Merseyside Fire & Rescue Authority

2025/26
Statement of Accounts
DRAFT - UNAUDITED

MERSEYSIDE FIRE AND RESCUE AUTHORITY

ANNUAL STATEMENT OF ACCOUNTS 2025/26

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Narrative Report

Introduction

The Statement of Accounts sets out the financial activities of the Authority for the year ended 31st March 2026, together with figures for the previous financial year. These financial statements have been prepared in accordance with the 2025/26 Code of Practice on Local Authority Accounting in the United Kingdom (*the Code*) published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and are based upon International Financial Reporting Standards (IFRS). The Code and the relevant supporting guidance sets out the principles and practices to present a true and fair view of the Authority's financial position and performance.

Due to the complex nature of the accounts, a simpler version has been prepared which can be obtained on the Authority's website under About / Finance and Accounts. Although this simplified statement has no formal legal standing, it does provide a quick overview of the Authority's financial activities by eliminating many of the technical accounting adjustments.

This Narrative Report provides information about Merseyside Fire and Rescue Authority (the Authority), including the key issues affecting the Authority in 2025/26 and the future. It also provides a summary of the financial position at 31st March 2026, and is structured as below:

- Background to the Authority & Key Information
- The 2025/26 Non-Financial Performance
- The 2025/26 Revenue Budget and Medium Term Financial Plan (MTFP)
- The 2025/26 Revenue Outturn Position
- Reserves
- Capital Strategy and Capital Programme 2025/26 to 2029/30
- Treasury Management
- Balance Sheet Financial Position at 31st March 2026
- Future Financial Challenge / Corporate Risks

This is followed by an explanation of the Financial Statements, including information on significant transactions during 2025/26.

Background to the Authority & Key Information

Merseyside is an area in the northwest of England, on both sides of the mouth of the river Mersey and includes the metropolitan districts of Knowsley, Liverpool, Sefton, St Helens and Wirral. Merseyside spans 249 square miles (645 Km²) of land containing a mix of built up urban areas, suburbs, semi-rural and countryside locations, but most of the land use is urban. It has a central business district at the heart of Liverpool City Centre, though each of Merseyside's five metropolitan districts has at least one major town centre and outlying suburbs.

There are 42 miles of motorway, six miles of tunnels (road and rail), 75 miles of passenger railway and over 60 miles of coastline. Merseyside has eight Top Tier COMAH sites, and the Port of Liverpool handles over 30 million tonnes of freight for both import and export.

According to the 2021 Census, Merseyside has a population of 1,423,300. Since the 2011 census, the population of Merseyside has grown by 3%, with each metropolitan district showing overall increases.
Further analysis of the population shows:

- Slightly more females than males in Merseyside (51.5% female and 48.5% male).
- Based on the 2021 Census, the total population of over 65's in Merseyside is 27.9%.
- 91.7% of people are classed as White and 8.3% are of Black and Minority Ethnic origin.

Merseyside has an aging population and is one of the most deprived areas in England, with Knowsley being the third most deprived local authority in England and Liverpool being fourth in the index of Multiple Deprivation. There are better off areas, for example in West Wirral and North Sefton, but large areas of Merseyside fall within the highest ratings of social deprivation, which has the side effects of high levels of poverty, social exclusion, crime and risk from fire.

Political Structure
Merseyside Fire & Rescue Authority (MFRA) is a local authority created by the Local Government Act 1985. It is made up of 18 elected representatives appointed by the constituent District Councils. The number of councillors from each district is determined by statute and in most cases is representative of the political composition of that Council. During 2025/26, this was as follows:

Knowsley	2	(2 Labour)
Liverpool	6	(4 Labour, 1 Liberal Democrat, 1 Liverpool Community Independents Group)
Sefton	4	(3 Labour, 1 Liberal Democrat)
St. Helens	2	(2 Labour)
Wirral	4	(2 Labour, 1 Conservative, 1 Green)

The 18 elected members meet together as the Fire and Rescue Authority to decide the Authority's overall policies and set the budget each year. At the Annual General Meeting (AGM), they establish and make appointments to the various committees as well as appointing the Chair and two Vice Chairs of the Authority and its committees.

The Authority has ultimate responsibility for decision making but delegates many decisions to committees as part of their terms of reference agreed at the AGM and to senior officers within Merseyside Fire and Rescue under the Authority's Scheme of Delegated Powers.

Management Structure
Supporting the work of the elected members is the organisational structure of the Authority led by a Chief Fire Officer (CFO), supported by a Strategic Leadership Team (SLT). The current makeup of the SLT is detailed below:

- Chief Fire Officer
- Deputy Chief Fire Officer
- Assistant Chief Fire Officer
- Head of Legal (Monitoring Officer)
- Director of Finance and Procurement (Section 151 Officer)
- Director of People and Organisational Development
- Director of Strategy and Performance
- Area Manager for Operational Preparedness
- Area Manager for Operational Response
- Area Manager for Operational Training and Internal National Resilience
- Area Manager for National Resilience
- Area Manager for Prevention
- Area Manager for Protection

Community Risk Management Plan
All English Fire and Rescue Services must produce a Community Risk Management Plan (CRMP). Our Plan must:

- Consider what types of fire and rescue related risks could affect Merseyside
- Show how we will work to prevent fires and other types of emergencies and explain how we will respond to incidents that do happen to reduce the impact on Merseyside communities. We will also work with other organisations to do that
- Explain how we will use our firefighters, fire appliances, other employees and equipment to reduce risk and respond to emergencies
- Explain how we will ensure we comply with and enforce the law that sets out how businesses and organisation manage fire safety in their buildings
- The plan will last for at least three years and be updated as often as is needed to reassure you that we are still doing what we need to do
- Show that we have listened to the public and other people and organisations that have an interest in what we do as we write our plan. Our listening includes trade unions and staff associations
- Be easy for people to access and be available to everyone.

The Authority approved a new Community Risk Management Plan for the period of 2024 to 2027. The CRMP included proposals to meet the challenges it faces whilst aspiring to continue to deliver an excellent service to the residents of Merseyside. The CRMP takes into account existing and emerging risk(s), demand and vulnerability such as; the ageing population of Merseyside; socio-economic vulnerability to fire and other risks; impact and requirements of the Grenfell enquiry report; impact of fire and rescue service inspection; marine and weather-related incidents such as flooding; and the increased risk of terrorism. In general, our work to deliver against the CRMP is progressing well and continues to ensure the Authority's commitment to maintaining operational response times. The CRMP aims to match resources to demand by having more fire appliances available during the day to attend emergency incidents and deliver home and business safety advice, with numbers decreasing as demand decreases during the evening.

Operating Framework

Core Code of Ethics and guidance

Fire and rescue services are required to operate within a national Code of Ethics. For Merseyside Fire and Rescue Authority, the Core Code is embedded into our Leadership Message, behavioural Ground Rules and Code of Conduct. They are at the heart of what we are as an organisation and shape how our people behave in work and in our communities. The Core Code sets out five ethical principles, based on the Seven Principles of Public Life, which alongside the accompanying guidance provides a basis for promoting good behaviour and challenging inappropriate behaviour.

- **Putting our communities first** – we put the interest of the public, the community and service users first
- **Integrity** – we act with integrity including being open, honest and consistent in everything we do
- **Dignity and respect** – making decisions objectively based on evidence, without discrimination or bias
- **Leadership** – we are all positive role models, always demonstrating flexibility and resilient leadership. We are all accountable for everything we do and challenge all behaviour that falls short of the highest standards
- **Equality, diversity, and inclusion (EDI)** – We continually recognise and promote the value of EDI both within the FRSs and the wider communities in which we serve. We stand against all forms of discrimination, create equal opportunities, promote equality, foster good relations, and celebrate difference.

Our Leadership Message

Our Leadership Message brings together the Core Code of Ethics with other leadership behaviours, plus our organisational values and aims so you know what you can expect from the Service, and each and every member of our team.

The diagram overleaf shows how the Core Code of Ethics, our Leadership Message and our Ground Rules are linked.

Vision, Purpose & Aims

The Authority's Leadership Message and associated vision, purpose, aims, values and behaviours of the Service, captures the organisations key people priorities, developed in order to deliver the best possible services to the Merseyside community through the professionalism and capabilities of our people. The Authority's Vision and Purpose are:

Our Vision;

To be the best Fire & Rescue Service in the UK. One team, putting its communities first.

Our Purpose;

Here to serve. Here to protect. Here to keep you safe.

Our Aims;

Protect

We protect people from harm*, provide advice, guidance and when absolutely necessary use enforcement to keep the public and our firefighters safe.*

Prevent

We are there for you. *We are a visible presence that provides reassurance, support and advice. Alongside our partners, we protect the most vulnerable and reduce inequalities.*

Prepare

We will always be the best that we can be *by having highly skilled and trained people who plan for every risk and keep our teams safe and effective.*

Respond

We will be there when you need us most, *pulling out all the stops to save lives. Whether we are taking 999 calls, or attending incidents, we keep our communities safe.*

The vision, purpose & aims, along with the approved CRMP, determine the Authority's priorities that are reflected in the allocation of resources within the approved budget and financial plan agreed by the Authority in the February before the commencement of the new budget year.

The 2025/26 Non-Financial Performance

The Authority monitors performance and delivery of its objectives through a comprehensive performance management framework. The CRMP and other service projects are incorporated into one document – **the Service Delivery Plan.**

There is an ongoing system of monitoring and reporting on the achievement of projects in the Service Delivery Plan via regular reports to the Community Safety and Protection Committee and the Strategic Leadership Team. Station Community Safety Plans have also been developed to give details of the activities taking place in each fire station area. The reporting process applies traffic light status to each action point in the Service Delivery Plan and attention is drawn to the progress achieved and matters to be addressed. Copies of the Service Delivery Plan can be found on the Authority's website. The 2025/26 Authority's performance against the key performance indicators (KPI's) is summarised in the table below:

Quality Assurance	Benchmark Key Performance Indicators	Performance 2024/25	Target 2025/26	Performance 2025/26	Status
TO00	Total number of emergency calls received	21185	*Quality Assurance*	23103	Quality Assurance
TC01	Total number of incidents attended	17846	19382	18709	On Target
TC02	Total number of fires in Merseyside	5423	7067	6043	On Target
TC03	Total number of **^**primary fires attended	1667	1881	1662	On Target
TC04	Total number of secondary fires attended	3756	4289	4381	Target Missed
TC05**	Total number of special services attended	5423	*Quality Assurance*	5248	Quality Assurance
TC06	Total number of false alarms attended	7000	7022	7418	Target Missed
TR08*	Attendance standard – first attendance of an appliance at a life risk incident in 10 mins	96.1%	90.0%	96.9%	On Target
TD09	The % of available shifts lost to sickness absence, all personnel	4.43%	Less than 4.00%	5.26%	Target Missed
TE10	Total carbon output of all Merseyside Fire and Rescue Service buildings	48.5	65.0	38.8	On Target
FIRES IN THE HOME					
DC11	Number of accidental dwelling fires	726	758	714	On Target
DC12	Number of deaths in accidental dwelling fires	7	6	4	On Target
DC13	Number of injuries in accidental dwelling fires attended	56	65	45	On Target
DC14	Number of deliberate dwelling fires in the home in occupied properties	100	122	88	On Target
DC15	Number of deliberate dwelling fires in the home in unoccupied properties	13	16	5	On Target
DC16	Number of deaths in deliberate fires in the home	0	1	2	Target Missed
DC17	Number of injuries in deliberate fires in the home	8	8	12	Target Missed
FIRES IN NON-DOMESTIC PROPERTIES					
NC11	Number of deliberate fires in non-domestic properties	28	39	35	On Target
NC12	Number of accidental fires in non-domestic properties	142	146	136	On Target

Quality Assurance	Benchmark Key Performance Indicators	Performance 2024/25	Target 2025/26	Performance 2025/26	Status
SMALL, VEHICLE AND ANTI-SOCIAL BEHAVIOUR FIRES					
AC11	Number of deliberate vehicle fires attended	210	291	249	On Target
AC12	Number of accidental vehicle fires attended	236	233	218	On Target
AC13	Number of deliberate anti-social behaviour fires (small)	2641	2846	2695	On Target
AC14	Number of accidental small fires attended	1115	1443	1686	Target Missed
AC15	Number of 'other' primary fires attended	203	223	217	On Target
ROAD TRAFFIC COLLISIONS					
RC11	Number of road traffic collisions (RTC) attended	741	*Quality Assurance*	735	Quality Assurance
RC12	Number of injuries in road traffic collisions attended	262	*Quality Assurance*	270	Quality Assurance
RC13	Number of fatalities in road traffic collisions attended	8	*Quality Assurance*	5	Quality Assurance
RC14	New: Number of Killed & Seriously Injured (KSI) in RTC's across Merseyside. *Based on Partnership data*	453	*Quality Assurance*	484	Quality Assurance
RC15	New: Number of KSI's affecting 15-20 age group - *Based on Partnership data*	56	56	60	Target Missed
FALSE ALARMS					
FC11	The number of false alarm calls due to automatic fire alarm equipment in non-domestic properties	566	565	610	Target Missed
FC12	New: The number of false alarm calls due to smoke alarm actuation in domestic properties where call source is an alarm receiving centre	2389	2485	2344	On Target
FC13	Total number of false alarms attended discounting False Alarm Good Intent	3102	*Quality Assurance*	3101	Quality Assurance
FC22	Number of malicious false alarms attended	147	127	147	Target Missed
FC23	Number of false alarm good intent attended	3898	*Quality Assurance*	4317	Quality Assurance
STAFF SICKNESS & INJURIES					
WD11	% of available shifts lost to sickness absence per wholetime equivalent Grey book (operational) personnel	4.98%	4.00%	5.49%	Target Missed
WD12	% of available shifts lost to sickness absence per wholetime equivalent Green and Red book (non uniformed) personnel	3.64%	4.00%	4.91%	Target Missed
WD13	Total number of operational staff injuries	38	55	45	On Target

Amber	Within 10% of target
Green	Target achieved
Red	10% worse than target

^Primary fires involve an insurable loss and includes all property related fires, or large-scale secondary fires where five or more appliances are in attendance.

*To respond to life risk incidents within 10 minutes on 90% of occasions. Our attendance standard is measured from the time the fire appliance is alerted to an incident to the point that it books attendance.

**Some Special Services attended generate income such as lift rescue and effecting entry. This indicator includes a wide range of different incident types including road traffic collision, water rescue, flooding, animal rescue, assisting the police, rescues from height etc. We are not always in a position to influence a reduction in some of these incident types and this is reflected in our targets where we will class some Special Services as 'Quality Assurance' and not set a target unless we are in a position to influence reductions in incident types.

Most incident types including total number of fires, secondary fires and emergency calls received are higher than in 2024/25. There were 23,103 emergency calls received during 2025/26 compared to 21,185 the previous year. The total number of accidental dwelling fires decreased this year with 714 fires attended compared to 726 in 2024/25.

The Authority has continued to meet its attendance standard target (90%) of the first appliance being in attendance at all life risk incidents within 10 minutes.

Where there is no target for an indicator the status is shown as 'Quality Assurance'. These are Performance Indicators where we either do not want to reduce numbers, or are unable to influence this incident type, such as some types of Special Service calls. Many are related to assisting partner agencies such as the Police and the Ambulance Service, particularly related to providing assistance and helping them enter buildings.

During 2025/26, Road Traffic Collisions (RTCs) attended (735) decreased when compared to 2024/25 (741) and the number of fatalities in RTC's attended by MFRS (5) decreased when compared to 2024/25 (8). This indicator is based on the RTC's that the Service is requested to attend and does not reflect the total number of RTCs in Merseyside. Data recording 'killed and seriously injured in RTC's' show an increase in the number of incidents in 2025/26 (484) when compared to 2024/25 (453).

At the end of 2025/26, sickness among operational personnel was at 5.49%, with shifts lost to sickness absence exceeding the target of 4%. This is higher than in 2024/25, when absence was 4.98%. Sickness among non-uniformed personnel was 4.91% for 2025/26 which is above target of 4% and higher than 2024/25 when absence was 3.64%.

While overall performance remains strong, the Authority will build on its progress through targeted initiatives to address those areas where targets were not met and support continued improvement during 2026/27.

The 2025/26 Revenue Budget and Medium Term Financial Plan

Merseyside Fire and Rescue Authority has an excellent record of delivering outstanding fire and rescue services with the budget we have had to spend on our employees (including our firefighters), our equipment and our services. Our money comes from grants from Central Government and Council Tax payments and we make decisions on what we spend based on the Risk, Demand and Vulnerability of our communities. As we do that, we make sure that we provide value for money for the people of Merseyside.

From 2010 to 2020, the Government implemented an austerity plan to reduce the national debt. A significant element of the plan was to reduce Government funding for local government (this includes fire and rescue authorities). As the Authority had a relatively low council tax base, it relied more on Government grant funding to support its revenue budget and, therefore, suffered a more proportionate financial loss that almost every other fire and rescue authority in the country. The cumulative percentage reduction in Government revenue support for the Authority between 2010/11 (£46.3m) and 2019/20 (£30.8m) equated to a 33% cash reduction or approximately 50% in real terms. That resulted in unavoidable decreases in the front-line operational services over this period.

In recent years the Authority identified a need to re-invest back into frontline services in response to emergent and foreseeable risk from fire and other emergencies, particularly the services ability to respond to large and/or protracted incidents, as well as the need to enhance protection functions in the light of the Grenfell Tower fire, the Manchester terror attack and other major incidents. We have made some strategic investment decisions that have allowed us to:

- increase the firefighter numbers by an additional 22 posts, to 642 and,
- increase fire control operators from 32 to 35, including new senior management and training officer posts,
- increase the retained (on call) contract holders,
- introduce a new fire engineer post to work with partners ensuring the safety of residents in high-rise buildings,
- increase the number of fire engines/appliance availability to 32 to 34, enhancing the Authority's resilience and response to foreseeable risk (specialist response),
- introduce specialist teams to deal with all foreseeable risk,
- increasing investment in specialist appliances and other operational equipment,
- building a new Training and Development Academy and Hybrid Station,
- increased the supervisory management provision through the creation of a further 20 new Crew Manager roles.

The investment the Authority has made in the Service since 2020/21 has ensured Merseyside Fire and Rescue Service continues to deliver its vision to be the best fire and rescue service in the UK. In the latest HMICFRS inspection the service was congratulated on its performance in keeping people safe and secure from fire and other risks. His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) grade Merseyside Fire and Rescue Service's performance across 10 areas and found the service was 'outstanding' in one area, 'good' in eight areas, and 'adequate' in one area. The service was not 'required to improve' in any areas.

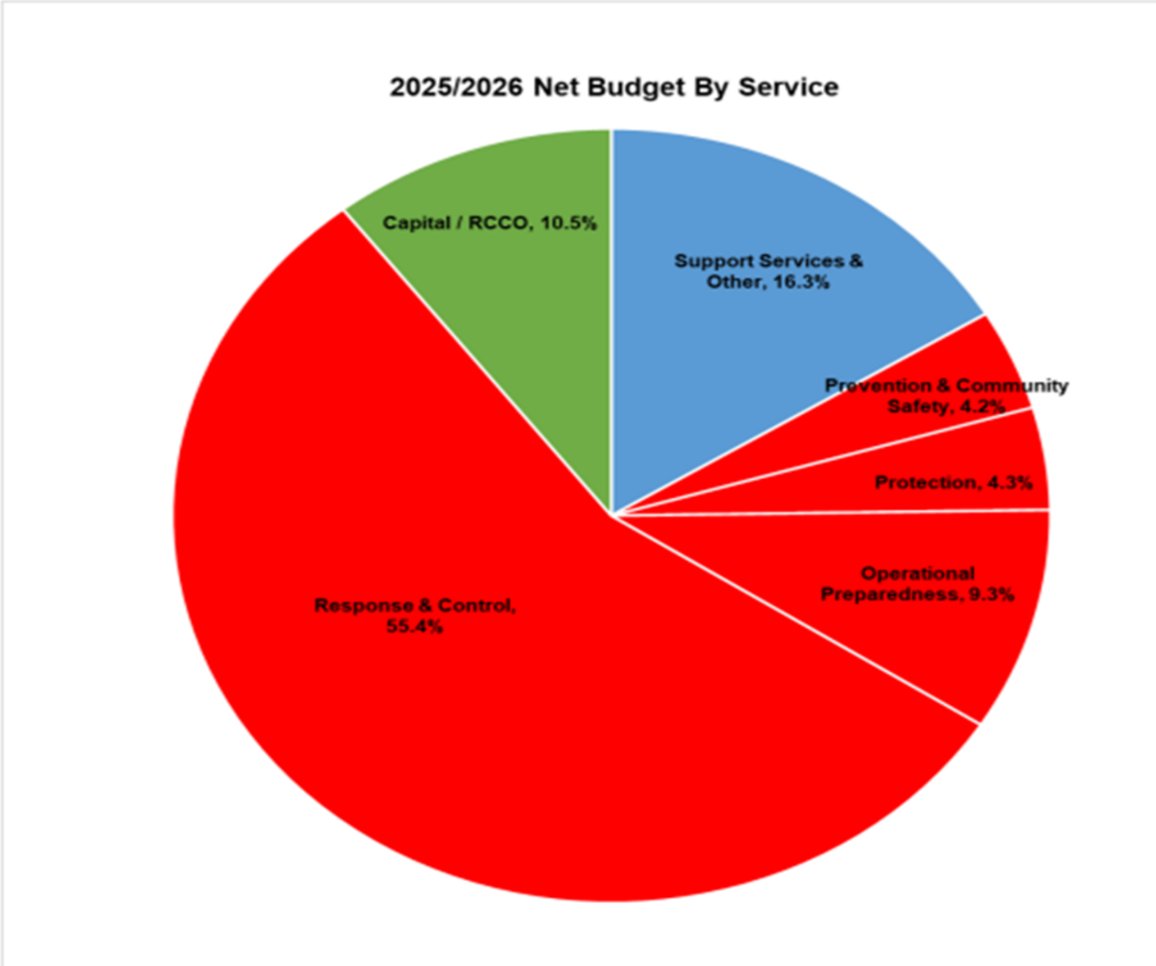
The service secured its 'Outstanding' judgement for its work in responding to major and multi-agency incidents.

Budget

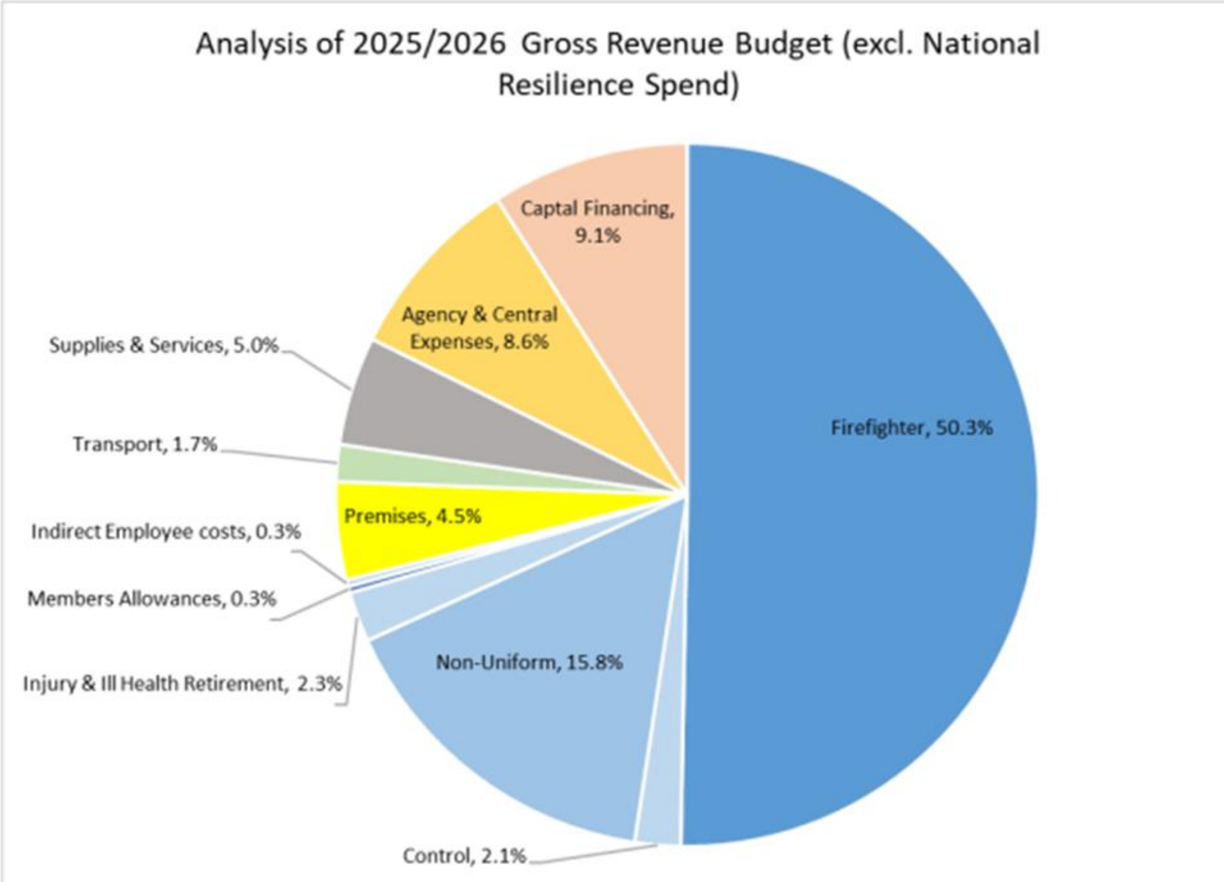
The 2025/26 Government funding settlement was another one-year settlement, but in November 2025 the Government published its Local Government Finance Policy Statement for 2026/27 to 2028/29, marking the first multi-year financial settlement for English councils in over a decade. The settlement provides fixed funding envelopes for the next three years, allowing the Authority to transition from year-to-year planning to long term financial planning.

