



County Durham and Darlington  
**Fire and Rescue Authority**

**Statement of Accounts**  
for the year ended 31<sup>st</sup> March 2025



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# **NARRATIVE REPORT**

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## **1. Message from Anthony Hope CPFA – Treasurer to County Durham and Darlington Fire and Rescue Authority.**

County Durham and Darlington Fire and Rescue Authority remains committed to protecting front line services to the public.

This document (the “Statement of Accounts”) presents the published accounts for County Durham and Darlington Fire and Rescue Authority (referred to as the “Authority” throughout this document) for the year ended 31<sup>st</sup> March 2025.

It is my intention to provide the readers of these accounts with information about the money that the Authority has received and spent during the financial year, that it has been accounted for properly, that the financial standing of the Authority continues to be secure and that the service delivered by the Authority continues to always meet the principles of value for money.

The presentation of the accounts has been designed to assist readers in understanding and interpreting the financial statements, which follow accounting standards and are, by their nature, complex in some areas.

I would like to take this opportunity to thank officers of the Fire and Rescue Authority, Durham County Council and Darlington Borough Council, who have co-operated to produce this Statement of Accounts.

I hope that this document proves to be both informative and of interest to readers. The Authority is keen to improve both the quality and suitability of the information provided, so your feedback would be welcome. If you have any suggestions or comments on either the format of the report or its contents, or if you would like any further information, please contact my office:

Telephone	0303 003 2959
E-mail	PA@ddfir.gov.uk
Write to:	The Treasurer County Durham and Darlington Fire and Rescue Authority Fire and Rescue Service Headquarters Belmont Business Park Durham DH1 1TW

**Anthony Hope CPFA  
Treasurer to County Durham and Darlington Fire and Rescue Authority**

## **2. Introduction**

The purpose of the Statement of Accounts is to give electors, those subject to locally levied taxes and charges, members of the Authority, employees, and other interested parties clear information about the finances of the Authority. It is important in demonstrating the stewardship of public money and shows the resources available and how they have been used to deliver services.

The purpose of this Narrative Report is to provide a clear guide to the most significant matters reported in the accounts. It explains the purpose of the financial statements that follow and provides a summary of the Authority’s financial activities during 2024/25 and its

# **NARRATIVE REPORT**

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financial position at 31 March 2025. This report focuses on the matters that are of relevance to the principal users of the accounts. In addition to complementing and supplementing the information provided in the accounts, it also provides a forward look at the issues that have affected the development, performance, and position of the Authority during the financial year, which are likely to have an impact in the future.

The Narrative Report includes:

1. Message from the Treasurer
2. Introduction
3. Background to County Durham and Darlington Fire and Rescue Authority
4. Financial Performance 2024/25
5. Non-Financial Performance 2024/25
6. Operating Environment and Future Plans
7. Going Concern
8. Statement of Accounts

### **3. Background to County Durham and Darlington Fire and Rescue Authority**

The Authority was established as a separate corporate body covering the County of Durham and Darlington Borough under the provisions of the Durham Fire Services (Combination Scheme) Order 1996. The Authority comprises members appointed by Durham County Council and Darlington Borough Council. With effect from 1 April 2004, the Fire and Rescue Authority became a precepting authority as defined under the Local Government Finance Act 1992.

### **4. Financial Performance 2024/25**

#### ***Review of the Financial Year***

The Authority's spending is planned and controlled by a rigorous budget and financial management process. The Authority received resources direct from the Government in the form of Revenue Support Grant and Non-Domestic Rates, with the balance of funding coming from precepts on billing authorities for amounts chargeable to local taxpayers. During 2024/25, the Authority's net revenue expenditure, which was met from the above sources, was £35.394m, while spending on capital projects totalled £1.094m.

The Authority's general reserve balance, which represents the sum set aside to meet unforeseen future circumstances, was £1.829m at 31 March 2025. This equates to 5% of the 2025/26 net expenditure budget and is in line with the Authority's policy on reserves to maintain a general reserve of 5% of net expenditure.

Financial performance against the approved budget is reported to elected members on a quarterly basis throughout the year. Further information on the Authority's financial performance is available on our website: [www.ddfire.gov.uk](http://www.ddfire.gov.uk).

# NARRATIVE REPORT

## Revenue Income and Expenditure

The estimated net revenue expenditure for 2024/25, to be met from Government Grants and local taxpayers, was approved at £35.450m.

The following table summarises the actual revenue financial position for the year in comparison with the budget:

Budget Heading	Original Budget £000	Actual £000	Variance £000	Variance %
<b>Expenditure</b>				
Employees	29,556	29,995	439	1.49
Premises	3,330	3,131	-199	-5.98
Transport	826	703	-123	-14.89
Supplies & Services	4,632	4,503	-129	-2.78
Contingencies	974	-	-974	-100.00
Capital Financing	2,464	3,648	1,184	48.05
Provisions & write-offs	-	-38	-38	-100.00
Transfers to Reserves	-	1,641	1,641	100.00
<b>Total Expenditure</b>	<b>41,782</b>	<b>43,583</b>	<b>1,801</b>	<b>4.31</b>
<b>Income</b>				
Government Grants	-5,271	-5,282	-11	0.21
Other Income	-1,061	-2,616	-1,555	146.56
Transfers from Earmarked Reserves	-	-291	-291	100.00
<b>Total Income</b>	<b>-6,332</b>	<b>-8,189</b>	<b>-1,857</b>	<b>29.33</b>
<b>Net Expenditure</b>	<b>35,450</b>	<b>35,394</b>	<b>-56</b>	<b>-0.16</b>
Taxation and Non-Specific Grants Income	35,450	35,450	-	-
<b>Outturn</b>	<b>0</b>	<b>-56</b>	<b>-56</b>	

## NARRATIVE REPORT

An explanation of the major variances is provided in the table below:

	Over spend / Under spend (-) £m	Over spend / Under spend (-) %	Explanation for major variances
Employees	0.439	1.49	The original budget included an allowance for a 3% pay award to all staff groups. However, the Firefighters' pay award was agreed at 4% with effect from 1 July 2024. The July pay award also included an increase in the retainer fee paid to on call firefighters with effect from 1 January 2025. In addition, expenditure on other employee costs exceeded budget due to additional expenditure on essential operational staff training.
Premises	-0.199	-5.98	Expenditure on repairs and maintenance exceeded the budget due to the need to carry out essential repairs (including the Breathing Apparatus training facility at the Training Centre). In addition, increased expenditure on utilities contributed towards an overspend against budget. However, this has been offset by a reduction of expenditure as a result of the implementation of IFRS16. This offsets against an increase in expenditure as a result of this implementation in the Capital Financing heading.
Transport	-0.123	-14.89	Expenditure on vehicle running costs was below budget mainly due to a reduction in the cost of fuel.
Supplies & Services	-0.129	-2.78	Efficiency savings on a number of IT initiatives account for the majority of the underspend on Supplies & Services.
Contingencies	-0.974	-100.00	The contingencies budget includes an allowance for inflation and pay awards which has helped offset the increased costs within other headings.
Capital Financing	1.184	48.05	A contribution was made from revenue to finance capital expenditure which was not anticipated in the original budget. In addition, the implementation of IFRS16 has resulted in increased expenditure in the Capital Financing heading which are offset against a reduction in expenditure in the Premises heading.
Provisions & write-offs	-0.038	-100.00	Release of insurance provision in excess of requirement following the settlement of claims.
Transfers to Reserves	1.641	100.00	The cumulative impact of underspends and increased income received during the year has been transferred to earmarked reserves to fund future activity.
Government Grants	-0.011	0.21	Additional grant income was received, which was not included in the original budget.
Other Income	-1.555	146.56	The increase in other income was due to work carried out for third parties, the contribution to the service from Vital Fire Solutions for work carried out by service employees, additional investment income and additional income from training. In addition, we received one-off rebates in relation to our PFI scheme and the Airwave communications contract.
Contributions from Reserves	-0.291	100.00	Transfers were made from the Community Safety Reserve and IT Projects Reserve to fund expenditure during the year.
Taxation and Non-Specific Grants Income	-	-	Funding received was as expected in the original budget.
<b>Total</b>	<b>-0.056</b>		

# NARRATIVE REPORT

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## Capital Expenditure

The Authority approved a capital programme for 2024/25 of £2.913m. The actual capital expenditure for the year was £1.094m; £1.819m less than the original budget. The following table analyses the expenditure:

Project	Original Budget £m	Actual £m	Variance £m
Vehicles, Plant & Equipment	2.413	0.704	-1.709
Land & Buildings	0.500	0.390	-0.110
<b>Total Expenditure</b>	<b>2.913</b>	<b>1.094</b>	<b>-1.819</b>

The variances are set out in the table below:

	Over spend / Under spend (-) £m	Over spend / Under spend (-) %	Explanation for major variances
Vehicles, Plant & Equipment	-1.709	-70.8	The underspend was due to changes to the planned timing of the replacement of some items of vehicles, plant and equipment.
Land & Buildings	-0.110	-22.0	Delays in the delivery of minor estates improvements has resulted in an underspend for the year.
<b>Total</b>	<b>-1.819</b>	<b>-62.4</b>	

Capital expenditure was financed by revenue contributions and capital receipts.

The Authority's Capital Financing Requirement was £12.628m at 31 March 2025. Further details are set out in Note 8.6 to the accounts.

## Future Capital Commitments

The capital programme includes provision for improvements to premises and ICT, vehicles, plant and operational equipment will continue to be renewed in accordance with agreed replacement programmes.

## Current Borrowing Facilities and Capital Borrowing Provision

The Budget Report, incorporating Prudential Indicators and the Treasury Management Strategy, submitted to the Authority meeting on 16 February 2024, detailed the 2024/25 borrowing limits for the Authority.

The specific borrowing limits, set under the requirements of the Prudential Code, were as follows:

- Authorised Limit for External Debt for 2024/25 of £15.601m
- Operational Boundary for External Debt for 2024/25 of £14.183m

# **NARRATIVE REPORT**

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## ***Pension Liability***

The Authority's accounts are compliant with International Accounting Standard 19 (IAS19) which is based on the principle that an organisation should account for retirement benefits when it is committed to giving them, even if the actual payment of those benefits will be many years into the future.

The net overall impact of IAS19 accounting entries is neutral in the accounts. However, the overall financial position is in effect being distorted by future years' pension deficits. The fact that all pension costs would never be incurred in one year (as implied by IAS19) means the Balance Sheet Net Worth is effectively being distorted by this reporting standard. If this element is removed, then the Authority has a "real" net worth of £39.005m. The Authority also has assets worth £60.831m and cash backed reserves of £7.411m, which support the view that the Authority's Balance Sheet and finance are in fact healthier than implied by the published accounts.

Further details of the impact of IAS19 are set out in note 8.18 to the accounts.

