fire Minister. The Company has four members, which are Cheshire Fire Authority, Cumbria County Council, Greater Manchester Combined Authority and Lancashire Fire and Rescue Authority (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. All directors have equal voting rights.

During May 2014, all four services transferred their Control Room functions into the regionalised service provided by NWFC. The cost of the service is charged out to the four FRAs on a pro rata basis and provided in accordance with a Service Level Agreement. The implementation phase continued to be funded by a section 31 grant from the Department for Communities and Local Government plus an ongoing grant to fund 66% of the lease costs for the building. The grant is paid to Greater Manchester Combined Authority as lead Authority for the North West region and released to the

company as required. From 8th May 2017 Greater Manchester Fire and Rescue Service became the responsibility of the Greater Manchester Combined Authority. There have also been contributions to the project from the FRAs.

It was determined during 2018-19 that the company (NWFC) is governed by Joint Control due to the fact that 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. 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).

On the basis of materiality of the 25% share against the balances of Cheshire Fire Authority it has been determined that Cheshire Fire Authority's share of this joint operation are required to be reported, and are therefore included in these accounts.

The following table summarises the Authority's 25% share of the draft NW Fire Control Limited financial statements. Final reciprocal eliminations and external-audit changes remain subject to completion of the audit process.

	2025-26	2024-25
	£000	£000
Total Assets less Current Liabilities	402	383
Net Assets *	402	383
Profits/(deficit) before taxation	612	185
Profits/(deficit) after taxation	608	178

NWFC reported a gross LGPS surplus of £4.307m at 31 March 2026. Recognition was restricted in full by the asset ceiling, so no pension asset is recognised. The Authority's 25% share of both the gross surplus and the restriction is £1.077m.

2025-26 transactions between Cheshire Fire Authority and NWFC include invoices (£1.751m 2025-26 and £1.510m 2024-25 and £1.167m 2023-24) raised by NWFC to Cheshire Fire Authority.

The NWFC's 2024-25 financial statements can be obtained from Companies House, and the 2025-26 financial statements should be available by the 31st December 2026 (standard deadline for submission for the final audited 2025-26 accounts).

29. Fire and Rescue Indemnity Company Limited (FRIC)

The service became a member of a mutual, the Fire and Rescue Indemnity Company Limited (FRIC), on 1st November 2015. At the 31st March 2026, thirteen other Fire Authorities were also members. The mutual provides discretionary protection against claims against the Authority and procures insurance cover on its behalf. Consideration has been given to the nature of the relationship the Authority has with the mutual.

The Authority has no right to appoint directors to the board of the mutual, and the relationship is not therefore one of joint control. This means that under the Code of Practice on Local Authority Accounting in England and International Financial Reporting Standards 10, 11 and 12 no liability to complete group accounts in relation to the Authority and the mutual exists.

Alex Waller, the current Chief Fire Officer and Chief Executive of Cheshire Fire and Rescue Service, became a Director of Fire and Rescue Indemnity Company (FRIC) in June 2021.

30. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed below.

	2025-26 £000	2024-25 £000
Opening Capital Financing Requirement	25,136	25,394
Capital Investment		
CFA Property, plant and equipment	5,733	8,521
CFA Intangible assets	176	175
CFA Capital Expenditure	5,909	8,696
NWFC 25% share of PPE Additions	61	-
Financial reporting entity capital additions	5,970	8,696
Sources of Finance		
Capital receipts	-	-
Government grants and other contributions	-	-
Sums set aside from revenue		
Revenue contributions (Cheshire Fire)	(5,474)	(7,697)
Minimum revenue provision (MRP)	(1,026)	(1,082)
Revenue contributions (NWFC 25%)	-	(175)
Closing Capital Financing Requirement	24,606	25,136
Explanation of movements in year		
Increase/(decrease) in underlying need for borrowing (Supported)	(1,026)	(1,082)
Increase/(decrease) in underlying need for borrowing (Unsupported)	496	824
Increase/(decrease) in Capital Financing Requirement	(530)	(258)

Capital receipts of £1.036m were generated during 2025/26 and remained unapplied in the Capital Receipts Reserve at 31 March 2026. They have therefore not been included as a source of capital financing in the calculation above.

31. Leases

Authority as a Lessee under IFRS16 (Adopted in 24-25)

This table shows the change in the value of right-of-use assets held under leases by the authority:

	Vehicles £000	Total £000
Net carrying amount at 1 April 2025	431	431
Additions	147	147
Disposals	(32)	(32)
Revaluation	-	-
Depreciation	(160)	(160)
Net carrying amount at 31 March 2026	<u>386</u>	<u>386</u>

Transactions under leases

The authority incurred the following expenses and cash flows in relation to leases in 2025-26:

	Vehicles £000	Equipment £000	Total £000
Comprehensive income and expenditure statement			
Interest expense on lease liabilities	16	-	16
Expense relating to short-term leases	14	-	14
Expense relating to exempt leases of low-value items	-	100	100
Total Cash Outflow	<u>30</u>	<u>100</u>	<u>130</u>

Maturity analysis of lease liabilities

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

	31 March 2026 £000
Less than one year	189
One to five years	103
More than five years	-
Total undiscounted liabilities	<u>292</u>

The future minimum lease payments due in future years as reported at 31 March 2026 were:

	31 Mar 26 £000
Not later than 1 year	189
Later than 1 year and not later than 5 years	103
TOTAL	292

The tables below have been reviewed against the CFA Hymans Robertson IAS 19 results and asset-ceiling papers, the Government Actuary's Department firefighter disclosures and the NWFC actuarial schedule. The recognised Balance Sheet pension liability of £402.300m is supported: the CFA LGPS gross surplus of £15.833m and the NWFC 25% gross surplus of £1.077m are both fully restricted, while the firefighters schemes are unfunded and have a recognised liability of £402.300m.

Scheme / control	Assets £000	Obligations £000	Ceiling restriction £000	Recognised asset/(liability) £000
CFA LGPS	59,732	(43,899)	(15,833)	-
NWFC LGPS - 25%	4,053	(2,976)	(1,077)	-
Firefighter schemes	-	(402,300)	-	(402,300)
Reporting entity total	63,785	(449,175)	(16,910)	(402,300)

CFA LGPS asset ceiling: at 31 March 2026 plan assets were £59.732m and funded obligations were £43.899m, giving an unadjusted surplus of £15.833m. The actuarial assessment concluded that no economic benefit was available from a refund or reduction in future contributions. The asset ceiling was therefore nil and the entire £15.833m surplus was restricted. No CFA LGPS asset is recognised in the Balance Sheet. Changes in the ceiling are recognised between net interest and Other Comprehensive Income in accordance with IAS 19 and IFRIC 14.

32. Employee Benefits

Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Fire Authority participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS) for non-uniformed staff, administered locally by Cheshire West and Chester Council. This is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets. Up until 31st March 2014 this was a final salary scheme. Since 1st April 2014 this has changed to a LGPS benefit design career average revalued earning (CARE) scheme.
- The Firefighters pension scheme for uniformed staff.

The original scheme commenced in 1992 with the funding arrangements for uniformed Firefighter pensions changing from 1st April 2006. Until that time, the net cost of pensions (principally on-going payments to pensioners and lump sum commutations) was met by the employer. The main source of income to offset the expenditure was the contribution made by employees.

With effect from 1st April 2006, a new Firefighter Pension Fund for each English Fire Authority was introduced. Firefighter and employer contributions are paid into a pension fund, from which pension payments are made. The fund is balanced to nil each year by receipt of top-up grant from Central Government if there is a deficit, or by paying over the surplus to Central Government. Details of the pension fund for 2025-26 are shown in the Pension Fund Statement. At this point members of the 1992 Scheme were given the choice of staying with their existing Scheme or transferring to the 2006 Scheme.