The Authority determines its budget requirement by assessing the service commitments that are financed through its General Fund. The General Fund is a statutory account that records only those expenses that regulations allow to be charged against the amount to be collected from council taxpayers. The Authority set its General Fund budget for 2025/26 at £77.934m, and was able to approve a balanced 2025/26 Budget without the need to identify new Service savings. The Authority then monitors and manages expenditure throughout the year against the General Fund budget to ensure all expenditure is affordable and planned. The **General Fund position for the year is shown in the Movement in Reserves Statement**.

The pie chart overleaf outlines a "thematic" analysis of the revenue budget. Most expenditure, 55.4%, goes on emergency and specialist response; 9.3% on Operational Preparedness; and 8.5% on Protection, Prevention & Community Safety. Therefore 73.2% of expenditure is on the "front line" services, (those activities highlighted in red are deemed frontline services). The 10.5% on capital costs relates mostly to previous investment in front line assets, fire stations, vehicles and equipment. The remaining 16.3% is on support and operational enabling services.



An analysis of the revenue budget on a subjective basis is outlined in the pie chart overleaf. The majority, 70%, of planned revenue expenditure is predominantly employee related. This means that the key assumption in the budget forecast relates to future pay awards. The budget assumed pay awards of 2.5% in 2025/26 and for future years of the MTFP.



The revenue budget is funded through a combination of Council Tax (Precept) and Government funding, primarily via the retained business rates system (Settlement Funding Assessment, SFA).

Government Funding – Settlement Funding Assessment (SFA)

The SFA is made up of a couple of elements, the first element is the Baseline Funding Level (which includes the estimated share of Local Business Rates and a top up grant from government). The second element is the Revenue Support Grant.

On the 28th November 2024, Minister of State (Minister for Local Government and English Devolution) Jim McMahon announced the publication of the Government's 2025/2026 Local Government Finance Policy Statement. The Statement announced that Local Authorities will see an increase in baseline funding levels to reflect the increase in the standard multiplier and that local authorities will be compensated in the usual way for the freeze in the small business rates multiplier via an increase in the under-indexation compensation. The Statement also announced the Revenue Support Grant will also continue to increase in line with September CPI (1.7%) and fire and rescue authorities will have the flexibility to raise council tax by up to £5.00.

The Authority received £22.093m in Baseline Funding in 2025/26 (estimated share of local business rates £4.691m plus top up grant £17.401m) this is an increase of £0.252m of 1.14% on the 2024/25 finance settlement. The 2025/26 Revenue Support Grant will increase by £0.285m.

The Authority will continue to receive compensation for under-indexation, this increased by £0.187m or 4.47% to £4.364m in 2025/26. The combination of baseline funding and the compensation for under-indexation increased by a total of £0.439m or 1.7% to £26.457m for 2025/26.

The overall change in SFA/Business Rates compensation for under-indexation grant funding was an increase of £0.724m or 1.7%. The 2024/25 MTFP (Medium Term Financial Plan) assumed a 2% increase in SFA/Business Rates compensation.

Government Funding - Services Grant 2025/26
The Government announced in the Local Government Finance Policy Statement that this grant will be removed entirely. The Authority received a Services Grant of £0.141m in 2024/25 and assumed this would continue in future years in the MTFP. The proposed MTFP has removed this entirely.

Council Tax:
The level of council tax yield is dictated by the number of properties and the charge level on each. Each year, the billing authorities provide the Authority with the estimated Band "D" equivalent tax base, which is then used to calculate the expected council tax income based on a Band D Precept charge. The Authority then notifies each billing authority of the Precept to charge each property band and the forecast income yield that the billing authority must pay the Authority.

For the 2025/26 financial year, Council Tax Precept per Band D property was increased by £5.00 from £91.25 to £96.25.

As per the table below, the 2025/26 forecast budget requirement based on key assumptions over pay awards and other costs could be met from the expected funding in the year.

2025/26 - 2029/30 MEDIUM TERM FINANCIAL PLAN					
	2025/26	2026/27	2027/28	2028/29	2029/30
	£'000	£'000	£'000	£'000	£'000
FORECAST NET SPEND IN CURRENT MTFP	77,934	79,401	81,093	82,684	84,426
TOTAL FUNDING	-77,934	-78,752	-80,134	-81,544	-82,984
Forecast (Surplus) / Deficit	0	650	959	1,139	1,442

Medium Term Financial Plan
As outlined in the previous table the Authority maintains a five-year revenue forecast. This forms part of a comprehensive five-year MTFP and Capital Programme that is rolled forward each year. The approved 2025/26 – 2029/30 MTFP is available on the Authority's website. As future costs and funding levels are not known, the MTFP identifies the key assumptions used in the Plan; 2.5% increase in pay from 2025/26 onwards; 2% increase in government funding in 2025/26 then 1% year-on-year from 2026/27; and an increase in the Council Tax Precept of £5.00 of Band D properties in 2025/26 and 2.0% each year from 2026/27.

The MTFP includes all the necessary financial information in a single report to support a robust financial plan, it includes:-

- Forecast Revenue Estimates for the next five years
- The Proposed 5-year Capital Programme
- Any Revenue Savings and Growth Options
- The Treasury Management Strategy
- The Minimum Revenue Payment Policy for the Authority
- A Reserves Strategy

Considering all the financial issues within a single report ensures that the Authority can: -

- Consider the borrowing freedoms available under the prudential code
- Reflect best practice
- Provide value for money
- Focus on the link between capital investment decisions and revenue budgets
- Continue to develop their strategic financial plan

The MTFP delivered a balanced financial position in 2025/26 but outlines a potential financial challenge from 2026/27. The Autumn 2024 Budget announced the Government's intention to pursue a comprehensive set of reforms to place local government in a more sustainable position and these will be delivered through a multi-year settlement from 2026/27.

The 2025/26 Revenue Outturn Position

Throughout the year, the Authority received regular financial review reports detailing: -

- the robustness of the key budget and MTFP assumptions,
- any required budget amendments,
- movements from and to reserves and the revenue budget.

The approved General Fund budget remained constant throughout the year at £77.934m. The table below summarises the actual general revenue fund position at year-end and compares it to the budget.

Programme	Fire Service Budget £'000	Fire Authority Budget £'000	Lead Authority (NR / ISAR DEFRA) Budget £'000	Total Budget £'000	Actual £'000	Variance £'000
Expenditure						
Employee costs	65,158	440	3,366	**68,964**	68,321	(643)
Premises costs	4,401	-	1	**4,402**	4,307	(95)
Transport costs	1,570	-	8,689	**10,259**	10,013	(246)
Supplies and services	3,572	27	4,392	**7,991**	7,625	(366)
Agency services	7,862	-	28	**7,890**	7,830	(60)
Central support services	742	321	1	**1,064**	976	(88)
Capital financing	11,302	-	1,672	**12,974**	12,967	(7)
Income	(15,835)	-	(18,149)	**(33,984)**	(34,609)	(625)
Net expenditure	**78,772**	**788**	**-**	**79,560**	**77,430**	**(2,130)**
Contingency pay & prices	100	-	-	**100**	-	(100)
Interest on balances	(1,100)	-	-	**(1,100)**	(1,868)	(768)
	77,772	**788**	**-**	**78,560**	**75,562**	**(2,998)**
Movement on reserves	(626)	-	-	**(626)**	2,372	**2,998**
Overall financial position	**77,146**	**788**	**-**	**77,934**	**77,934**	**-**

Throughout the year managers looked at every opportunity to maximise savings against the approved budget to enable an increase in the capital reserve to manage long-term borrowing and debt costs. The 2025/26 year-end “underspend” was £2.998m, however, after taking into account specific year-end earmarked reserves requests of £0.596m, the available uncommitted underspend was £2.402m. The underspend will be used to increase the clothing reserve by £0.500m and the capital reserve by £1.502m, to manage long-term borrowing and debt costs. The remaining £0.400m will be used to increase the General Reserve to £4.300m.

Whilst the General Fund shows a neutral position for the year (after the drawdown of year-end reserves), the Comprehensive Income and Expenditure Statement (CIES) indicates a net surplus of £32.633m for the year. The CIES is prepared on a different basis to the General Revenue Fund, it shows the accounting cost of services in accordance with the generally accepted accounting principles, rather than the amount funded from taxation. The CIES includes such expenses as depreciation and amounts to reflect pension costs, which are not charged to council tax and are excluded from the General Fund statement. The CIES represents the amount by which the Authority’s overall net worth has moved over the year as shown in the Balance Sheet. The table overleaf reconciles the General Fund to the CIES “Deficit on Provision of Services” statement:

Net General Fund 2025/26 year-end position:		Note	Detailed Adjustments £'000	Total Adjustments per Expenditure and Funding Analysis £'000	Total Adjustments per Comprehensive Income and Expenditure Statement £'000
1	**Net creation of earmarked reserves**	(a)	-	-	**(2,372)**
2	**Asset valuation / charges and capital funding adjustments**				
	Depreciation, impairment and revaluation adjustment	(b)	3,862		
	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	(c)	11,078		
	Asset disposal / write-offs / revaluation losses		128		
	MRP / interest adjustment	(f)	(6,451)		
	Capital Expenditure Funded from the Revenue Account (CERA)		(5,457)		
	Capital grants income		(31,420)	**(28,260)**	
3	**Pension related adjustments**	(d)			
	Pension contributions payable to pension fund (employer)		(13,664)		
	Pension contributions payable to pension fund (top-up grant)		(34,102)		
	Pension current service costs		2,933		
	Pension past service costs		71		
	Net interest on the defined benefit liability scheme		42,506	**(2,256)**	
4	**Other technical accounting adjustments**	(e)			
	Timing differences for premiums and discounts		23		
	Timing differences for council tax / NNDR		272		
	Timing differences for compensated absences		(40)	**255**	
	Total adjustments				**(30,261)**
	(Surplus) or deficit on provision of services				**(32,633)**

Notes to the table:

a) *Although the creation of earmarked reserves does not form part of the CIES, they are included to ensure that the General Fund expenditure reconciles back to the CIES.*

b) *The depreciation and impairment charge reflects the notional consumption of assets during the year, including revaluation losses and the reversal of any prior year valuation losses and impairments.*

c) *Revenue Expenditure Funded from Capital Under Statute (REFCUS) relates to expenditure incurred by the Authority, such as the purchase of assets on behalf on National Resilience and the installation of smoke alarms in households across Merseyside, which does not result in the recognition of a non-current asset under proper accounting practices and is therefore charged to revenue in the Comprehensive Income and Expenditure Statement. However, statutory provisions permit the Authority to fund such expenditure from capital resources.*

d) *Pension costs in the CIES reflect IAS 19 requirements, including movements in fund valuations and contributions received during the year. Note 38 in the Financial Statements provides further details of movements in the pension funds during the year.*

e) *The other technical accounting adjustment incorporates the adjustments made in relation to council tax indebtedness between the billing authorities and the Authority, and, the value of employee* *benefits accrued in the year but not taken (leave carried forward). It also includes timing differences for premiums and discounts over the unexpired life of the loans refinanced.*

f) *Statute requires that certain expenses are charged to the General Fund that are not considered to be proper accounting charges in accordance with the Code. These are therefore not shown in the CIES. The unitary charge payments associated with the PFI contract are shown as fully charged to revenue in the General Fund but in the CIES they are broken up into the relevant revenue, capital and interest notional elements. The removal of capital financing charges relates to costs associated with; interest payments on loans and the Minimum Revenue Provision (which is the amount set aside from revenue to repay debt); the direct revenue financing of capital expenditure (CERA).*

Whilst the CIES shows the true accounting position for the year, it is the General Fund position which more directly reflects the impact on Merseyside residents as it records only those expenses which statute allows to be charged against the Authority's annual budget, the amounts to be set aside as reserves and the amounts to be collected from local council tax payers.

Reserves

In general, the Authority sets aside money in the form of useable reserves to fund future planned investment, to mitigate financial risks, and to smooth savings.

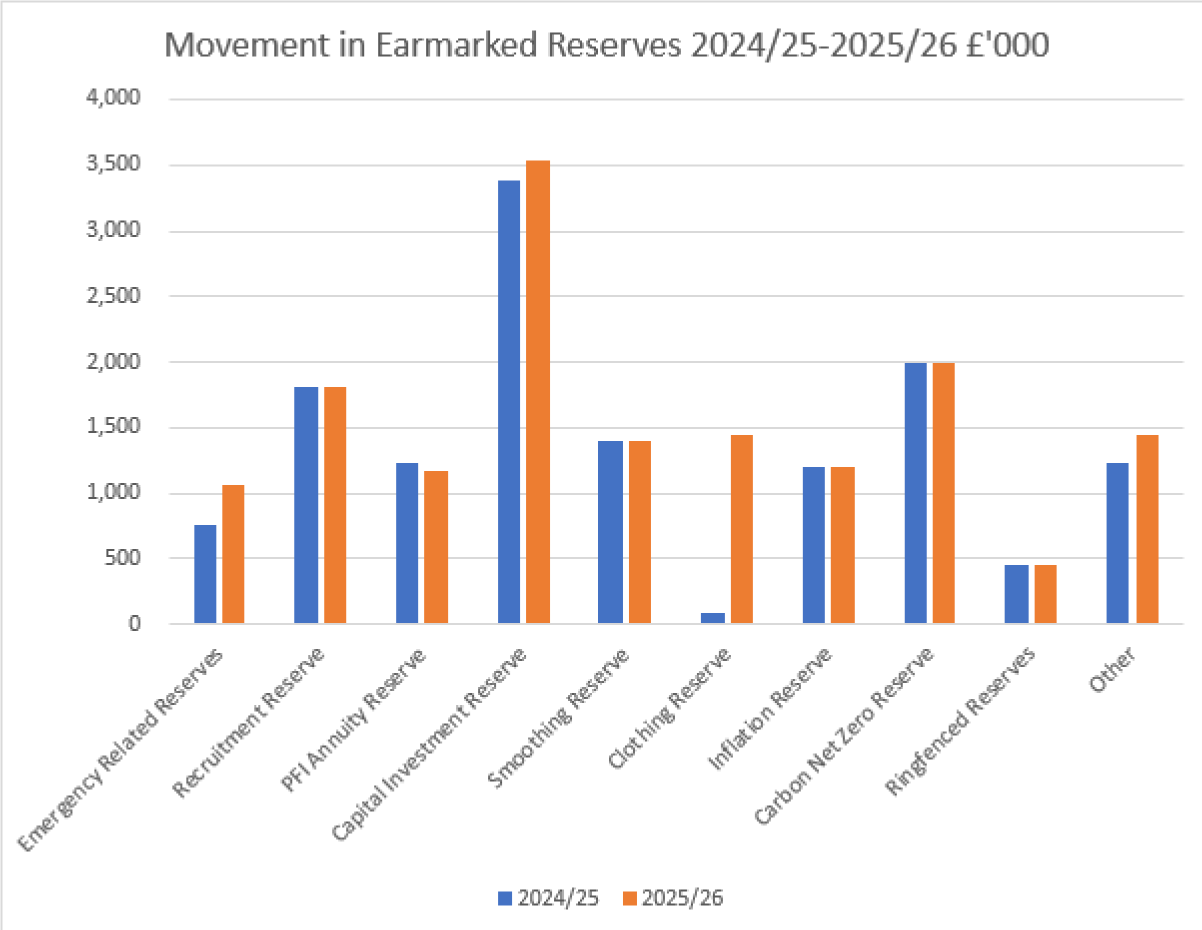
Budgeted Reserves
The Authority adopted a reserves strategy that maintained a General Reserve of £3.900m and anticipated (based on the estimated forecast when the 2025/26 budget was approved) Earmarked Reserves as at 01.04.2025 of £17.469m (excluding any reserves created to hold MHCLG National Resilience Funds to be carried forward). These reserves are required to cater for specific risks, projects and one-off initiatives and, in particular, to help the Authority manage effectively the financial pressures it faces. Details of the budgeted reserves can be found in the MTFP.

Revenue Outturn Position
The Authority's committed reserves at the start of the year were £13.569m and, by the end of the year, they had increased to £15.541m. This is a net increase of £1.972m. The most significant movement in reserves in the year were:

- £2.000m was drawn down from the capital investment reserves to reduce debt costs.
- £1.502m was moved back into the capital reserve at year-end to reduce borrowing in future years.
- £1.350m was moved to the clothing reserve to fund increased future costs.
- Other movements reflect monies set-a-side for projects or specific risks that may impact on the Authority over the coming years.

The Authority General Reserve has increased by £0.400m to £4.300m, or 5% of the gross budget at financial year-end, which provides a relatively small cushion to enable the Authority to cover the risk of unexpected events within the year leading to significant unplanned expenditure.

The table overleaf summarises the main types of committed reserves.



Capital Strategy and Capital Programme 2025/26 to 2029/30

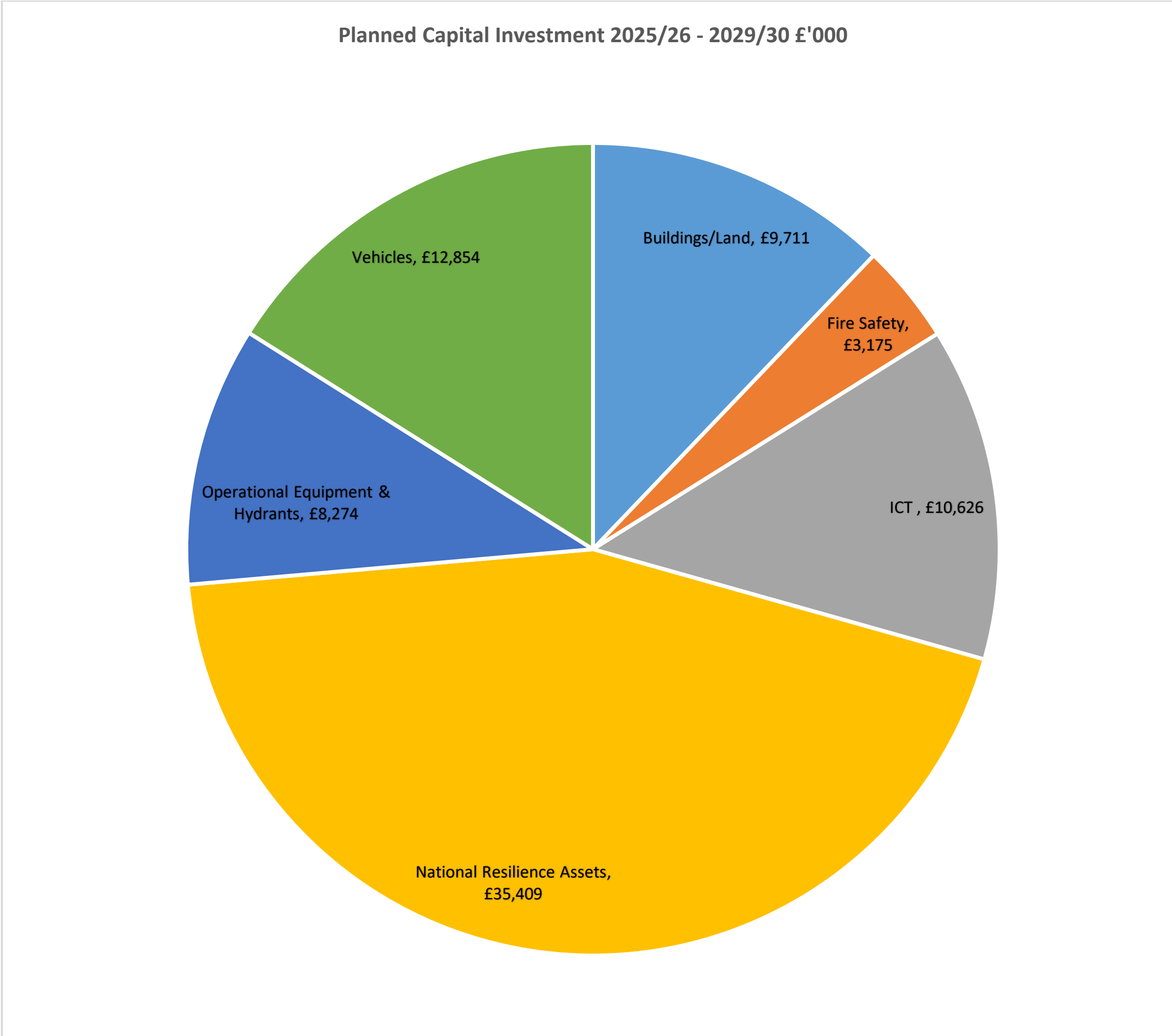
Each financial year the Authority produces a five-year capital programme to manage major capital schemes. Owing to the nature of capital expenditure, a large number of schemes span more than one financial year, therefore the programme is a rolling programme covering a five-year period.

The starting point for the programme is an assessment of the capital investment requirements for the Authority for future years based upon needs identified by the various expert professionals in areas such as buildings, vehicles, ICT, and operational equipment. The Authority manages its capital investment plans through its asset management plans and capital programme.

The chart overleaf summarises the areas of planned investment over 2025/26 – 2029/30 based on the final approved capital budget of £80.049m.

This capital programme had a borrowing requirement of £38.173m across the whole life of the plan, with the balance of funding being met from reserves, capital receipts, revenue contributions and grants. The proposed borrowing is unsupported borrowing or prudential which means the Government no longer provides any revenue grant funding to meet the revenue costs associated with the borrowing, and the Authority must determine if it can afford and sustain the servicing of the associated debt and revenue costs. Current and future debt servicing costs as a consequence of the proposed capital programme have been built into the Authority's financial plan and revenue budget and are therefore deemed as affordable and sustainable.

The most significant items of capital expenditure have been:



- Installation of smoke alarms
- Upgrades and replacement of ICT software and hardware
- Purchase of MHCLG National Resilience assets
- The purchase of specialist appliance and hybrid ancillary vehicles

2025/26 Capital Outturn Position

The original capital budget for 2025/26 was £13.157m. During the year this was adjusted to reflect schemes rephased from 2024/25, as well as schemes slipping into future years. As capital projects, by their nature, typically take more than one year to complete, they are often subject to delays in obtaining planning permission, finalising project specifications and supply chain pressures. Consequently, the re-phasing of the planned expenditure is not unusual. The final budget for 2025/26 was £44.686m, however, based on the actual spend, a further £28.430m of planned expenditure has been re-phased into 2026/27. The majority of this (£24.962m) relates to National Resilience for the purchase of vehicles and equipment as part of the National Resilience New Dimension 2 Project.

Treasury Management

The Authority's Treasury Management Strategy is reviewed annually as part of the budget approval process. The Strategy Statement sets out the Authority's policies and parameters to provide an approved framework within which officers undertake the day-to-day capital and treasury activities. The Treasury Management strategy is contained within the 2025/26 - 2029/30 Medium Term Financial Plan (MTFP), which is available on the Authority's website. The key elements are:

- The Treasury Management Strategy 2025/26
- The External Debt and Treasury Management Prudential Indicators and Limits for 2025/26 to 2027/28
- The Investment Strategy 2025/26
- The Minimum Revenue Provision (MRP) Statement, which sets out the Authority's policy on MRP.

The Treasury Management Strategy Statement sets out how the Authority's treasury service supports capital decisions, day to day treasury management and the limitations on activity through treasury prudential indicators. The key indicator is the Authorised Limit required by Section 3 of the Local Government Act 2003 and is in accordance with the CIPFA (The Chartered Institute of Public Finance & Accountancy) Code of Practice.

The External Debt and Treasury Management Prudential Indicators and Limits are required by the CIPFA Treasury Management Code of Practice and are identified within the Strategy statement.