## **5. Non- Financial Performance 2024/25**

Performance is monitored by management on an on-going basis and considered in detail by elected members at the end of each quarter. A comprehensive suite of performance indicators (PI's) is used to measure both operational and corporate performance and targets are set with the aim of achieving continuous improvement. During 2024/25, 57.7% of the strategic PI's met or exceeded their target level and 51.1% either maintained or improved when compared to the previous year's performance.

Information on current performance is reported to the Fire Authority on a quarterly basis and further information is available on our website: [www.ddfire.gov.uk](http://www.ddfire.gov.uk).

## **6. Operating Environment and Future Plans**

Looking ahead, the Authority's revenue expenditure for 2025/26 is estimated at £36.586m, together with a capital programme of £8.231m.

As there is a great deal of uncertainty surrounding the level of inflation, pay awards and funding going forward, four alternative medium-term financial plan scenarios have been modelled to reflect the impact of changes to assumptions on the Authority's financial position. The Authority has set a balanced budget for the forthcoming financial year (2025/26) and the medium-term financial plan indicates a deficit of £1.092m in 2026/27 falling to £0.743m in 2028/29. There is therefore still a need to identify further savings during the period 2026/27 to 2028/29 and work is ongoing to identify further savings options to assist in balancing the budget in future years.

The main priority of the Authority continues to be the protection of front-line services to the public. Over the medium term, this needs to be balanced with the need for the Authority to reduce expenditure.

County Durham and Darlington Fire and Rescue Service has an excellent track record of collaboration and has in the past secured government funding to progress several innovative collaboration projects, including a quad station at Barnard Castle which provides a joint facility for the Fire, Police, Ambulance and Mountain Rescue Services. The Service has

# **NARRATIVE REPORT**

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recently entered into a collaboration with three other Fire & Rescue Services for a new fire control system, which will increase resilience and save an estimated £1.9m over 7 years.

Going forward, the service will continue to work collaboratively with partners to secure further efficiencies to assist in protecting front line service provision.

## **7. Going Concern**

Each year, the Authority assesses whether it should be considered a “Going Concern”, and whether the accounts should be prepared on that basis. This assessment covers the period of at least 12 months from the date of authorisation of approval of accounts.

The Code requires that a local authority’s Statement of Accounts is prepared on a Going Concern basis; that is the accounts should be prepared on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

In assessing its ability to continue as a Going Concern, an organisation must consider its financial performance. This should consider factors relating to historical, current and future performance.

The future plans of the Authority are set out in Section 6 and demonstrate that:

- the Authority has set a balanced budget for 2025/26 and has a plan in place to continue to deliver local services until at least 2026. On this basis, it is apparent that the Authority remains a Going Concern.
- the Authority has demonstrated robust financial management through the level of reserves it holds. This underpins its Going Concern status.
- throughout the process for the Medium-Term Financial Plan, no risks were identified which would indicate that the Authority cannot continue as a Going Concern.

Based on the assessment undertaken and reported to those charged with governance of the Authority:

- the Authority has a history of financial stability and ready access to financial resources in the future.
- there are no significant financial, operating, or other risks that would threaten the continuing operation of the Authority.

On this basis, the Authority is a Going Concern, and it is appropriate for the Statement of Accounts to be prepared on that basis.

## **8. Statement of Accounts**

The Statement of Accounts for the financial year 2024/25 is prepared in accordance with the Code of Practice on Local Authority Accounting in the UK (the Code) 2024/25.

The Code is based on International Financial Reporting Standards (IFRS) and has been developed by the CIPFA/LASAAC Code Board which is overseen by the Financial Reporting Advisory Board.

# **NARRATIVE REPORT**

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The Code is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements. The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Accounting Standards Board where these provide additional guidance. The Code has been prepared based on accounting standards and interpretations in effect for accounting periods commencing on or before 1 January 2024.

This edition of the Code applies for accounting periods commencing on or after 1 April 2024. It supersedes the edition published on 1<sup>st</sup> April 2023 (the 2023/24 Code).

The overriding requirement of the Code remains that the Statement of Accounts gives a 'true and fair' view of the financial position and transactions of the Authority.

The Statement of Accounts for the year ended 31 March 2025 include the following:

- **Independent Auditor's Report**  
The report of the independent, external auditor on the Fire Authority's Statement of Accounts.
- **Statement of Responsibilities for the Statement of Accounts**  
This sets out the responsibilities of the Authority and the Treasurer and includes the Treasurer's certificate.
- **Group Accounts**  
The Group Financial Statements consolidate the performance and balances that relate to the Authority's subsidiary companies (County Durham and Darlington Fire and Rescue Community Interest Company and Vital Fire Solutions Limited) into the Authority's Statements. This allows the full picture of the Group activities to be presented.
- **Movement in Reserves Statement**  
This statement shows the movement in the year on the various reserves held by the Authority. This is analysed into "usable reserves" (those that can be applied to fund expenditure or reduce local taxation) and "unusable reserves". The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing services; more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund for the purposes of council tax setting. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from Earmarked Reserves are made.
- **Comprehensive Income and Expenditure Statement**  
This discloses the income receivable and expenditure incurred in operating the Authority for the year. This is the accounting cost of providing services in accordance with accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with

## **NARRATIVE REPORT**

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regulations, which may be different from the accounting cost. The taxation position is reflected in the Movement in Reserves Statement.

- **Balance Sheet**

This shows the financial position of the Authority at the year end. The net assets of the Authority (assets less liabilities) are matched by the Reserves held. Reserves are reported under two categories:

*Usable Reserves* - those reserves which may be used 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 may only be used to fund capital expenditure or repay debt).

*Unusable Reserves* – those reserves which cannot be used 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 were sold. It also includes reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis under regulations”.

- **Cash Flow Statement**

This summarises the inflows and outflows of cash arising from the transactions with other parties for revenue and capital purposes. It 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 from taxation and grant income or from the receipts from services provided. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the future service delivery of the Authority. Cash flows arising from financing activities are useful in predicting claims on the future cash flows by providers of capital (i.e., borrowing) to the Authority.

- **Notes to the Accounts**

The notes to the accounts are fundamentally important in the presentation of a true and fair view. They aim to assist understanding and have three significant roles:

- presenting information about the basis of preparation of the financial statements and the specific accounting policies used.
- disclosing information required by the Code that is not presented elsewhere in the financial statements.
- providing information that is not provided elsewhere in the financial statements but is relevant to the understanding of them. This applies to information that is material in a qualitative rather than quantitative sense (for example transactions with Related Parties).

## NARRATIVE REPORT

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- **Pension Fund Account**

This sets out the financial position of the Fire Pension Fund at the year end and the expenditure and income throughout the financial year. Notes providing additional information follow the accounts.

- **Glossary of Terms**

A glossary of financial terms is provided to assist the reader's understanding.

### 9. Significant Changes in Accounting Policies

Mandatory implementation of IFRS16 Leases is required by all Authorities for the financial year 2024/25. The main impact of implementation is that, for arrangements previously accounted for as operating leases (without recognising the leased property as an asset and future rents as a liability), a right-of-use asset and a lease liability have been brought onto the Balance Sheet at 1 April 2024. Leases for items of low value and leases that expire within 12 months of the year end are exempt from the new arrangements.

This has resulted in the following additions to the Balance Sheet at 1 April 2024:

- £1.577m Property, plant and equipment – land and buildings (right-of-use assets)
- £1.129m non-current creditors (lease liabilities)
- £0.448m Current creditors (lease liabilities)

**If you require this information summarised in other languages or formats, contact 0303 003 2959.**

**Jeśli potrzebujesz podsumowania tej informacji w języku polskim, skontaktuj się z nami 0303 003 2959.**

**إذا كنت بحاجة إلى تلخيص هذه المعلومات باللغة العربية، يرجى الاتصال 0303 003 2959**

**如果您需要用中文总结此信息，请联系 0303 003 2959.**

**আপনার যদি বাংলায় সংক্ষিপ্ত এই তথ্যের প্রয়োজন হয়, 0303 003 2959 নম্বরে যোগাযোগ করুন।**

**यदि आपको यह जानकारी संक्षेप में हिंदी में चाहिए तो कृपया संपर्क करें 0303 003 2959.**

***INDEPENDENT AUDITOR'S REPORT***

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# **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

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## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **The Authority's Responsibilities**

The Authority is required to:

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

### **The Treasurer's Responsibilities**

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in UK 2024/25.

In preparing this Statement of Accounts, the Treasurer has:

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

The Treasurer has also:

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

### **Treasurer's Certificate**

I certify that these accounts present a true and fair view of the financial position of the Authority as at 31 March 2025 and its income and expenditure for the year ended 31 March 2025.



**Anthony Hope CPFA**  
**Treasurer to County Durham and Darlington Fire and Rescue Authority**

**Date 27/06/2025**

## **GROUP ACCOUNTS**

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### **INTRODUCTION**

County Durham and Darlington Fire and Rescue Community Interest Company was incorporated in 2013/14 and commenced trading during 2014/15.

Vital Fire Solutions Limited was incorporated in 2015/16, and the Authority purchased £15,000 of share capital.

County Durham and Darlington Fire and Rescue Service Community Interest Company and Vital Fire Solutions Limited are both 100% owned subsidiaries of County Durham and Darlington Fire and Rescue Authority. The Directors of both companies are also senior managers and members of the Authority. The Authority does not have any associates.

The Group Financial Statements consolidate the performance and balances that relate to the two companies into the statements of County Durham and Darlington Fire and Rescue Authority, which allows the full picture of the activities of the group to be presented.

The Group Financial Statements include:

- Group Movement in Reserves Statement
- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Cash Flow Statement

The group financial statements are presented in accordance with International Financial Reporting Standards (IFRS). The financial statements of both companies are presented under FRS102; their accounts have been restated to comply with IFRS.

## GROUP ACCOUNTS

### GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the Authority's single entity usable and unusable reserves, and the Authority's share of the Group Reserves.