The new arrangements remove the annual volatility for Fire Authorities that resulted from fluctuations in firefighter retirements. However, there are still no investment assets nor do the Fund's financial statements take account of liabilities to pay pensions and other benefits due after the end of the financial year.

A third scheme was introduced in April 2014 which is a modified version of the 2006 scheme and is available for on-call firefighters now entitled to participate in a pension scheme from 2000 as a result of the decision to backdate part-time workers' rights.

The 2015 Firefighters' Pension Scheme was introduced on 1 April 2015. All active firefighters accrue benefits in that scheme from 1 April 2022; the legacy schemes are closed to future accrual.

The Firefighter Pension Schemes are administered through one fund. These are unfunded schemes, meaning that there are no investment assets built up to meet the liabilities so that cash has to be generated to meet actual pension payments as they become due.

In 2015, when the new career average pension scheme (FPS 2015) was implemented. Along with the main scheme regulations, transitional arrangements were brought in. Part of the transitional arrangements was to provide varying degrees of protection for those members who were within 15 years of normal retirement age. This meant that some members went straight into FPS 2015 from 1st April 2015, whilst others with tapered protection stayed in the legacy scheme (FPS 2006/FPS 1992) for longer, or would remain in the legacy scheme until they retired if they were fully protected.

Following a legal challenge (Judges and the McCloud and Sargeant cases), the courts determined that the transitional arrangements were discriminatory on the grounds of age. It's important to note that it was the transitional arrangements that were discriminatory and not the 2015 scheme itself.

The remedy addresses eligible service between 1 April 2015 and 31 March 2022. The accounting assessment takes account of the applicable remedy arrangements and actuarial advice.

The actuarial disclosures incorporate the current estimate of the McCloud remedy. Some member records had not completed rollback at the reporting date, which may alter the allocation between individual firefighter schemes but is not expected to alter the combined liability materially. The Matthews second options exercise remains subject to significant estimation uncertainty and the actuary estimated a potential additional liability of approximately £10m which is not included in the recognised £402.3m liability.

To remove future discrimination and ensure equal treatment, all remaining protected members who were not members of FPS 2015 transferred into this scheme on 1st April 2022. The FPS 1992 and FPS 2006 are closed to future accrual for all members.

For the 2015 Firefighter pension scheme the pension contribution rate on pensionable pay for the employee is 11% to 14.5% and for the employer is 37.6%. The employer also make a formula-based charges for the cost of ill-health and other early retirements.

Local Government Pension Scheme assets comprised:

Local Government Pension Scheme	Cheshire Fire		NWFC (25%)	
	Fair value of scheme assets		Fair value of scheme assets	
	31 Mar 26 £000	31 Mar 25 £000	31 Mar 26 £000	31 Mar 25 £000
Cash and cash equivalents:				
• All	521.5	476.9	81.1	37.7
Equity instruments: by industry type				
• Consumer	290.6	265.7		
• Manufacturing	271.5	248.3		
• Energy and utilities	-	-		
• Financial institutions	57.9	53.0		
• Health and care	123.3	112.8		
• Information technology	1992.8	1,822.3		
• Other	216.6	198.1		
Sub-total equity	2952.7	2,700.2	1661.5	1,847.1
Bonds: by sector				
• Corporate	-	-	-	-
• Government	-	-	-	-
• Other	-	-	-	-
Sub-total bonds	-	-	1,864.2	1,432.4
Property: by type *				
• United Kingdom	4,425.6	4,047.0		
• Overseas	76.2	69.6		
Sub-total property	4501.8	4,116.6	445.8	452.3
Private equity:				
• All	3,943.2	3,605.9		
Sub-total private equity	3,943.2	3,605.9	-	-
Other investment funds:				
• Equities	17,542.0	16,041.3		
• Bonds	22,415.8	20,498.0		
• Hedge Fund	3,943.3	3,606.0		
• Infrastructure	1,119.2	1,023.5		
• Other	2,792.5	2,553.6		
Sub-total other investment funds	47,812.8	43,722.4	-	-
Derivatives:				
• All	-	-	-	-
Total Assets	59,732.0	54,622.0	4052.6	3,769.5

The analysis of the Authority's 25% share of NWFC scheme assets at 31 March 2025 has been revised using the detailed monetary asset allocation in the NWFC actuarial information. Cash and cash equivalents have been revised from £75.4k to £37.7k, equity instruments from £1,884.8k to £1,847.1k and bonds from £1,357.0k to £1,432.4k. Property remains £452.3k. The revision does not change total NWFC scheme assets of £3.7695m, the pension asset recognised in the Balance Sheet or any primary financial statement.

Transactions Relating to Post-employment benefits

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

	Local Government Pension Scheme (NWFC-25%)		Local Government Pension Scheme (CFA)		Firefighter Pension Schemes (CFA)		Total for all Schemes	
	2025-26 £000	2024-25 £000	2025-26 £000	2024-25 £000	2025-26 £000	2024-25 £000	2025-26 £000	2024-25 £000
Comprehensive Income & Expenditure Statement (CIES)								
Cost of Services:								
▪ Current Service Costs	80	115	858	1,100	1,180	2,320	2,118	3,535
▪ Past Service Costs		-	41	-		-	41	-
▪ (Gain) / loss from Settlement		-	-	-		-	-	-
Financing & Investment Income & Expenditure:								
▪ Net interest expense	(63)	(17)	(1,028)	(527)	22,170	20,730	21,079	20,186
Total post-employment benefit charged to the Surplus or Deficit on the Provision of Services	17	98	(129)	573	23,350	23,050	23,238(a)	23,721

Post-employment benefit remeasurements recognised in Other Comprehensive Income and Expenditure

Remeasurement of the net defined benefit liability/(asset), including the effect of the asset ceiling, comprising:

▪ Return on plan assets (excluding the amount included in the net interest expense)	88	121	(210)	1,338	-	-	(122)	1,459
▪ Actuarial gains and losses arising on changes in demographic assumptions	(11)	(6)	(424)	(75)	-	-	(435)	(81)
▪ Actuarial gains and losses arising on changes in financial assumptions	(89)	(747)	(925)	(6,808)	(11,740)	(45,950)	(12,754)	(53,505)

▪ Other experience	(171)	(29)	4,733	(417)	8,680	(1,170)	13,242	(1,616)
Change in the effect of the asset ceiling	-	-	(41)	-	-	-	(41)	-
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	(166)	(562)	3,004	(5,389)	20,290	(24,070)	23,128	(30,022)

(a) The pension expense recognised in the Surplus or Deficit on the Provision of Services in 2025/26 was £23.238m. This includes CFA LGPS past-service cost of £0.041m. As the CFA LGPS surplus is restricted in full by the asset ceiling, the past-service cost was accompanied by a corresponding £0.041m movement in the effect of the asset ceiling, recognised in Other Comprehensive Income and Expenditure. The movement does not change the recognised CFA LGPS net asset, which remains nil.