The Investment Strategy sets out the Authority's criteria for choosing investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the Ministry of Housing, Communities and Local Government (MHCLG) Guidance on Local Government Investments. The Authority's minimum long-term credit rating requirement is Fitch A- or equivalent.

The Authority's Minimum Revenue Provision (MRP) Statement sets out how the Authority will pay for capital assets through revenue each year as required by Local Authorities (Capital Finance and Accounting) Regulations 2008.

Borrowing:
As already stated, a large proportion of the capital programme is funded by borrowing. When undertaking borrowing, the Authority ensures that its plans are prudent and affordable in both the short and long-term. The Authority adheres to CIPFA's Prudential Code and Treasury Management Guidelines and it determines before the start of each financial year the limits for the next three years on: -

- authorised limit for external debt,
- operational boundary for external debt,
- upper limits on fixed interest rate exposure,
- upper limits on variable interest rate exposure,
- upper and lower limits for the maturity structure of borrowing,
- total principal sums invested for periods longer than 365 days.

The Authority's borrowing with the Public Works Loan Board remained consistent throughout the year at £33.720m. Interest paid during the year on existing long-term borrowing totalled £1.715m.

Balance Sheet Financial Position at 31st March 2026

The net worth (total reserves) of the Authority is shown in the Balance Sheet. From the CIES it can be seen that the Authority's net worth has improved by £57.075m over the year, and as a consequence the current net liability on total reserves has decreased from (£664.232m) to (£607.157m). However, the reason for the net liability (negative reserve) is that a number of reserves making up the net worth relate to technical adjustments arising from the pensions reserve and the capital adjustments reserve, and these reserves are not available to spend. Note 21 provides more detail on unusable reserves. The pensions reserve alone has a net liability of £756.920m reflecting underlying commitments that the Authority has with regards to retirement benefits, however arrangements are in place for funding the pension liability:

- the deficit on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary,
- any shortfall on the Firefighter Pension Schemes is met by grant funding from Central Government and the Authority is only required to cover discretionary benefits when the pensions are actually paid.

Note 38 to the accounts provides detail on the two pension schemes the Authority participates in.

Future Financial Challenge / Corporate Risks

The Authority continues to plan prudently and approved a balanced 2026/27 Budget and five-year medium term financial plan (MTFP) at its meeting on 26th February 2026. In November 2025 the Government published its Local Government Finance Policy Statement for 2026/27 to 2028/29, marking the first multi-year financial settlement for English Councils in over a decade. The settlement provides fixed funding envelopes for the next three financial years, allowing the Authority to transition from year-to-year planning to long-term financial planning.

The MTFP also relies upon some key assumptions around future pay, council tax levels and other factors. Although a deficit is forecast from 2029/30 onwards, there remains significant uncertainty due to potential changes in government funding, the Fair Funding Fire Formula and future pay awards.

The Chancellor of the Exchequer, Rachel Reeves, gave a Spending Review update on the 20th June 2025. Following this, the Ministry for Housing and Communities and Local Government (MHCLG) published its consultation entitled 'Fair Funding Review 2.0', which closed on the 15th August 2025. The Spending Review will include three-year revenue allocations (starting from 2026/27) and coincides with a full business rates reset and revaluation. However, no confirmation of Council Tax referendum principles for fire and rescue authorities were announced. The consultation proposes updating the existing fire formula with new data. The proposed updated Fire Relative Needs Formula (RNF) maintains the structure of the current fire RNF with a basic amount and then a series of weighted top-up allocations.

As with any assumptions, those built into the medium-term financial plan will be at risk from factors beyond the Authority's control, for example, pay awards. If any actual future cost or funding level varies from the MTFP assumption, then the forecast budget position will be affected.

The Authority understands that the recruitment of sufficient firefighters to maintain the required response staffing levels is crucial over the future medium term in light of the fact the Authority may lose over 10% of its current firefighters through natural retirements over the next five years or so. The Authority has established a recruitment reserve so it can fund the required recruitment in advance of the expected retirements over the period.

Explanation of the Key Financial Statements

The accounts consist of the core financial statements grouped together along with detailed disclosure notes. The core financial statements include:

The Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (and rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may differ from the accounting cost. The taxation position is shown in the Expenditure and Funding Analysis and the Movement in Reserves Statement.

The Movement in Reserves Statement (MiRS)7

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in the year of the Authority are broken down between gains and losses incurred in line with generally accepted accounting practices and the statutory adjustments required to return the amount chargeable to council tax (or rents) for the year. The net increase/decrease line shows the statutory General Fund balance movements in the year following those adjustments.

The Balance Sheet

The Balance Sheet shows the value as at the 31st March 2026 of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The Cash Flow Statement

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

Significant Changes in Accounting Policies

Since 2010/11 the Authority is required to prepare its accounts based on International Financial Reporting Standards, the move to an IFRS-based set of accounts resulted in a considerable number of changes in accounting practices and disclosures.

The principal change in the 2025/26 Code relates to the updated requirements for the valuation of Property, Plant and Equipment, including the use of indexation between full revaluations in accordance with the Code of Practice.

The Statement of Accounts have been prepared in accordance with the Code, which is based on International Financial Reporting Standards (IFRS), including the continued application of IFRS 16 Leases following its implementation in 2024/25.

There have been no other material changes to accounting policies or disclosures arising from the 2025/26 Code.

FURTHER INFORMATION

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The Financial Statements

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2024/25 Gross Expenditure £000	2024/25 Gross Income £000	2024/25 Net Expenditure £000		Note	2025/26 Gross Expenditure £000	2025/26 Gross Income £000	2025/26 Net Expenditure £000
86,305	(17,933)	**68,372**	Fire & Rescue Service Operations		73,055	(16,530)	**56,525**
1,113	-	**1,113**	Corporate and Democratic Core		1,081	-	**1,081**
19,671	(19,722)	**(51)**	National Resilience / International Search and Rescue		26,875	(18,079)	**8,796**
-	-	**-**	Non-distributed costs		71	-	**71**
107,089	**(37,655)**	**69,434**	**Cost of services**		**101,082**	**(34,609)**	**66,473**
39	(33,617)	**(33,578)**	Other operating income and expenditure	8	128	(34,102)	**(33,974)**
47,806	(6,581)	**41,225**	Financing and investment income and expenditure	9	51,783	(7,833)	**43,950**
-	(77,716)	**(77,716)**	Taxation and non-specific grant income	10	-	(109,082)	**(109,082)**
		(635)	**(Surplus) or deficit on provision of services**	25			**(32,633)**
		2,407	(Surplus) or deficit on revaluation of fixed assets				(8,423)
		(78,335)	Remeasurement of the net defined benefit liability				(16,019)
		(75,928)	**Other comprehensive income and expenditure**				**(24,442)**
		(76,563)	**Total comprehensive income and expenditure**				**(57,075)**

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in the year of the Authority are broken down between gains and losses incurred with generally accepted accounting practices and the statutory adjustments required to return the amount chargeable to council tax for the year. The net increase/decrease line shows the statutory General Fund balance movements in the year following those adjustments.

	Notes	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31st March 2025		**(17,469)**	**-**	**(14,201)**	**(31,670)**	**695,902**	**664,232**
Movement in reserves during 2025/26							-
Total comprehensive income and expenditure		(32,633)	-	-	**(32,633)**	(24,442)	(57,075)
Adjustments between accounting basis & funding basis under regulations	6	30,261	-	(25,922)	**4,339**	(4,339)	-
Increase or decrease in 2025/26		**(2,372)**	**-**	**(25,922)**	**(28,294)**	**(28,781)**	**(57,075)**
Balance at 31st March 2026 carried forward		**(19,841)**	**-**	**(40,123)**	**(59,964)**	**667,121**	**607,157**

	Notes	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31st March 2024		**(15,874)**	**-**	**(15,028)**	**(30,902)**	**771,697**	**740,795**
Movement in reserves during 2024/25							
Total comprehensive income and expenditure		(635)	-	-	**(635)**	(75,928)	(76,563)
Adjustments between accounting basis & funding basis under regulations	6	(960)	-	827	**(133)**	133	-
Increase or decrease in 2024/25		**(1,595)**	**-**	**827**	**(768)**	**(75,795)**	**(76,563)**
Balance at 31st March 2025 carried forward		**(17,469)**	**-**	**(14,201)**	**(31,670)**	**695,902**	**664,232**

Balance Sheet

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

31st March 2025 £000		Notes	31st March 2026 £000
132,277	Property, plant and equipment	11	140,988
299	Intangible assets	12	443
347	Right of use assets	33	363
132,923	**Long-term assets**		**141,794**
35,597	Short-term investments	13	47,871
1,143	Inventories	14	1,186
20,069	Short-term debtors	15	23,645
11,893	Cash and cash equivalents	13 & 16	21,991
1,065	Assets held for sale	17	265
69,767	**Current Assets**		**94,958**
(999)	Short-term borrowing	-	(1,016)
(17,988)	Short-term creditors	18	(20,342)
(20,962)	Grants receipts in advance	30	(14,384)
(39,949)	**Current liabilities**		**(35,742)**
(745)	Provisions	19	(719)
(33,720)	Long-term borrowing	13	(33,720)
(775,195)	Pension liability	38	(756,920)
(17,313)	Other long-term liabilities	13	(16,808)
(826,973)	**Long-term liabilities**		**(808,167)**
(664,232)	**Net liabilities**		**(607,157)**
(31,670)	Usable reserves	20	(59,964)
695,902	Unusable reserves	21	667,121
664,232	**Total Reserves**		**607,157**

Cash Flow Statement

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

2024/25 £000			2025/26 £000
(635)	Net (surplus) or deficit on the provision of services		(32,633)
(34,623)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	22	(5,424)
3,893	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	22	29,009
(31,365)	**Net cash flows from operating activities**		**(9,048)**
28,741	Investing activities	23	(5,038)
3,965	Financing activities	24	3,988
1,341	**Net (increase) or decrease in cash and cash equivalents**		**(10,098)**
(13,680)	Cash and cash equivalents at the beginning of the reporting period		(11,893)
446	In year adjustment to prior year		-
(11,893)	**Cash and cash equivalents at the end of the reporting period**	**16**	**(21,991)**

Notes to the Core Financial Statements

1. Accounting Policies

i. 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 (England) Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 and the Service Reporting Code of Practice 2025/26, supported by International Financial Reporting Standards (IFRS) and statutory guidance.

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

ii. Going Concern

Local authorities that can only be discontinued under statutory prescription shall prepare their financial statements on a going concern basis of accounting; that is, the financial statements shall be prepared on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption that the financial statements shall be prepared on a going concern basis of accounting. The 2025/26 Statement of Accounts have been prepared on a going concern basis.

iii. 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 accordance with section 2.7 of IFRS 15. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure 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 accrual 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 may not be collected.

iv. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of no more than 24 hours. Cash equivalents are highly liquid investments that mature in a specified period; no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

v. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

There were no prior year adjustments for 2025/26.

vi. Charges to Revenue for Non-current Assets

Front line services and support services are charged 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 assets attributable to the service.

In accordance with the Code of Practice the Authority is able to adopt its own de minimis policy for recognition, measurement and depreciation of capital expenditure, providing it meets the definition of capital expenditure above. The Authority's de minimis level is £3,000 per capital scheme.

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, impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance MRP or loans fund principal, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement to reflect the difference between the two.

vii. Employee Benefits

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, paid sick leave 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 that 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 surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

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 or, where applicable, to the non-distributed costs line 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.

Post-employment Benefits

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

- The Firefighters Pension Schemes for uniformed employees, administered by LPP – Local Pension Partnership (LPP, PO Box 1382, Preston, Lancashire, PR2 0WQ).
- The Local Government Pensions Scheme for civilian employees, administered by Wirral Borough Council through Merseyside Pension Fund (Merseyside Pension Fund, Castle Chambers, 43 Castle Street, Liverpool, L2 9SH).

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Firefighters Pension Scheme

The Firefighters Pension Scheme is an unfunded scheme, meaning that there are no investment assets built up to meet pension liabilities. Cash has to be generated to meet actual pension payments as they fall due. The Government changed the funding mechanism for this scheme in 2006/07. This alleviated concerns about the possibility of large year on year fluctuations on local taxpayers by creating a pension fund account. The primary objective is to allow the separation of the cost of providing pensions from the cost of running a fire and rescue service.

Transactions in the Firefighters Pension Fund include:

Credits to the Pension Fund

- Employees' contributions from firefighters
- Transfer values received from other authorities
- The employer's contributions due from the Authority
- Additional contributions required from the Authority for ill health retirements.

Debits to the Pension Fund

- Awards payable under any provision of the pension scheme
- Transfer values payable to other authorities
- Any repayment to the Authority of contributions towards ill health retirements.

The Pension fund account is balanced to zero by either:

- Crediting a top-up grant receivable from the Ministry of Housing, Communities and Local Government where income to the fund is less than its expenditure.
- Debiting an amount payable to the Ministry of Housing, Communities and Local Government where the expenditure of the fund is less than its income.

Firefighters' Injury Schemes

Under the Firefighters 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. The Authority is required to recognise a liability for future injury benefits based on actuarial estimates of future payments. The liability is based on an estimate of future benefits earned by members, and movements in the liability are treated in the same way as for the Firefighters pension schemes.

The Local Government Pension Scheme

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

- The liabilities of the Merseyside Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of future earnings for current employees.
- Liabilities are discounted to their present value using a discount rate determined by reference to market yields at the Balance Sheet date on high quality corporate bonds.
- The assets of Merseyside Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.
- Where the scheme is in surplus, the net defined benefit asset recognised is limited to the extent that economic benefits are available to the Authority in the form of refunds from the scheme or reductions in future contributions, in accordance with IAS 19 and IFRIC 14.

The change in the net pension liability (or asset) is analysed into the following components:

- 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 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 benefit 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.
- 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
  - contributions paid to the Merseyside Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension 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 pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and funding benefits in accordance with statutory provisions.

Where a surplus arises within the Local Government Pension Scheme, the Authority assesses the extent to which the surplus is recoverable through refunds or reductions in future contributions. Any restriction arising from the asset ceiling is recognised in accordance with IAS 19 and IFRIC 14.

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.

viii. 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 events can be identified:

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

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

ix. 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, 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 (CIES) 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.

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

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund balance is managed by a transfer to or from the financial instrument adjustment account in the Movement in Reserves Statement.

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. There are three main classes of financial assets, measured at:

- amortised cost, and
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The Authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Other Comprehensive Income

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

Financial Assets Measured at Fair Value through Profit or Loss

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

Fair Value Measurement of Financial Assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Authority's financial assets are based on the following techniques:

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

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

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

The Authority entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the statement of accounts to the extent that provisions might be required or a contingent liability note is needed under the policies set out in the section on Provision, Contingent Liabilities and Contingent Assets.

x. Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31st March. Resulting gains or losses are recognised in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

xi. 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 contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or taxation and non-specific grant income (non-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.

xii. 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 (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

xiii. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula. The Authority holds inventories of uniforms, smoke alarms, consumable items and vehicle parts.

xiv. Long-term Contracts

Long-term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the value of works and services received under the contract during the financial year.

xv. Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangements have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Authority as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

xvi. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. Where a lease covers land and buildings the land building elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

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

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options. The lease term includes periods covered by extension options where the Authority is reasonably certain to exercise the option and excludes periods covered by termination options where the Authority is reasonably certain not to exercise the option.

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

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise

- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early

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

Subsequent measurement

Following initial recognition, right-of-use assets are measured in accordance with the subsequent measurement requirements applicable to the underlying class of property, plant and equipment under the Code. For operational assets this is generally current value. Where appropriate, depreciated historical cost is used as a proxy for current value. The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

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

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

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

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

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

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

The Authority as Lessor

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

Finance leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

xvii. Overheads and Support Services

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

xviii. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the capital adjustment account in the Movement in Reserves Statement.

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

- 21 Community Fire Stations (plus 1 Marine Rescue Station) are measured on a Depreciated Replacement Cost basis as the property is classed as specialised with no readily made market available.
- the balance of the property portfolio consisting of Headquarters, Training Academy, Fire Control Centre, Engineering Centre of Excellence and Houses are valued on a current value basis as buildings could be used for alternative purposes.
- assets under construction are valued on depreciated historical cost basis
- all other assets are measured at the current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

From 1st April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexation, authorities revalue their assets every five years, with annual indexation applied to assets during the four intervening years. Where authorities cannot obtain indices without undue cost of effort, authorities revalue those assets using a quinquennial revaluation, with a desktop revaluation in year three.

Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service

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

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

<u>Impairment</u>

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

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

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Buildings – straight-line allocation over the remaining life of the property as estimated by the valuer. The remaining life of the buildings range from 14 – 50 years
- Vehicles, plant and equipment – straight-line allocation over the remaining useful life as estimated by a suitably qualified officer. Vehicles are depreciated over 5 – 20 years and plant and equipment is depreciated over 3 – 25 years
- Land – depreciation is not applied to land
- No residual value is accounted for.

Where an asset comprises significant components with materially different useful economic lives, those components are depreciated separately. As a guide, components exceeding 10% of the asset value are reviewed for separate depreciation, although components below this threshold may also be separately identified where differences in useful lives are considered material.

Depreciation commences when an asset is available for use and ceases upon derecognition or when classified as held for sale.

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

Disposals and Non-current Assets Held for Sale

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

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale; and their recoverable amount at the date of the decision not to sell.

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account.

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

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

xix. Private Finance Initiative (PFI) and Similar Contracts

The Authority leads a North West PFI project, which replaced sixteen fire stations across Merseyside, Lancashire and Cumbria. Merseyside Fire & Rescue Service built seven new PFI Stations. The building programme for Merseyside started in April 2011, with the first station opening in April 2012 and the last station opening July 2013.

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

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets when recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority.

The amounts payable to the PFI operator each year are analysed into the following elements:

- **fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- **finance cost** – interest is charged on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **payment towards liability** – applied to reduce the outstanding PFI liability recognised on the Balance Sheet. The allocation between finance costs and liability repayment is determined using the effective interest method.
- **lifecycle replacement costs** – where payments relate to future lifecycle replacement obligations, amounts are recognised initially as a prepayment. The prepayment is subsequently released and recognised as additions to property, plant and equipment when qualifying replacement works are undertaken.

The Authority adopted the IFRS 16 Leasing Accounting Standard at 1st April 2024. Whilst IFRS16 does not alter the classification or accounting treatment of PFI arrangements, the 2024/25 CIPFA Code requires the measurement principles of IFRS 16 to be applied to the lease liability element of PFI contracts. Consequently, where future lease payments are subject to indexation, the PFI liability is remeasured when changes in the relevant index or rate affect future contractual payments. Any resulting adjustment to the liability is reflected as a corresponding adjustment to the carrying value of the related PFI asset, subject to the asset not being reduced below nil.

xx. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place on or before the Balance Sheet date:

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

If it's not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive

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

Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

Contingent Liabilities

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

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

Contingent Assets

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

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

xxi. 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, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

xxii. Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the capital adjustment account then reverses out the amounts charged so that there is no impact on the level of council tax.

xxiii. VAT

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

xxiv. Local Taxation

Council Tax

In their capacity as billing authorities the District Councils of Knowsley, Liverpool, Sefton, St Helens and Wirral act as agents: they collect and distribute council tax income on behalf of the major preceptors and themselves. The cash collected by the billing authorities from council tax debtors belongs proportionately to the billing authorities and the major preceptors. There will therefore be a debtor/creditor position between the billing authorities and the Fire Authority to be recognised since the net cash paid to the Fire Authority in the year will not be its share of cash collected from council taxpayers.

National Non-Domestic Rates (NNDR)

From the 1st April 2013 the billing authorities of Knowsley, Liverpool, Sefton, St Helens and Wirral collect National Non Domestic Rates (NNDR) income on behalf of Central Government and the Fire Authority as well as themselves. The relevant shares of NNDR income are allocated between Central Government, the billing authorities and major precepting authorities in accordance with the Business Rates Retention Scheme and the applicable regulations in force for the financial year. Billing authorities retain a statutory cost of collection allowance before the remaining income is apportioned between Central Government, billing authorities and major precepting authorities. The NNDR cash collected by the billing authority belongs proportionately to Central Government, the District Council and the Fire Authority; there will therefore be a debtor/creditor position between these parties to be recognised since the net cash paid in the year to each party will not be their share of the cash collected from business ratepayers.

For both council tax and NNDR, the income reflected in the CIES in year is the Fire Authority’s share of the income relating to that year. However, the amount of council tax / NNDR income that can be credited to the General Fund for the year is determined by statute and may be different from the accrued income position shown in the CIES. The difference between the income recognised under proper accounting practice and the amount required by the statute is adjusted through the Movement in Reserves Statement and reflected in the Collection Fund Adjustment Account.

Prior to the 1st April 2013, the Districts Councils collected NNDR solely on behalf of Central Government and not the Fire Authority.

2. Accounting Standards that have been Issued but Not Yet Adopted

The CIPFA Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. In addition, the Code requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. At 31st March 2026 the following new standards and amendment to existing standards have been published but not yet adopted

a) **FRS 102 The Financial Reporting Standard** – issued in March 2024. This relates to amendments to heritage assets

b) **IFRS 7 Financial Instruments: Disclosures and IFRS 7 Disclosures –** issued in May 2024. This relates to amendments to the classification and measurement of financial instruments.

c) Annual improvements to **IFRS Accounting Standards** – volume 11 issued in July 2024

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

The Authority has reviewed the likely effects of both the above and believe the overall impact to be immaterial.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the statement of accounts are:

- No Residual Value of Assets - The Authority assumes that the residual value of all property plant and equipment will be nil when they are de-commissioned, as the assets are held to provide a service rather than for resale at the end of their useful life. The Authority has determined that the amounts received when assets are decommissioned are negligible and depend on the market demand for the assets at time of disposal.
- Property valued at Depreciated Replacement Cost – Following the amendments to IAS 16 Property Plant and Equipment, the Authority continues to measure its fire stations that are subject to a full review at depreciated replacement cost, as there is no market-based evidence of fair value because of the specialist nature of the assets. All other properties are valued using appropriate indices.
- National Resilience – The Authority is the Lead Authority for National Resilience, on behalf of the MHCLG. This arrangement has been reviewed against IFRS 11 on joint arrangements and it has been determined that this falls outside of the scope of a joint arrangement. Under IFRS 15, and for the purpose of the accounts, the Authority has determined that it is the principal body and is not acting as an agent.

4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The statement of accounts contains estimated figures that are based on assumptions made by the authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. The assumptions and other sources of estimation uncertainty disclosed below relate to the estimates that require the authority's most difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. As a result, balances cannot be determined with certainty and 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 adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets are reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £0.166m for every year that useful lives have to be reduced.
	Assets are valued on a five year rolling basis, supported by indexation adjustments in years where assets are not valued. Where the Authority is unable to obtain a suitable index, a desktop revaluation of the asset is carried out in year three of the five-year cycle.	Land and building revaluations increased by £7.9m to £127.7m and therefore a 1% change in valuation would result in an increase/decrease in valuation of £1.277m
Pensions	Estimation of the net liability to pay pensions depends on a number of complex judgements, including the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice on the assumptions to be applied. (Note 38) **Unquoted Investments** Continued market volatility, inflationary pressures and changes in interest rates may impact the level of estimation uncertainty associated with the valuation of illiquid and unquoted investments. Valuations have been updated based on the information available as at 31st March 2026. Hedge funds are valued at fair value based on net asset values provided by the administrators of the underlying funds, with adjustments were considered necessary by fund managers or independent administrators. As these investments are not publicly listed, a degree of estimation is involved in determining their valuation. Direct property and pooled property funds are valued using appropriate valuation techniques. Where possible, these valuations are based on observable market data; where this is not available, valuations incorporate unobservable inputs reflecting the best information available to fund management.	The estimates and assumptions involve many variables all of which interact in complex ways and will have an impact on figures produced by professional actuaries. If pension's liability were to change by 1%, this would result in a gain/loss of £7.56m. The effects on the net pensions liability for changes in the assumptions used have been evaluated for their potential impact (see page 84 for potential changes in assumptions of 0.1%). An additional impact has been included for Investment returns on the LGPS.

5. Events After the Reporting Period

The statement of accounts was authorised for issue by the Director of Finance and Procurement on 30th June 2026. Events taking place after this date are not reflected in the financial statements or notes. There are no events after the Balance Sheet date of 31st March 2026 to be reported.

6. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

Adjustments between Accounting Basis and Funding Basis under Regulations 2025/26

2025/26	General Fund	Capital Receipts	Capital Grants Unapplied	Unusable Reserves
Depreciation, impairment and revaluation losses (charged to Surplus or Deficit on the Provision of Services) of non-current assets	(4,864)	-	-	4,864
Transfer of non-current asset sale proceeds from revenue to the capital reserve	874	(874)	-	-
Statutory provision for the repayment of debt (transfer to the capital adjustment account)	6,451	-	-	(6,451)
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	5,457	-	-	(5,457)
Pensions costs (transferred to (or from) the pensions reserve)	2,256	-	-	(2,256)
Financial instruments (transferred to the financial instruments adjustments account)	(23)	-	-	23
Council Tax and NNDR (transferred to the collection fund adjustments account)	(272)	-	-	(272)
Holiday pay (transferred to the accumulated absences reserve)	40	-	-	(40)
Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account):	20,342	-	(31,420)	11,078
Application of capital grants to finance capital expenditure	-	-	5,498	(5,498)
Use of the capital receipts reserve to finance capital expenditure	-	874	-	(874)
Total Adjustments	**30,261**	**-**	**(25,922)**	**(4,339)**

Adjustments between Accounting Basis and Funding Basis under Regulations 2024/25

2024/25	General Fund	Capital Receipts	Capital Grants Unapplied	Unusable Reserves
Depreciation, impairment and revaluation losses (charged to Surplus or Deficit on the Provision of Services) of non-current assets	(14,153)	-	-	14,153
Transfer of non-current asset sale proceeds from revenue to the capital reserve	(3,711)	3,711	-	-
Statutory provision for the repayment of debt (transfer to the capital adjustment account)	6,496	-	-	(6,496)
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	8,920	-	-	(8,920)
Pensions costs (transferred to (or from) the pensions reserve)	2,555	-	-	(2,555)
Financial instruments (transferred to the financial instruments adjustments account)	(22)	-	-	22
Council Tax and NNDR (transferred to the collection fund adjustments account)	78	-	-	(78)
Holiday pay (transferred to the accumulated absences reserve)	350	-	-	(350)
Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account):	(1,473)	-	(3,420)	4,893
Application of capital grants to finance capital expenditure	-	-	4,247	(4,247)
Use of the capital receipts reserve to finance capital expenditure	-	(3,711)	-	3,711
Total Adjustments	**(960)**	**-**	**827**	**133**

7. Movements in Earmarked Reserves

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

2025/26	Balance at 31st March 2024 £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Balance at 31st March 2025 £000	Transfers Out 2025/26 £000	Transfers In 2025/26 £000	Balance at 31st March 2026 £000
Emergency Related Reserves:							
Bellwin Reserve	**222**	-	-	**222**	-	-	**222**
Insurance and Legal Reserve	**534**	-	-	**534**	-	315	**849**
Collection Fund Reserve	**100**	-	-	**100**	-	-	**100**
Modernisation Challenge:							
Smoothing Reserve	**1,400**	-	-	**1,400**	-	-	**1,400**
Severance / Holiday Pay Reserve	**680**	(680)	-	**-**	-	-	**-**
Pensions Reserve	**300**	-	-	**300**	-	-	**300**
Recruitment Reserve	**1,814**	-	-	**1,814**	-	-	**1,814**
Carbon Net Zero Reserve	**-**	-	2,000	**2,000**	-	-	**2,000**
Capital Investment:							
Capital Investment Reserve	**3,162**	(3,242)	3,461	**3,381**	(2,078)	2,237	**3,540**
Emerging Technologies Reserve	**42**	(42)	-	**-**	-	-	**-**
PFI Annuity Reserve	**1,304**	(69)	-	**1,235**	(69)	-	**1,166**
Specific Projects:							
Health & Safety Reserve	**55**	-	2	**57**	-	-	**57**
Equipment Reserve	**349**	(11)	162	**500**	(40)	255	**715**
Clothing Reserve	**90**	-	-	**90**	-	1,350	**1,440**
Health & Wellbeing Reserve	**30**	(23)	-	**7**	-	-	**7**
Training Reserve	**300**	(30)	-	**270**	-	2	**272**
Inflation:							
Inflation Reserve	**1,200**	-	-	**1,200**	-	-	**1,200**
Total	**11,582**	**(4,097)**	**5,625**	**13,110**	**(2,187)**	**4,159**	**15,082**
Ringfenced Reserves:							
Community Risk Management Reserve	257	(12)	8	**253**	(24)	5	**234**
Energy Reserve	258	(204)	56	**110**	-	-	**110**
New Dimensions Reserve	77	-	19	**96**	-	19	**115**
Total	**592**	**(216)**	**83**	**459**	**(24)**	**24**	**459**
Total Committed Reserves	**12,174**	**(4,313)**	**5,708**	**13,569**	**(2,211)**	**4,183**	**15,541**

Bellwin Reserve

This reserve is set aside for expenditure in exceptional circumstances, which is below the threshold for Central Government assistance under the Bellwin scheme.

Insurance and Legal Reserve

Due to an Authority decision to increase self-insurance, a reserve has been set up to hedge against the risk of unidentified future claims. A specific provision is made for claims that have already been lodged. This was increased in 2025/26 to cover further long-term uncertainties following the latest report and accounts of Municipal Mutual Insurance Limited (MMI).

Collection Fund Reserve

The Collection Fund Reserve has been established to carry forward the Government grants so they can be drawn down into the General Fund to cover the anticipated Collection Fund charges.7

Smoothing Reserve

This reserve is used to support the significant financial challenges that the Authority faces as public spending is reduced. It is intended to smooth out expenditure patterns when savings take time to deliver and to help avoid firefighter redundancies.

Severance / Holiday Reserve

The Service has finalised an agreement with representative bodies over the rate, and number of years back pay, it pays eligible staff to meet the requirements of case law for pay during periods of holidays to reflect normal earning rather than being paid as flat as has been the case historically.

The reserve has now been fully utilised and future payments will be made from in year funding.

Pensions Reserve

This reserve was created to contribute towards the cost of any ill health retirements the Authority may have. The Authority is required to contribute towards the pension costs when a firefighter retires on ill health over a three-year period. Also due to recent changes in commutation factors for firefighters in terms of any backdated claims.

Recruitment Reserve

Current firefighter retirement rates will see over 10% of firefighters retire over the next five years. As it takes almost a year to train a firefighter across the full range of competencies this reserve has been established to allow the recruitment of firefighters in advance of expected retirements in order to allow effective succession planning.

Carbon Net Zero Reserve

This reserve was created to contribute towards the costs associated with investing in carbon zero renewables and initiatives, to reduce carbon emissions and reduce energy costs.

Capital Investment Reserve

This reserve was created to contribute towards the costs associated with large strategic capital schemes and reduce the level of unsupported borrowing.

Emerging Technologies Reserve

This reserve has been created to invest in Information Technology within the Fire & Rescue Service.

PFI Annuity Reserve

This reserve was created to account for the differences in PFI credits received from the Government and actual payments to the PFI contractor.

Health & Safety Reserve

This reserve was created to assist the Authority's investment in health and safety issues in the workplace.

Equipment Reserve

This reserve was created to fund the purchase of equipment, furniture and small community based schemes.

Clothing Reserve

This reserve has been created for investment in fire clothing/boots/helmets. There is expected to be an imminent substantial investment in clothing so the reserve was increased to cover the increased costs.

Health & Wellbeing Reserve

To improve community health where it links to fire & rescue service outcomes and to exploit and maximise opportunities and initiatives.

Training Reserve

This reserve has been created to allow additional resources and training for the additional costs required for emergency services collaboration.

Inflation Reserve

To cope with variations in pay and price inflation compared to the rates assumed in the financial plan. This reserve would provide short-term funding for any excessive inflationary cost. The Authority considers the longer-term funding of higher pay costs as part of the following year's budget process.

Ringfenced Reserves

The Authority has a number of ring-fenced reserves for specific initiatives for which dedicated funding / resources have been earmarked. These schemes often cover more than one financial year and therefore these reserves were created to cover the planned spend over future years.

8. Other Operating Income and Expenditure

2024/25 £000		2025/26 £000
39	(Gains)/losses on the disposal of non-current assets	128
(33,617)	Government grant payable to Pension Fund on Authority's behalf	(34,102)
(33,578)	**Total**	**(33,974)**

9. Financing and Investment Income and Expenditure

2024/25 £000		2025/26 £000
3,240	Interest payable and similar charges	3,312
44,566	Pensions interest cost	48,471
(4,941)	Expected return on pensions assets	(5,965)
(1,640)	Interest receivable and similar income	(1,868)
41,225	**Total**	**43,950**

10. Taxation and Non-Specific Grant Income

2024/25 £000		2025/26 £000
(36,008)	Council tax income	(38,224)
(4,430)	National non-domestic rates (local share)	(5,123)
-	National non-domestic rates pool	-
(17,229)	National non-domestic rates top up grant	(17,401)
(16,629)	Revenue support grant	(16,914)
(3,420)	Capital grants and contributions	(31,420)
(77,716)	**Total**	**(109,082)**

11. Property, Plant and Equipment

Movements in 2025/26:

	Land & Buildings £000	Assets Under Construction £000	Vehicles & Equipment £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property Plant and Equipment £000
Cost or valuation					
At 1st April 2025	**119,776**	**-**	**25,916**	**145,692**	**35,166**
Additions	449	-	3,299	3,748	7
Donations	-	-	-	-	-
Revaluation increases/(decreases) recognised in the revaluation reserve	7,359	-	-	7,359	2,482
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	-	-	-	-	-
Derecognition – disposals	14	-	-	14	-
Derecognition – other	-	-	(2,237)	(2,237)	-
Assets reclassified (to)/from held for sale	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-
At 31st March 2026	**127,598**	**-**	**26,978**	**154,576**	**37,655**

	Land & Buildings £000	Assets Under Construction £000	Vehicles & Equipment £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property Plant and Equipment £000
Accumulated depreciation and impairment					
At 1st April 2025	**39**	**-**	**(13,454)**	**(13,415)**	**(2,580)**
Depreciation charge	(3,414)	-	(2,371)	(5,785)	(1,140)
Depreciation written out to the revaluation reserve	3,414	-	-	3,414	1,140
Depreciation written out to the surplus/deficit on the provision of services	-	-	-	-	-
Impairment losses/(reversals) recognised in the revaluation reserve	-	-	-	-	-
Impairment losses/(reversals) recognised in surplus/deficit on the provision of services	-	-	-	-	-
Derecognition – disposals	(39)	-	-	(39)	-
Derecognition – other	-	-	2,237	2,237	-
Assets reclassified (to)/from held for sale	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-
At 31st March 2026	**-**	**-**	**(13,588)**	**(13,588)**	**(2,580)**

	Land & Buildings £000	Assets Under Construction £000	Vehicles & Equipment £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property Plant and Equipment £000
Net book value					
At 31st March 2026	**127,598**	**-**	**13,390**	**140,988**	**35,075**
At 31st March 2025	**119,815**	**-**	**12,462**	**132,277**	**32,586**

	Land & Buildings £000	Assets Under Construction £000	Vehicles & Equipment £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property Plant and Equipment £000
Nature of asset holding					
Owned	89,406	-	13,390	102,796	-
Finance lease	3,117	-	-	3,117	-
PFI	35,075	-	-	35,075	35,075
Total	**127,598**	**-**	**13,390**	**140,988**	**35,075**

Property, Plant and Equipment

Comparative Movements in 2024/25:

	Land & Buildings £000	Assets Under Construction £000	Vehicles & Equipment £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property Plant and Equipment £000
Cost or valuation					
At 1st April 2024	**96,924**	**37,440**	**24,179**	**158,543**	**33,130**
Additions	4,326	1,452	3,236	9,014	19
Donations	-	-	-	-	-
Revaluation increases/(decreases) recognised in the revaluation reserve	(4,871)	-	-	(4,871)	(563)
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(10,033)	-	-	(10,033)	2,580
Derecognition – disposals	(39)	-	-	(39)	-
Derecognition – other	-	-	(1,499)	(1,499)	-
Assets reclassified (to)/from held for sale	(5,423)	-	-	(5,423)	-
Other movements in cost or valuation	38,892	(38,892)	-	-	-
At 31st March 2025	**119,776**	**-**	**25,916**	**145,692**	**35,166**
Accumulated depreciation and impairment					
At 1st April 2024	**-**	**-**	**(12,519)**	**(12,519)**	**-**
Depreciation charge	(2,748)	-	(2,434)	(5,182)	(761)
Depreciation written out to the revaluation reserve	2,748	-	-	2,748	761
Depreciation written out to the surplus/deficit on the provision of services	-	-	-	-	(2,580)
Impairment losses/(reversals) recognised in the revaluation reserve	-	-	-	-	-
Impairment losses/(reversals) recognised in surplus/deficit on the provision of services	-	-	-	-	-
Derecognition – disposals	39	-	-	39	-
Derecognition – other	-	-	1,499	1,499	-
Assets reclassified (to)/from held for sale	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-
At 31st March 2025	**39**	**-**	**(13,454)**	**(13,415)**	**(2,580)**
Net book value					
At 31st March 2025	**119,815**	**-**	**12,462**	**132,277**	**32,586**
At 31st March 2024	**96,924**	**37,440**	**11,660**	**146,024**	**33,130**
Nature of asset holding					
Owned	84,295	-	12,462	96,757	-
Finance lease	2,934	-	-	2,934	-
PFI	32,586	-	-	32,586	32,586
Total	**119,815**	**-**	**12,462**	**132,277**	**32,586**

The Authority as a Lessee – Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor

Depreciation

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

- Buildings – straight-line allocation over the remaining life of the property as estimated by the valuer. The remaining life of the buildings range from 14 – 50 years
- Vehicles, plant and equipment – straight-line allocation over the remaining useful life as estimated by a suitably qualified officer. Vehicles are depreciated over 5 – 20 years and plant and equipment is depreciated over 3 – 25 years
- Land – depreciation is not applied to land
- No residual value is accounted for

Depreciation / Impairment Reconciliation 2025/26

The analysis below gives a complete breakdown of all depreciation charges, impairments and reversal of prior year impairments and revaluation losses.

	I&E Account	MIRS Reversal	Fixed Assets	Intangible Assets	AHFS	Revaluation Reserve
	£000	£000	£000	£000	£000	£000
Depreciation						
Fixed assets	5,910	(5,910)	(5,910)	-	-	-
Intangible assets	313	(313)	-	(313)	-	-
Total	**6,223**	**(6,223)**	**(5,910)**	**(313)**		
Impairments & Revaluation Losses						
(Gain)/loss on Assets Sold	128	(128)	-	-	128	-
General impairments (L&B)	-	-	-	-	-	-
Revaluation losses (L&B New Build)	-	-	-	-	-	-
Total	**128**	**(128)**	**-**	**-**	**128**	**-**
Grand Total	**6,351**	**(6,351)**	**(5,910)**	**(313)**	**128**	**-**
Revaluations						
Revaluation in/out in year to CAA	-	-	-	-	-	1,342
Revaluation gain/loss	-	-	10,773	-	-	(10,773)
Reversal of PY impairments	-	-	-	-	-	-
Reversal of PY revaluation gain	(2,351)	2,351	-	-	-	2,351
Net (gain)/loss	**(2,351)**	**2,351**	**10,773**	**-**	**-**	**(7,080)**

Comparative Depreciation / Impairment Reconciliation 2024/25

The analysis below gives a complete breakdown of all depreciation charges, impairments and reversal of prior year impairments and revaluation losses.

	I&E Account £000	MIRS Reversal £000	Fixed Assets £000	Intangible Assets £000	AHFS £000	Revaluation Reserve £000
Depreciation						
Fixed assets	5,182	(5,182)	(5,182)	-	-	-
Intangible assets	226	(226)	-	(226)	-	-
Total	**5,408**	**(5,408)**	**(5,182)**	**(226)**	**-**	**-**
Impairments & Revaluation Losses						
(Gain)/loss on Assets Sold	608	(608)	-	-	608	-
General impairments (L&B)	-	-	-	-	-	-
Revaluation losses (L&B New Build)	10,033	(10,033)	10,033	-	-	-
Total	**10,641**	**(10,641)**	**10,033**	**-**	**608**	**-**
Grand Total	**16,049**	**(16,049)**	**4,851**	**(226)**	**608**	**-**
Revaluations						
Revaluation in/out in year to CAA	-	-	-	-	-	3,562
Revaluation gain/loss	-	-	(2,123)	-	-	2,123
Reversal of PY impairments	-	-	-	-	-	-
Reversal of PY revaluation gain	(284)	284	-	-	-	284
Net (gain)/loss	**(284)**	**284**	**(2,123)**	**-**	**-**	**5,969**

Capital Commitments

At 31st March 2026, the Authority had entered into a number of contracts for the construction or enhancement of property, plant and equipment. The value of these commitments in 2025/26 and future years is £27.9m. Similar commitments at 31st March 2025 were £4.4m. The commitments can be analysed as follows:

- Building Schemes £ 0.4m
- Equipment and ICT Schemes £ 0.1m
- Vehicles £ 3.6m
- National Resilience (NRAT) £ 23.8m

£ 27.9m

Effects of Changes in Estimates

The Authority sold three properties in 2025/26, a unit at Vesty 5a, Vesty Road, Richie Avenue Consumable stores and a house at Borron Road, Newton-le-Willows.

There is one property that is classed as an asset held for sale as at 31st March 2026.

Revaluations

The Authority ensures that all property, plant and equipment to be measured at current value is subject to one of the following processes:

- A quinquennial revaluation, supplemented by annual indexation in intervening years.
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the intervening years.
- For non-property assets only, appropriate indices

From 1st April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexation, authorities revalue their assets every five years, with annual indexation applied to assets during the four intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation with a desktop revaluation in year three.

All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment were based on current prices where there was an active second-hand market or latest list prices adjusted for the condition of the asset.

The assumptions applied in estimating the current values of property, plant and equipment are:-

- The land is valued on an existing use basis, assuming that it would not be sold for a more valuable alternative use
- There is no allowance for fixtures, fittings or furnishings beyond what is standard; however, in assessing the extent of the buildings structure, services and fittings, reasonable assumptions are made in respect of the inclusion of items that are permanent fixtures and annexation to the structure and are insured to the benefit of the Authority.

The indices used for the revaluation of those properties not undergoing a full revaluation are: -

- Fire stations – BCIS 372 Fire stations
- Training and Development Academy – BCIS 372.6 Fire training buildings
- Headquarters / Joint Control Centre – CoStar offices
- Workshops – CoStar industrial
- Low Level Activity Risk houses – Land registry

Componentisation

After consulting with the fire & rescue service valuers (MC and Co Chartered Surveyors) we have concluded that no material changes to depreciation would be incurred by componentisation and that all components have a similar asset life or their values are not material. All fire stations have been valued on a depreciated replacement cost basis as there is no market value and the balance of property has been valued on a current value basis.

The Authority has a range of assets, including fire stations, PFI stations, specialist buildings (HQ, training academy, workshops etc) and domestic properties. All properties have a full valuation every 5 years, unless there is a significant impairment or modification that would likely result in a substantial change to the valuation.

	Land and Buildings £000	Assets Under Construction £000	Vehicles & Equipment £000	Total £000
Carried at historical cost	-	-	13,390	**13,390**
Valued at Depreciated Replacement Cost (DRC) at:				
31st March 2026	89,946	-	-	**89,946**
Values at current value as at:				
31st March 2026	37,652	-	-	**37,652**
Total cost or valuation	**127,598**	**-**	**13,390**	**140,988**

12. Intangible Assets

The Authority accounts for its 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 of property, plant and equipment. The intangible assets include purchased licenses only. As at 31st March 2026 the value of intangible assets (gross carrying amount less accumulated amortisation) was £443,000.

13. Financial Instruments

Categories of Financial Instruments

The following categories of financial instruments are carried on the Balance Sheet.

	Non-Current		Current	
	2025/26	2024/25	2025/26	2024/25
	£000	£000	£000	£000
Financial assets				
Investments at amortised cost	-	-	47,871	35,597
Cash & bank	-	-	21,991	11,893
Total Investments	**-**	**-**	**69,862**	**47,490**

Debtors				
Debtors at amortised cost	-	-	9,344	5,378
Non-financial instruments	-	-	14,301	14,691
Total included in debtors	**-**	**-**	**23,645**	**20,069**

Financial liabilities				
Financial liabilities at amortised cost (PWLB)	(33,720)	(33,720)	-	-
Bank overdraft	-	-	-	-
Total borrowings	**(33,720)**	**(33,720)**	**-**	**-**
Other liabilities				
Merseyside Residual Debt at amortised cost	-	-	-	(39)
Total other liabilities	**-**	**-**	**-**	**(39)**
Creditors				
Creditors at amortised cost	-	-	(5,785)	(5,511)
Non-financial instruments	-	-	(14,557)	(12,477)
Total creditors	**-**	**-**	**(20,342)**	**(17,988)**
PWLB interest carried at amortised cost	-	-	(332)	(332)
Liabilities not classed financial instruments				
Finance lease liabilities at amortised cost	(258)	(238)	-	-
PFI finance lease liabilities	(16,550)	(17,075)	(680)	(624)
Total borrowing	**(50,528)**	**(51,033)**	**(21,354)**	**(18,983)**

Income, Expense, Gains and Losses

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

	2025/26		2024/25	
	Surplus or Deficit on the Provision of Services £000	**Other Comprehensive Income and Expenditure £000**	**Surplus or Deficit on the Provision of Services £000**	**Other Comprehensive Income and Expenditure £000**
Net gains/losses on:				
• Financial assets measured at fair value through profit or loss	-	-	-	-
• Financial assets measured at amortised cost	-	-	-	-
• Investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-
Total net gains/losses	**-**	**-**	**-**	**-**
Interest revenue:				
• Financial assets measured at amortised cost	(1,868)	-	(1,640)	-
• Other financial assets measured at fair value through other comprehensive income	-	-	-	-
Total interest revenue	**(1,868)**	**-**	**(1,640)**	**-**
Interest expense	**3,312**	**-**	**3,240**	**-**
Fee income:				
• Financial assets or financial liabilities that are not at fair value through profit or loss	-	-	-	-
• Trust and other fiduciary activities	-	-	-	-
Total fee income	**-**	**-**	**-**	**-**
Fee expense:	-	-	-	-
• Financial assets or financial liabilities that are not at fair value through profit or loss	-	-	-	-
• Trust and other fiduciary activities	-	-	-	-
Total fee expense	**-**	**-**	**-**	**-**

Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- actual ranges of interest rates at 31st March 2026 of 4.25% to 8.63% for loans from the Public Works Loan Board (PWLB)
- no early repayment or impairment is recognised
- where an instrument will mature in the next twelve months, carrying amount is assumed to be approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values calculated are as follows:

	31st March 2026		31st March 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
PWLB Short & long-term loans	33,720	33,075	33,720	34,541
PFI Liability	17,229	17,956	17,699	18,474

The PWLB fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31st March 2026) arising from a commitment to pay interest to lenders above current market rates.

The PFI fair value of the liability is higher than the carrying amount and is defined as the price that would be paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The fair value of the Merseyside residual debt is taken to be the same as the amount of principal outstanding.

Short-term debtors and creditors are carried at cost, as this is a fair approximation of their value.

Short-term investments carrying amount is assumed to be approximate to fair value.

14. Inventories

	Clothing / Consumable Stores		Diesel / Maintenance Materials		Total	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
	£000	£000	£000	£000	£000	£000
Balance outstanding at start of year	**1,024**	**1,027**	**119**	**115**	**1,143**	**1,142**
Purchases	643	498	911	883	1,554	1,381
Recognised as an expense in the year	(621)	(501)	(890)	(879)	(1,511)	(1,380)
Written-off balances	-	-	-	-	-	-
Reversals of write-offs in previous years	-	-	-	-	-	-
Balance outstanding at year-end	**1,046**	**1,024**	**140**	**119**	**1,186**	**1,143**

15. Debtors

	31st March 2026 £000	31st March 2025 £000
Central Government bodies	13,564	10,691
Other local authorities	8,672	7,978
NHS bodies	-	-
Public corporations and trading funds	-	-
Other entities and individuals	1,409	1,400
Total	**23,645**	**20,069**

16. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

31st March 2025 £000		31st March 2026 £000
9	Cash held by the Authority	16
(854)	Bank current accounts	(2,253)
12,738	Short-term deposits with building societies and Local Authorities	24,228
11,893	**Total cash and cash equivalents**	**21,991**

17. Assets Held for Sale

	Current	
	2025/26 £000	2024/25 £000
Balance outstanding at start of year	**1,065**	**-**
Assets newly classified as held for sale:		
• property, plant and equipment	202	5,423
• intangible assets	-	-
• other assets/liabilities in disposal groups	-	-
Revaluation losses	-	(849)
Revaluation gains	-	242
Impairments losses	-	-
Assets declassified as held for sale:		
• property, plant and equipment	-	-
• intangible assets	-	-
• other assets/liabilities in disposal groups	-	-
Assets sold	(1,002)	(3,751)
Balance outstanding at year-end	**265**	**1,065**

18. Creditors

	31st March 2026 £000	31st March 2025 £000
Central Government bodies	(5,748)	(5,355)
Other local authorities	(9,345)	(7,815)
NHS bodies	-	-
Public corporations and trading funds	-	-
Other entities and individuals	(5,249)	(4,818)
Total	**(20,342)**	**(17,988)**

The accrual for compensated absences is included in other entities and individuals.