	(a) General Fund Balance £000	(b) Earmarked Reserves £000	(c) Capital Receipts Unapplied £000	(d) Total Usable Reserves £000	(e) Unusable Reserves £000	(f) Total Authority Reserves £000	(g) Authority's Share of Subsidiary Reserves £000	Total Group Reserves £000
<b>Balance at 31 March 2023</b>	<b>1,605</b>	<b>3,902</b>	-	<b>5,507</b>	<b>-284,114</b>	<b>-278,607</b>	<b>-4</b>	<b>-278,611</b>
<b>Movement in reserves 2023/24</b>								
Surplus/Deficit (-) on provision of services	-11,801	-	-	-11,801	-	-11,801	-49	-11,850
Other Comprehensive Expenditure and Income	-	-	-	-	12,072	12,072	-	12,072
<b>Total Comprehensive Expenditure and Income</b>	<b>-11,801</b>	<b>-</b>	<b>-</b>	<b>-11,801</b>	<b>12,072</b>	<b>271</b>	<b>-49</b>	<b>222</b>
Adjustments between accounting basis and funding under regulations	12,299	-	-	12,299	-12,299	-	-	-
<b>Net Increase/Decrease (-) before Transfers to Earmarked Reserves</b>	<b>498</b>	<b>-</b>	<b>-</b>	<b>498</b>	<b>-227</b>	<b>271</b>	<b>-49</b>	<b>222</b>
Transfers to (-) / from Earmarked Reserves	-330	330	-	-	-	-	-	-
<b>Increase/Decrease (-) in year</b>	<b>168</b>	<b>330</b>	<b>-</b>	<b>498</b>	<b>-227</b>	<b>271</b>	<b>-49</b>	<b>222</b>
<b>Balance at 31 March 2024</b>	<b>1,773</b>	<b>4,232</b>	<b>-</b>	<b>6,005</b>	<b>-284,341</b>	<b>-278,336</b>	<b>-53</b>	<b>-278,389</b>
<b>Movement in reserves 2024/25</b>								
Surplus/Deficit (-) on provision of services	-10,079	-	-	-10,079	-	-10,079	57	-10,022
Other Comprehensive Expenditure and Income	-	-	-	-	42,295	42,295	-	42,295
<b>Total Comprehensive Expenditure and Income</b>	<b>-10,079</b>	<b>-</b>	<b>-</b>	<b>-10,079</b>	<b>42,295</b>	<b>32,216</b>	<b>57</b>	<b>32,273</b>
Adjustments between accounting basis and funding under regulations	11,485	-	-	11,485	-11,485	-	-	-
<b>Net Increase/Decrease (-) before Transfers to Earmarked Reserves</b>	<b>1,407</b>	<b>-</b>	<b>-</b>	<b>1,406</b>	<b>30,810</b>	<b>32,216</b>	<b>57</b>	<b>32,273</b>
Transfers to (-) / from Earmarked Reserves	-1,350	1,350	-	-	-	-	-	-
<b>Increase/Decrease (-) in year</b>	<b>56</b>	<b>1,350</b>	<b>-</b>	<b>1,406</b>	<b>31,810</b>	<b>32,216</b>	<b>57</b>	<b>32,273</b>
<b>Balance at 31 March 2025</b>	<b>1,829</b>	<b>5,582</b>	<b>-</b>	<b>7,411</b>	<b>-253,531</b>	<b>-246,120</b>	<b>4</b>	<b>-246,116</b>

## GROUP ACCOUNTS

### GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement summarises the resources that have been generated and consumed in providing services and managing the Group during the last year. It includes all day-to-day expenses and related income on an accruals basis.

2023/24 Gross Expenditure £000	2023/24 Income £000	2023/24 Net Expenditure £000	Gross Expenditure, Gross Income and Net Expenditure on continuing operations	2024/25 Gross Expenditure £000	2024/25 Income £000	2024/25 Net Expenditure £000
24,685	-	24,685	Employees	25,862	-	25,862
3,629	-	3,629	Premises	3,153	-	3,153
658	-1	657	Transport	719	-	719
4,290	-	4,290	Supplies & Services	4,445	-	4,445
-9	-	-9	Provisions	-38	-	-38
2,700	-	2,700	Capital Financing	2,755	-	2,755
-	-5,141	-5,141	Income	-	-5,412	-5,412
<b>35,953</b>	<b>-5,142</b>	<b>30,811</b>	<b>Net Cost of Service</b>	<b>36,967</b>	<b>-5,412</b>	<b>31,555</b>
			<b>Other Operating Income &amp; Expenditure</b>			
-	-3	-3	Gain (-) / Loss on disposal of non-current assets: Property, Plant & Equipment	9	-	9
-	-3	-3		<b>9</b>	<b>-</b>	<b>9</b>
			<b>Financing and Investment Income &amp; Expenditure</b>			
122	-	122	Interest payable - debt	120	-	120
-	-	-	Interest payable – finance leases	77	-	77
669	-	669	Interest payable on PFI	1,670	-	1,670
274	-	274	Contingent Rents – PFI	-	-	-
14,529	-	14,529	Net interest on the defined benefit liability	14,809	-	14,809
-	-460	-460	Investment interest income	-	-643	-643
<b>15,594</b>	<b>-460</b>	<b>15,134</b>		<b>16,676</b>	<b>-643</b>	<b>16,033</b>
			<b>Taxation &amp; Non-specific Grants Income</b>			
		-191	Recognised capital grants & contributions			-
		-20,570	Precepts			-21,468
		-7,415	NNDR			-7,751
		-1,944	Non-Ring-fenced Government Grants			-2,490
		-3,972	RSG			-5,795
		<b>-34,092</b>				<b>-37,504</b>
		<b>11,850</b>	<b>Surplus (-) / Deficit on Provision of Services</b>			<b>10,022</b>
		-11,341	Re-measurements of the net defined benefit liability			-43,586
		-731	Deficit (-)/Surplus on revaluation of Property, Plant & Equipment			1,291
		<b>-12,072</b>	<b>Other Comprehensive Income (-) and Expenditure</b>			<b>-42,295</b>
		<b>-222</b>	<b>Total Comprehensive Income (-) and Expenditure</b>			<b>-32,273</b>

## GROUP ACCOUNTS

### GROUP BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the asset and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group.

As at 31 March 2024 £000	£000		As at 31 March 2025 £000	£000
50		Intangible Assets	205	
39,299		<b>Property, Plant &amp; Equipment</b>		
5,706		Land & Buildings	37,535	
220		Vehicle, Plant, Furniture & Equipment	5,551	
-		Surplus Assets	230	
480		Right of Use Assets	698	
-		Assets Under Construction	139	
		Long-term Debtors		
	<b>45,755</b>	<b>Total Long-term Assets</b>		<b>44,358</b>
253		Assets Held for Sale	253	
630		Inventories	625	
5,407		Short-term Debtors	5,777	
3,505		Cash & Cash Equivalents	10,031	
	<b>9,795</b>	<b>Total Current Assets</b>		<b>16,598</b>
-87		Short-term Borrowing	-88	
-4,399		Short-term Creditors	-9,767	
	<b>-4,486</b>	<b>Total Current Liabilities</b>		<b>-10,119</b>
	<b>51,064</b>	<b>Total Assets less Current Liabilities</b>		<b>50,837</b>
-297		Provisions	-213	
-4,832		Long-term Borrowing	-4,776	
-5,653		Deferred Liability – PFI	-5,705	
-588		Other Deferred Liabilities	-1,134	
-318,083		Pension Liability (IAS19)	-285,125	
	<b>-329,453</b>	<b>Total Long-term Liabilities</b>		<b>-296,953</b>
	<b>-278,389</b>	<b>Net Assets</b>		<b>-246,116</b>
5,952		<b>Usable Reserves</b>		<b>7,415</b>
-284,341		<b>Unusable Reserves</b>		<b>-253,531</b>
	<b>-278,389</b>	<b>Total Reserves</b>		<b>-246,116</b>

## GROUP ACCOUNTS

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### GROUP STATEMENT OF CASH FLOWS

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

2023/24 £000	OPERATING ACTIVITIES	2024/25 £000
11,850	Net surplus (-) or deficit on the provision of services	10,022
-15,034	Adjustments to net surplus or deficit on the provision of services for non-cash movements	-18,165
540	Adjust for items received in the net surplus or deficit on the provision of services that are investing and financing activities	13
<b>-2,644</b>	<b>Net cash flows from operating activities</b>	<b>-8,130</b>
1,576	Investing Activities	1,081
336	Financing Activities	611
<b>-732</b>	<b>Net increase (-) or decrease in cash and cash equivalents</b>	<b>-6,438</b>
2,773	Cash and cash equivalents at the beginning of the reporting period	3,505
<b>3,505</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>9,943</b>

# **GROUP ACCOUNTS**

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## **NOTES TO THE GROUP ACCOUNTS**

### **1. Group Accounting Policies**

The Group Financial Statements have been prepared in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom 2024/25 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The accounting policies used in preparing the Group Accounts are largely those used by County Durham and Darlington Fire and Rescue Authority. To align the accounting policies of group entities with those used by the Authority and ensure consistency of accounting treatment across the group, the following policies have been adopted:

#### **Consolidation of Subsidiaries**

Subsidiaries have been consolidated using the acquisition accounting basis. This is a full line by line consolidation of the financial transactions and balances of the Authority and its subsidiaries. To avoid overstating the figures in the group financial statement, all transactions and balances between the members of the group have been eliminated.

#### **International Financial Reporting Standards**

The Authority produces its financial statements in accordance with IFRS. As the companies produce their financial statements in accordance with UK GAAP, their financial statements have been adjusted to reflect IFRS where any changes have a material effect on the presentation of the Group Financial Statements.

### **2. Officers' Remuneration**

There is no remuneration for Directors of County Durham and Darlington Fire and Rescue Service Community Interest Company or Vital Fire Solutions Limited.

### **3. Audit Fees**

Audit fees owing to additional work required for the audit of the group accounts are disclosed in Note 7.7.

#### **Group Adjustments**

The following transactions have been eliminated from the Group Financial Statements:

During 2024/25, County Durham and Darlington Fire and Rescue Authority supplied goods and services with a value of £209 to County Durham and Darlington Fire and Rescue Community Interest Company.

Goods and services with a value of £903,680 were supplied by County Durham and Darlington Fire and Rescue Authority to Vital Fire Solutions Limited during 2024/25. Vital Fire Solutions provided £4,042 of goods and services to the Authority.

These transactions have been eliminated from the Consolidated Income and Expenditure Statement in the Group Accounts. In addition, intra company debtors and creditors have been adjusted for in the Balance Sheet.

## MOVEMENT IN RESERVES

### MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'.

The Surplus/ Deficit (-) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting.

The Net Increase/ Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund balance before discretionary transfers to or from Earmarked Reserves are undertaken by the Authority.