	Local Government Pension Scheme (NWFC-25%)		Local Government Pension Scheme (CFA)		Firefighter Pension Schemes (CFA)		Total for all Schemes	
	2025-26 £000	2024-25 £000	2025-26 £000	2024-25 £000	2025-26 £000	2024-25 £000	2025-26 £000	2024-25 £000
Movement in Reserves Statement								
▪ Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(17)	(98)	170	(573)	(23,350)	(23,050)	(23,197)	(23,721)
Actual amount charged against the General Fund Balance for pensions in the year:								
▪ Employers' contributions payable to scheme (gross amount before the Authority's receipt of the Firefighter pension scheme top up grant)	164	152	1,434	1,253	19,180	19,840	20,778	21,245

Pensions Assets and Liabilities Recognised in the Balance Sheet:

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

	Local Government Pension Scheme (NWFC-25%)		Local Government Pension Scheme (CFA)		Firefighter Pension Schemes (CFA)		Total for all Schemes	
	2025-26 £000	2024-25 £000	2025-26 £000	2024-25 £000	2025-26 £000	2024-25 £000	2025-26 £000	2024-25 £000
Present value of the defined benefit obligation	2,976	2,740	43,899	37,178	402,300	401,190	449,175	441,108
Fair value of plan assets	(4,053)	(3,771)	(59,732)	(54,622)	-	-	(63,785)	(58,393)
Sub-total	(1,077)	(1,031)	(15,833)	(17,444)	402,300	401,190	385,390	382,715
Asset ceiling adjustment	1,077	1,031	15,833	17,444	-	-	16,910	18,475
Net Liability arising from defined benefit obligation	-	-	-	-	402,300	401,190	402,300	401,190

These accounts do contain adjustments for the McCloud remedy as it has a material impact on the value of the liability shown in the balance sheet. The Local Government Pension Scheme figures show a surplus before application of the asset ceiling. A surplus is recognised only to the extent of economic benefits available through refunds or reductions in future contributions under IAS 19 and IFRIC 14. No asset is recognised for the CFA or NWFC LGPS surplus because the asset ceiling restricts the economic benefit to nil; the related ceiling adjustments are included in the pension disclosures and reserve movements.

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets:

	Local Government Pension Scheme (NWFC-25%)		Local Government Pension Scheme (CFA)		Firefighter Pension Schemes (CFA)		Total for all Schemes	
	2025-26 £000	2024-25 £000	2025-26 £000	2024-25 £000	2025-26 £000	2024-25 £000	2025-26 £000	2024-25 £000
Opening fair value of scheme assets	3,770	3,570	54,622	53,257	-	-	58,393	56,827
Interest income	225	177	3,176	2,584	-	-	3,401	2,761
Remeasurement gain/(loss):								
-The return on plan assets, excluding the amount included in the net interest expense	83	(121)	210	(1,338)	-	-	293	(1,459)
-Other	(171)	-	1,464	-	-	-	1,293	-
Contributions from employer	164	152	1,434	1,253	19,180	19,840	20,778	21,245
Contributions from employees into the scheme	53	48	435	402	2,890	2,600	3,378	3,050
Benefits paid	(71)	(55)	(1,609)	(1,536)	(22,070)	(22,440)	(23,750)	(24,031)
Assets extinguished on settlements		-		-		-	-	-
Closing fair value of scheme assets	4,053	3,771	59,732	54,622	-	-	63,785	58,393

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

	Local Government Pension Scheme (NWFC-25%)		Local Government Pension Scheme (CFA)		Firefighter Pension Schemes (CFA)		Total for all Schemes	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
	£000	£000	£000	£000	£000	£000	£000	£000
Opening balance at 1 April	2,740	3,253	37,178	42,455	401,190	445,100	441,108	490,808
Current service cost	80	115	858	1,100	1,180	2,320	2,118	3,535
Interest cost	162	160	2,148	2,057	22,170	20,730	24,480	22,947
Contributions by scheme participants	53	48	435	402	2,890	2,600	3,378	3,050
Remeasurement (gains) and losses:								
Actuarial gains/losses arising from changes in demographic assumptions	(11)	(6)	(424)	(75)	-	-	(435)	(81)
Actuarial gains/losses arising from changes in financial assumptions	(89)	(746)	(925)	(6,808)	(11,740)	(45,950)	(12,754)	(53,504)
other experience loss	112	(29)	6,197	(417)	8,680	(1,170)	14,989	(1,616)
Past service cost	-	-	41	-	-	-	41	-
Benefits paid	(71)	(55)	(1,609)	(1,536)	(22,070)	(22,440)	(23,750)	(24,031)
Liabilities extinguished on settlements	-	-	-	-	-	-	-	-
Closing balance at 31 March	2,976	2,740	43,899	37,178	402,300	401,190	449,175	441,108

The Liabilities shown on the Firefighter Pension Schemes include liabilities in respect of injury pensions. Of the £402.3m liability, £4.1m related to injury pensions (2024-25 £401.1m liability, £4.8m related to injury pensions).

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. In 2025-26 the Firefighter Pension Schemes were assessed by the Government Actuary's Department (GAD) and both of the LGPS schemes were assessed by Hymans. The 2025-26 Local Government Pension Scheme accounting estimates are annual IAS 19 roll-forwards based on the 31 March 2025 funding valuation, updated to the 31 March 2026 reporting date using actuarial assumptions and cash-flow information. The significant assumptions used by the actuary have been:

	Local Government Pension Scheme (NWFC)		Local Government Pension Scheme (CFA)		Firefighter Pension Schemes	
	2025-26 %	2024-25 %	2025-26 %	2024-25 %	2025-26 %	2024-25 %
Long-term expected rate of return on assets in the scheme:						
Equity investments	6.30	5.85	6.20	5.80	-	-
Bonds	6.30	5.85	6.20	5.80	-	-
Property	6.30	5.85	6.20	5.80	-	-
Cash	6.30	5.85	6.20	5.80	-	-
Mortality assumptions:	At age 65		At age 65		At age 65	
Longevity for current pensioners:						
▪ Men	18.9 years	19.7 years	21.6 years	20.6 years	21.3 years	21.3 years
▪ Women	24.7 years	23.6 years	24.5 years	23.8 years	21.3 years	21.3 years
Longevity for future pensioners:						
▪ Men	22.1 years	21.3 years	22.7 years	22.0 years	22.8 years	22.7 years
▪ Women	25.7 years	25.2 years	25.9 years	25.4 years	22.8 years	22.7 years
Rate of inflation (CPI)	3.0	2.7	3.0	2.75	2.95	2.70
Rate of increase in salaries	3.7	3.4	3.7	3.45	3.70	3.50
Rate of increase in pensions	3.0	2.7	3.0	2.75	2.95	2.70
Rate for discounting scheme liabilities	6.3	5.85	6.2	5.80	6.10	5.70

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 the 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.

Impact on the Defined Benefit Obligation in the Scheme

Change in financial assumptions at year ended 31 March 2026	Local Government Pension Scheme (NWFC)		Local Government Pension Scheme (CFA)		Firefighter Pension Schemes	
	Approximate monetary amount (NWFC 25%)	Approximate increase to Employer Liability	Approximate monetary amount	Approximate increase to Employer Liability	Approximate monetary amount	Approximate increase to Employer Liability
	£000	%	£000	%	£000	%
Longevity/ increase in member life expectancy (increase of 1 year)	119	0	1,756	4.0	11,000	3.0
Rate of increase in salaries (increase by 0.5%)	8	-	105	-	3,000	1.0
Rate of increase in pensions (increase by 0.5%)	304	10	3,445	10.0	25,000	6.0
Rate for discounting scheme liabilities (decrease by 0.5%)	310	10	3,555	10.0	25,000	7.0

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Cheshire West and Chester Council, the administering body, has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the forthcoming years. Funding levels are monitored on an annual basis. The triennial valuation was completed in 25-26, there is a proposed reduction of 1% in the employers' contribution in 2026-27, due to the level of surplus in the scheme and the expected liabilities.

33. Contingent Assets and Liabilities

As a result of the insolvency of a historic insurer, the Authority is aware of the possibility of future insurance claims which may lead to the Authority incurring liabilities which it is not possible to quantify.

GLOSSARY OF TERMS

ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices applied by the Authority in preparing and presenting financial statements.

ACCRUALS

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

APPROPRIATIONS

Amounts transferred to or from revenue or capital reserves.

BALANCE SHEET

The Balance Sheet is fundamental to the understanding of the Authority's financial position at the year-end. It shows the Authority's balances and reserves, its long term indebtedness, and the non-current and current assets employed in the Authority's operations, together with summarised information on the non-current assets held.

BUDGET

A statement defining in financial terms the Authority's plans over a specified period. The budget is prepared as part of the process of setting the precept.