19. Provisions

	Injury and Damage Compensation Claims £000	Business Rates Appeals £000	Total £000
Balance at 1st April 2025	**(366)**	**(379)**	**(745)**
Additional provisions made in 2025/26	(65)	28	**(37)**
Amounts used in 2025/26	63	-	**63**
Unused amounts reversed in 2025/26	-	-	**-**
Unwinding of discounting in 2025/26	-	-	**-**
Balance at 31st March 2026	**(368)**	**(351)**	**(719)**

Injury Compensation Claims

The provision represents the Authority's estimated liability for employers' liability and public liability claims that were outstanding at 31st March 2026. The provision has been calculated based on legal advice, previous settlement experience and an assessment of the likely value of claims using Judicial College Guidelines where appropriate. The provision is based on experience of previous settlements, legal advice and relevant court decisions.

Due to the nature of litigation, there remains uncertainty regarding the final settlement values and timing of individual claims. The Authority expects the majority of claims to be settled within the next one to five years. Claims exceeding the Authority's insurance excess level of £250,000 are recoverable from the Authority's insurers.

Business Rates Appeals

The Authority is required to recognise its share of provisions established by the five Merseyside billing authorities in respect of outstanding business rates appeals. The provision reflects the Authority's estimated share of successful appeals against rateable values lodged with the Valuation Office Agency and is based on information provided by the billing authorities.

The timing and value of settlements remain uncertain and are dependent upon the outcome of individual appeals.

20. Usable Reserves

31st March 2025 £000		31st March 2026 £000
(14,201)	Usable capital grants unapplied	(40,123)
(3,900)	General Fund balance	(4,300)
(13,569)	Earmarked reserves **(Note 7)**	(15,541)
(31,670)	**Total usable reserves**	**(59,964)**

21. Unusable Reserves

31st March 2025 £000		31st March 2026 £000
(34,041)	Revaluation reserve	(41,121)
(45,383)	Capital adjustment account	(49,063)
(267)	Financial instruments adjustment account	(244)
775,195	Pensions reserve	756,920
(451)	Collection fund adjustment account	(179)
849	Accumulated absences account	808
695,902	**Total unusable reserves**	**667,121**

Revaluation Reserve

The revaluation reserve contains the gains made by the Authority arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

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

The reserve contains only revaluation gains accumulated since 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.

2024/25 £000		2025/26 £000
(40,010)	**Balance at 1st April**	**(34,041)**
-	Upward revaluation of assets	(10,773)
284	Prior building revaluations write-out	-
2,123	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	2,351
2,407	Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services	**(8,422)**
1,393	Difference between fair value depreciation and historical cost depreciation	1,199
2,169	Accumulated gains on assets sold or scrapped	143
3,562	**Amount written off to the capital adjustment account**	**1,342**
(34,041)	**Balance at 31st March**	**(41,121)**

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 enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and subsequent costs.

The Account also 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.

Note 6 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

2024/25 £000		2025/26 £000
(44,915)	**Balance at 1st April**	**(45,383)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
5,274	• Charges for depreciation and impairment of non-current assets	5,910
12,320	• Revaluation losses on property, plant and equipment	(2,362)
226	• Amortisation of intangible assets	313
4,893	• Revenue expenditure funded from capital under statute	11,078
3,750	• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,002
26,463		**15,941**
(3,562)	Adjusting amounts written out of the revaluation reserve	(1,342)
22,901	Net written out amount of the cost of non-current assets consumed in the year	**14,599**
	Capital financing applied in the year:	
(3,710)	• Use of the capital receipts reserve to finance new capital expenditure	(874)
(4,248)	• Application of grants to capital financing from the capital grants unapplied account	(5,497)
(6,496)	• Statutory provision for the financing of capital investment charged against the General Fund	(6,451)
5	• IFRS 16 capital adjustments applied in the year	-
(8,920)	• Capital expenditure charged against the General Fund	(5,457)
(23,369)		**(18,279)**
(45,383)	**Balance at 31st March**	**(49,063)**

Financial Instruments Adjustment Account

The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the account to manage premiums paid and discounts received on the early redemption of loans. Premiums are debited and discounts credited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund to the account in the Movement in Reserves Statement. Over time, the expense or income is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the discount received in the year relates to the re-financing of the PFI loan and the discount being released over the remaining unexpired life of the loan.

2024/25 £000		2025/26 £000
(289)	**Balance at 1st April**	**(267)**
-	Discounts received in the year and charged to the Comprehensive Income and Expenditure Statement	-
22	Proportion of discounts received in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	23
-	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	**-**
(267)	**Balance at 31st March**	**(244)**

Pensions Reserve

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

2024/25 £000		2025/26 £000
856,086	**Balance at 1st April**	**775,196**
(78,080)	Remeasurements of the net defined benefit liability/(asset)	(16,019)
44,283	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement	45,510
(47,093)	Employer's pensions contributions and direct payments to pensioners payable in the year	(47,767)
775,196	**Balance at 31st March**	**756,920**

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 ratepayers compared with the statutory arrangements for paying across amounts to the General Fund from the collection fund.

2024/25 £000		2025/26 £000
(373)	**Balance at 1st April**	**(451)**
(78)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	272
(451)	**Balance at 31st March**	**(179)**

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 2026. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the account.

2024/25 £000		2025/26 £000
1,198	**Balance at 1st April**	**849**
(991)	Settlement or cancellation of accrual made at the end of the preceding year	(659)
642	Amounts accrued at the end of the current year	618
(349)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(41)
849	**Balance at 31st March**	**808**

22. Cash Flow Statement – Operating Activities

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements

2024/25 £000		2025/26 £000
(5,274)	Depreciation and impairment of non-current assets	(5,910)
(12,320)	Revaluation losses on property plant and equipment	2,362
(226)	Amortisation of intangible assets	(313)
(4,893)	Revenue expenditure treated as capital under statute	(11,078)
(87)	Lease adjustments in the year	28
-	Movement in the donated assets account	-
(2,810)	Movement in pension liability	2,256
(255)	Asset ceiling	-
(2,038)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(1,002)
(4,677)	(Increase)/decrease in creditors	4,224
(1,912)	Increase/(decrease) in debtors	3,968
1	Increase/(decrease) in stocks	43
(132)	(Increase)/decrease in provisions	(2)
(34,623)		**(5,424)**

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities

2024/25 £000		2025/26 £000
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments	-
3,713	Proceeds from the sale of property plant and equipment, investment property and intangible assets	901
(3,240)	Loan interest	(3,312)
3,420	Capital grants	31,420
3,893		**29,009**

23. Cash Flow Statement – Investing Activities

2024/25 £000		2025/26 £000
13,874	Purchase of property, plant and equipment, investment property and intangible assets	15,283
22,000	Purchase of short-term and long-term investments	12,000
-	Other payments for investing activities	-
(3,713)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(901)
-	Proceeds from short-term and long-term investments	-
(3,420)	Other receipts from investing activities	(31,420)
28,741	**Net cash flows from investing activities**	**(5,038)**

24. Cash Flow Statement – Financing Activities

2024/25 £000		2025/26 £000
-	Cash receipts of short-term and long-term borrowing	-
-	Other receipts from financing activities	-
684	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-Balance Sheet PFI contracts	636
41	Repayments of short-term and long-term borrowing	40
3,240	Other payments for financing activities	3,312
3,965	**Net cash flows from financing activities**	**3,988**

25. Expenditure and Funding Analysis

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

2024/25				Notes	2025/26		
Net Expenditure Chargeable to General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Account £000			Net Expenditure Chargeable to General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Account £000
73,968	(5,596)	68,372	Fire & Rescue Service Operations		76,997	(20,472)	56,525
514	599	1,113	Corporate and Democratic Core		434	647	1,081
-	(51)	(51)	National Resilience / International Search and Rescue		-	8,796	8,796
-	-	-	Non-Distributed Costs		-	71	71
74,482	**(5,048)**	**69,434**	**Net cost of services**		**77,431**	**(10,958)**	**66,473**
(76,077)	6,008	(70,069)	Other income and expenditure		(79,803)	(19,303)	(99,106)
(1,595)	**960**	**(635)**	**Surplus or deficit**	**25**	**(2,372)**	**(30,261)**	**(32,633)**
(15,874)	-	-	Opening General Fund balance		(17,469)	-	-
(1,595)	-	-	Less/plus (surplus) or deficit on General Fund		(2,372)	-	-
(17,469)	**-**	**-**			**(19,841)**	**-**	**-**

Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statements Amounts	2024/25			
	Adjustments for Capital Purposes £000	Net Change for Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Fire & Rescue Service Operations	3,420	(8,447)	(324)	**(5,351)**
Corporate and Democratic Core	719	(116)	(3)	**600**
National Resilience / International Search and Rescue	(51)	-	-	**(51)**
Non-distributed costs	-	-	-	**-**
Exceptional items	-	-	-	**-**
Total expenditure	**4,088**	**(8,563)**	**(327)**	**(4,802)**
Other income and expenditure from the expenditure and funding analysis	(168)	6,008	(78)	**5,762**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services	**3,920**	**(2,555)**	**(405)**	**960**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statements Amounts	2025/26			
	Adjustments for Capital Purposes £000	Net Change for Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Fire & Rescue Service Operations	(9,870)	(10,585)	(17)	**(20,472)**
Corporate and Democratic Core	794	(146)	(1)	**647**
National Resilience / International Search and Rescue	8,796	-	-	**8,796**
Non-distributed costs	-	71	-	**71**
Exceptional items	-	-	-	**-**
Total expenditure	**(280)**	**(10,660)**	**(18)**	**(10,958)**
Other income and expenditure from the expenditure and funding analysis	(27,980)	8,404	273	**(19,303)**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services	**(28,260)**	**(2,256)**	**255**	**(30,261)**

1. Adjustments for Capital Purposes

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

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

2. Net Change for the Pensions Adjustments

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

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

3. Other Statutory Adjustments

Other statutory adjustments between amounts debited/credited to the comprehensive income and expenditure statement and amounts payable/receivable to be recognised under statute.

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

<u>Segmental Income</u>

Income received on a segmental basis is analysed below:

Services	**2025/26 Income from Services £000**	**2024/25 Income from Services £000**
Fire & Rescue Service Operations	(16,530)	(17,918)
Corporate and Democratic Core	-	(14)
National Resilience / International Search and Rescue	(18,079)	(19,722)
Non-distributed costs	-	-
Exceptional items	-	-
Total income analysed on a segmental basis	**(34,609)**	**(37,654)**

Expenditure and Income Analysed By Nature

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

Expenditure/Income	31st March 2026 £000	31st March 2025 £000
Expenditure		
Employee benefits expenses	57,178	55,977
Past service costs	-	-
Other services expenses (including REFCUS)	39,395	32,486
Support service recharges	647	669
Depreciation, amortisation, impairment.	4,038	17,335
Interest payments	51,784	47,806
(Gain)/loss on disposal/transfer of assets	(49)	647
Total expenditure	**152,993**	**154,920**
Income		
Government grant revenue income	(29,180)	(33,065)
Fees and charges	(5,429)	(4,576)
Interest and investment income	(7,833)	(6,581)
Income from council tax, non-domestic rates, district rate income	(77,662)	(74,296)
Government grants and contributions (Capital)	(31,420)	(3,420)
Government grant (pension fund top-up grant)	(34,102)	(33,617)
Total income	**(185,626)**	**(155,555)**
(Surplus) or deficit on the provision of services	**(32,633)**	**(635)**

26. Agency Services

The Authority currently acts as lead Authority for a North West PFI scheme, building 16 new fire stations of which 4 relate to Lancashire Fire & Rescue and 5 relate to Cumbria Fire & Rescue. All these fire stations are completed and fully operational.

27. Members' Allowances

The Authority comprises of 18 councillors from the five districts of Merseyside. The total allowances paid to members within the year were:

	2025/26 £000	2024/25 £000
Allowances	263	230
Expenses	35	16
Total	**298**	**246**

28. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

		Salary, Fees and Allowances £	Bonuses £	Expenses and Allowances £	Benefits in Kind (eg. Car Allowances) £	Pension Contribution £	Total
Chief Fire Officer Nick Searle	**2025/26**	208,476	-	-	-	78,388	**286,864**
Chief Fire Officer Phil Garrigan (Note a)	**2024/25**	201,632	-	-	-	75,814	**277,446**
Deputy Chief Fire Officer Dave Mottram	**2025/26**	177,206	-	-	-	66,629	**243,835**
Deputy Chief Fire Officer Nick Searle (Note b)	**2024/25**	173,359	-	-	-	64,442	**237,801**
Assistant Chief Fire Officer	**2025/26**	147,723	-	-	-	55,694	**203,417**
Assistant Chief Fire Officer Dave Mottram (Note c)	**2024/25**	152,538	-	-	-	56,861	**209,399**
Director of Finance and Procurement	**2025/26**	137,401	-	-	-	24,373	**161,774**
	2024/25	112,032	-	-	-	19,832	**131,864**
Head of Legal	**2025/26**	90,081	-	-	-	15,903	**105,984**
	2024/25	84,326	-	-	-	14,914	**99,240**

Note a: Chief Fire Officer Phil Garrigan left on 31st March 2025. Chief Fire Officer Nick Searle started on 1st April 2025.

Note b: Deputy Chief Fire Officer Nick Searle left this position on 31st March 2025. Deputy Chief Fire Officer Dave Mottram started on 1st April 2025.

Note c: Assistant Chief Fire Officer Dave Mottram left this position on the 31st March 2025, the new Assistant Chief Fire Officer started on 7th April 2025.

The numbers of Authority staff receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) are shown in bands of £5,000 in the table below:

Remuneration Band	2025/26 Number of Employees	2024/25 Number of Employees
£50,000 - £54,999	98	67
£55,000 - £59,999	55	58
£60,000 - £64,999	46	40
£65,000 - £69,999	29	26
£70,000 - £74,999	28	24
£75,000 - £79,999	15	11
£80,000 - £84,999	9	14
£85,000 - £89,999	8	3
£90,000 - £94,999	2	3
£95,000 - £99,999	3	-
£100,000 - £104,999	4	1
£105,000 - £109,999	1	6
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	-	1
£125,000 - £129,999	3	-
Total	**301**	**254**

Note a – In 2025/26, 277 of the 301 staff receiving over £50,000 are firefighting staff (in 2024/25 this was 230 of the 254), who provide fire cover (many of whom are receiving additional payments for working extra time or working more flexibly and providing resilience).

Note b – The bandings only include the remuneration of employees that have not been disclosed individually in the Authority's Senior Officer Remuneration note on the previous page.

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. The totals include pension strain and compromise agreement fees.

Exit Package Cost Band (including Special Payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Band		Total Cost of Exit Packages in Each Band	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
£0 - £20,000	-	-	-	1	-	1	-	**4,680**
£20,001 - £40,000	-	-	-	-	-	-	-	**-**
£40,001 - £60,000	-	-	-	-	-	-	-	**-**
£60,001 - £80,000	-	-	-	-	-	-	-	**-**
£80,001 - £100,000	-	-	-	-	-	-	-	**-**
£100,001 - £150,000	-	-	-	-	-	-	-	**-**
£150,001 - £200,000	-	-	-	-	-	-	-	**-**
£200,001 - £250,000	-	-	-	-	-	-	-	**-**
Total	**-**	**-**	**-**	**1**	**-**	**1**	**-**	**4,680**

29. External Audit Costs

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

	2025/26	2024/25
	£000	£000
Fees payable with regard to external audit services carried out by the appointed auditor for the year (see note)	205	133
Total	**205**	**133**

The audit fee charge for 2025/26 includes additional charges of £93,800, relating to 2024/25 and the audit fee charge for 2024/25 includes additional charges of £26,358, relating to 2023/24

The Redmond Review on Local Audit Fees is a grant to help local bodies meet additional Audit fee pressures. The Authority received £13,671 in 2025/26 and £13,602 in 2024/25, not included in the above table.

30. Grant Income

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

	2025/26 £000	2024/25 £000
Credited to taxation and non-specific grant income and expenditure		
Council tax income/Local share non-domestic rates	(43,347)	(40,438)
Non-domestic rates	(17,401)	(17,229)
Non-ring-fenced Government grants:		
• Revenue support grant	(16,914)	(16,629)
Capital grants and contributions:		
• National Resilience grant	(31,420)	(3,420)
Total	**(109,082)**	**(77,716)**
Credited to services		
Pensions grant (Ministry of Housing, Communities and Local Government)	(2,189)	(2,336)
National Resilience / International Search and Rescue / DEFRA grant	(17,205)	(19,616)
New Dimensions grant (Ministry of Housing, Communities and Local Government)	(898)	(898)
Fire Control Implementation grant	-	(498)
PFI Credits (Ministry of Housing, Communities and Local Government)	(2,097)	(2,097)
Funding Guarantee grant (Ministry of Housing, Communities and Local Government)	-	(632)
Apprenticeship grant funding (Education & Skills)	(287)	(482)
Small Business Rates Relief (SBRR) (Ministry of Housing, Communities and Local Government)	(5,112)	(4,929)
Fire protection grants	(655)	(820)
New Services grant	(425)	(267)
Other grants	(312)	(480)
Total	**(29,180)**	**(33,055)**

The Authority has the following revenue grants receipts in advance.

	2025/26 £000	2024/25 £000
Current liabilities		
Revenue Support Grant (RSG)	-	(5,638)
National Resilience / International Search and Rescue grant	(14,027)	(14,972)
Fire protection grant	(357)	(329)
Other grants	-	(23)
Total	**(14,384)**	**(20,962)**

The Authority currently has no assets in the donated assets account.

31. 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. Any amounts owed to or by the Authority to other public bodies has been identified in notes 15 and 18.

2024/25		Related Party Transactions	2025/26	
Receipts £000	Payments £000		Receipts £000	Payments £000
		Central Government		
17,229	-	Redistributed national non-domestic rates	17,401	-
16,629	-	Revenue support grant	16,914	-
3,420	-	Capital grants	31,420	-
-	4,770	Employers' national insurance contributions	-	6,073
		Pensions		
-	2,258	Merseyside superannuation fund employers' contributions	-	2,380
32,978	46,285	Pension fund (Ministry of Housing, Communities and Local Government)	33,964	47,467

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 the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills). Grants received from Government departments are set out in the subjective analysis in Note 30 Grant Income.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2025/26 is shown in Note 27. The Authority's membership comprises of councillors from each of the five Local Authorities in Merseyside. Members of the Authority are required to declare interests in related parties on an annual basis in respect of the financial statements and also in the Authority's register of interests throughout the year. From examining existing available sources of information for 2025/26, there were no reported material transactions with related parties.

Officers

Officers of the Authority are required to declare interests in related parties on an annual basis in respect of the financial statements and also in the Authority's register of interests throughout the year. There were no reported material related party transactions in respect of 2025/26.

Entities Controlled or Significantly Influenced by the Authority

Joint Control Centre

Merseyside Fire and Rescue Authority and Merseyside Police Authority collaborated to build a joint Merseyside Command and Control Centre. The project commenced on 8th April 2013 and was completed during 2014/15.

National Resilience / International Search and Rescue

The Authority currently represents the National Fire & Rescue Service in providing support to a number of Government Departments. This involved taking the lead and managing national projects on their behalf. The list below identifies the Government Department and the area of business where the Authority provided support in 2025/26. The Government provides funding and the actual expenditure has been included within the accounts of the Authority.

Ministry of Housing, Communties and Local Government

The provision and support of National Resilience Capabilities. Revenue £14.328m, Capital £31.420m.

Department for Food & Rural Affairs

The management of National Flood Response Assets. Revenue £0.209m.

Foreign, Commonwealth and Development Office

Emergency Deployment Teams Programme. Revenue £2.667m.

32. Capital Expenditure and Capital Financing

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

	2025/26 £000	2024/25 £000
Opening capital financing requirement	**(55,060)**	**(61,330)**
IFRS 16 transition adjustments	-	(2,673)
Adjusted opening capital financing requirement	**(55,060)**	**(64,003)**
Capital investment		
Property, plant and equipment	(3,748)	(9,014)
Right of use assets	(144)	(230)
Investment properties	-	-
Intangible assets	(457)	(294)
Revenue expenditure funded from capital under statute	(11,078)	(4,893)
Sources of finance		
Capital receipts	874	3,711
Government grants and other contributions	5,497	4,248
Sums set aside from revenue:		
• Direct revenue contributions	5,457	8,919
• MRP/loans fund principal	6,451	6,496
Closing capital financing requirement	**(52,208)**	**(55,060)**
Explanation of movements in year		
Increase/(decrease) in underlying need to borrow (supported by government financial assistance)	-	-
Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(2,852)	(6,270)
Assets acquired under finance leases	-	-
Assets acquired under PFI contracts	-	-
Increase/(decrease) in capital financing requirement	**(2,852)**	**(6,270)**

33. Leases

In 2024/25 the Authority applied IFRS 16 Leases as per the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the requirements was that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability), a right-of-use asset and a lease liability were brought into the Balance Sheet as at 1st April 2024. The main implication of this standard is the need to bring leased assets accounted for as an operating lease where the Authority is acting as the lessee onto the Balance Sheet. Such assets are known as “right of use” assets.

As permitted by The Code the following have been excluded:

- Low-value items worth less than £10,000
- Contracts shorter than 12 months

Authority as Lessee

The Authority has a policy on vehicle provision and as part of that, a number of vehicles have been acquired through leases; these vehicles have typical lives of between 1 and 5 years. Upon transition to IFRS 16 the Authority moved £89k worth of vehicles over on 1st April 2024. The Authority also moved £120,000 over to its Balance Sheet, being the land at Toxteth fire station, of which there is a peppercorn lease arrangement in place. These were reflected in the valuation figures at 1st April 2024 following transition to IFRS 16.

Right-of-use assets

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

	Land and Buildings £000	Vehicles and PPE £000	Total £000
Value at 1st April 2025	**120**	**227**	**347**
Additional lease agreements identified	-	-	-
Additions for right-of-use assets in the year	-	142	142
Revaluations	-	-	-
Depreciation/impairment	-	(125)	(125)
Disposals	-	-	-
Value at 31st March 2026	**120**	**243**	**363**

Transactions under leases

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

	2025/26 £000	2024/25 £000
Comprehensive Income and Expenditure		
Interest expense on lease liabilities	16	-
Expenses relating to short-term leases	59	161
Expenses relating to exempt leases of low value items	36	37
Total Comprehensive Income and Expenditure	**111**	**198**

Lease Liabilities

The future minimum lease payments due under non-cancellable leases in future years for these vehicles are as follows:

	2025/26 £000	2024/25 £000
Balance at 1st April	233	88
New liabilities within the year	142	230
Lease payments	(134)	(98)
Lease interest	16	13
Total	**257**	**233**

All liabilities in the table above have a maturity date of between 2 and 4 years.

34. Private Finance Initiatives (PFI) and Similar Contracts

The Authority lead on a North West PFI project to replace 16 fire stations in Merseyside, Lancashire and Cumbria. Merseyside Fire & Rescue Authority built seven new fire stations. The total value of the PFI scheme is £47.886m of which £19.787m relates to Merseyside Fire and Rescue Authority. The contract for building the new stations is with Balfour Beatty Fire and Rescue NW Limited and the building programme for Merseyside started in April 2011. The first station for Merseyside was completed in April 2012 and the last station was completed in July 2013.

The contract runs for 25 years from completion and hand over of the last station and includes both the service and maintenance of the stations. The stations will be recognised on the Authority's Balance Sheet from the initial handover date. The stations and any plant or equipment installed on them will be transferred to the Authority for nil consideration at the end of the contract.

Property, Plant and Equipment

The table overleaf shows the value of assets recognised under PFI arrangements and analyses the movement in the value of assets during the year:

Movement in Value of Assets (7 Fire Stations)	Land £000	Buildings £000	Total £000
Value at 31st March 2025	**2,535**	**30,051**	**32,586**
Additions	-	7	**7**
Depreciation/impairment	-	(1,140)	**(1,140)**
Revaluation	-	3,622	**3,622**
Value at 31st March 2026	**2,535**	**32,540**	**35,075**

Payments

The Authority makes an agreed payment each year, which is increased annually by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments to be made under the PFI contract started in 2012/13 after the Authority's first station of the project was completed and handed over to the Authority. Payments remaining to be made under the PFI contract at 31st March 2026 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Payable in 2026/27	1,046	680	1,529	**3,255**
Payable within 2 to 5 years	4,269	3,318	5,433	**13,020**
Payable within 6 to 10 years	5,536	7,244	3,495	**16,275**
Payable within 11 to 15 years	3,225	5,987	553	**9,765**
Payable within 16 to 20 years	-	-	-	**-**
Payable within 21 to 25 years	-	-	-	**-**
Total	**14,076**	**17,229**	**11,010**	**42,315**
Paid in 2025/26	1,039	636	1,580	**3,255**
Grand Total	**15,115**	**17,865**	**12,590**	**45,570**

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the contractor for capital expenditure incurred is as follows:

	2025/26 £000	2024/25 £000
Balance outstanding at start of year	(17,699)	(15,804)
Remeasurement IFRS16	(166)	(2,580)
Payments during the year	636	685
Capital expenditure incurred in the year	-	-
Other movements	-	-
Total	**(17,229)**	**(17,699)**

The PFI liability represents the outstanding long-term liability to the contractor for capital expenditure.