	(a) General Fund Balance £000	(b) Earmarked Reserves £000	(c) Capital Grants Unapplied £000	(d) Capital Receipts Unapplied £000	(e) Total Usable Reserves £000	(f) Unusable Reserves £000	(g) Total Authority Reserves £000
<b>Balance at 31 March 2024</b>	<b>1,773</b>	<b>4,232</b>	-	-	<b>6,005</b>	<b>-284,341</b>	<b>-278,336</b>
Surplus/Deficit (-) on provision of services	-10,079	-	-	-	-10,079	-	-10,079
Other Comprehensive Expenditure and Income	-	-	-	-	-	42,295	42,295
<b>Total Comprehensive Expenditure and Income</b>	<b>-10,079</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-10,079</b>	<b>42,295</b>	<b>32,216</b>
Adjustments between accounting basis and funding under regulations (Note 6.1)	11,485	-	-	-	11,485	-11,485	-
<b>Net Increase/Decrease (-) before Transfers to Earmarked Reserves</b>	<b>1,406</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,406</b>	<b>30,810</b>	<b>32,216</b>
Transfers to (-) / from Earmarked Reserves (Note 8.20)	-1,350	1,350	-	-	-	-	-
<b>Increase/Decrease (-) in year</b>	<b>56</b>	<b>1,350</b>	<b>-</b>	<b>-</b>	<b>1,406</b>	<b>30,810</b>	<b>32,216</b>
<b>Balance at 31 March 2025</b>	<b>1,829</b>	<b>5,582</b>	<b>-</b>	<b>-</b>	<b>7,411</b>	<b>-253,531</b>	<b>-246,120</b>

## MOVEMENT IN RESERVES

Comparatives for 2023/24 are as follows:

	(a) General Fund Balance £000	(b) Earmarked Reserves £000	(c) Capital Grants Unapplied £000	(d) Capital Receipts Unapplied £000	(e) Total Usable Reserves £000	(f) Unusable Reserves £000	(g) Total Authority Reserves £000
<b>Balance at 31 March 2023</b>	<b>1,605</b>	<b>3,902</b>	-	-	<b>5,507</b>	<b>-284,114</b>	<b>-278,607</b>
Surplus/Deficit (-) on provision of services	-11,801	-	-	-	-11,801	-	-11,801
Other Comprehensive Expenditure and Income	-	-	-	-	-	12,072	12,072
<b>Total Comprehensive Expenditure and Income</b>	<b>-11,801</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-11,801</b>	<b>12,072</b>	<b>271</b>
Adjustments between accounting basis and funding under regulations (Note 6.1)	12,299	-	-	-	12,299	-12,299	-
<b>Net Increase/Decrease (-) before Transfers to Earmarked Reserves</b>	<b>498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>498</b>	<b>-227</b>	<b>271</b>
Transfers to (-) / from Earmarked Reserves (Note 8.20)	-330	330	-	-	-	-	-
<b>Increase/Decrease (-) in year</b>	<b>168</b>	<b>330</b>	<b>-</b>	<b>-</b>	<b>498</b>	<b>-227</b>	<b>271</b>
<b>Balance at 31 March 2024</b>	<b>1,773</b>	<b>4,232</b>	<b>-</b>	<b>-</b>	<b>6,005</b>	<b>-284,341</b>	<b>-278,336</b>

# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The presentation of the Comprehensive Income and Expenditure Statement is based upon the organisational structure that reflects the way the business is managed and operated. For the Authority, this means that income and expenditure included in the net cost of services has been analysed across subjective headings.

2023/24 Gross Expenditure £000	2023/24 Income £000	2023/24 Net Expenditure £000	Gross Expenditure, Gross Income and Net Expenditure on continuing operations	2024/25 Gross Expenditure £000	2024/25 Income £000	2024/25 Net Expenditure £000
24,605	-	24,605	Employees	25,833	-	25,833
3,626	-	3,626	Premises	3,131	-	3,131
658	-1	657	Transport	703	-	703
4,289	-	4,289	Supplies & Services	4,503	-	4,503
-9	-	-9	Provisions	-38	-	-38
2,700	-	2,700	Capital Financing	2,755	-	2,755
-	-5,116	-5,116	Income	-	-5,354	-5,354
<b>35,869</b>	<b>-5,117</b>	<b>30,752</b>	<b>Net Cost of Service</b>	<b>36,887</b>	<b>-5,354</b>	<b>31,533</b>
			<b>Other Operating Income &amp; Expenditure</b>			
-	-3	-3	Gain (-) / Loss on disposal of non- current assets: Property, Plant & Equipment (Note 7.2)	9	-	9
-	-3	-3		<b>9</b>	<b>-</b>	<b>9</b>
			<b>Financing and Investment Income &amp; Expenditure</b>			
122	-	122	Interest payable on debt	120	-	120
-	-	-	Interest payable on finance leases	77	-	77
669	-	669	Interest payable on PFI	1,670	-	1,670
274	-	274	Contingent Rents – PFI	-	-	-
14,529	-	14,529	Net interest on the defined benefit liability	14,809	-	14,809
-	-450	-450	Investment interest income	-	-635	-635
<b>15,594</b>	<b>-450</b>	<b>15,144</b>		<b>16,676</b>	<b>-635</b>	<b>16,041</b>
			<b>Taxation &amp; Non-specific Grants Income</b>			
		-191	Recognised capital grants and contributions			-
		-20,570	Precepts (Note 7.11)			-21,468
		-7,415	NNDR			-7,751
		-1,944	Non-Ring-fenced Government Grants			-2,490
		-3,972	RSG			-5,795
		<b>-34,092</b>				<b>-37,504</b>
		<b>11,801</b>	<b>Surplus (-) / Deficit on Provision of Services</b>			<b>10,079</b>
		-11,341	Re-measurements of the net defined benefit liability (Note 8.22)			-43,586
		-731	Deficit (-)/Surplus on revaluation of Property, Plant & Equipment			1,291
		<b>-12,072</b>	<b>Other Comprehensive Income (-) and Expenditure</b>			<b>-42,295</b>
		<b>-271</b>	<b>Total Comprehensive Income (-) and Expenditure</b>			<b>-32,216</b>

# BALANCE SHEET

## BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories.

The first category of reserves are usable reserves, i.e., those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves 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;
- reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

As at 31 March 2024 £000	£000		As at 31 March 2025 £000	£000
50		Intangible Assets (Note 8.1)	205	
		<b>Property, Plant &amp; Equipment</b>		
39,299		Land & Buildings (Note 8.2)	37,535	
5,706		Vehicle, Plant, Furniture & Equipment (Note 8.2)	5,551	
220		Surplus Assets (Note 8.2)	230	
-		Right of Use Assets (Note 8.4)	698	
480		Assets Under Construction (Note 8.3)	139	
15		Long-term Investments (Note 8.14)	15	
	<b>45,770</b>	<b>Total Long-term Assets</b>		<b>44,373</b>
253		Assets Held for Sale	253	
621		Inventories (Note 8.10)	618	
5,406		Short-term Debtors (Note 8.11)	5,831	
3,479		Cash & Cash Equivalents (Note 8.12)	9,756	
	<b>9,759</b>	<b>Total Current Assets</b>		<b>16,458</b>
-87		Short-term Borrowing (Note 8.13)	-88	
-4,325		Short-term Creditors (Note 8.13)	-9,910	
	<b>-4,412</b>	<b>Total Current Liabilities</b>		<b>-9,998</b>
	<b>51,117</b>	<b>Total Assets less Current Liabilities</b>		<b>50,833</b>
-297		Provisions (Note 8.15)	-213	
-4,832		Long-term Borrowing (Note 8.16)	-4,776	
-5,653		Deferred Liability – PFI (Note 8.16)	-5,705	
-588		Other Deferred Liabilities (Note 8.16)	-1,134	
-318,083		Pension Liability (IAS19) (Note 8.18)	-285,125	
	<b>-329,453</b>	<b>Total Long-term Liabilities</b>		<b>-296,953</b>
	<b>-278,336</b>	<b>Net Assets</b>		<b>-246,120</b>
6,005		<b>Usable Reserves</b> (Note 8.19)		<b>7,411</b>
-284,341		<b>Unusable Reserves</b> (Note 8.19)		<b>-253,531</b>
	<b>-278,336</b>	<b>Total Reserves</b>		<b>-246,120</b>

## **CASH FLOW STATEMENT**

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### **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.

<b>2023/24 £000</b>	<b>OPERATING ACTIVITIES</b>	<b>2024/25 £000</b>
11,801	Net surplus (-) or deficit on the provision of services	10,079
-15,025	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 9.1)	-18,061
540	Adjust for items received in the net surplus or deficit on the provision of services that are investing and financing activities	13
<b>-2,684</b>	<b>Net cash flows from operating activities</b>	<b>-7,969</b>
1,576	Investing Activities (Note 9.3)	1,081
336	Financing Activities (Note 9.4)	611
<b>-772</b>	<b>Net increase (-) or decrease in cash and cash equivalents</b>	<b>-6,277</b>
2,707	Cash and cash equivalents at the beginning of the reporting period	3,479
<b>3,479</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 8.12)</b>	<b>9,756</b>

# **NOTES TO CORE FINANCIAL STATEMENTS**

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## **1 ACCOUNTING POLICIES**

### **1.1 General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS).

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

The Statements reflect the requirements of general accounting principles and concepts of:

- **Relevance** - the financial statements provide information about the Authority's performance and position that is useful to the users of the accounts to assess the stewardship of public funds and for making economic decisions.
- **Reliability** - the financial information faithfully represents the substance of the transactions, the activities underlying them and other events that have taken place are free from deliberate or systematic bias and material error and have been prudently prepared.
- **Comparability** - the information has been prepared consistently and with adequate disclosures so that it can be compared with prior years and other Fire Authorities.
- **Understandability** – the statements have been prepared to ensure they are as easy to understand as possible.
- **Materiality** - the statements disclose items of a certain size and nature such that they provide a fair presentation of the financial position and transactions of the Authority.
- **Accruals** - other than the cash flow statement, the financial statements report transactions that have been recorded in the accounting period for which the goods and services were received or supplied rather than in which the cash was received or paid.
- **Going Concern** - the financial statements have been prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.
- **Legality** - where the accounting principles and specific legislation requirements are in conflict, the financial statements have been prepared to reflect legislative requirements.

The accounting policies are the principles, bases, conventions, rules and practices that specify how the effects of transactions and other events are reflected in the financial statements of the Authority. Consistent accounting policies have been applied both within

## ***NOTES TO CORE FINANCIAL STATEMENTS***

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the year and between years. Where accounting policies are changed, this has been disclosed separately.

### **1.2 Accruals of Income and Expenditure**

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

- revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;
- revenue from the provision of services is recognised when the Authority can reliably measure the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;
- supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;
- a de-minimus level of £1,000 is set for the recognition of accruals;
- there is no accrual made for petty cash at the year end. This is because the value of petty cash transactions remains consistent and of low value month on month. The Authority ensures that 12 accounting periods are included within each financial year.
- Under International Financial Reporting Standard 15 (IFRS15) Revenue From Contracts with Customers, the Authority recognises revenue from any contracts with service recipients in the financial year in which the service is provided, in accordance with the performance obligations of the contract.

### **1.3 Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that

## **NOTES TO CORE FINANCIAL STATEMENTS**

mature within 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.

### **1.4 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise because 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.

### **1.5 Charges to Revenue for Non-Current Assets**

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding property, plant and equipment during the year:

- depreciation attributable to the assets used by the Authority;
- revaluation and impairment losses on assets used by the Authority 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 Authority.

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. 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 amortisations are therefore replaced by the contribution in the General Fund Balance by Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

# ***NOTES TO CORE FINANCIAL STATEMENTS***

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## **1.6 Employee Benefits**

### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year end. They include benefits such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees. They are recognised as an expense in the year in which the employee renders service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave) earned by an employee but not taken before the year end. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that benefits are charged to revenue in the financial year in which the holiday absence occurs.

### **Termination Benefits**

Termination benefits are amounts payable because of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the Net Cost of Service in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or making an offer to encourage voluntary redundancy.

When termination benefits involve the enhancement of pensions, statutory provisions require the General Fund 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 four separate pension schemes:

- the 1992 Fire Pension Scheme for Firefighters which is unfunded;
- the 2006 Fire Pension Scheme for Firefighters (including the Retained Modified Scheme) which is unfunded;
- the 2015 Fire Pension Scheme for Firefighters which is unfunded;
- the Local Government Pension Scheme, administered by Durham County Council.