CAPITAL ADJUSTMENT ACCOUNT

Provides a balancing mechanism between the different rates at which assets are depreciated under the IFRS and are financed through the capital control systems.

CAPITAL EXPENDITURE

Expenditure on the acquisition of non-current assets such as land, buildings, vehicles and equipment which are of long term value, or expenditure which adds to and not merely maintains the value of existing assets.

CAPITAL FINANCING COSTS

Each service is charged with an annual capital charge to reflect the cost of non-current assets used in the provision of services.

CAPITAL FINANCING REQUIREMENT

This measures the underlying need to borrow to finance capital expenditure.

CAPITAL RECEIPTS

Money received from the sale of capital assets such as vehicles, which may be used to repay outstanding debt or to finance new assets.

CASH FLOW STATEMENT

Summarises the inflows and outflows of cash transactions and links the opening and closing balance sheet with the Comprehensive Income and Expenditure Statement for the year.

CIPFA (The Chartered Institute of Public Finance and Accountancy)

CIPFA is the leading professional accountancy body for public services.

COLLECTION FUND ADJUSTMENT ACCOUNT

The collection fund adjustment account provides a mechanism for recognising the Authority's share of the Collection Fund surplus/deficits at year end.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CI&E)

The Comprehensive Income and Expenditure Statement reports the net cost of all of the activities of the Authority for the year and demonstrates how the cost has been funded by income from local taxpayers and grants from central government.

COMMUTATION

This is where a member of the pension scheme gives up part of their pension in exchange for an immediate lump sum payment.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core is concerned with the costs of corporate policy making and member based activities. Other costs relate to the general running of the Authority including corporate management, public accountability and treasury management.

CORPORATE GOVERNANCE

This is concerned with the Authority's accountability for the stewardship of resources, risk management, and relationship with the community. It also encompasses policies on whistle blowing, fraud and corruption.

COUNCIL TAX

The means of raising money locally which pays for Fire Authority services. This is a property based tax where the amount levied depends on the valuation of each dwelling.

CREDITORS

Amounts owed by the Authority for work done, goods received or services rendered, but for which payment has not been made at the balance sheet date.

CURRENT ASSETS

Items from which the Authority derives a benefit but which will be consumed or realised during the next accounting period, e.g. stocks, debtors, and cash.

CURRENT LIABILITIES

The sum of money owed by the Authority and due for payment during the next accounting period, e.g. short term borrowing and creditors.

DEBTORS

Sums of money due to the Authority for work done, goods sold or services rendered but not received at the balance sheet date.

DEFERRED LIABILITY

Amounts owed by the Authority for work done, goods received or services rendered, to be paid in predetermined instalments over more than one accounting period.

DEFINED BENEFIT SCHEME

A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

DEPRECIATION

The measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset, whether arising from use, passage of time, technological obsolescence or changes in demand for the goods and services produced by the asset.

ESTIMATION TECHNIQUES

The methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves.

Estimation techniques implement the measurement aspects of accounting policies. An accounting policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique.

Estimation techniques include, for example:

- (a) Methods of depreciation, such as straight-line and reducing balance, applied in the context of a particular measurement basis, used to estimate the proportion of the economic benefits of a tangible fixed asset consumed in a period.
- (b) Different methods used to estimate the proportion of debts that will not be recovered, particularly where such methods consider a population as a whole, rather than individual balances.

EXPENDITURE AND FUNDING ANALYSIS

This links to the CIES and demonstrates how available funding has been used to provide services. This follows accounting practice and reports in accordance with the management reporting structure used for decision making purposes rather than legislative purposes.

FINANCIAL INSTRUMENTS

This is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another. The term covers both financial assets (e.g. loans receivable) and financial liabilities (e.g. borrowings).

FINANCIAL REPORTING STANDARDS

Documents issued by the Accounting Standards Board, setting out approved accounting treatment.

FINANCE LEASE

A finance lease is one that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee. It should be presumed that such a transfer of risks and rewards occurs if at the inception of a lease the present value of the minimum lease payments including any initial payment amounts to substantially all of the fair value of the leased asset.

FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

Provides a balancing mechanism between the different rates at which discounts on the early repayment of debt are recognised under the SORP (statements of recommended practice) and are required by statute to be met from the general fund. It should be noted this reserve is matched by borrowings and investments within the Balance Sheet. They are not resources available to the Authority.

FUNDED PENSION SCHEME

A funded pension scheme is one in which the future liabilities for pension benefits are provided for by the accumulation of assets held externally to the employer's business.

GOING CONCERN

The concept that the Authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

GOVERNMENT GRANTS

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority, in return for past or future compliance with certain conditions relating to the activities of the Authority.

GROUP ACCOUNTS

Accounts prepared on a group basis where Local Authorities have interests in other bodies which are material in aggregate.

HERITAGE ASSETS

Heritage Assets are defined as assets preserved in trust for future generations because of their cultural, environmental or historical associations, which have historical, artistic, scientific, geophysical or environmental qualities, and which are held and maintained by the Authority, principally for the contribution to knowledge and culture.

IMPAIRMENT

A reduction in the value of a non-current asset below its carrying amount on the balance sheet.

INTANGIBLE ASSETS

These are assets that have no physical substance, for example, the purchase of computer software licences.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

These are the accounting standards that were adopted for 2010-11 onwards. IFRS are designed as a common global language for financial reporting so that organisation's accounts are understandable and comparable across international boundaries.

INTEGRATED RISK MANAGEMENT PLAN (IRMP)

This is the Authority's annual plan which is based on the current year of a four year strategy. The Plan is premised on ensuring that the Authority recognises risk and manages its resources to reduce potential impact on the communities which it serves.

INVENTORIES (formerly stocks)

The amount of unused or unconsumed stocks held in expectation for future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

LONG TERM BORROWING

Loans that are raised with external bodies, for periods greater than one year.

MEDIUM TERM FINANCIAL PLAN (MTFP)

Budget plan for the Authority for the next few years.

MINIMUM REVENUE PROVISION (MRP)

This is the amount which should be set aside from revenue as provision for debt repayment.

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in year on the different reserves held and identifies both usable and unusable. It links in with the Comprehensive Income and Expenditure Statement through the impact of the surplus or deficit on provision of services on the General Fund.

NET BOOK VALUE (NBV)

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current cost, less the cumulative amounts provided for depreciation and/or impairment.

NET CURRENT REPLACEMENT COST

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NON CURRENT ASSETS

Tangible assets yielding benefits to the Authority and its services for a period of more than one year.

NON DISTRIBUTED COSTS

Costs incurred by the Authority which are excluded from service costs. These include past service costs relating to changes in pension regulations, the costs associated with unused shares of ICT facilities, and impairment losses relating to assets under construction.

NON-OPERATIONAL ASSETS

Non-current assets held but not directly occupied, used or consumed in the delivery of services.

OPERATIONAL ASSETS

Non-current assets held and occupied, used or consumed by the Authority in the direct delivery of services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the Authority.

OPERATING LEASES

For a lessor, an operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership. The Authority's lessee accounting follows IFRS 16, including the relevant recognition exemptions.

PENSION FUND ACCOUNT

The Authority maintains a separate Firefighter Pension Fund Account for the relevant pension contributions and benefit payments. The annual deficit is met by a government top-up grant, or a surplus is repaid, under the statutory funding arrangements. The fund statements do not include the actuarial liability for future pension benefits.

PRECEPT

An amount of money levied by one Authority (the precepting authority) which is collected by another Authority (the billing authority) as part of the council tax. The Fire Authority is the precepting Authority and the Cheshire East Council, Cheshire West and Chester Council, Warrington Borough Council and Halton Borough Council are the billing authorities.

PRIOR PERIOD ADJUSTMENTS

Prior-period adjustments are retrospective corrections of material prior-period errors or retrospective changes in accounting policies, subject to the Code's requirements and applicable transitional provisions. Changes in accounting estimates are recognised prospectively.