35. Impairment Losses

The Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the surplus or deficit on the provision of services and to other comprehensive income and expenditure. No losses were incurred in 2025/26.

36. Capitalisation of Borrowing Costs

The Authority has not capitalised any borrowing costs in 2025/26.

37. Termination Benefits

There was a cost of £4,680 in 2025/26 - see note 28 for the number of exit packages and the total cost per band. The Authority did not terminate the contracts of any employees in 2024/25.

38. Defined Benefit Pension Schemes

Participation in pension schemes

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

The Authority participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Merseyside Pension Fund - this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

  The Court of Appeal has recently issued its judgment in the Virgin Media case (Virgin Media Ltd v NTL Pension Trustees II Ltd & Ors), which could affect any scheme which was contracted out of the State Second Pension on a final salary basis in the period between 6th April 1997 and 5th April 2016. The case centred on a change to benefits made in 1999 to the way in which deferred members' pensions were revalued in relation to inflation. The impact of the ruling on LGPS liabilities is not known and no adjustments to reflect the impact of the ruling have been made to the financial statements for the year. The Authority will continue to monitor the developments and consider the impact on the LGPS liabilities.

- The Firefighters Pension Scheme - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due. The Government changed the funding mechanism for this scheme in 2006/07. This alleviated concerns about the possibility of large year on year fluctuations on local taxpayers by creating a pension fund account. The primary objective is to allow the separation of the cost of providing pensions from the cost of running a fire and rescue service.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is 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

2024/25				2025/26		
Funded Benefits £000	Unfunded Benefits £000	Total £000		Funded Benefits £000	Unfunded Benefits £000	Total £000
			Comprehensive Income and Expenditure Statement			
			Cost of Services			
2,020	-	**2,020**	• current service cost	1,470	-	**1,470**
-	-	**-**	• past service costs	71	-	**71**
-	-	**-**	• settlements and curtailments	-	-	**-**
63	-	**63**	• Administration expenses	93	-	**93**
			Financing and Investment Income and Expenditure			
(244)	(26)	**(270)**	• Net interest expense	(1,028)	(26)	**(1,054)**
-	-	**-**	• Interest on asset ceiling	1,030	-	**1,030**
1,839	**(26)**	**1,813**	**Total post-employment benefits charged to the surplus or deficit on the provision of services**	**1,636**	**(26)**	**1,610**
			Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement			
			Remeasurement of the net defined benefit liability comprising:			
1,201	-	**1,201**	• Return on scheme assets (excluding the amount included in the net interest expense)	(10,059)	-	**(10,059)**
(102)	(1)	**(103)**	• Actuarial gains and losses arising on changes in demographic assumptions	(776)	(4)	**(780)**
(13,521)	(38)	**(13,559)**	• Actuarial gains and losses arising on changes in financial assumptions	(1,265)	(3)	**(1,268)**
(291)	(2)	**(293)**	• Other experiences (gain)/loss on liabilities	3,755	83	**3,838**
12,318	-	**12,318**	Impact of asset ceiling	8,510	-	**8,510**
1,444	**(67)**	**1,377**	**Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement**	**1,801**	**50**	**1,851**
			Movement in Reserves Statement			
(1,839)	26	**(1,813)**	• Reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits in accordance with the Code	(1,636)	26	**(1,610)**
			Actual amount charged against the General Fund balance for pensions in the year:			
1,647	-	**1,647**	• Employers' contributions payable to scheme	1,749	-	**1,749**
-	66	**66**	• Retirement benefits payable to pensioners	-	67	**67**

Firefighters Pension Scheme

2024/25						2025/26				
FPS 1992 £000	Injury Awards £000	FPS 2006 £000	FPS 2015 £000	Total £000		FPS 1992 £000	Injury Awards £000	FPS 2006 £000	FPS 2015 £000	Total £000
					Comprehensive Income and Expenditure Statement					
					Cost of Services					
-	120	-	2,710	**2,830**	• current service cost	-	100	-	1,270	**1,370**
-	-	-	-	**-**	• past service costs	-	-	-	-	**-**
-	-	-	-	**-**	• settlements and curtailments	-	-	-	-	**-**
					Financing and Investment Income and Expenditure					
36,350	1,230	370	1,690	**39,640**	• Net interest expense	39,010	1,310	340	1,870	**42,530**
36,350	**1,350**	**370**	**4,400**	**42,470**	**Total post-employment benefits charged to the surplus or deficit on the provision of services**	**39,010**	**1,410**	**340**	**3,140**	**43,900**
					Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement					
					Remeasurement of the net defined benefit liability comprising:					
-	-	-	-	**-**	• Return on scheme assets (excluding the amount included in the net interest expense)	-	-	-	-	**-**
(1,140)	20	(50)	(300)	**(1,470)**	• Actuarial gains and losses arising on changes in demographic assumptions	-	-	-	-	**-**
(62,700)	(1,630)	(1,790)	(9,390)	**(75,510)**	• Actuarial gains and losses arising on changes in financial assumptions	(18,960)	(410)	(740)	(1,570)	**(21,680)**
(250)	(630)	(140)	100	**(920)**	• Other experiences (gain)/loss on liabilities	3,780	(1,690)	8,680	(5,350)	**5,420**
(27,740)	**(890)**	**(1,610)**	**(5,190)**	**(35,430)**	**Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement**	**23,830**	**(690)**	**8,280**	**(3,780)**	**27,640**
					Movement in Reserves Statement					
(36,350)	(1,350)	(370)	(4,400)	**(42,470)**	• Reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits in accordance with the Code	(39,010)	(1,410)	(340)	(3,140)	**(43,900)**
					Actual amount charged against the General Fund balance for pensions in the year:					
46,750	-	10	170	**46,930**	• Employers' contributions payable to scheme	47,400	-	20	200	**47,620**
-	1,830	-	-	**1,830**	• Retirement benefits payable to pensioners	-	1,790	-	-	**1,790**

- The cumulative amount of actuarial gains and losses (remeasurements of the net defined benefit liability) recognised in Other Comprehensive Income and Expenditure as at 31st March 2026 is a loss of £1.271m and to the 31st March 2025 is a gain of £12.754m.

- Past service costs arise from decisions taken during the year that affect the value of pension benefits relating to service in previous years. Curtailment costs arise where events reduce the expected years of future service of employees or result in the earlier payment of benefits, for example through redundancy or efficiency retirements. Any resulting costs are recognised in the Comprehensive Income and Expenditure Statement in the year in which the event occurs.

Pension 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 schemes is as follows:

Local Government Pension Scheme

2024/25				2025/26		
Funded Benefits £000	Unfunded Benefits £000	Total £000		Funded Benefits £000	Unfunded Benefits £000	Total £000
(85,827)	(495)	**(86,322)**	Present value of the defined benefit obligation	(90,710)	(530)	**(91,240)**
103,594	-	**103,594**	Fair value of plan assets	118,017	-	**118,017**
(17,767)	-	**(17,767)**	Impact of asset ceiling	(27,307)	-	**(27,307)**
-	**(495)**	**(495)**	**Net asset/(liability) arising from defined benefit obligation**	**-**	**(530)**	**(530)**

Asset Ceiling
Following the pensions valuation by the Authority's actuary, Mercer Limited, the Authority determined that the fair value of its pension plan assets outweighed the present value of the plan obligations at 31st March 2026 resulting in a pension plan asset. IAS 19 Employee Benefits requires that, where a pension plan asset exists, it is measured at the lower of:

- The surplus in the defined benefit plan; and
- The asset ceiling**.**

This calculation has been completed by the actuary as at 31st March 2026, and an unfunded liability of £0.530m has been declared.

Firefighters Pension Scheme

2024/25						2025/26				
FPS 1992 £000	Injury Awards £000	FPS 2006 £000	FPS 2015 £000	Total £000		FPS 1992 £000	Injury Awards £000	FPS 2006 £000	FPS 2015 £000	Total £000
(713,820)	(24,090)	(6,100)	(30,690)	(774,700)	Present value of the defined benefit obligation	(690,250)	(21,610)	(14,360)	(30,170)	(756,390)
-	-	-	-	-	Fair value of plan assets	-	-	-	-	-
(713,820)	**(24,090)**	**(6,100)**	**(30,690)**	**(774,700)**	**Net liability arising from defined benefit obligation**	**(690,250)**	**(21,610)**	**(14,360)**	**(30,170)**	**(756,390)**

Reconciliation of the Movements in the Fair Value of Scheme Assets

Local Government Pension Scheme

2024/25				2025/26		
Funded Benefits £000	Unfunded Benefits £000	Total £000		Funded Benefits £000	Unfunded Benefits £000	Total £000
101,754	-	**101,754**	Opening fair value of scheme assets	103,594	-	**103,594**
4,941	-	**4,941**	Interest income	5,965	-	**5,965**
			Remeasurement (gains) and losses:			
(1,201)	-	**(1,201)**	• Return on scheme assets (excluding the amount included in the net interest expense)	10,059	-	**10,059**
(63)	-	**(63)**	• Administration expenses	(93)	-	**(93)**
1,647	66	**1,713**	Contributions from employer	1,749	67	**1,816**
833	-	**833**	Contributions from employees into the scheme	891	-	**891**
(4,317)	(66)	**(4,383)**	Benefits paid	(4,148)	(67)	**(4,215)**
103,594	**-**	**103,594**	**Closing balance at 31st March**	**118,017**	**-**	**118,017**

Firefighters Pension Scheme

2024/25						2025/26				
FPS 1992 £000	Injury Awards £000	FPS 2006 £000	FPS 2015 £000	Total £000		FPS 1992 £000	Injury Awards £000	FPS 2006 £000	FPS 2015 £000	Total £000
-	-	-	-	**-**	Opening fair value of scheme assets	-	-	-	-	**-**
					Re-measurement gain/(loss):					
46,750	-	10	(13,143)	**33,617**	Employers' contribution from Government (top-up grant)	47,400	-	20	(13,318)	**34,102**
-	1,830	-	9,933	**11,763**	Contributions from employer	-	1,790	-	10,058	**11,848**
-	-	-	3,380	**3,380**	Contributions from employees into the scheme	-	-	-	3,460	**3,460**
(46,750)	(1,830)	(10)	(170)	**(48,760)**	Benefits paid	(47,400)	(1,790)	(20)	(200)	**(49,410)**
-	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**

The Firefighters' Pension Schemes are unfunded defined benefit schemes and therefore have no assets attributable to the scheme. Consequently, the opening and closing fair value of scheme assets is nil.

For disclosure purposes, a balancing figure has been included within the movement schedule to reflect top-up grant receivable through the Firefighters' Pension Fund Account. The top-up grant represents funding received from central government to meet the shortfall between pension benefits payable and contributions received from employers and employees. It does not represent investment income or a return on pension scheme assets.

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

Local Government Pension Scheme

2024/25				2025/26		
Funded Benefits £000	Unfunded Benefits £000	Total £000		Funded Benefits £000	Unfunded Benefits £000	Total £000
(96,560)	**(576)**	**(97,136)**	**Opening balance at 1st April**	**(85,827)**	**(495)**	**(86,322)**
(2,020)	-	**(2,020)**	Current service cost	(1,470)	-	**(1,470)**
(4,645)	(26)	**(4,671)**	Interest cost	(4,885)	(26)	**(4,911)**
(833)	-	**(833)**	Contributions by scheme participants	(891)	-	**(891)**
			Remeasurement (gains) and losses:			
291	2	**293**	• Actuarial gains/losses arising from changes in demographic assumptions	776	4	**780**
13,521	38	**13,559**	• Actuarial gains/losses arising from changes in financial assumptions	1,265	3	**1,268**
102	1	**103**	• Other experience gains and losses	(3,755)	(83)	**(3,838)**
-	-	**-**	Past service cost	(71)	-	**(71)**
-	-	**-**	Settlements and curtailments	-	-	**-**
4,317	66	**4,383**	Benefits paid	4,148	67	**4,215**
(85,827)	**(495)**	**(86,322)**	**Closing balance at 31st March**	**(90,710)**	**(530)**	**(91,240)**

Firefighters Pension Scheme

2024/25						2025/26				
FPS 1992 £000	Injury Awards £000	FPS 2006 £000	FPS 2015 £000	Total £000		FPS 1992 £000	Injury Awards £000	FPS 2006 £000	FPS 2015 £000	Total £000
(788,310)	**(26,810)**	**(7,720)**	**(32,670)**	**(855,510)**	**Opening balance at 1st April**	**(713,820)**	**(24,090)**	**(6,100)**	**(30,690)**	**(774,700)**
-	(120)	-	(2,710)	(2,830)	Current service cost	-	(100)	-	(1,270)	(1,370)
(36,350)	(1,230)	(370)	(1,690)	(39,640)	Interest cost	(39,010)	(1,310)	(340)	(1,870)	(42,530)
-	-	-	(3,380)	(3,380)	Contributions by scheme participants	-	-	-	(3,460)	(3,460)
					Remeasurement (gains) and losses:					-
1,140	(20)	50	300	1,470	• Actuarial gains/losses arising from changes in demographic assumptions	-	-	-	-	-
62,700	1,630	1,790	9,390	75,510	• Actuarial gains/losses arising from changes in financial assumptions	18,960	410	740	1,570	21,680
250	630	140	(100)	920	• Other experience gains and losses	(3,780)	1,690	(8,680)	5,350	(5,420)
-	-	-	-	-	Past service cost	-	-	-	-	-
-	-	-	-	-	Settlements and curtailments	-	-	-	-	-
46,750	1,830	10	170	48,760	Benefits paid	47,400	1,790	20	200	49,410
(713,820)	**(24,090)**	**(6,100)**	**(30,690)**	**(774,700)**	**Closing balance at 31st March**	**(690,250)**	**(21,610)**	**(14,360)**	**(30,170)**	**(756,390)**

Local Government Pension Scheme assets comprised:

2024/25				2025/26		
Quoted Prices in Active Markets £000	Quoted Prices not in Active Markets £000	Total £000		Quoted Prices in Active Markets £000	Quoted Prices not in Active Markets £000	Total £000
1,423	**545**	**1,968**	**Cash & cash equivalents**	**5,441**	**543**	**5,984**
			Equity instruments:			
13,294	284	**13,578**	• UK	13,147	307	**13,454**
26,407	16,590	**42,997**	• Overseas	29,019	18,930	**47,949**
39,701	**16,874**	**56,575**	**Sub-total equity instruments**	**42,166**	**19,237**	**61,403**
			Bonds:			
477	-	**477**	• Overseas Government	1,711	-	**1,711**
5	-	**5**	• Collateralised Bonds	-	-	**-**
1,098	-	**1,098**	• UK corporate	2,478	-	**2,478**
615	-	**615**	• UK Government	1,381	-	**1,381**
2,652	-	**2,652**	• UK index linked	6,019	-	**6,019**
595	-	**595**	• Overseas corporate	1,393	-	**1,393**
-	500	**500**	• Derivative contracts	-	(35)	**(35)**
5,442	**500**	**5,942**	**Sub-total bonds**	**12,982**	**(35)**	**12,947**
			Property:			
1,055	-	**1,055**	• Property loans	1,806	-	**1,806**
-	4,511	**4,511**	• UK direct property	-	4,260	**4,260**
102	2,625	**2,727**	• UK property managed	47	2,679	**2,726**
-	2,886	**2,886**	• Overseas property managed	-	2,443	**2,443**
1,157	**10,022**	**11,179**	**Sub-total property**	**1,853**	**9,382**	**11,235**
			Private equity:			
-	5,488	**5,488**	• UK	-	5,569	**5,569**
68	4,352	**4,420**	• Overseas	106	3,600	**3,706**
68	**9,840**	**9,908**	**Sub-total private equity**	**106**	**9,169**	**9,275**
			Other investment funds:			
-	11	**11**	• Hedge funds UK	-	12	**12**
-	2,750	**2,750**	• Hedge funds overseas	-	2,644	**2,644**
-	5,829	**5,829**	• Infrastructure UK	-	5,665	**5,665**
-	3,250	**3,250**	• Infrastructure overseas	-	3,576	**3,576**
-	1,454	**1,454**	• Opportunities UK	-	1,605	**1,605**
159	4,136	**4,295**	• Opportunities overseas	83	3,588	**3,671**
-	432	**432**	• Multi-asset overseas	-	-	**-**
159	**17,862**	**18,021**	**Sub-total private equity**	**83**	**17,090**	**17,173**
47,950	**55,643**	**103,593**	**Total assets**	**62,631**	**55,386**	**118,017**

Basis for Estimating Assets and Liabilities

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. The Firefighters Pension Fund liabilities have been assessed by the Governments Actuary Department (GAD). The Local Government Pension Scheme has been assessed by the William M Mercer fund actuaries on behalf of the Metropolitan Borough of Wirral, based on the latest full valuation of the scheme as at 31st March 2022.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Firefighters Pension Scheme	
	2025/26	**2024/25**	**2025/26**	**2024/25**
Mortality assumptions:				
Longevity at 65 current pensioners:				
• Men	20.6	20.8	21.3	21.3
• Women	23.3	23.5	21.3	21.3
Longevity at 65 for future pensioners:				
• Men	21.8	22.1	22.8	22.7
• Women	24.8	25.2	22.8	22.7
Rate of CPI inflation	2.90%	2.60%	2.95%	2.70%
Rate of increase in salaries	4.44%	4.10%	3.70%	3.45%
Rate of increase in pensions	3.00%	2.70%	2.95%	2.70%
Rate for discounting scheme liabilities	6.20%	5.80%	6.10%	5.65%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis overleaf has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies of 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 Local Government Pension Scheme

	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	1,884	(1,884)
Rate of inflation (increase or decrease by 0.25%)	3,069	(3,069)
Rate of increase in salaries (increase or decrease by 0.25%)	447	(447)
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	(5,841)	5,841
Investment returns (increase or decrease by 1.0%)	(1,173)	1,173

Impact on the Authority's Cash Flows

The Public Service Pensions Act 2013 introduced significant reforms, moving the Local Government Pension Scheme (LGPS) to a career average (CARE) system from 1st April 2014, meaning benefits are based on actual career earnings, not final salary, though a 'statutory underpin' protects some service until 31st March 2022.

The Authority anticipates paying £0.951m contributions to the scheme in 2026/27. The latest triennial valuation as at 31st March 2025 shows the Authority has a funding surplus of 117% and therefore no more deficit payments are envisaged over the next 3 years.

Impact on the Defined Benefit Obligation in the Firefighters Pension Scheme

	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	21,000	(21,000)
Rate of increase in salaries (increase or decrease by 0.1%)	4,000	(4,000)
Rate of increase in pensions (increase or decrease by 0.1%)	44,000	(44,000)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(44,000)	44,000

Impact on the Authority's Cash Flows

The Authority anticipates paying £10.764m contributions to the scheme in 2026/27. The Authority also receives a top up grant from Central Government which reimburses the cost of the Firefighters' pension scheme. This grant is received in July which is based on 80% of the estimated pensions deficit for 2025/26 plus the remainder of the 2024/25 grant.

Retained Firefighters' Pension Remedy (Matthews/O'Brien Case)

The Firefighters' Pension Schemes (England) (Amendment) Order 2023, which came into force on 1st October 2023, requires the Authority to offer retrospective pension membership to eligible retained (on-call) firefighters employed between 7th April 2000 and 5th April 2006. This "second options exercise" allows individuals to purchase membership in the modified section of the Firefighters' Pension Scheme 2006 dating back to their commencement of service, provided employment remained continuous. Following government consultation, the deadline for fire and rescue authorities (FRAs) to conclude this exercise has been extended to 31st March 2026. As members will have the option to purchase service either as a lump sum payment or through periodic contributions over a number of years, the past service cost will be recognised as and when the relevant service is purchased and therefore accrued.

Based on the data available and the assumptions (numbers eligible, eligible service period, actual to reference pay ratio and take up of the option) it is estimated the potential increase in liability arising from the second Matthew's exercise could be £3m. There is very significant uncertainty in this additional liability estimate and it is very likely that actual experience for the authority will be different to the assumptions that have been made. The estimated liability set out above may be very different from the actual impact of the options exercise once it has concluded given the level of uncertainty, the £3m liability has not been recognised in the financial statements.

McCloud / Sargeant Case

Following the implementation of the Firefighters' Pensions (Remediable Service) Regulations 2023 on 1st October 2023, the Authority is required to provide eligible members with a choice of pension benefits (legacy or reformed scheme) for the remedy period (1st April 2015 to 31st March 2022). This requirement applies to both active members retiring after the implementation date and pensioner members who retired during the remedy period. Following the close of the remedy window, all McCloud related liabilities for the period 2019 to 2022 were moved to the associated legacy schemes. This meant all McCloud liabilities for that period were held within the legacy scheme which we expected benefits to be paid from. In the 2022/23 disclosures, this led to a past service cost in the 1992 Scheme and the 2006 Scheme and a past service gain in the 2015 Scheme.

For rolled-back members, all McCloud eligible liabilities for the period 2015 to 2022 will now be recorded in the appropriate legacy schemes. For other McCloud eligible members, who were not yet rolled back, we have made approximate adjustments to allocate additional McCloud eligible liabilities to the appropriate legacy scheme (from the 2015 Scheme). It is likely that in some cases, experience revisions between the sections will appear in future years' disclosures as the rollback exercise is completed and reflected in the data provided to us. The likelihood, and extent, of these further adjustments may be linked to the proportion of members rolled-back in the authority's 2024 data.

This refined approach is expected to be broadly neutral, relative to last year's approach, when considered at the combined all-schemes disclosure level. However, the additional data is expected to produce a more accurate allocation of liabilities between the individual schemes' disclosures. The impact of this refinement will be shown as experience items in the individual scheme disclosures.

39. Nature and Extent of Risks Arising from Financial Instruments

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

- 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 to make payments
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Authority in the annual Treasury Management Strategy. The Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures 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, as laid down by one of the following rating services Fitch, Moody's and Standard & Poors. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria in respect of financial assets held by the Authority are as detailed below:

The Authority's investment priorities are (a) the security of capital and (b) liquidity of its investments. The Authority aims to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity. All investments are in sterling and all cash balances are invested in accordance with the Code of Practice and with regard to the statutory guidance.

The Authority will invest in UK institutions and in non-UK institutions domiciled in countries with a minimum Sovereign long-term rating “AA”. The institutions must have a high credit rating assigned by any of the three credit ratings agencies (Fitch, Moody’s and Standard & Poors). To be deemed highly rated the institution must satisfy at least the minimum criteria of credit rating A-.

If any of the agencies assigns a rating lower than the Fitch minimum (or equivalent) to an institution then the Authority will not invest with that institution.

Regardless of the credit rating assigned to an institution or whether it is covered by a guarantee, if any doubt over its financial standing exists then that institution is removed immediately from the counterparty lending list.

Investment Limits

The credit ratings and individual limits for each institution within the categories of investments used by the Authority in 2025/26 were as follows:

• UK Government (including gilts and the DMADF)	Unlimited
• UK local authorities (each)	Unlimited
• Part nationalised UK banks	£4 million
• Money market funds (AAA rated)	£3 million
• Enhanced money market (cash) funds (AAA rated)	£3 million
• Ultra short duration bonds funds (AAA rated)	£3 million
• UK banks and building societies (A- or higher rated)	£2 million
• Foreign banks registered in the UK (A or higher rated)	£2 million

No limits on investments with the UK Government and Local Authorities were set because they are considered to be of the highest credit quality and are essentially risk free. The limits placed on the other categories reflected some uncertainty and marginally higher risk profile of the institutions within those categories.

Non-Specified Investments

Non-specified investments do not, by definition, meet the requirements of a specified investment. The Ministry of Housing, Communities and Local Government (MHCLG) guidance requires that greater detail is provided of the intended use of non-specified investments due to greater potential risk. However, circumstances may have dictated that the following types of non-specified investments may have been used:

- Deposits with the Authority’s own banker were unlimited for transactional purposes and to allow for unusual cash flow circumstances.

- Deposits with maturity of greater than one year (including forward deals in excess of one year from inception to repayment) with any bank or building society that meets the credit rating criteria above.