All four schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Authority.

### **Discretionary Benefits (Local Government Pension Scheme)**

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirement. 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

## ***NOTES TO CORE FINANCIAL STATEMENTS***

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accounted for using the same policies as are applied to the Local Government Pension Scheme.

### **The Fire Pension Scheme for Firefighters**

The Firefighter's Pension Scheme for fire officers is an unfunded defined benefit scheme administered by County Durham and Darlington Fire and Rescue Authority, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Under the Firefighter's Pension Scheme Order 2006, if the amounts receivable by the pension fund for the year are less than amounts payable, the Fire Authority must annually transfer an amount to meet the deficit to the pension fund. This cost is then met by Central Government. If, however, the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Fire Authority. This surplus is then repaid to Central Government.

### **The Local Government Pension Scheme**

The Local Government Pension Scheme for support staff, administered by Durham County Council, is a funded defined benefit career average scheme, with any benefits earned up to 31 March 2014 continuing to be calculated on a final salary basis. This means that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Authority recognises the costs of retirement benefits in the Net Cost of Services section of the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The negative balance that arises on the Pensions Reserve measures the beneficial impact to the General Fund of being required to account for retirement benefits based on cash flows rather than as benefits are earned by employees.

### **1.7 Events after the Balance Sheet Date**

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes showing 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.

## ***NOTES TO CORE FINANCIAL STATEMENTS***

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### **1.8 Financial Instruments**

The accounting treatment of Financial Instruments reflects the requirements resulting from the implementation of International Reporting Standard 9 (IFRS9) Financial Instruments.

Fair value measurements are based upon the following valuation techniques:

- Level 1 – the financial instrument has an active market, with quoted prices for similar instruments
- Level 2 - there is some directly observable market information, other than that available for Level 1 instruments
- Level 3 – no market information is available, so valuation requires significant judgement by management.

### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument, or, in the case of creditors, when the goods or service have been received. Financial liabilities are de-recognised when the liability has been paid or otherwise discharged.

They are initially measured at fair value and are carried at their amortised cost.

For 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 Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement is the amount payable for the year to which it relates, according to the loan agreement.

### **Financial Assets**

Financial assets are categorised according to the intention of use when the asset was purchased:

- Amortised Cost – held to collect contractual cash flows of principal and interest on specific dates;
- Fair Value Through Other Comprehensive Income – held to collect contractual cash flows and sell the financial asset on specified dates;
- Fair Value Through Profit or Loss – Achieve objectives other than to collect contractual cash flows.

The financial assets of the Authority are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument, or, in the case of debtors, when the goods or services have been provided or delivered. Financial assets are derecognised when the contractual rights have expired, or the asset has been transferred. Loans and receivables are measured at amortised cost. Financial assets are reviewed and any expected losses are calculated annually for any assets with a significant credit risk. The

## **NOTES TO CORE FINANCIAL STATEMENTS**

subsequent impairment / loss allowance, where material, is then treated according to the asset classification:

- Amortised Cost – assets are reduced by the value of the expected losses and reflected in their carrying amount;
- Fair Value Through Other Comprehensive Income - assets have their loss allowance recognised in the Financial Instruments Revaluation Reserve;
- Fair Value Through Profit or Loss – assets have their loss allowance recognised in the Surplus or Deficit on Provision of Services.

### **1.9 Government Grants and Contributions**

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

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

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

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

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

### **1.10 Property, Plant and Equipment**

Assets that have physical substance and are held for use in 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.



## ***NOTES TO CORE FINANCIAL STATEMENTS***

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Where decreases in value are identified, they are accounted for as follows:

- 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) and;
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

### **Impairment**

An assessment is made at the year end to determine whether an asset may be impaired. If it may, 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, the accounting entries are as follows:

- 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 the balance (up to the amount of the accumulated balance);
- 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 in the Comprehensive Income and Expenditure Statement.

Where the impairment loss is reversed subsequently, the reversal is credited to the relevant line 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.

### **Disposals**

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 current value less costs to sell. Where there is subsequent decrease to current value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in current value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provisions of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as an Asset 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

## ***NOTES TO CORE FINANCIAL STATEMENTS***

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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 value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal, so netted off against the carrying value of the asset at the time of disposal. The written-off value of the disposal is appropriated to the Capital Adjustment Account in the Movement in Reserves Statement so as not to impact on Council Tax. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Receipts from disposal of assets are categorised as Capital Receipts and credited to the Usable Capital Receipts Reserve to finance new capital investment.

### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment with a determinable finite life by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use. Freehold land, assets with an estimated life in excess of 50 years and assets under construction are not depreciated.

Annual depreciation is calculated on a straight-line basis as valuation less residual value, divided by the estimated useful life of the asset. The useful lives of properties vary from 15 to 100 years; and that of vehicles, plant and equipment between 3 and 15 years. In rare cases, certain specialised equipment may be attributed a longer useful economic life.

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

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

### **1.11 Donated Assets**

Donated assets received by the Authority are recognised immediately on receipt at current value as Property, Plant and Equipment. The opposite entry to this transaction (i.e. the gain to the Authority on receipt of the asset) is recognised as income in the relevant service line in the Comprehensive Income and Expenditure Statement. The Code notes that the exception to this is to the extent that the Authority might not meet the conditions attached to the donated asset. In such circumstances, the income relating to the assets will need to be recognised in the Donated Asset Account. The income will subsequently be recognised in

## ***NOTES TO CORE FINANCIAL STATEMENTS***

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the Comprehensive Income and Expenditure Statement when the Authority has satisfied the conditions of donation.

### **1.12 Intangible Assets**

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Authority (e.g., software licences) is capitalised when it will bring benefits to the Authority for more than one financial year.

Intangible assets are measured initially at 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.

### **1.13 Basis of Valuation of Inventories**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value and include uniforms, operational equipment, catering stock, smoke alarms, furniture stock, stationery, oil, diesel and vehicle spares.

The cost of inventories is assigned using the weighted average costing formula.

### **1.14 Accounting for Leases**

The Authority classifies contracts as leases based on their substance. Contracts and parts of contracts are analysed to determine whether they convey the right to control the use of an individual asset, through rights both to obtain substantially all the economic benefits or service potential from the asset and to direct its use. This includes arrangements with nil consideration, peppercorn or nominal payments.

#### **The Authority as a Lessee**

##### **Initial Measurement**

Leases are recognised as right-of-use assets with a corresponding liability from the later of the date from which the leased asset is available for use or the IFRS 16 transition date of 1 April 2024. The leases are typically for fixed periods in excess of one year but may have extension or break clause options within them. The Authority uses the best available information at the time of preparing the accounts to determine if any of these options will be taken.

The Authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the 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 any fixed or variable payments, as well as lease payments in an optional renewal period.

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

## ***NOTES TO CORE FINANCIAL STATEMENTS***

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asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

### **Subsequent Measurement**

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

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

For these leases, the asset is carried at a revalued amount. The right-of-use asset is depreciated on a straight-line basis over the shorter of the 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 Authority'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.

### **Low Value and Short-Term Lease exemptions**

As permitted by the CIPFA Code, the Authority excludes leases:

- for low value items that cost less than £6,000 when new, provided they are not highly dependent on or integrated with other items, or
- with a term shorter than 12 months.

Lease rental payments for these exemptions are posted against the relevant heading within the net cost of services in the CIES.

## ***NOTES TO CORE FINANCIAL STATEMENTS***

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### **The Authority as a 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 to the lessee. All other leases are classified as 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 revenue in the CIES.

### **1.15 Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service, in accordance with the Authority's arrangements for accountability and financial performance.

### **1.16 Private Finance Initiative (PFI)**

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, is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. The annual amounts payable to the PFI operators 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 – an interest charge of 28.05% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement; and
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write downs is calculated using the same principles as for a finance lease).

### **1.17 Provisions, Contingent Liabilities and Contingent Assets**

#### **Provisions**

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For example, potential legal liabilities arising from claims.

## **NOTES TO CORE FINANCIAL STATEMENTS**

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

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

### **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.

### **1.18 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 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.

The Authority's policy for reserves is that the Authority will:

- set aside sufficient sums in Earmarked Reserves as it considers prudent to do so;
- aim to maintain General Reserves of 5% of the Net Expenditure; currently £1.829m

Earmarked reserves relating to Pensions, Modernisation, Community Safety, Resilience, Insurance, Training, IT Projects and Strategic Finance (Funding Pressures) were held as at 31 March 2025 together with a General Revenue Reserve.

### **1.19 Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Where the Authority has received capital grants which have been applied to REFCUS, they have been accounted for as revenue grants in the Comprehensive Income and Expenditure Statement, even if described as capital grants by the giver of the grant.

Income is posted to the line(s) that the qualifying expenditure is charged to, in the Net Cost of Service.

## **NOTES TO CORE FINANCIAL STATEMENTS**

Transactions are transparent in the note detailing the components of the Adjustments between Accounting Basis and Funding Basis under Regulations line in the Movement in Reserves Statement.

### **1.20 VAT**

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

### **1.21 Group Accounts**

The Authority has interests in subsidiary companies and therefore group accounts have been prepared. In the Authority's single entity accounts, the interests are recorded as financial assets at cost, less any provision for losses.

### **1.22 Council Tax Income**

The Code requires that the Council Tax income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes a Collection Fund Adjustment Account to reflect the Collection Fund relationship between the Authority and Billing Authorities. The offset to this account is included in debtors/creditors. Debtor and creditor accounts are also included in the Balance Sheet to reflect the amounts due from council taxpayers.

## **2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED**

The Authority is required to disclose the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted in the CIPFA Accountancy Code of Practice for the relevant financial year.

The standards that may be relevant for additional disclosures in respect of accounting changes that are introduced in the 2025/26 Code are:

- IAS21 The Effects of Foreign Exchange Risk (Lack of Exchangeability).
- IFRS17 Insurance Contracts.
- IAS16 and IAS38 Changes in measurement of non-investment assets.

It is not anticipated that any of these amendments will have a material impact upon the information provided in the financial statements, but it will be dependent upon arrangements in place at that time and further details of the potential impact will be disclosed when more information becomes available.

## **NOTES TO CORE FINANCIAL STATEMENTS**

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### **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 uncertainty of future events.

There is a high degree of uncertainty about future levels of funding for fire authorities. However, it has been determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of the need to reduce levels of service provision.

### **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. However, as balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

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

#### **4.1 Property, Plant and Equipment – Depreciation**

##### **Uncertainty**

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.

##### **Effect if actual results differ from assumptions**

If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls.

It is estimated that the annual depreciation charge for buildings would increase by approximately £0.031m for every year that useful lives had to be reduced.

#### **4.2 Property, Plant and Equipment – Valuation**

Assets are valued in accordance with valuation standards issued by The Royal Institute of Chartered Surveyors (RICS). The use of a number of estimation techniques, including various property indices, results in valuations being subject to major estimation uncertainty.