PROVISIONS

An amount set aside to provide for a liability, which is likely to be incurred, but the exact amount and date on which the liability is due is uncertain.

PUBLIC WORKS LOAN BOARD (PWLb)

The Public Works Loan Board is an independent and unpaid statutory body. PWLB consider loan applications from local authorities and other prescribed bodies and, where loans are made collect the repayments.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFFCUS)

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES.

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

Amounts set aside to meet future obligations.

RETIREMENT BENEFITS

All forms of consideration given by the Authority in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either:

- (a) The Authority's decision to terminate an employee's employment before the normal retirement date.
- (b) An employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

REVALUATION RESERVE

This reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation, from holding non-current assets.

REVENUE EXPENDITURE

This is the day to day running costs the Authority incurs in providing the service. It is usually of a constantly recurring nature and produces no permanent asset.

REVENUE SUPPORT GRANT

This is Government grant in aid of the Authority's services generally. It is based upon the Government's assessment of how much the Authority needs to spend in order to provide a standard level of service.

RIGHT OF USE ASSET

These are assets which are leased by the Authority who have control over their usage and are represented as the Authority's asset in the Balance Sheet.

THE HOME OFFICE

Government responsibilities for fire and rescue policy and funding are reflected in the applicable statutory and funding arrangements.

UNFUNDED PENSION SCHEME

A pension scheme in which liabilities for pension benefits are charged to the employer's revenue account in the year in which they arise and are not financed from investments held. The Authority operates such a scheme for its firefighters.

ANNUAL GOVERNANCE STATEMENT 2025-26

Executive summary

This statement reports the Authority's review of governance arrangements for 2025-26 and relevant subsequent developments. A significant governance issue has been identified relating to accounts preparation and financial reporting. Whilst the Authority's wider governance, risk management and internal control arrangements remained in place during 2025/26, weaknesses in financial reporting processes resulted in delays to completion of the Statement of Accounts. The Authority has implemented corrective actions and established a programme of improvement which is detailed in Section 14.

Scope of Responsibilities

- 1.1 The Authority covers the four unitary areas of Cheshire East, Cheshire West and Chester, Halton, and Warrington. The Authority is a separate legal body, with the power to set council tax and to set its own policies and procedures, without seeking the approval of these local councils. Each council appoints a number of elected Members to serve on the Authority. As an Authority Member, councillors represent the whole of Cheshire and are not just required to function as the formal representatives of their own council. The Authority as the governing body ensures that the Service operates in a lawful, open, inclusive, and honest manner, making sure public money is safeguarded, properly accounted for, and spent wisely and has effective arrangements in place to manage risk.
- 1.2 Production of an Annual Governance Statement (AGS) is a requirement under the Accounts and Audit Regulations (England) 2015 and helps to ensure that a reliable system of internal controls can be demonstrated.
- 1.3 The Annual Governance Statement is approved by the Authority or its delegated committee in advance of approval of the Statement of Accounts. The review of governance identifies areas requiring improvement and establishes actions and accountability for addressing them.
- 1.4 The AGS is a key corporate document for the Authority which provides an accurate representation of the corporate governance arrangements and controls in place that have supported the delivery of organisational objectives during the year. The AGS provides information about where arrangements have been effective and notes where any improvements are required.

The review covers the financial year ended 31 March 2026 and takes account of significant governance developments identified up to the date the accounts are signed by the responsible financial officer. Relevant developments arising before approval of this statement are also considered.

Purpose of the Governance Framework

- 1.5 The Governance Framework comprises the systems, processes, culture, and values by which the Cheshire Fire Authority (the Authority) and Cheshire Fire and Rescue Service (the Service) is directed and controlled, along with the activity through which they account to and engage with the people of Cheshire.
- 1.6 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 and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal

control is based on an ongoing process designed to identify and prioritise risks in relation to the achievement of the Authorities policies, aims, and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised.

The Governance Framework

- 1.7 The Authority is responsible for ensuring that business is conducted in accordance with the law, with openness and engagement with stakeholders and that risk is managed through robust internal control and strong public finance management to deliver effective accountability. The Authority's Constitution sets out the governance framework which assists in enabling the Authority and the Service to fulfil their statutory obligations. The Constitution is reviewed on a regular basis to ensure it remains up to date and relevant considering local and national changes in the way fire and rescue services operate.
- 1.8 The Authority's Constitution
 - Explains the Authority's decision-making arrangements.
 - Sets out the responsibilities of elected Members and officers; and
 - Contains details of rules and controls.
- 1.9 A copy of the Authority's Constitution is available on the website (www.cheshirefire.gov.uk).
- 1.10 The Governance Framework focuses on the Authority's strategic aims and objectives and includes:

Corporate

- The Authority's vision and purpose drive the service planning, delivery, risk management arrangements, project, and performance management.
- The Community Risk Management Plan (CRMP)
- Consultation Engagement and Communications Strategies
- A published set of core values

Committee Structure and Member Scrutiny

- The Authority's Constitution
- Established structure of Authority and Committee meetings, each with formal Terms of Reference
- Scrutiny by Members e.g., Performance and Overview Committee responsible for thematic areas such as Finance, Equality & Diversity, Performance Management; Risk Management and Audit
- Crisis Management Plan – owned and scrutinised by Risk Management Board
- Local Code of Corporate Governance Action Plan reviewed by the Governance and Constitution Committee
- Published Anti-Fraud, Corruption, Whistleblowing and Complaints policies and procedures.
- Medium term financial forecasting and budget management processes
- Code of Conduct

Scrutiny and Reporting

- Integrated Corporate and Financial planning processes with regular reporting.
- Treasury Management Strategy
- Risk Management Group – Senior Office led group with risk management oversight.
- Audit Committee (responsible for championing an effective Risk Management) Policy and Framework and regularly reviewing the Strategic Risk Register
- Performance and Programme Board which is responsible for monitoring and reviewing organisational performance including the Corporate Performance Scorecard, which sets out the Authority's key indicators, and scrutiny of key projects and programmes.
- Information Board
- Digital & IT Board
- Service Leadership Team which provides strategic direction for service delivery
- Information governance arrangements

People

- Dynamic, intelligent training programme which is tailored to the development needs of the Authority's frontline staff.
- Appraisal system and personal development programmes
- Established Health, Safety and Wellbeing policies monitored by the Health, Safety and Wellbeing Committee
- Health, Safety and Wellbeing Committee review of fitness performance

1.11 CIPFA published 'The Financial Management Code' (FM Code) in 2019. It is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code sets the standards of financial management for local authorities. The FM Code is based on a series of principles supported by specific standards which are considered necessary to provide the solid foundation to:

- manage the short, medium, and long-term finances of a local authority.
- manage financial resilience to meet unforeseen demands on services; and
- manage unexpected shocks in their financial circumstances.

1.12 Each organisation designated to apply the FM Code must demonstrate that the requirements of the code are being satisfied. Demonstrating this compliance with the FM Code is a collective responsibility of the Authority, the Treasurer, and colleagues in the leadership team.

2. Internal Financial Controls

2.1 The objective of the internal financial controls is to: maintain sound and proper financial arrangements; to explain why safeguards and controls are important and necessary; and to profile a framework for financial management, which will enable, wherever possible, managerial, and financial responsibilities to be aligned, safeguarding all Members and officers.

2.2 The key documents that set out the internal financial controls are:

- Financial Regulations as set out in the Constitution.
- Scheme of Delegation as set out in the Constitution.
- Treasury Management Strategy, which is approved by the Authority each year which sets out the Annual Investment Strategy, Borrowing Strategy, and the Minimum Revenue Provision Statement
- Treasury Management Practices which set out the detailed processes and practices to be followed in order to deliver the Treasury Management Strategy

2.3 Financial controls include authorisation, segregation of duties, reconciliations and management review. Their operation is assessed through management assurance and risk-based internal and external audit work. The review identified areas requiring strengthening in accounts preparation, reconciliation and financial reporting, as set out in section 14.