- Building societies, which do not meet the normal credit criteria but are one of the top ten building societies, determined by asset size. Those societies that are within the top ten but do not have an agency determined credit rating shall have an individual limit of £1m. Building society rankings are checked annually with the Building Societies Association.

Bank and money market fund ratings were checked daily. The Authority is alerted by e-mail when there is an amendment by any of the agencies to the credit rating of an institution. If an amendment means an institution no longer meets the Authority’s minimum requirement or any doubt over its financial standing exists then that institution is removed immediately from the counterparty lending list. Conversely, an institution may be added to the list should it achieve the minimum rating.

Credit ratings are only the starting point when considering credit risk. The Code of Practice requires the Authority to supplement credit rating information with additional operational market information, which will be applied before making any specific investment decision from the agreed pool of counterparties. Credit default swaps, negative rating watches/outlooks are examined, and the financial press, internet and financial information systems are monitored for market information regarding its counterparties. It also receives daily e-mails from various market participants that could identify potential problems. Any information that casts doubt on an institution's creditworthiness is acted on by suspending investment with that institution.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings and in accordance with parameters set by the Authority.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £33m cannot be assessed generally, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31st March 2026 that this was likely to crystallise.

The analysis overleaf summarises the Authority's potential maximum exposure to credit risk on other financial assets, based on experience of default and un-collectability over the last five financial years, adjusted to reflect current market conditions.

Exposure to Credit Risk 2025/26

	Amount at 31st March 2026 £000	Average Lifetime Expected Loss Rate %	Lifetime Expected Loss 31st March 2026 %	Lifetime Expected Loss 31st March 2026 £000	Lifetime Expected Loss 31st March 2025 £000
	A	B	C	(A x C)	-
Investments	47,871	-	-	-	-
Customers	455	5.98%	0.33%	2	4

No credit limits were exceeded during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and investments.

The Authority users a provision matrix to calculate its credit loss provision on trade receivables. This takes account of many factors including historical credit loss experience and expectations about the future, including the economy and market conditions.

Comparative Exposure to Credit Risk 2024/25

	Amount at 31st March 2025 £000	Average Lifetime Expected Loss Rate %	Lifetime Expected Loss 31st March 2025 %	Lifetime Expected Loss 31st March 2025 £000	Lifetime Expected Loss 31st March 2024 £000
	A	B	C	(A x C)	-
Investments	34,403	-	-	-	-
Customers	708	6.35%	0.49%	4	1

No credit limits were exceeded during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and investments.

The Authority users a provision matrix to calculate its credit loss provision on trade receivables. This takes account of many factors including historical credit loss experience and expectations about the future, including the economy and market conditions.

Aged Debtor Analysis	31st March 2026 £000	31st March 2026 Lifetime Expected Loss Rate (C) %	31st March 2026 Lifetime Expected Loss £000
Less than 30 days (normal terms)	402	0%	-
31-60 days	27	0%	-
61-90 days	8	0%	-
Over 90 days	18	0.33%	2
Total	**455**	**0.33%**	**2**

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. The Authority seeks to maintain liquid short-term deposits of at least £1 million available daily. If unexpected cash flow movements arise, the Authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Authority sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy is to ensure that loans will mature at different intervals through a combination of careful planning of new loans taken out and *(where it is economically viable to do so)* making early repayments. The maturity analysis of financial liabilities is as follows:

Number of Years	Public Works Loan Board (PWLB)		Merseyside Residual Debt (MRD)	
	31st March 2026	31st March 2025	31st March 2026	31st March 2025
	£000	£000	£000	£000
Less than one	-	-	-	40
Between one and two	-	-	-	-
Between two and five	-	-	-	-
Between five and ten	-	-	-	-
Between ten and fifteen	2,000	2,000	-	-
Between fifteen and twenty	-	-	-	-
Between twenty and twenty-five	6,000	5,500	-	-
Between twenty-five and thirty	17,750	14,250	-	-
Between thirty and thirty-five	7,970	11,970	-	-
Between thirty-five and forty	-	-	-	-
Between forty and forty-five	-	-	-	-
More than forty-five	-	-	-	-
Total	**33,720**	**33,720**	**-**	**40**

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

Market Risk

Interest Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the surplus or deficit on the provision of services will rise
- borrowings at fixed rates – the fair value of the borrowings will fall
- investments at variable rates – the interest income credited to the surplus or deficit on the Provision of Services will rise
- investments at fixed rates – the fair value of the assets will fall.

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

The Authority has a number of strategies for managing interest rate risk. The policy is to aim to keep a maximum of 50% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs. (The Authority currently has no variable rate loans with PWLB).

The Treasury Management Team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31st March 2026, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	(613)
Increase in Government grant receivable for financing costs	-
Impact on surplus or deficit on the provision of services	**(613)**
Decrease in fair value of fixed rate investment assets	-
Impact on other comprehensive income and expenditure	**(613)**
Decrease in fair value of fixed rate borrowings liabilities (no impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure) (See note 13)	(1,983)

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk

The Authority does not invest in equity shares or have shareholdings in joint ventures or local industry. The Authority is consequently not exposed to losses arising from movements in the prices of the shares.

Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

40. Contingent Assets

There were no contingent assets as at 31st March 2026.

41. Contingent Liabilities

Municipal Mutual Insurance Limited

Municipal Mutual Insurance Limited issued a levy notice on 1st January 2014 by the Scheme Administrator at a rate of 15% on Established Scheme Liabilities, which exceeded £50,000 in aggregate. This equated to £250,000, which was paid in January 2014 with Municipal Mutual Insurance Limited covering the balance. In March 2016, we were informed by Municipal Mutual Insurance Limited the 15% will need to be increased to 25%. This payment of £180,000 was paid in May 2016. The Authority maintains an insurance reserve to cover any further fluctuations in the levy. As at 31st March 2026, the latest statement shows the levy remaining at 25%.

Firefighters Pension Fund Accounts

Fund Account

2024/25 £000		2025/26 £000
	Contributions receivable:	
	Fire Authority:	
(9,750)	• Contributions in relation to pensionable pay	(9,994)
(63)	• Early retirements	(63)
-	• Pension Holiday grant	-
(3,379)	Firefighter's contributions	(3,462)
(13,192)		**(13,519)**
(115)	**Transfers in from other authorities**	**(36)**
	Benefits payable:	
40,156	• Pensions	43,081
6,129	• Commutation and lump sum retirement benefits	4,229
-	• Lump sum death benefits	158
46,285		**47,468**
	Payments to and on account of leavers:	
-	• Transfers out to other authorities	51
-	• Refunds of contributions	-
-		**51**
32,978	**Net amount payable for the year**	**33,964**
(32,978)	Top – up grant payable by the Government	(33,964)
-		**-**

Net Assets Statement

2024/25 £000		2025/26 £000
	Current assets	
6,341	Debtors (Pension Fund Ministry of Housing, Communities and Local Government)	11,313
	Current liabilities	
(542)	Creditors	(606)
(5,799)	Creditors (Merseyside Fire and Rescue Service)	(10,707)
-		-

Notes to Pension Fund Account

Contribution Rates

Under the firefighter's pension regulations, the contribution rates for employers were as follows:

Pensionable Pay Deductions	FPS15
Employer's Contributions	37.6%
Employee Contributions:	
£0 - £27,818	11.0%
£27,819 - £51,515	12.9%
£51,516 - £142,500	13.5%
£142,501 >	14.5%

With effect from 1st April 2022, all firefighters are on the FPS15 scheme unless they have opted out.

Ill Health Contributions

Ill health contributions for firefighters who retire early due to ill health are also paid into the fund. This is based on their average pensionable pay at the time of retirement and the severity of illness classed into two tiers. (upper tier and lower tier - upper tier being the more severe). The payments by the Authority are based as follows:

- Upper tier – 4*Pensionable Pay
- Lower tier – 2*Pensionable Pay

Benefits Paid

Pensions are paid to retired officers, their survivors and others who are eligible for benefits under new and existing pension schemes.

Ministry of Housing, Communities and Local Government Grant

There are no investment assets and the fund is balanced to zero each year by receipt of a top up grant from the Ministry of Housing, Communities and Local Government, if contributions are insufficient to meet the cost of pension payments, or by paying over any surplus grant.

Accruals

The fund has been prepared on an accruals basis in accordance with the rest of the accounts.

Future Liabilities

The fund statement does not take account of liabilities to pay pensions and other benefits after year-end. However, note 38 in the main set of Accounts does take account of this and its long-term pension obligation under IAS 19.

Debtors

	31st March 2026 £000	31st March 2025 £000
Central Government bodies	11,313	6,341
Total	**11,313**	**6,341**

Creditors

	31st March 2026 £000	31st March 2025 £000
Central Government bodies (HMRC)	606	542
Other local authorities	10,707	5,799
Other entities and individuals	-	-
Total	**11,313**	**6,341**

Statement of Responsibilities for the Statement of Accounts

The Director of Finance and Procurement's responsibilities

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

In preparing this statement of accounts, the Director of Finance and Procurement has:

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code of Practice on Local Authority Accounting in the United Kingdom.

The Director of Finance and Procurement has also:

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

This statement of accounts gives a true and fair view of the financial position of the Authority as at the 31st March 2026 and of its expenditure and income for the year ended 31st March 2026.

Mike Rea

Director of Finance and Procurement

29th June 2026

The Authority's responsibilities

The Authority is required to:

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

Statement of Approval for the Statement of Accounts

The statement of accounts for the year 1st April 2025 to 31st March 2026, were approved for issue on TBC by Merseyside Fire and Rescue Audit Committee.

Chair of the Audit Committee Meeting Approving the Accounts

Independent auditor's report to the members of Merseyside Fire and Rescue Authority

AUDITORS REPORT TO FOLLOW

Glossary of terms used in the Statement of Accounts

This Glossary of Terms is designed to aid interpretation of the Authority's Statement of Accounts.

ACCOUNTING POLICIES

These specify policies and procedures used by the Authority to prepare its Financial Statements. These include any methods, measurement systems and procedures for presenting disclosures.

ACCRUALS

Accruals are amounts that are recognised in the accounts as they are earned or incurred not as money is received or paid. The accruals basis of accounting requires the non-cash effects of transactions to be reflected in the financial statements for the accounting period in which those effects are experienced and not in the period in which any cash is received or paid.

BALANCE SHEET

The Balance Sheet is fundamental to the understanding of the Authority's financial position at the year-end. The Balance Sheet shows the values as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by reserves held by the Authority.

BILLING AUTHORITY

These are local government bodies responsible for assessing, calculating, and collecting local taxes such as council tax and business rates. In the United Kingdom.

BUDGET

A statement of the Authority's spending plans for revenue and capital expenditure over a specified period of time.

CAPITAL ADJUSTMENT ACCOUNT

This account provides a balancing mechanism between the different rates at which assets are depreciated and financed..

CAPITAL EXPENDITURE

Capital expenditure is expenditure on the acquisition, construction or enhancement of fixed assets such as land, buildings, vehicles and equipment or expenditure which adds to and not merely maintains the value of the existing asset.

CAPITAL RECEIPTS

Income received from the sales of land or other capital assets, a proportion of which may be used to finance new capital expenditure, subject to the provisions contained within the Local Government Act 2003.

CARRYING AMOUNT

The balance sheet value recorded of either an asset or a liability.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

CIPFA is the accounting body that provides accounting guidance to the public sector. The guidance is defined as 'proper practices' and has statutory backing.

CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING (THE CODE)

This is the annual guidance issued by CIPFA that specifies the principles and accounting practices required to give a 'true and fair' view of the financial position, financial performance and cash flow of local authority accounts.

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.

COMMUNITY RISK MANAGEMENT PLAN (CRMP)
This is a strategy for managing risk within Merseyside.

CORPORATE AND DEMOCRATIC CORE
The corporate and democratic core comprises all activities that the Authority engages in specifically because it is an elected multi-purpose Authority. The cost of these activities are thus over and above those which would be incurred by a series of independent, single-purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

CREDITORS
Creditors are amounts owed by the Authority for work done, goods received or services rendered but for which payment has not been made by the Balance Sheet date.

CURRENT ASSETS
Current assets are assets, which can be reasonably expected to be consumed or realised within the next 12 months e.g. stocks, debtors, cash.

CURRENT LIABILITIES
Current liabilities are amounts owed by the Authority and due for payment during the next 12 months e.g. short-term borrowing, short-term creditors and cash overdrawn.

DEBTORS
Debtors are entities who owe amounts to the Authority for work done, goods sold or services rendered for which income has not been received by the Balance Sheet date.

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.

DEFRA
Department for Food and Rural Affairs responsible for the management of National Flood Response Assets.

DEPRECIATION
Depreciation is a measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

EARMARKED RESERVES
The Authority holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

FINANCIAL INSTRUMENTS
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. The term financial instrument covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

GENERAL FUND
This is the main revenue fund of the Authority and includes the net cost of all services financed by local taxpayers and government grants.

IMPAIRMENT
Impairment is a reduction in the recoverable amount of an asset, below its carrying amount on the Balance Sheet.

INTANGIBLE FIXED ASSETS
These are fixed assets that do not have physical substance but are identifiable and controlled by the Authority. Examples include software, licenses and patents.

INVENTORIES
Inventories are assets held by the Authority for use in the provision of services or for consumption in the normal course of operations. Where such goods are not used within the accounting period, their value is carried forward and recognised as expenditure in the period in which they are consumed.

LIABILITIES
These are amounts due to individuals or organisations, which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

LONG-TERM ASSETS
Long-term assets are assets that yield benefits to the Authority and the services it provides for a period of more than 12 months.

LONG-TERM LIABILITIES
Long-term liabilities are amounts owed by the Authority and due for payment at a time greater than 12 months e.g. long-term Borrowing.

MHCLG
The Ministry of Housing, Communities and Local Government, the UK Government department responsible for housing, communities and local government in England, formerly the Department for Levelling Up, Housing and Communities (DLUHC).

MINIMUM REVENUE PROVISION
The minimum revenue provision is the minimum amount that must be set aside from revenue towards the repayment of loan debt.

NET BOOK VALUE (NBV)
The net book value is the amount at which fixed assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

NET REALISABLE VALUE (NRV)
Net realisable value is the open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

NATIONAL NON DOMESTIC RATES (NNDR)
Commonly referred to as business rates this income is collected by the billing authorities, and a proportion is paid over to the Authority.

NON-CURRENT ASSETS
Assets that yield benefits to the Authority and the services it provides for a period of more than one year. Examples include land, buildings and vehicles.

POST BALANCE SHEET EVENTS
Post Balance Sheet events are those events, which occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

PRIOR PERIOD ADJUSTMENTS

Prior period adjustments are those material adjustments applicable to prior years, arising from changes in accounting policies or from the correction of material errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

A provision is an amount set aside to meet potential future liability but the exact amount and date on which the liability is due is uncertain.

PUBLIC WORKS LOAN BOARD

The Public Works Loan Board (PWLB) is a lending facility operated by the UK Debt Management Office (DMO) on behalf of HM Treasury. It provides low-cost, long-term loans from the National Loans Fund to local authorities and other specified public bodies primarily to finance capital projects.

RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets of liabilities or the performance of services by, to or for, a related party irrespective of whether a charge is made.

REMUNERATION

Remuneration includes all amounts payable to an employee, such as salary, allowances, and expenses that are chargeable to UK income tax, together with the monetary value of benefits in kind. Employer pension contributions are excluded.

RESERVES

Reserves are amounts set aside to meet future contingencies but whose use does not affect the Authority's net expenditure in a given year. Appropriations to and from reserves may not be made directly from the revenue account. This is a crucial distinction between provisions and reserves.

RETIREMENT BENEFITS

Retirement benefits are 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 1) the Authority's decision to terminate an employee's employment before the normal retirement date or 2) 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.

REVENUE EXPENDITURE

Revenue expenditure is money spent on the day-to-day running costs of providing services. It is usually of a constantly recurring nature and produces no permanent asset.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

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.

2025-2026 MERSEYSIDE FIRE AND RESCUE AUTHORITY ANNUAL GOVERNANCE STATEMENT

Introduction

Merseyside Fire and Rescue Authority ('the Authority') is required by statute to review its governance arrangements at least once per year.

This statement explains how the Authority has complied with its Code of Corporate Governance, how the governance framework has operated during 2025/26 and the outcome of the review of effectiveness.

The Authority's Code of Corporate Governance is consistent with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016) and is reviewed annually. The Authority holds itself accountable for it actions and those actions are transparent in how it is delivering a service as a fire and rescue service to its community of Merseyside.

Scope of Responsibility

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this responsibility, the Authority is responsible for putting in place proper governance arrangements and a sound system of internal control, including arrangements for the management of risk.

The Purpose of the Governance Framework

The governance framework comprises of the systems and processes, through which engages with is accountable to, the community.

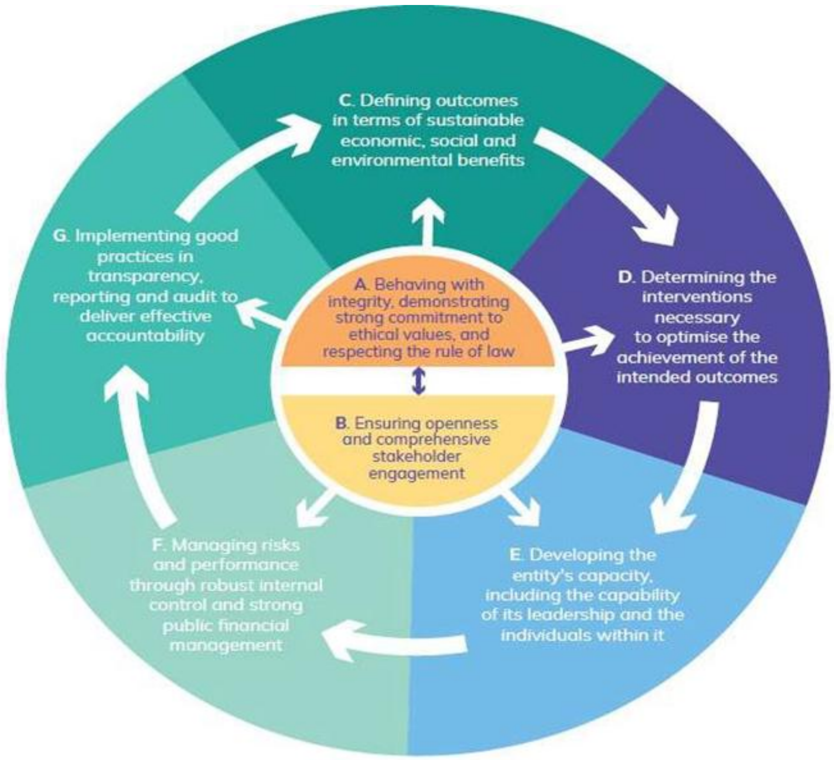
It enables the Authority to:

- Define and deliver strategic outcomes;
- Exercise effective leadership;
- Exercise effective and efficient use of resources;
- Manage risks proportionately and transparently;
- Maintain high standards of conduct and ethical behaviour; and
- Ensure accountability to stakeholders.

The system of internal control is a significant part of this framework and is designed to manage risk to a reasonable level rather than eliminate all risk. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The Governance Framework

The Authority's governance arrangements are structured around the seven core principles of good governance as detailed below:



Reproduced from 'Delivering Good Governance in Local Government (CIPFA and SOLACE, 2016}; framework 2016 published by CIPFA \ The Chartered Institute of Public Finance and Accountancy

Principle A: Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values and Respecting the Rule of Law

Ethical Values, Integrity and Leadership

The Authority maintains high standards of ethical conduct through established Member and Officer Codes of Conduct. These include the adoption of the Core Code of Ethics for Fire and Rescue Services (England} into both Codes of Conduct.

The Authority adheres to the National Fire Standards as set by the National Fire Chiefs Council. One of the Fire Standards is the Code of Ethics with reports brought before Strategic Leadership Team (SLT} and Members to scrutinise progress and ensure compliance.

The Authority has a strong commitment to embedding its ethical values. Training has been delivered (and continues to be delivered} across the organisation on the Core Code of Ethics and values and expectations set by the Authority. Members also receive annual training on their Code of Conduct.

Robust arrangements for managing conflicts of interest, declarations, and gifts and hospitality are in place. The Monitoring Officer undertakes an annual review of gifts and hospitality and conflicts of interests declared.

The Authority maintains a Whistleblowing (Confidential Reporting) Policy, which provides formal procedures for reporting concerns and enables disclosures to be made confidentially and without fear of reprisal. This policy forms a key part of the Authority's overall internal control and governance framework.

Whistleblowing is supported by related policies and standards, including Anti-Fraud and Corruption Policy, Employee Code of Conduct and a confidential anonymous reporting line Safecall.

The arrangements allow concerns to be reported through defined internal channels and escalated where necessary to senior management or appropriate Committees. This ensures issues are properly considered, investigated, and addressed. Together, these establish a culture of integrity, openness, and accountability, encouraging staff to speak up about wrongdoing.

The Audit Committee is the Standards Committee within the structure of the Authority. The Committee has responsibility for determining allegations under the Member Code of Conduct, and acting as the Investigatory and Disciplinary Committee for Relevant Officers. This ensures that ethical standards are actively monitored and enforced, with clear accountability.

There were no complaints made against the Members or relevant officers that related to their conduct in 2025/26.

The Authority extends its commitment to embedding integrity and ethical behaviour to its external service providers through its procurement, governance, and control frameworks, aligned with its overarching principles of openness, accountability, and integrity.

The Authority operates within a structured Procurement Strategy and Contract Standing Orders, embedded in the Constitution, which set clear expectations for fairness, transparency, and compliance with legislation (including the Procurement Act 2023) and ensures suppliers are selected through controlled, accountable processes. These frameworks require external providers to adhere to defined standards of conduct and probity as part of contractual arrangements.

Supplier and partnership risks are incorporated into the Corporate Risk Register, ensuring identification and assessment of risks associated with external providers, ongoing monitoring and mitigation through SLT and Audit Committee oversight. This ensures that ethical and governance risks linked to third parties are actively managed.

Senior leadership and Members demonstrate a clear commitment to ethical governance by setting expectations, leading by example, and maintaining strong oversight arrangements. The SLT, supported by statutory officers, actively embeds ethical standards within organisational culture, decision-making, and performance management.

This leadership is demonstrated in practice through senior officers and Members ensuring that all Committee reports include explicit legal, financial, and vision implications, with statutory officer sign-off providing assurance that decisions are lawful, transparent, and aligned with organisational values. The Monitoring Officer or their representative attends all Authority and Committee meetings, advising on legality and ethical considerations and constructively challenging proposals where required to uphold governance standards.

SLT and senior managers promote the importance of raising concerns through leadership messaging and engagement, ensuring staff feel safe and supported in doing so. Ethical and governance risks, including those linked to partnerships and external providers, are routinely reviewed by SLT and the Audit Committee via the Corporate Risk Register, demonstrating leadership accountability in regards to maintaining standards.

Respecting and complying with the rule of law

The Authority operates under a written Constitution which sets out how decisions are made, defines procedures to ensure decisions are efficient, transparent, and accountable.
Full reports are produced for Committee decisions and decisions are only made in accordance with the scheme of delegation and as such have to be signed off by statutory officers. The reports contain legal implications to ensure that all proposals are legally compliant. The Authority's Monitoring Officer and s.151 Officer (Director of Finance and

Procurement) are also members of the Strategic Leadership Team which allows for early participation and direction setting for the organisation in a legally compliant and financially stable manner.

The Monitoring Officer confirms no actions of the Authority were deemed ultra vires in 2025/26 so far as is known by the Monitoring Officer. The Head of Legal Services fulfils this role, is a qualified and experienced lawyer, and is supported by a legal team.

Internal Audit provides independent assurance on effectiveness of controls and compliance with proper practice. The Authority procured its internal audit service from Liverpool City Council and the arrangement and service was in accordance with the CIPFA Code of Practice for Internal Audit in Local Government. The Internal Audit Plan for 2025/26, prioritised a combination of the key internal controls, assessment and review on the basis of risk, which was approved by the Authority during the year. All internal audit reports included an assessment of the internal controls and prioritised action plans, if relevant, to address any areas needing improvement. These reports are submitted to the relevant managers as appropriate and the Director of Finance and Procurement. An interim and year-end Internal Audit reports are submitted to the Audit Committee that included summary findings of all completed audit reports and implementation of any agreed recommendations. Based on Liverpool City Councils Internal Audit work undertaken in compliance in 2025/26, their overall conclusion is that MFRS has a generally sound system of governance, risk management and internal control, which is operating effectively in most areas and supports the achievement of the Authority's objectives, based on the Internal Audit work undertaken in compliance with GIAS in the UK PS in 2025/26, they can provide Substantial assurance, with improvement required in control consistency and operational application.