##### **Effect if actual results differ from assumptions**

At 31 March 2025 the Gross Book Value (GBV) of the Authority's land and buildings is £40.792m. A 1% change in asset valuations would result in a £0.408m change in GBV. These changes would not have a direct impact on the Authority's General Fund since any change to the CIES would be reversed in the Authority's Unusable Reserves.

## **NOTES TO CORE FINANCIAL STATEMENTS**

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### **4.3 Pension Liability**

#### **Uncertainty**

Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied.

#### **Effect if actual results differ from assumptions**

The effects of changes in individual assumptions on the total pension liability can be measured.

Examples of how changes in assumptions would impact upon the Firefighters' pension liability are shown in the table below:

<b>Change in assumption *</b>	<b>Increase in Liability %</b>	<b>Increase in Liability £m</b>
<b>Rate of return:</b>		
in excess of earnings – reduction of 0.5% per annum	1.0	3
in excess of pensions – reduction of 0.5% per annum	6.0	18
<b>Pensioner mortality</b>		
pensioners living (on average) 1 year longer	2.5	7

\* Opposite changes in assumptions would produce equal and opposite changes in the liability.

## NOTES TO CORE FINANCIAL STATEMENTS

### 5 EXPENDITURE AND FUNDING ANALYSIS

#### 5.1 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2023/24 Net Expenditure Chargeable to the General Fund £000	2023/24 Adjustments Between the Funding and Accounting Basis £000	2023/24 Net Expenditure in the Comprehensive Income and Expenditure Statement £000		2024/25 Net Expenditure Chargeable to the General Fund £000	2024/25 Adjustments Between the Funding and Accounting Basis £000	2024/25 Net Expenditure in the Comprehensive Income and Expenditure Statement £000
27,199	-2,594	24,605	Employees	29,995	-4,162	25,833
3,626	-	3,626	Premises	3,131	-	3,131
657	-	657	Transport	703	-	703
4,289	-	4,289	Supplies & Services	4,503	-	4,503
-9	-	-9	Provisions	-38	-	-38
1,998	702	2,700	Capital Financing	1,781	974	2,755
-5,116	-	-5,116	Income	-5,354	-	-5,354
<b>32,644</b>	<b>-1,892</b>	<b>30,752</b>	<b>Net Cost of Services</b>	<b>34,721</b>	<b>-3,188</b>	<b>31,533</b>
-	-3	-3	Other Operating Income & Expenditure	-	9	9
615	14,529	15,144	Financing and Investment	1,232	14,809	16,041
-33,757	-335	-34,092	Income & expenditure	-37,359	-145	-37,504
<b>-498</b>	<b>12,299</b>	<b>11,801</b>	Taxation & Non-Specific Grants Income	<b>-1,406</b>	<b>11,485</b>	<b>10,079</b>
<b>-1,605</b>			<b>Surplus (-) or Deficit on Provision of Services</b>			
-168			<b>Opening General Fund Balance</b>	<b>-1,773</b>		
<b>-1,773</b>			Surplus on General Fund Balance in the year	-56		
			<b>Closing General Fund Balance</b>	<b>-1,829</b>		

#### 5.2 Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to the Net Expenditure chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

- Adjustments for Capital Purposes

This column adjusts for depreciation, impairment and revaluation gains / losses in the Net Cost of Services line, along with the statutory charges for capital financing (minimum revenue provision and revenue contributions) as these are not chargeable under generally accepted accounting practices.

## **NOTES TO CORE FINANCIAL STATEMENTS**

Capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets are adjusted within other operating expenditure.

The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions, or for which conditions were satisfied in the year.

- Net Change for the Pensions Adjustments

This column includes the net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income.

Within Net Cost of 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.

Within Financing and Investment Income and Expenditure, the net interest in the defined benefit liability is charged to the CIES.

- Other Differences

Other differences between amounts debited / credited to the Comprehensive Income and Expenditure Statement and amounts payable / receivable to be recognised under statute are included in this column.

The Net Cost of Services line includes adjustments in respect of the accrual for compensated absences earned but not taken in the year, such as annual leave entitlement carried forward at the year end.

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 non-domestic rates that was anticipated 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.

## NOTES TO CORE FINANCIAL STATEMENTS

<b>2024/25</b> <b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>	<b>Adjustments for Capital Purposes £000</b>	<b>Net Change for the Pensions Adjustments £000</b>	<b>Other Differences £000</b>	<b>Total Adjustments £000</b>
Employees	-	-4,181	19	-4,162
Premises	-	-	-	-
Transport	-	-	-	-
Supplies & Services	-	-	-	-
Provisions	-	-	-	-
Capital Financing Income	974	-	-	970
<b>Net Cost of Services</b>	<b>974</b>	<b>-4,181</b>	<b>19</b>	<b>-3,188</b>
Other Operating Income & Expenditure	9	-	-	9
Financing and Investment Income & Expenditure	-	14,809	-	14,809
Taxation & Non-Specific Grants Income	-	-	-145	-145
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>983</b>	<b>10,628</b>	<b>-126</b>	<b>11,485</b>

The comparatives for 2023/24 are shown in the table below:

<b>2023/24</b> <b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>	<b>Adjustments for Capital Purposes £000</b>	<b>Net Change for the Pensions Adjustments £000</b>	<b>Other Differences £000</b>	<b>Total Adjustments £000</b>
Employees	-	-2,576	-18	-2,594
Premises	-	-	-	-
Transport	-	-	-	-
Supplies & Services	-	-	-	-
Provisions	-	-	-	-
Capital Financing Income	702	-	-	702
<b>Net Cost of Services</b>	<b>702</b>	<b>-2,576</b>	<b>-18</b>	<b>-1,892</b>
Other Operating Income & Expenditure	-3	-	-	-3
Financing and Investment Income & Expenditure	-	14,529	-	14,529
Taxation & Non-Specific Grants Income	-191	-	-144	-335
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>508</b>	<b>11,953</b>	<b>-162</b>	<b>12,299</b>

## **NOTES TO CORE FINANCIAL STATEMENTS**

### **6 MOVEMENT IN RESERVES STATEMENT**

#### **6.1 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.

<b>2024/25</b>	<b>General Fund Balance (Usable Reserves) £000</b>	<b>Capital Receipts Reserve (Usable Reserves) £000</b>	<b>Capital Grants Unapplied (Usable Reserves) £000</b>	<b>Movement in Unusable Reserves £000</b>
Charges for depreciation, impairment, and downward revaluations of non-current assets	-2,660			2,660
Amortisation of Intangible Assets	-95			95
Capital Grants and Contributions	-			-
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	-22			22
Use of Capital Receipts Reserve to finance new capital	13	-13		-
Transfer of cash proceeds credited as part of the gain on disposal to the Comprehensive Income and Expenditure Statement		13		-13
Statutory provision for the financing of Capital Investment	700			-700
Capital expenditure charged against the General Fund	1,081			-1081
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-17,396			17,396
Employer's pensions contributions and direct payments to pensioners payable in the year	6,768			-6,768
Adjustments by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	145			-145
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	-19			19
<b>Total Adjustments</b>	<b>-11,485</b>	<b>-</b>	<b>-</b>	<b>11,485</b>

## **NOTES TO CORE FINANCIAL STATEMENTS**

Comparatives for 2023/24 are as follows:

2023/24	General Fund Balance (Usable Reserves) £000	Capital Receipts Reserve (Usable Reserves) £000	Capital Grants Unapplied (Usable Reserves) £000	Movement in Unusable Reserves £000
Charges for depreciation, impairment, and downward revaluations of non-current assets	-2,691			2,691
Amortisation of Intangible Assets	-9			9
Capital Grants and Contributions	191			-191
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	-346			346
Use of Capital Receipts Reserve to finance new capital	349	-349		
Transfer of cash proceeds credited as part of the gain on disposal to the Comprehensive Income and Expenditure Statement		349		-349
Statutory provision for the financing of Capital Investment	422			-422
Capital expenditure charged against the General Fund	1,576			-1,576
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-17,319			17,319
Employer's pensions contributions and direct payments to pensioners payable in the year	5,366			-5,366
Adjustments by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	144			-144
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	18			-18
<b>Total Adjustments</b>	<b>-12,299</b>	<b>-</b>	<b>-</b>	<b>12,299</b>

### **7 COMPREHENSIVE INCOME AND EXPENDITURE**

#### **7.1 Non-Distributed Costs**

Pension costs relating to past service are treated as non-distributed costs.

There are no exceptional items in 2024/25.

#### **7.2 Gain / Loss on the Disposal of Property, Plant and Equipment**

In accordance with the Code, any gain or loss on disposal of an asset is to be included in the Comprehensive Income and Expenditure Statement. The gain or loss is shown as a reconciling item in the Movement in Reserves Statement. The loss shown in the Comprehensive Income and Expenditure Account for 2024/25 amounts to £9,074 (2023/24: gain £2,815)

## **NOTES TO CORE FINANCIAL STATEMENTS**

### **7.3 Members' Allowances**

Members' allowances are paid under a scheme introduced by the Fire and Rescue Authority in December 2003. Expenses for conference and other non-routine meetings are also paid by the Fire and Rescue Authority.

The total amounts for allowances and expenses paid in relation to Members are as follows:

	<b>2023/24 £000</b>	<b>2024/25 £000</b>
Allowances	54	54
Expenses	2	2
<b>Total</b>	<b>56</b>	<b>56</b>

### **7.4 Employee Remuneration**

In accordance with the Accounts and Audit (England) Regulations 2012, disclosure is required for employees whose remuneration, excluding pension contributions, during the period exceeded £50,000.

Individual remuneration details are required for senior employees; and in accordance with the Regulations, senior employees are included by job title.