3. **His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS)**

3.1 His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) independently assesses the effectiveness, efficiency and people of police forces and fire and rescue services nationally.

3.2 The purpose of HMICFRS is to report to Government and Parliament on the efficiency and effectiveness of fire and rescue services in England. They provide authoritative information to allow the public to compare the performance of their fire and rescue service against others. The evidence gathered is used to drive improvements in the services provided to the public. Full details of Cheshire Fire and Rescue Service's previous inspections and reports can be found on the HMICFRS website.

3.3 In late 2025 HMICFRS returned over several weeks to inspect Cheshire Fire and Rescue Service as part of its latest round of inspections. The inspection process included the submission of data and documentation, with the Service Leadership Team presenting a strategic briefing to inspectors, after which inspection staff spent time within the service undertaking a programme of interviews, focus groups, and reality testing with operational and support staff. This allowed HMICFRS to assess performance across effectiveness, efficiency, and people.

3.4 The service was graded:

Good in:

Understanding the risk of fire and other emergencies
 Preventing fires and other risks
 Protecting the public through fire regulation
 Responding to fires and other emergencies
 Responding to major and multi-agency incidents
 Making best use of resources to manage risk
 Promoting, embedding, and improving values and culture
 Training, skills, and development of FRS Staff
 Ensuring fairness and promoting diversity

Outstanding in:

Leading people and developing leaders

3.5 Encouragingly, the inspection found two areas of positive practice and one area considered to be innovative. It also confirmed that previously identified areas for improvement have been addressed and found no further areas that require improvement, which is extremely rare.

- 3.6 This was a significant improvement of previous inspections and one of the best in the country, showing the improvements the service is making over time.
- 3.7 The service will incorporate learning from the inspection into its planning processes, ensuring continued improvement and alignment with HMICFRS expectations.
- 3.8 The next routine HMICFRS inspection is expected as part of the ongoing national inspection programme.

Outstanding	Good	Adequate	Requires improvement	Inadequate
Leading people effectively	Understanding fire and risk			
	Preventing fire and risk			
	Public safety through fire regulation			
	Responding to fires and emergencies			
	Responding to major incidents			
	Best use of resources and future affordability			
	Promoting values and culture			
	Right people, right skills			
	Ensuring fairness and diversity			

Good Governance in the Fire Service

4. The Authority applies the seven principles in the CIPFA/SOLACE Delivering Good Governance in Local Government Framework, together with the 2025 Addendum on the annual governance review and statement. The principles are illustrated below.



- 4.1 The ethos of the above is for principles A and B to permeate the implementation of principles C to G. It also illustrates that good governance is dynamic and that an organisation should be committed to continually improving through a process of evaluation and review. Each of the principles is considered from the Authority and Service's perspectives.
5. **Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**
- 5.1 All employees are bound by the Employee Code of Conduct which provides a framework for the behaviour, decisions and actions of employees and members, the code sets out the requirement for the declarations of interest and for employees to register offers of acceptance of gifts and hospitality.
- 5.2 Core Values inspire and guide how teams behave. They set out a platform to guide our current and future activities and help achieve our organisational priorities. Staff were at the heart of the development of the Core Values through conferences, the staff engagement forum, and staff survey. This engagement was vital to ensure the Core Values remain relevant so that the Service and individuals are able to identify with them.
- 5.3 As a result, the Core Values are:
- **Be inclusive** – by acting fairly, with integrity, respect and without prejudice.
 - **Do the right thing** – by holding each other to account for ensuring high standards of professionalism in everything we do.
 - **Act with compassion** – by being understanding and offering help to each other and to our communities with warmth, patience, and kindness.
 - **Make a difference** – by making an impact in our organisation and in our communities in whatever ways we can, for as many people as we can.
- 5.4 The Head of Governance is the Authority's Monitoring Officer 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 Monitoring Officer is a qualified solicitor and is supported by the Joint Legal Services Team that includes a number of professionally qualified legal officers.
- 5.5 The Head of Finance and Treasurer is the Authority's Section 151 Officer and is responsible for the proper administration of its financial affairs. The postholder is a professionally qualified accountant. The role provides financial advice to the Authority and senior management and supports effective stewardship of public funds. Arrangements for professional support, delegated responsibilities and resilience of the statutory finance function are being reviewed as part of the finance improvement programme.
- 5.6 The two Statutory Officers have collective meetings on a regular basis with the Chief Fire Officer and Chief Executive to ensure that robust governance arrangements are maintained and to consider potential future policy decisions, ensuring that these are consistent with available resources. These Statutory Officers, or their representatives, review all proposals that are to be submitted to meetings of the Authority and its various committees and these officers, or their representatives, attend such meetings.

- 5.7 The constitution of the Authority establishes the roles and responsibilities of Members of the Authority and its Committees, together with officer functions. It includes details of delegation arrangements. The constitution is kept under review to ensure that it is fit for purpose.
- 5.8 Grievance, Bullying and Harassment Policy, Complaints Procedure and Whistleblowing Policy and Anti-Fraud, Bribery and Corruption Policies are maintained and kept under review, providing the opportunity for members of the public and staff to raise issues when they believe that appropriate standards have not been met.
6. **Principle B: Ensuring openness and comprehensive stakeholder engagement.**
- 6.1 The Community Risk Management Plan (CRMP) sets out how the Authority intends to deliver services over the period of 2024-28 to mitigate all foreseeable fire and rescue related risks that could impact people, places, and firefighters. To understand its community risk profile, the Authority utilises a wealth of data and business intelligence, from both internal and external sources, to identify and assess existing and emerging local, regional, national, and global risks that could impact people, places, and firefighters. This analysis enables evidence-based decisions around the best use of resources across key business areas such as prevention, protection, and emergency response, as well as identified areas of improvements.
- 6.2 Ongoing engagement and consultation processes ensure that the CRMP is shaped by stakeholders' views. For the 2024-28 CRMP, the Authority undertook its most ambitious consultation programme to-date, which was supported and endorsed by the Consultation Institution, engaging more than 5000 members of the public, staff, and partners, over 13 weeks. The results are published on the Service's website and reported to Members of the Fire Authority before the CRMP is finalised and approved.
- 6.3 Whilst the CRMP is a medium-term plan spanning a four-year period, it is reviewed annually and an annual action plan developed, and published on the Service's website, setting out progress and key objectives for the year ahead.
- 6.4 The Authority has a clear Consultation Strategy that sets out how and when it will consult with communities and other stakeholders. The Community Engagement Strategy includes guiding principles and explains how the Service will engage with its communities.
- 6.5 Working in partnership with others is a key part of the Authority's ethos. The Blue Light Collaboration arrangement brought together some of the back office and professional services, which supported the Service and Cheshire Constabulary in a single, shared headquarters site at Clemonds Hey, Winsford. In 2023 Police & Fire commissioned a full review of the collaboration in terms of beneficial outcomes to both organisations, as a result the decision was made that a number of the functions returned to Fire in 2022 & 2023, with a full return of the remainder of the functions by 2027.
- 6.6 The Police and Crime Commissioner for Cheshire have the right to attend Authority meetings.
7. **Principle C: Defining outcomes in terms of sustainable economic, social & environmental benefits.**
- 7.1 The Service's vision is a Cheshire where there are no deaths, injuries or damage from fires and

other emergencies. The Community Risk Management Plan (CRMP) explains the approach the Authority will take to support this vision, given the context in which the Service operates, and sets out the planned activity to deliver and achieve the intended outcomes.