The Authority adopts a culture of continuous review and improvement, where lessons learned are used to update policies, procedures, and controls. SLT monitors implementation and ensures organisational learning is embedded.

The absence of unlawful actions and significant control weaknesses, alongside audit assurance, indicates that these arrangements are operating effectively.

Principle B: Ensuring Openness and Comprehensive Stakeholder Engagement

The Authority operates a transparent governance model supported by a formal committee structure.

The Authority ensures decisions are made in the public interest and properly documented through a combination of transparent constitutional arrangements, democratic committee oversight, structured reporting including risks and implications, legal and financial scrutiny, robust policies and audit processes.

Committees such as the Authority, Policy and Resources Committee, Community Safety and Protection Committee, and Audit Committee consider and approve policies, budgets and strategic plans, provide democratic oversight and scrutiny. The Scrutiny Committee reviews performance and makes recommendations to improve outcomes. Together, these mechanisms ensure that decisions are justified, recorded, transparent and accountable to the public.

It ensures the Local Government Transparency Regulations are complied with and publishes the required information on its website.

The Authority publishes its three key corporate plans; Community Risk Management Plan, Medium Term Finance Plan and People Plan following approval by Members on its website. Stakeholder engagement and consultation are carried out when we prepare our Community Risk Management Plan and at a midway point during the life of the plan. The results of that engagement and consultation inform the development and delivery of the CRMP and are part of the approval process.

The CRMP was approved in June 2024 with a mid-term consultation conducted in 2025 and feedback provided to Members accordingly. The People Plan was also approved in June 2024 with an update being published in 2025 and the Scrutiny Committee focusing in on the culture plan updates. Lead Members were also introduced this year to allow for greater scrutiny and engagement with senior officers on the delivery of the CRMP and People Plan.

The Authority is also inspected by the His Majesty Inspectorate of Constabulary of Fire and Rescue Services {HMICFRS) and Office for Standards in Education, Children's Services and Skills.

(Ofsted) with the outcomes of the inspection being reported back via SLT and to Members. It also publishes details of actions resulting from inspections by HMICFRS and regular updates are provided thereafter.

The Authority has a Communications and Engagement Strategy and a policy that sets out how we consult with stakeholders.

The Authority also consults separately on changes that have a major impact on our communities (for example the closure of a fire station or the opening of a new fire station).

The results of these consultations are reported back in full to the Authority to support decision making. The Authority carries out several different types of engagement and consultation activities such as externally facilitated focus groups, public meetings, community engagement meetings, online surveys, written correspondence with stakeholders and social media posts.

The Authority continues to demonstrate a commitment to open staff and Member engagement. Members engage in station visits and staff engagement sessions based at its Service Headquarters. A pulse survey regarding Member engagement was undertaken to plan for greater ways of positive engagement in the future.

The Principal Officers undertake briefings across the organisation to speak directly with staff, along with regular feedback from SLT being provided to managers, departmental meetings and engagement with the staff networks. All MFRS briefing emails are issued to cascade key information and the Authority's Hot News magazine is published monthly to update staff on activities within the organisation.

The Authority operates a biennial staff survey with the next survey being conducted in 2026. All feedback from staff surveys are communicated with each department to engage in further communication and strategies to address the responses the Authority wishes to improve upon.

The Authority continues to lead successful partnership working with its external stakeholders and partners. The Authority has a very strong and positive relationship including partners in Education, Health Sector, Ministry of Housing, Communities and Local Government (MHCLG) and other government departments, Local Authorities in Merseyside, Combined Authority, King's Trust, National Fire Chief Council (NFCC), Blue Light Services and community sector partners to promote the safety of the residents of Merseyside within the scope of its powers. The Authority remains part of a collaboration forum with Merseyside Police and is an active partner of the Local Resilience Forum.

Principle C: Defining Outcomes in Terms of Sustainable Economic, Social and Environmental

The Authority's strategic objectives are defined through its Leadership Message which sets out its Purpose: Here to Serve, Here to Protect, Here to Keep you safe, and Aims:

Protect

We protect people from harm, provide advice, guidance and when absolutely necessary use enforcement to keep the public and our firefighters safe.

Prevent

We are there for you. We are a visible presence that provides reassurance, support and advice. Alongside our partners, we protect the most vulnerable and reduce inequalities.

Prepare

We will always be the best that we can be by having highly skilled and trained people who plan for every risk and keep our teams safe and effective.

Respond

We will be there when you need us most, pulling out all the stops to save lives. Whether we are taking 999 calls, or attending incidents, we keep our communities safe.

The Authority is under a legal requirement to set a Community Risk Management Plan. A working group is set up to review and analyse potential risks to include within the Community Risk Management Plan (CRMP) and a strategy day held with Members. In 2025/26 a Strategy Day was held to focus on the proposed budget and consider the financial implications against the ambitions of the Authority including to continue to deliver the CRMP 2024-27.

The CRMP 2024-27, was approved in June 2024. The Plan sets out the foreseeable risk in Merseyside, considering the demand for our services and the vulnerability of our communities. The CRMP therefore captures actions for the three years of the plan that will improve community safety in Merseyside. The actions focus on prevention of fires and other emergencies, ensuring that property owners abide by the laws related to fire safety, preparing for emergencies and delivering an effective emergency response. The CRMP is underpinned by the Service Delivery Plan and Functional Plans which can include outcomes and activities directly from the CRMP with regular updates on the progress of the actions within the organisation, Members and the public.
The Authority also has a statutory duty to ensure services are delivered with economy, efficiency and effectiveness, and to drive continuous improvement.

A five-year Medium Term Financial Plan aligns resources with strategic priorities (CRMP, People Plan and the Service Delivery Plan), ensuring affordability and sustainability. Robust budget setting and monitoring (including monthly financial reports and funds management controls) ensures spending is controlled.

The Scrutiny Committee reviews performance and decisions set out in the Scrutiny Forward Work Plan for 2025/26, helping ensure continuous improvement and best value outcomes. The 2025/26 Scrutiny Forward Work Plan scrutinised by Members included an update on the pathway to net zero for its fleet, enforcement and prosecution update, operational response times, health safety and welfare and culture.

The Authority ensures fair access to services by embedding inclusivity into its governance principles, consulting with communities, targeting vulnerable groups, applying equality policies, and continuously monitoring performance. This ensures services are accessible, equitable and responsive to the diverse needs of the public.

Under its "Prevent" corporate aim, the Authority works with partners to protect the most vulnerable and actively seeks to reduce inequalities. The Community Safety and Protection Committee considers how services are delivered to the diverse communities of Merseyside, ensuring inclusivity in service provision.

Fair access is supported by a performance management framework, including Service Delivery Plans and performance reporting. This allows the Authority to identify and address any gaps in service access or delivery.
The Authority works closely with partners to deliver priorities, particularly through prevention, protection, and community safety activities. Activities and collaborative arrangements are monitored through performance management systems, regular reporting, and scrutiny by Committees, ensuring outcomes are achieved and continuously improved.

Principle D: Determining the Interventions Necessary to Optimise the Achievement of Intended Outcomes

The Authority ensures effective delivery through integrated service and financial planning frameworks, clear alignment between corporate plans and operational delivery and regular performance monitoring and reporting to SLT and Members.

The Authority has a well-established approach to strategic planning that includes annual departmental plans {known as Functional Plans), a published Service Delivery Plan that includes the more strategic annual objectives from the Functional Plans and the three corporate plans which set out the medium-term strategic objectives.

The Authority has a set of Planning Principles that have been created through stakeholder engagement and are detailed in our CRMP.

Budgets and resource strategies are tightly aligned with strategic objectives through integrated planning, multi-year financial forecasting, robust monitoring, and clear governance, ensuring resources are effectively directed to deliver the Authority's priorities.

The five-year Medium Term Financial Plan (covering revenue, capital, reserves, and treasury management) aligns financial resources with long-term objectives, ensuring sustainability and prioritisation of key activities. The Authority approves the annual budget and capital programme. Monthly budget monitoring and regular financial reports track performance against plans. Funds management controls prevent overspending and ensure resources are used as intended.

The Director of Finance and Procurement ensures budgets are realistic, affordable, and aligned to priorities, supported by compliance with the CIPFA Financial Management Code.

The Service Delivery Plan translates strategic objectives into projects and activities, each with identified resources and lead officers, ensuring clear accountability for delivery.

In 2025/26, new service improvement, action tracking and project management processes were introduced that will standardise the Authority's approach to the development of objectives for the future and the management of projects. These new developments help us achieve an area for improvement in our 2025 inspection report (published in March 2026).

The Authority considers the performance of the Service against its objectives every quarter. The reports that are considered by the Authority are produced following performance management of those objectives by the Service's Performance Management Group and Performance Board, but other strategic Boards and their subgroups will also consider performance during each quarter.

In addition, all staff receive an annual performance appraisal to discuss their individual performance.

The Authority achieves social value through an integrated approach where procurement and commissioning are aligned to strategic objectives, community needs, ethical standards, and partnership working, supported by strong governance and oversight to ensure wider social, economic, and community benefits are delivered.

Principle E: Developing the Entity's Capacity, Including the Capability of its Leadership and Individuals

The Authority maintains organisational capacity through:

- A clearly defined governance structure and Scheme of Delegation; Strong leadership by the Strategic Leadership Team (SLT);
- Member development arrangements, including learning sessions and away days;
- Workforce planning aligned to strategic priorities;
- Performance management, appraisal, and development frameworks;
- Ongoing investment in leadership development.

Clarity over roles and responsibilities is achieved through a well-defined Constitution, clear committee structure, formal Scheme of Delegation, strong management hierarchy, and supporting policies, ensuring effective separation of duties, accountability, and robust governance between Members and officers.

The Constitution is reviewed annually, which sets out how the Authority operates, how decisions are made and the procedures to ensure transparency, accountability, and efficiency. It also details the terms of reference for each Committee to identify the roles and responsibilities of each Committee.

The Scheme of Delegation defines the powers delegated to officers and explicitly those powers which cannot be delegated. This ensures clarity between Member responsibilities (strategic oversight) and officer responsibilities (operational delivery). The Scheme of Delegation focuses on the three statutory officers posts.

The Authority has appointed all required statutory officers in line with legislative and professional requirements. The Head of Paid Service (Chief Fire Officer)- responsible for ensuring the organisation is properly resourced and that staffing arrangements are sufficient to deliver statutory functions efficiently and effectively and the day to day running of the Service. The Monitoring Officer (Head of Legal Services) - a qualified and experienced lawyer responsible for ensuring the legality of actions and decisions, supporting proper decision-making processes, confirming that no actions taken were ultra vires (outside legal powers). The Chief Financial Officer (Director of Finance and Procurement) - a qualified and experienced accountant responsible for ensuring proper financial administration.

These statutory officers are key members of the Strategic Leadership Team (SLT), ensuring governance, legal compliance and financial management are embedded in strategic decision-making. SLT meets regularly and considers legal, financial, and risk implications for all major decisions, ensuring compliance with governance standards.

Together, these arrangements ensure that the Authority has the people, structure and capacity required to deliver its statutory responsibilities effectively.

The Authority applies the Code of Practice on Good Governance for Statutory Officers by ensuring that statutory roles are clearly defined, professionally qualified and effectively resourced. These officers are integral to leadership and decision-making by applying strong legal, financial and ethical standards. Such standards are consistently maintained by seeking independent assurance and undertaking regular reviews to support ongoing compliance. This ensures lawful, effective, transparent and accountable governance across the organisation.
The People and Organisational Development Directorate support the capability of its leadership and individuals through robust arrangements for workforce planning across the organisation. All Members of SLT and other senior management undertook 360 reviews along with all staff engaging in the appraisal process. Succession planning identifies critical roles including leadership positions and provides structured development plans for our people to progress and develop into leadership roles. The Authority has adopted reverse mentoring for Members of its leadership team and is aligned with the NFCC development leadership programmes.

Principle F: Managing Risks and Performance Through Robust Internal Control and Strong Public Financial Management

The Authority's approach to risk management is strategic and embedded within governance and operational processes, supported by a formal risk management strategy and corporate risk register, overseen by Audit Committee and SLT, and subject to continuous monitoring and annual review. This ensures risks are systematically identified, assessed, managed, and reviewed, supporting effective decision-making and achievement of strategic objectives.

Risk management is integral to the system of internal control, which identifies and prioritises risks to achieving objectives, evaluates likelihood and impact, and establishes controls to manage risks effectively, efficiently and economically. Risk management is also embedded within project management processes and decision-making processes, where all reports to the SLT include a standing section on risk.

Risks are subject to continuous review and updating, including regular reassessment of existing risks and identification of new risks during the year and updates to the Corporate Risk Register. The overall governance framework, including risk management, is reviewed annually as part of the Authority's effectiveness review, supported by internal audit assurance, confirming the adequacy of risk management and control system.

The Authority's assurance framework aligns clearly with the three lines model:

1. Management controls, performance monitoring, and operational oversight
2. Risk management, governance structures, and compliance functions
3. Independent assurance from Internal Audit, supported by External Audit

Together, these provide the leadership team with robust, multi-layered assurance that governance, risk management, and internal controls are effective and operating as intended.

Management assurance.

Operational management and internal controls form the first line of defence. This includes day-to-day management by officers and the SLT, and delivery against the Service Delivery Plan with clear ownership of objectives. This also includes performance management systems, including regular monitoring and reporting using performance indicators and traffic light status and established policies, procedures and regulations (for example, financial regulations, Contract Standing Orders, Codes of Conduct). SLT receives regular updates from managers, enabling oversight of performance, risk, and service delivery.

Risk management, governance and compliance.

The Authority has a well-established risk management framework, including a regularly reviewed Corporate Risk Register, mandatory inclusion of risk considerations in all reports to SLT and Committees and ongoing identification, assessment, and mitigation of risks.

Governance and compliance arrangements include a robust Constitution, Scheme of Delegation, and policy framework, oversight by Authority Committees such as the Audit Committee and Scrutiny Committee and monitoring by statutory officers (Head of Paid Service, Monitoring Officer and Director of Finance and Procurement) to ensure legality and proper financial management.

The establishment of the internal Board structure ensures risk is managed appropriately from the ground up within the organisation.

SLT meets regularly to review performance, risks, and key decisions, ensuring constructive challenge at senior management level. SLT continuously reviews compliance with policies, procedures, and national standards.

A scrutiny forward work programme is maintained, allowing for planned, systematic review of key issues and flexibility to examine emerging risks or priorities. The Committee can establish task and finish groups to undertake detailed reviews, supporting focused and in-depth scrutiny activity.

The Authority has Asset Management Plans for its ICT, Estates and Fleet that sets out the way in which its resources are delivered and managed in accordance with its Medium-Term Financial Plan.

In addition, policies, procedures (including business continuity arrangements), guidance and training set out in more detail how the Authority manages these assets (and data) and the responsibilities of staff in accordance with relevant legislation such as the Data Protection Act 2018.

Performance against the Authority's objectives and projects relating to these assets are managed by the relevant Departmental Board and reported to Strategic Leadership Team and Authority in accordance with the Authority's constitution.
The Authority's procurement and contract management arrangements are structured, well-governed, and regularly reviewed, ensuring compliance with regulations, clear accountability, effective oversight, and the delivery of value for money and organisational objectives.

Procurement activity is governed by a Procurement Strategy, Financial Regulations, and Contract Standing Orders, all contained within the Constitution and reviewed annually. These set out clear rules for tendering, purchasing, and contract management, including updates to reflect legislation such as the Procurement Act 2023 which was incorporated into the Contract Standing Orders after coming into force.

Procurement decisions are subject to formal Authority Committee oversight and SLT review, with reports identifying financial, legal, risk, and benefit implications, ensuring robust and informed decisions.

Procurement arrangements support the Authority's duty to achieve economy, efficiency, and effectiveness, ensuring contracts deliver value for money and contribute to service objectives.

Procurement and contract management are subject to internal audit review, external audit scrutiny and providing assurance that controls are effective and compliant.

<u>Independent assurance (Audit).</u>

The Authority has an independent Internal Audit function, provided by Liverpool City Council, who deliver a risk-based audit plan approved by the Authority, provide independent assurance on governance, risk management, and internal controls, issue reports with findings and action plans, monitored for implementation and produces an annual opinion, which for 2025/26 provided substantial assurance with no significant control weaknesses. The Head of Internal Audit plays a key role in promoting good governance and providing objective, evidence-based assurance to SLT and the Audit Committee.

The Authority's internal audit arrangements conform to Global Internal Audit Standards (GIAS) principles and CIPFA's Code of Practice by ensuring independence and professional delivery of audit services, a risk-based audit plan aligned to organisational priorities, robust reporting, monitoring, and governance oversight via the Audit Committee, an objective annual assurance opinion and a proactive role in enhancing governance, risk management, and internal control. These arrangements provide strong, standards-compliant assurance to the Authority and its leadership.

The Internal Audit Plan is developed using a risk-based approach, focusing on key systems, controls, and areas of greatest risk and is approved by the Authority, demonstrating governance oversight and alignment with organisational priorities. This approach reflects good practice under GIAS and CIPFA guidance, ensuring audit resources are directed effectively.

Internal Audit provides interim and annual reports to the Audit Committee which include a summary of audit activity, findings, and implementation of recommendations.

All internal audit reviews include an assessment of internal control effectiveness and provide prioritised recommendations and action plans where improvements are required. Progress against agreed actions is monitored, supporting continuous improvement and accountability.

The Head of Internal Audit provides an annual opinion on Governance, Risk management and Internal control. For 2025/26, the overall conclusion is that MFRS has a generally sound system of governance, risk management and internal control, which is operating effectively in most areas and supports the achievement of the Authority's objectives, based on the Internal Audit work undertaken in compliance with GIAS in the UK PS in 2025/26, they can provide Substantial assurance, with improvement required in control consistency and operational application.

Additional assurance from External Audit (Forvis Mazars) who audits the financial statements of the Authority and provides a value for money (VFM) conclusion have provided unqualified opinions. This reinforces assurances over financial reporting and governance. Audit Committee oversight, which reviews internal and external audit, reports and monitors risk management and governance arrangements.

External audit services are carried out by Forvis Mazars. The scope of the work undertaken by External Audit is the audit of the financial statements, to reach a conclusion on the economy, efficiency and effectiveness in the use of resources (the value for money (VFM) conclusion) and to work on the whole of government accounts return.

During 2025/26, the Auditor's Annual Audit Findings Report and Audit Annual Letter the Authority received an unqualified opinion on the 2024/25 financial statements.

HMICFRS contribute additional independent challenges and feedback on performance and governance.

The Authority has established and maintains robust counter fraud and anti-corruption arrangements that align with the principles of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014). The Authority has a formal Anti-Fraud and Corruption Policy in place, supported by Employee Code of Conduct and Whistleblowing (Confidential Reporting) Policy. These policies promote a clear zero-tolerance approach to fraud and corruption and set expected standards of behaviour. Counter fraud arrangements are embedded within the Constitution, Financial Regulations, and Contract Standing Orders, which are reviewed annually.

Clear roles and responsibilities, supported by the Scheme of Delegation, ensure accountability for preventing and managing fraud risks. Fraud risk is managed as part of the Authority's corporate risk management framework, including the Corporate Risk Register and regular review by the Audit Committee and SLT. This ensures fraud risks are identified, assessed, and mitigated effectively. A strong internal control environment includes financial systems and budget monitoring controls (e.g. funds management system preventing overspending), procurement and contract controls and segregation of duties and clear procedures. These controls reduce opportunities for fraud and support compliance with proper practices.

The Authority has assessed itself against the requirements of the national Internal Governance and Assurance Fire Standard using the National Fire Chiefs Council gap analysis tool. In 2025/26 there were 14 criteria where the Authority considered it had a "substantial" level of assurance and 9 criteria where it assessed itself as having a "reasonable" level of assurance. There were no areas of "limited" assurance. The Authority has taken steps to improve on the limited assurance areas and new developments such as the Service Improvement and project management processes are expected to lead to a substantial level of assurance in a number of areas when the gap analysis is reviewed during 2026/27.

Principle G: Implementing Good Practices in Transparency, Reporting and Audit to Deliver Effective Accountability

The Authority ensures accountability through:

- Effective engagement with Internal Audit, External Audit (Forvis Mazars), and HMICFRS;
- Timely response to audit findings and implementation of action plans;
- Oversight by the Audit Committee;
- Publication of the annual Statement of Assurance;
- Structured performance and governance reporting.

The Authority welcomes external challenge and uses findings to drive continuous improvement and strengthen governance.

The Authority ensures timely response and support to audit and inspection activity through formal protocols and structured engagement with internal and external auditors, prompt reporting and action planning for audit findings. This includes strong oversight by the Audit Committee and SLT, integration of findings into performance management and risk frameworks and a culture of continuous improvement informed by external challenge. These arrangements ensure that audit and inspection activity is effectively supported, acted upon, and contributes to strengthening governance and control.

A risk-based audit plan is approved annually, ensuring alignment with organisational priorities. Audit findings are reported promptly to relevant managers and the Director of Finance and Procurement and accompanied by prioritised action plans.

Progress on recommendations is monitored and reported via interim and annual Internal Audit reports, oversight by the Audit Committee, ensuring timely follow-up and implementation.

The Authority maintains well-established protocols for working with External Audit (Forvis Mazars). External audit work is supported by the provision of timely, accurate financial information and documentation and presentation of clear and comprehensive reports, including the Statement of Accounts. The Authority's consistent unqualified audit opinions demonstrate effective cooperation and responsiveness.

The Audit Committee plays a central role in ensuring all audit and inspection findings are considered, challenged, and acted upon. The implementation of agreed recommendations is monitored and audit work provides value for money and effective assurance.

The Authority's governance framework incorporates feedback from internal auditors, external auditors and HMICFRS. Findings from these bodies inform the annual review of effectiveness and are used to drive continuous improvement.

A strong performance management framework enables monitoring of actions arising from audit and inspection and reporting of progress to SLT and Members.

The Authority publishes its Statement of Assurance in December each year in accordance with the requirements of the National Framework for Fire and Rescue Services.

The Authority also develops plans for responding to national actions impacting the sector such as those resulting from the Grenfell Tower and Manchester Arena Inquiries.

Those action plans are managed by officers as part of the Service's performance management processes and progress is reported to Authority.

Areas of learning and improvement are typically picked up and actioned through the Service's strategic Board structure and SLT for areas of general organisational learning.

Specific operational learning (both internal and external) is identified through processes managed within our operational departments. During 2026/27 the implementation of our Service Improvement process will lead to an alignment of these approaches.

Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control.

The review is informed by:

- The work of Internal Audit and the Head of Internal Audit's annual opinion;
- Reports from External Audit;
- Oversight and challenge provided by the Audit and Scrutiny Committees;
- The work of the Strategic Leadership Team;
- Performance management frameworks and risk monitoring;
- Governance self-assessment, including compliance with national fire sector standards.

The Director of Finance and Procurement has confirmed no significant weaknesses in compliance with these principles.

External audit services are carried out by Forvis Mazars. The scope of the work undertaken by External Audit is the audit of the financial statements, to reach a conclusion on the economy, efficiency and effectiveness in the use of resources (the value for money (VFM) conclusion) and to work on the whole of government accounts return.

During 2025/26 the Auditor's Annual Audit Findings Report and Audit Annual Letter the Authority received an unqualified opinion on the 2024/25 financial statements.

2025/26 Review and Significant Governance Issues

The Authority's review of effectiveness for 2025/26 has not identified any significant governance failings or issues that require formal disclosure.

However, consistent with a commitment to continuous improvement and strong governance maturity, the review has highlighted a small number of areas where further development and strengthening of arrangements will support the Authority in maintaining resilience and transparency in an evolving operating and financial environment.

These areas are not considered to represent weaknesses in control but rather opportunities to enhance existing arrangements. They include:

- Further embedding of programme and project governance disciplines, particularly in relation to service improvement activity, to ensure consistency of approach, benefits realisation and clear audit trails.
- Ongoing development of risk management practices, including ensuring clear alignment between strategic risks, operational risks, and performance reporting.
- Continued strengthening of performance reporting clarity, ensuring that outcomes, risks and resource implications are consistently integrated and clearly articulated for Members.

The Authority has already initiated work in these areas through existing governance and improvement frameworks, overseen by the Strategic Leadership Team and reported, where appropriate, to the Audit Committee.

The Authority is satisfied that these actions will further strengthen its governance framework and support the delivery of its strategic objectives.

Certification

To the best of our knowledge, the governance arrangements as outlined in this Annual Government Statement, have been operating during the year, providing an effective framework for identifying governance issues and taking mitigating actions. Over the coming year the Authority will continue the operation of its governance framework and take steps to carry out the actions for managing any governance issues identified above or that materialise in the year.

Signed ....

Cllr. L. O'Keefe

Chair of the Audit Committee

Signed..

N. Searle

Chief Fire Officer