<b>2024/25</b>	<b>Salary (including fees &amp; allowances) £</b>	<b>Expense Allowances £</b>	<b>Benefits in Kind (e.g. Car Allowances) £</b>	<b>Total Remuneration excluding pension contributions £</b>	<b>Pension contributions £</b>	<b>Total Remuneration including pension contributions £</b>
Chief Fire Office – S. Helps (a)	174,843	-	153	174,996	65,773	240,769
Deputy Chief Fire Officer (b)	140,208	-	153	140,361	52,619	192,980
Director (c)	-	-	-	-	-	-
Director (b)	-	-	-	-	-	-
Director (d)	90,585	-	1,212	91,797	37,840	129,637
Director (e)	74,564	-	115	74,679	28,263	102,942
Deputy Chief Executive/Treasurer (0.6 FTE)	58,531	-	2,436	60,967	13,522	74,489
Director of Corporate Resources	84,061	-	154	84,215	14,795	99,010
Director of People and Organisational Development	84,061	-	154	84,215	14,795	99,010
	<b>706,853</b>	-	<b>4,377</b>	<b>711,230</b>	<b>227,607</b>	<b>938,837</b>

Comparative figures for 2023/24 are as follows:

<b>2023/24</b>	<b>Salary (including fees &amp; allowances) £</b>	<b>Expense Allowances £</b>	<b>Benefits in Kind (e.g. Car Allowances) £</b>	<b>Total Remuneration excluding pension contributions £</b>	<b>Pension contributions £</b>	<b>Total Remuneration including pension contributions £</b>
Chief Fire Office – S. Helps (a)	167,266	-	38	167,304	48,773	216,077
Deputy Chief Fire Officer (b)	32,398	-	38	32,436	8,810	41,246
Director (c)	80,172	80	-	80,252	19,816	100,068
Director (b)	89,395	90	-	89,485	21,897	111,382
Director (d)	31,797	-	38	31,835	9,158	40,993
Director (e)	-	-	-	-	-	-
Deputy Chief Executive/Treasurer (0.6 FTE)	66,004	-	1,022	67,026	13,032	80,058
Director of Corporate Resources	81,519	-	39	81,558	14,347	95,905
Director of People and Organisational Development	81,519	-	39	81,558	14,347	95,905
	<b>630,070</b>	<b>170</b>	<b>1,214</b>	<b>631,454</b>	<b>150,180</b>	<b>781,634</b>

## NOTES TO CORE FINANCIAL STATEMENTS

During 2023/24 one of the Directors was appointed to the vacant Deputy Chief Fire Officer post (b). The remuneration costs for this individual are shown across the two posts during the year. Another Director left during 2023/24 (c) and a new Director was appointed to fill one of the vacancies (d). The second Director vacancy was filled during 2024/25 (e).

Other employees, whose remuneration is more than £50,000, are included within the bandings of £5,000.

Remuneration Band	Number of Employees 2023/24	Number of Employees 2024/25
£50,000-£54,999	17	32
£55,000-£59,999	8	9
£60,000-£64,999	13	13
£65,000-£69,999	3	6
£70,000-£74,999	4	2
£75,000-£79,999	-	1
£80,000 -£84,999	-	1
£85,000 - £89,999	1	1

No redundancy payments are included in the 2023/24 or 2024/25 salary bands shown above.

### 7.5 Exit Packages

The numbers and total cost of exit packages agreed in 2023/24 and 2024/25 are set out in the tables below:

2024/25 Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages agreed	Total cost of exit packages agreed £000
£0-£20,000	-	-	-	-
£20,001-£40,000	-	-	-	-
£40,001-£60,000	-	-	-	-
£60,001-£80,000	-	-	-	-
£80,001-£100,000	-	-	-	-
£100,001-£150,000	-	-	-	-
<b>Total</b>	-	-	-	-

2023/24 Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages agreed	Total cost of exit packages agreed £000
£0-£20,000	-	-	-	-
£20,001-£40,000	-	-	-	-
£40,001-£60,000	-	-	-	-
£60,001-£80,000	-	-	-	-
£80,001-£100,000	-	-	-	-
£100,001-£150,000	-	-	-	-
<b>Total</b>	-	-	-	-

There were no exit packages agreed in 2023/24 or 2024/25.

## **NOTES TO CORE FINANCIAL STATEMENTS**

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### **7.6 Termination Benefits**

The 'Employee' Line of the comprehensive income and expenditure statement for 2024/25 includes £nil in respect of voluntary redundancy/early retirement/compensation payments (£nil in 2023/24.)

### **7.7 External Audit Fees**

The accounts of the Authority are audited by Forvis Mazars LLP. In accordance with the Code, authorities are required to disclose payment of fees. The fees payable to Forvis Mazars LLP for 2023/24 and 2024/25 are set out below:

	<b>2023/24 £000</b>	<b>2024/25 £000</b>
Fees payable to auditors regarding external audit services carried out by the appointed auditor	90	106
Additional fees payable to auditors for work required for the audit of Group Accounts	4	5
Fees payable to auditors in respect of other services provided by the appointed auditor	-	-
	<b>94</b>	<b>111</b>

Fees payable to auditors regarding external audit services include an increased fee amount in relation to 2023/24 which was not known until after the accounts had been finalised.

### **7.8 Minimum Revenue Provision (MRP)**

The Local Authorities Capital Finance and Accounting (England) (Amendment) Regulations 2011 requires the Authority to provide for an amount of MRP which it considers to be prudent. MRP has been prepared based on 4% of the capital finance requirement at the end of the preceding year, relating to assets held prior to 2008 and 2% of the capital financing requirement at the end of the preceding year for all other assets.

The MRP relating to the Private Finance Initiative scheme and finance leases has been calculated as a sum equivalent to the principal repayment of the outstanding liability.

The amount of MRP charged to the accounts is disclosed in Note 8.6.

### **7.9 Amounts Reported for Resource Allocation Decisions**

The analysis of income and expenditure on the face of the Comprehensive Income and Expenditure Statement reflects the internal financial management reporting, as required by the Code.

The Code recommends that, where appropriate, "segmental" reporting information is detailed. Reporting segments are those used by resource decision makers when determining budgets and financial control. Regarding County Durham and Darlington Fire and Rescue Authority, as the costs relate to one major type of service expenditure, segmental reporting is not identified.

## NOTES TO CORE FINANCIAL STATEMENTS

### 7.10 Grant Income

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

	2023/24 £000	2024/25 £000
Private Finance Initiative	1,130	1,130
Central Government	2,221	1,828
<b>Credited to Services</b>	<b>3,351</b>	<b>2,958</b>
Revenue Support Grant	3,972	5,795
National Non-Domestic Rates	7,415	7,751
Small Business Rates Relief Grant	1,656	2,441
Services Grant	288	49
Capital Contributions	191	-
<b>Credited to Taxation and Non-Specific Grant Income</b>	<b>13,522</b>	<b>16,036</b>
<b>Total Grant Income</b>	<b>16,873</b>	<b>18,994</b>

### 7.11 Related Parties

The Authority is required to disclose material transactions with related parties i.e., bodies or individuals that have the potential to control or influence or be controlled/ influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority may 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. Transactions should be disclosed where material to either the organisation or individual with whom the transaction has been incurred.

#### Central Government

Central Government has effective control over the general operations of the Authority. It is responsible for providing the statutory framework within which the Authority operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties. Grants received from Government Departments are included within the Comprehensive Income & Expenditure Statement. An analysis of Government grants is shown above in Note 7.10.

#### Members

Members of the Authority have direct control over the Authority's financial and operating policies. Details of transactions relating to members' interests are recorded in the Register of Members' Interest which is accessible on the Authority's website. Following a review of the register and the Related Party Transactions Declarations, it was established that there were no material related party transactions involving members, bar those relating to the Community Interest Company and Vital Fire Solutions Limited, which is disclosed further below.

The total of members' allowances paid in 2024/25 is shown in Note 7.3.

## **NOTES TO CORE FINANCIAL STATEMENTS**

Several Members of the Authority are also Members of Durham County Council and Darlington Borough Council. It is not considered that there have been any material transactions that could have been affected by this relationship.

### **Officers**

Helen Bradley is Clerk to the Authority and Director of Legal and Democratic Services for Durham County Council.

There were no related party transactions involving senior employees except those relating to the Community Interest Company and Vital Fire Solutions Limited which are disclosed further below.

### **Other Public Bodies**

Durham County Council administers the Durham County Council Pension Fund of which the Authority is a member.

Formal agreements are in place between the Authority and Durham County Council for the provision of legal services, financial services and technical services. The agreements are signed by both parties and regularly reviewed by the Authority's Director of Corporate Resources and Treasurer. The value of these agreements is £0.157m (2023/24: £0.138m).

The Authority obtains part of its income from precepts levied on the collection authorities in its area. During the year, transactions with related parties, excluding those disclosed elsewhere in the accounts, were as follows:

	<b>Precepts 2023/24 (Receipts) £000</b>	<b>Precepts 2024/25 (Receipts) £000</b>
Durham County Council	16,587	17,192
Darlington Borough Council	3,946	4,118
	<b>20,533</b>	<b>21,310</b>
Adjustment for share of Collection Fund	37	158
	<b>20,570</b>	<b>21,468</b>

On 31 March 2025, the Authority owes Durham County Council £1.032m (2023/24: £0.799m) relating to amounts due from Council Taxpayers and £nil in respect of the Collection Fund (2023/24: £0.088m). Durham County Council owes the Authority £0.136m (2023/24: £0.161m) in respect of amounts due from Non-Domestic Rates Payers and £0.092m (2023/24: £0.058m) in respect of the Collection Fund.

In addition, £0.692m (2023/24: £0.581m) is due to the Authority from Durham County Council relating to VAT claimed on the Authority's behalf.

At 31 March 2025, the Authority owes Darlington Borough Council £0.349m (2023/24: £0.345m) in respect of amounts due from Council Taxpayers and £0.056m (2023/24:

## **NOTES TO CORE FINANCIAL STATEMENTS**

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£0.078m) in respect of the Collection Fund. Darlington Borough Council owes the Authority £0.029m (2023/24: £0.036m) in respect of amounts due from Non-Domestic Rate Payers.

### **County Durham and Darlington Community Interest Company**

In 2013/14, County Durham and Darlington Community Interest Company was incorporated and commenced trading during 2014/15. The Community Interest Company is a 100% owned subsidiary of the Authority. The Directors of the company are also senior managers and members of the Authority.

As at 31 March 2025, £175 (2023/24: £nil) was due to the Fire Authority from the company in respect of management and administration recharges.

A summary of the company's accounts is shown in Note 7.12.

### **Vital Fire Solutions Limited**

In 2015/16, Vital Fire Solutions Limited was incorporated, and the Authority purchased £15,000 of share capital. The company is a 100% owned subsidiary of the Authority. The Directors of the company are also senior managers and members of the Authority.

As at 31 March 2025, £321,772 (2023/24: £225,920) was due to the Fire Authority from the company in respect of management and administration recharges. The Authority owes the company £nil (2023/24: £nil) in respect of work carried out on its behalf and £nil (2023/24: £nil) in respect of goods purchased on its behalf.

A summary of the company's accounts is shown in Note 7.13.

### **7.12 Community Interest Company**

The Fire Authority has set up a Community Interest Company for trading purposes. The company is registered as County Durham and Darlington Fire and Rescue Community Interest Company. The company is wholly owned by the Fire Authority.

The accounts of the company are summarised below.

Group Accounts have been produced for 2024/25 and are presented on pages 17 to 22 of this Statement of Accounts.

	<b>2023/24 £000</b>	<b>2024/25 £000</b>
Turnover	5	-
Cost of Sales	-	-
<b>Gross Profit</b>	<b>5</b>	<b>-</b>
Administrative Expenses	-6	-1
Other Income	1	-
<b>Profit/(Loss) for the year before taxation</b>	<b>-</b>	<b>-1</b>
Tax on profit	-	-
<b>Profit/(Loss) for the financial year</b>	<b>-</b>	<b>-1</b>

## NOTES TO CORE FINANCIAL STATEMENTS

### 7.13 Vital Fire Solutions Limited

The Fire Authority has created Vital Fire Solutions Limited for trading purposes. This is registered as a Limited Company and wholly owned by the Fire Authority, who purchased £15,000 of share capital.