- 7.2 The CRMP specifies which activity will take place in each year, what the result will be and when there may be an impact. Performance indicators are agreed, setting out the projected performance and reported to Members and the public in line with the approved corporate planning and reporting timelines. The Service approach to risk is explained in its risk management policy and framework, which sets out our approach to the identification and management of risk which may impact our ability to provide our services. The strategic risk register is regularly reviewed by the Risk Management Group (RMG) and is reported to Audit Committee. The policy and framework are reviewed at least every three years, and risks to key projects are outlined and managed through the project management framework (PMF).
- 7.3 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.
- 7.4 The Authority's medium-term financial planning considers pay and price pressures, funding uncertainty, capital affordability and the resources required to deliver the Community Risk Management Plan. Assumptions and planned mitigations are reviewed through the budget-setting and monitoring process.
- 7.5 In support of our sustainability objectives, the Authority is committed to reducing the impact of the organisations operations on the environment and reducing its carbon footprint by achieving Net Zero by 2050 in line with the government target.
- 7.6 Sustainability is not only environmental but also cultural and social. Over the last 12months our staff have had the opportunity to attend Carbon Literacy Workshops.
8. **Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.**
 - 8.1 The Constitution sets out a decision-making framework which ensures that all decisions are supported by all relevant information, including financial, legal, and other appropriate professional advice, that available options are considered and that internal and external stakeholders are consulted. Decisions are formally recorded and published subject to confidentiality requirements.
 - 8.2 Our Performance Management Framework sets out how we will manage performance to ensure organisational objectives are achieved. The framework identifies how we will measure and monitor performance, and is underpinned and supported by our Corporate Planning process and Risk Management Policy
 - 8.3 Progress against planned activity and projects is monitored and are reviewed regularly and reported quarterly to Performance and Overview Committee. Quarterly reports also include performance against targets for Key Performance Indicators (KPIs) as well as financial and project delivery performance. If the circumstances in which the Service operates change, activity can be adapted accordingly. Decisions affecting service delivery are delegated to officers in order to ensure they can react to changing circumstances quickly. Risks are

monitored and reviewed through our risk management arrangements overseen by the Risk Management Group (RMG) and the Strategic Risk Register is reported to Audit Committee quarterly.

- 8.4 KPIs are set as part of the planning process and reported on every quarter. A Corporate Scorecard is produced showing performance against each of the KPIs.
9. The corporate scorecard is published on the public website, and the annual report is produced detailing the activity and performance of the Service. The following is an extract from the scorecard based on fourth quarter results.

Performance Indicators	2025/26 Q4 Target	2025/26 Q4 Actual	2024/25 Q4 Actual	Trend year on year
Deaths in Primary Fires	0	3	1	↑
Injuries in Primary Fires	27	33	27	↑
Accidental Dwelling Fires	310	278	317	↓
Deliberate Primary Fires	186	152	196	↓
Deliberate Secondary Fires	692	630	603	↑
Safe & Wells Visits	30000	32286	29280	↑
Safe & Well visits per 1000 population	26.32	28.32	26.15	↑
% of Safe & Wells in heightened risk addresses	80%	97.57%	97.53%	↑
Fires in Non-Domestic Premises	148	116	162	↓
AFA's in Non-Domestic Premises	532	597	625	↓
% of alarm activations not attended	68%	79.2%	79.3%	↓
Fire Safety Health checks completed by Firefighters	2128	2435	2187	↑
Total Fire Safety Audits per 100 known premises	5.9	6.76	6.1	↑
Total Fire Safety Audits Completed	1800	2483	2042	↑
Risk Based Inspection Programme Completed	1240	1697	796	↑
Fire Control - Time Taken to Answer	10s	5.3s	Unavailable	N/A
Fire Control - Time Taken to Mobilise (Primary Fires)	90s	85s	92s	N/A
10-minute Response Standard	10 mins	9m 51s	9m 41s	↑
Minimum Fire Cover – Critical Level (100%)	14 Fire Engines	100%	100%	↔
Minimum Fire Cover – Optimum Level (98%)	18 Fire Engines	99.85%	99.7%	↑
Wholetime Fire Engine Availability	98%	99.6%	99.69%	↓
On-Call Fire Engine Availability	52%	56%	52%	↑



The scorecard presents 2025-26 year-end performance. The supporting performance report and approved data should be used to confirm the final figures.

- 9.1 KPI data is generated from various internal systems and analysed by the Business Intelligence Team. The Team works closely with the Prevention, Protection and Service Delivery teams to provide data and analysis that highlights any current issues or emerging trends so that activity can be targeted, and resources deployed effectively.
- 9.2 Budgets are prepared in accordance with the priorities set out in the CRMP and Medium-Term Financial Plan, which integrates and balances priorities, affordability, and resources. This ensures the budget process is all-inclusive, taking into account all costs of operations over the medium and long term.
- 9.3 Performance against budgets is monitored by the Performance and Programme and Budget Management Boards within the Service, which examine the progress against planned activity and spend against set budgets.
- 10. **Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it.**
 - 10.1 Workforce planning has a crucial role in ensuring the Service has the capacity to meet its obligations and fulfil its aims and objectives. The Workforce planning team regularly reviews, planning updates and analysis are reported to the Staffing Committee and action taken when issues are identified.
 - 10.2 The Service has developed a framework that encompasses and structures the Service's strategic people priorities and objectives. This is referred to as the 'Steps' Framework and aligns the aims and activities to the employee lifecycle under four key stages:



- 11. **Principle F: Managing risks & performance through robust internal control and strong public financial management.**
 - 11.1 There is a Risk Management Policy and Practitioner (how to) Guide embedded throughout the

Service which is also applied to projects, programmes, and some planned departmental activity. There is a robust risk management process in place where all strategic; departmental and high impact risks are regularly monitored and reviewed by the assigned risk owners and oversight by the Risk Management Group (RMG) the strategic risk register is presented quarterly to Audit Committee.

- 11.2 Members and officers at all levels of the Authority recognise that risk management is part of their day-to-day job. A risk owner is assigned risks on the risk register, and they are responsible for regularly monitoring, reviewing, and managing the risks to which they are assigned to an acceptable level in line with our risk appetite. A risk management training programme is in places and also forms part of the Member development and induction programmes.
- 11.3 Health and Safety risks are robustly managed in accordance with the Health and Safety Policies and Procedures and by the application of Standard Operating Procedures that are regularly reviewed and updated, as necessary.
- 11.4 Within the strategic risk register, identified risks are scored based on both the probability and level of impact, the combined outcome (the risk score) is rated using a Red, Amber, and Green (RAG) basis.
- 11.5 The Service's Performance and Programme Board (members of the Service Leadership Team) receives a quarterly review of performance against KPIs. The Board is responsible for monitoring and reviewing progress against performance targets and ensuring that action is taken wherever possible if targets are not being met. The performance reviews are also reported to the Performance and Overview Committee.
- 11.6 Financial performance is reported through the Authority's governance arrangements, including the Performance and Overview Committee. The review identified a need to strengthen the timeliness, consistency and supporting reconciliations of financial information. Budget ownership, forecasting, variance explanations and reporting arrangements are being reviewed so that budget managers, senior officers and Members receive information appropriate to their responsibilities. Internal and external audit provide independent, risk-based assurance within their respective remits.
- 11.7 The Head of Finance and Treasurer's statutory responsibilities and support arrangements are described in paragraph 5.5. The finance improvement programme includes the capacity, resilience and professional support required to discharge those responsibilities.
- 11.8 Finance capacity and resilience have been under pressure, with staffing changes and reliance on temporary and specialist support during accounts preparation. The draft accounts required further review and reconciliation to supporting working papers. Senior finance leadership has changed since the end of the financial year. The current Head of Finance and Treasurer is reviewing responsibilities, permanent capacity, technical support, cover arrangements and the finance operating model. These actions are intended to reduce dependency on individual officers and temporary resources and to support timely, reliable financial reporting.
- 11.9 The Authority's insurance arrangements are through a mutual comprising participating fire and rescue authorities. These fire and rescue authorities are members of the Fire & Rescue Indemnity Company Ltd (FRIC). The company commenced trading in November 2015, The

Authority's risk protection arrangements are provided through pooled FRIC funds. The aims of the Company are to reduce risk to the Authority by driving up standards, for example, by adopting best practice in relation to driving standards and also to reduce the cost to the Authority of its risk protection arrangements over the longer-term.

- 11.10 The use and disclosure of personal data is governed in the United Kingdom by the Data Protection Act 2018 (the Act) and the General Data Protection Regulation (GDPR). The Service ensures that all personal data is managed in accordance with the Act.
12. **Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.**
- 12.1 The Corporate Communications Strategy sets out the approach the Service will take to communicating with the public and other stakeholders. It recognises the need for different approaches for different audiences and the increased use of social media as a communications tool.
- 12.2 The Service's website includes details of performance, strategies, plans, financial statements, and the Annual Report. The Annual Report highlights key challenges and achievements from the year and includes performance and financial information set out in a simple but informative way. Members and Service Leadership Team agree the report before it is published.
- 12.3 The Authority has approved and adopted a Code of Corporate Governance which is consistent with the principles contained within the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. The Governance and Constitution Committee oversees the annual review of compliance with the Code. Supporting evidence is reviewed annually and an action plan is maintained to address any identified areas for improvement. Progress against the action plan is monitored through the Service Leadership Team and Governance and Constitution Committee and reported within the Authority's Annual Statement of Assurance.
- 12.4 The Authority maintains appropriate governance arrangements to ensure compliance with relevant statutory and regulatory requirements. These include a designated statutory Data Protection Officer and a Senior Information Risk Owner, the Deputy Chief Fire Officer, who oversee information governance, data protection compliance and information risk management.
- 12.5 The Authority is committed to the highest standards of conduct, accountability and stewardship of public funds. Supporting arrangements include the Authority's Anti-Fraud and Corruption Policy, Whistleblowing Policy and Procedure, codes of conduct and associated governance and assurance processes overseen by the Governance and Constitution Committee.
- 12.6 In undertaking its annual review of effectiveness, the Authority has considered the assurances provided through its governance, risk management and internal control arrangements, including management assurance, external audit reports, HMICFRS findings and the annual opinion of the Head of Internal Audit provided by MIAA.
- 12.7 The Head of Internal Audit Opinion for the period 1 April 2025 to 31 March 2026 provided Substantial Assurance that there is a good system of internal control designed to meet the Authority's objectives and that controls are generally being applied consistently. The opinion

was provided in the context of continuing challenges across the public sector, including financial pressures, organisational change and increasing collaboration across organisations and systems.

- 12.8 The opinion was informed by review of the Authority's assurance framework, core and mandated reviews, follow-up activity and a range of risk-based assurance reviews completed during the year. Reviews of Key Financial Transactional Processing Controls, Safeguarding and Training all received Substantial Assurance opinions. No Limited Assurance or No Assurance audit opinions were issued during the year and no Critical or High Risk recommendations were raised. All recommendations raised by Internal Audit were accepted by management.
- 12.9 The Authority has considered the Head of Internal Audit Opinion alongside the finance reporting matters described in Section 13 when reaching its overall assessment of governance effectiveness.

13. **Review of Effectiveness**

- 13.1 As part of the on-going local governance arrangements, each of the above principles is reviewed and evidence sourced; analysed and recorded to show effectiveness in terms of communications, actions, policies, and procedures. This evidence is scrutinised and challenged by the Treasurer together with the Head of Governance.

Improvements during 2025-26 and forward look

The review distinguishes improvements implemented during 2025-26 from work undertaken after 31 March 2026. Progress against the previous Annual Governance Statement action plan is assessed using implementation and review evidence. Subsequent accounts recovery work is reported separately and is not presented as a control that operated throughout 2025-26.

The forward governance priorities are reliable accounts and financial reporting, reconciliation of the new financial system, finance capacity and resilience, and effective budget ownership and forecasting. The Authority will also review the governance implications of planned changes to collaboration and service arrangements.

- 13.2 These statutory roles have the responsibility to ensure the Authority has a sound system of governance (incorporating the system of internal control) and as such maintain the Authority's Code of Governance including financial regulations.

The review distinguishes the design of governance arrangements from evidence that those arrangements operated effectively. The accounts preparation and financial reporting matters described below are considered together as a significant governance issue because of their effect on timely financial accountability and the assurance available over the draft accounts. This assessment does not imply that all financial controls or operational services were ineffective.

The Head of Internal Audit's annual opinion for 2025/26 provided Substantial Assurance over the Authority's governance, risk management and control framework and this has been taken into account in reaching the overall conclusion of this review.

14. Areas for Action in 2026-27

14.1 The governance framework, internal controls and application of the principles have been reviewed during 2025-26 with the following areas highlighted:

- Accounts preparation and financial reporting

The Authority did not publish its unaudited 2025/26 Statement of Accounts within the statutory timetable. Consequently, the commencement of the period for the exercise of public rights was delayed, and the Authority published the required notice explaining the delay.

During preparation and review of the draft financial statements, reconciliation, mapping and supporting-working-paper issues were identified. These issues, together with implementation of a new financial management system and finance capacity pressures, delayed completion of the accounts and reduced the assurance initially available over the draft statements.

Before these unaudited accounts were certified and published, the Authority completed a structured accounts-recovery process. This included establishing a single reconciled trial balance, completing the material control-account and system reconciliations, mapping the financial statements to the ledger, correcting identified errors, and preparing indexed supporting working papers subject to review. The Head of Finance and Treasurer considered the resulting evidence before certifying the draft accounts.

The immediate issues affecting preparation and publication of the 2025/26 draft accounts have been addressed sufficiently to support certification and publication of the unaudited Statement of Accounts. The Authority recognises that the effectiveness of the strengthened arrangements must continue to be demonstrated through routine operation during 2026/27.

However, the underlying governance issue remains significant because the original arrangements did not support completion within the statutory timetable and required substantial corrective work before publication.

The Authority's continuing focus is to embed the improved arrangements into the normal financial reporting cycle and demonstrate that they operate consistently and sustainably. This includes strengthening the monthly close, control-account reconciliations, budget forecasting, documented review, finance capacity and resilience, and the planning and monitoring of future accounts production.

The Head of Finance and Treasurer will lead this work, supported by the Finance Team, system owners and relevant service leads. Progress and evidence that the revised arrangements are operating effectively will be reported to the Service Leadership Team and Audit Committee. The issue will be closed when the Authority has demonstrated sustained operation of the improved controls over an appropriate period, rather than solely on completion and publication of the 2025/26 accounts.

- HMICFRS — maintain the improvements identified by the inspection and complete any documented follow-up actions.
- Devolution – to seek further understanding regarding the non-co-terminus boundary with the Halton Unitary area.

- Disaggregation of joint Blue Light Collaboration with the Cheshire Constabulary.

15. Summary

- 15.1 The review has identified a significant governance issue relating to accounts preparation and financial reporting, together with the improvement actions set out above. The immediate reconciliation and accounts-preparation work required to support publication of the 2025/26 unaudited accounts has been completed. The significant governance issue remains open because the Authority must demonstrate that the strengthened monthly close, reconciliation, review and accounts-production arrangements operate consistently and sustainably during 2026/27. The Authority will monitor progress through the Service Leadership Team and Audit Committee, with action owners reporting against agreed milestones and escalating any slippage or unresolved risk. The outcome will inform the next review of effectiveness.

Signed

Cllr Stef Nelson
Chair of Fire Authority

Alex Waller
Chief Fire Officer and Chief Executive

Melissa Andrews
Head of Governance
(Monitoring Officer)

Ben Jones
Head of Finance and Treasurer
(S151 Officer)

On behalf of the Members of Cheshire Fire Authority and officers of Cheshire Fire and Rescue Service.