The accounts of the company are summarised below.

Group Accounts have been produced for 2024/25 and are presented on pages 17 to 22 of this Statement of Accounts.

	2023/24 £000	2024/25 £000
Turnover	891	965
Cost of Sales	-476	-563
<b>Gross Profit</b>	<b>415</b>	<b>402</b>
Administrative Expenses	-472	-353
Other Income	9	8
<b>Profit/(Loss) for the year before taxation</b>	<b>-48</b>	<b>57</b>
Tax on profit	-	-
<b>Profit/(Loss) for the financial year</b>	<b>-48</b>	<b>57</b>

## 8 BALANCE SHEET

### 8.1 Intangible Assets

Intangible assets are assets that continue to provide an economic benefit to the Authority, but which do not have physical form.

The following shows the movement on intangible assets during the year:

	£000
<b>Original Cost</b>	<b>61</b>
Amortisations to 31 March 2024	-11
<b>Balance at 1 April 2024</b>	<b>50</b>
Expenditure in year	250
Disposals	-
Amortisation during year	-95
Amortisation on disposals	-
<b>Balance at 31 March 2025</b>	<b>205</b>

Comparatives for 2023/24 are as follows:

	£000
<b>Original Cost</b>	<b>2</b>
Amortisations to 31 March 2023	-2
<b>Balance at 1 April 2023</b>	<b>-</b>
Expenditure in year	59
Disposals	-
Amortisation during year	-9
Amortisation on disposals	-
<b>Balance at 31 March 2024</b>	<b>50</b>

## NOTES TO CORE FINANCIAL STATEMENTS

### 8.2 Operational Assets

All valuations of buildings are undertaken by or under the supervision of a fully qualified Chartered Surveyor. Full fixed asset revaluations are undertaken once every five years, unless the changes in the BCIS index during the year would have a material impact on the asset portfolio. The most recent valuation of Land and Buildings is effective from 31 March 2025. These values have been used to determine the 31 March 2025 valuations. The last full valuation as part of the agreed 5 year rolling programme was previously undertaken in 2022/23. However, as there has been a significant change in the BCIS index in this financial year, the valuation exercise undertaken for 31 March 2025 was also a full revaluation.

	Vehicles, Plant & Equipment £000	Land & Buildings £000	Surplus Assets £000	Total £000
<b>Cost or Valuation</b>				
At 1 April 2024	17,990	42,245	221	60,456
Additions	446	259	-	705
Derecognition - Disposals / Demolitions	-1,881	-	-	-1,881
Reclassifications	481	-	-	481
Assets reclassified as held for sale	-	-	-	-
Accumulated depreciation and impairment written off to GCA	-	-705	-	-705
Revaluation increases recognised in the Surplus on the Provision of Services	-	97	-	97
Revaluation decreases recognised in the Surplus on the Provision of Services	-	-229	-	-229
Revaluation increases recognised in the Revaluation Reserve	-	71	10	81
Revaluation decreases recognised in the Revaluation Reserve	-	-960	-	-960
At 31 March 2025	<b>17,036</b>	<b>40,778</b>	<b>231</b>	<b>58,045</b>
<b>Depreciation and Impairments</b>				
At 1 April 2024	-12,284	-2,946	-1	-15,231
Charge for 2024/25	-1,060	-1,016	-	-2,076
Derecognition - Disposals / Demolitions	1,859	-	-	1,859
Depreciation written off to GCA	-	705	-	705
At 31 March 2025	<b>11,485</b>	<b>-3,257</b>	<b>-1</b>	<b>-14,743</b>
<b>Balance Sheet amount at 31 March 2025</b>	<b>5,551</b>	<b>37,521</b>	<b>230</b>	<b>43,302</b>
<b>Balance Sheet amount at 01 April 2024</b>	<b>5,706</b>	<b>39,299</b>	<b>220</b>	<b>45,225</b>

## NOTES TO CORE FINANCIAL STATEMENTS

Comparatives for 2023/24 are as follows:

	Vehicles, Plant & Equipment £000	Land & Buildings £000	Surplus Assets £000	Total £000
<b>Cost or Valuation</b>				
At 1 April 2023	17,652	41,855	221	59,728
Additions	777	198	-	975
Derecognition - Disposals / Demolitions	-439	-	-	-439
Reclassifications	-	881	-	881
Assets reclassified as held for sale	-	-	-	-
Accumulated depreciation and impairment written off to GCA	-	-770	-	-770
Revaluation increases recognised in the Surplus on the Provision of Services	-	210	-	210
Revaluation decreases recognised in the Surplus on the Provision of Services	-	-861	-	-861
Revaluation increases recognised in the Revaluation Reserve	-	1,146	-	1,146
Revaluation decreases recognised in the Revaluation Reserve	-	-414	-	-414
At 31 March 2024	<b>17,990</b>	<b>42,245</b>	<b>221</b>	<b>60,456</b>
<b>Depreciation and Impairments</b>				
At 1 April 2023	-11,652	-2,716	-1	-14,369
Charge for 2023/24	-1,040	-1,000	-	-2,040
Derecognition - Disposals / Demolitions	408	-	-	408
Depreciation written off to GCA	-	770	-	770
At 31 March 2024	<b>-12,284</b>	<b>-2,946</b>	<b>-1</b>	<b>-15,231</b>
<b>Balance Sheet amount at 31 March 2024</b>	<b>5,706</b>	<b>39,299</b>	<b>220</b>	<b>45,225</b>
<b>Balance Sheet amount at 01 April 2023</b>	<b>6,000</b>	<b>39,139</b>	<b>220</b>	<b>45,359</b>

The carrying value of operational assets is analysed according to the year in which they were valued as follows:

	Vehicles, Plant & Equipment £000	Land & Buildings £000	Surplus Assets £000	Total £000
Carried at historical cost	5,551	5,223	23	10,797
Valued at fair value as at 31 March 2025	-	32,312	207	32,519
<b>Total Cost or Valuation</b>	<b>5,551</b>	<b>37,535</b>	<b>230</b>	<b>43,316</b>

## NOTES TO CORE FINANCIAL STATEMENTS

### 8.3 Non-Operational Assets

	Assets Under Construction 2023/24 £000	Assets Under Construction 2024/25 £000
<b>Cost or valuation</b>		
At 1 April	279	480
Additions	1,082	140
Reclassifications	-881	-481
<b>At 31 March</b>	<b>480</b>	<b>139</b>
<b>Depreciation and impairments</b>		
At 1 April	-	-
Charge for year	-	-
<b>At 31 March</b>	<b>-</b>	<b>-</b>
<b>Balance Sheet amount at 31 March</b>	<b>480</b>	<b>139</b>
<b>Balance Sheet amount at 01 April</b>	<b>279</b>	<b>480</b>

### 8.4 Leases – Right of Use Assets

#### Change in Accounting Policy and Transition to IFRS 16 Lease Accounting

Mandatory implementation of IFRS16 Leases is required by all Local Authorities for the financial year 2024/25. The main impact of the standard is to remove (for lessees) the traditional distinction between finance and operating leases.

Under the previous standard for Leases, IAS17, finance leases were effectively accounted for as acquisitions (with the asset on the Balance Sheet, together with a liability to pay for the asset acquired). In contrast, operating lease rentals are expensed in the year they are paid. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach; recognising the rights acquired to use the asset.

Accounting arrangements for lessors have not changed substantially under IFRS16, so adjustments will not generally be needed.

A summary of the transitional accounting arrangements under IFRS16 are follows:

- The standard is applied prospectively, meaning an authority does not need to reassess whether a contract is (or contains) a lease where that consideration has already taken place under IAS 17 and IFRIC 4 principles, unless the arrangement is for nil consideration. This protection only applies whilst the contract remains unchanged from the position as at 1<sup>st</sup> April 2024.
- There are exemptions under the standard for leases of short term (12 months or less) or low value.

## **NOTES TO CORE FINANCIAL STATEMENTS**

- As IFRS16 is applied prospectively, no prior period adjustments are needed. Only the Balance Sheet on transition at 1<sup>st</sup> April 2024) requires adjustment for the cumulative impact.
- Lease liabilities are measured at the present value of the remaining lease payments at 1st April 2024, discounted by the Authority's incremental borrowing rate at that date.
- The weighted average of the incremental borrowing rates used to discount liabilities was 4.9%
- Right-of-use assets are measured at the amount for the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31<sup>st</sup> March 2024.

Exemptions:

- **Short Term** - the definition of short term under IFRS16 is a lease term of 12 months (unless due to be extended) - due to finish during 2024/25
- **Low Value** - an authority can elect not to apply IFRS16 to leases of low value. IFRS16 does not define low value; a local policy decision needs to be taken to consider materiality and de-minimis thresholds. For County Durham and Darlington Fire and Rescue this is £6,000 for equipment leases.

The transition to IFRS16 has resulted in the following additions to the Balance Sheet at 1 April 2024:

- £1.577m Property, plant and equipment – land and buildings (right-of-use assets)
- £1.129m non-current creditors (lease liabilities)
- £0.448m Current creditors (lease liabilities)

### **Authority as a Lessee – 2024/25**

The Authority lease contracts comprise leases of operational land and buildings used as part of the overall estate strategy. During 2024/25 the Authority had 2 individual contracts in place for leases which have been deemed to come under IFRS16 and are therefore included within the Balance Sheet.

During 2012/13, the Authority took over the lease of the former Regional Control Centre in Belmont, Durham, to use as its Headquarters. The Authority entered into this lease for 15 years.

During 2013/14, the Authority entered into a lease for its new Technical Services Centre at Bowburn, Durham. The Authority has entered into this lease for 15 years.

## **NOTES TO CORE FINANCIAL STATEMENTS**

### **Right of Use (ROU) Assets**

The table below shows the change in the of right of use assets held under leases by the Authority in 2024/25:

	<b>Land &amp; Buildings £000</b>
ROU as at 31 March 2024	-
New ROU recognised	1,577
<b>ROU as at 1 April 2024</b>	<b>1,577</b>
Additions	-
Revaluations	-431
Disposals	-
Depreciation	-448
<b>ROU as at 31 March 2025</b>	<b>698</b>

### **Lease Liabilities**

The table below shows the movement in both long- and short-term liabilities with leases held by the Authority in 2024/25:

	<b>Short Term Lease Liabilities £000</b>	<b>Long Term Lease Liabilities £000</b>
Lease Liabilities as at 31 March 2024	-	-
New Leases under IFRS16	448	1,129
<b>Balance as at 1 April 2024</b>	<b>448</b>	<b>1,129</b>
Repayment of Principal	-448	-
Transfer from Long to Short Term Liability	470	-470
<b>Balance as at 31 March 2025</b>	<b>470</b>	<b>659</b>

### **Transactions Under Right of Use Lease Arrangements**

The Authority incurred the following expenses and cashflows in relation to Right of Use leases in 2024/25:

	<b>£000</b>
<b>Comprehensive Income and Expenditure Statement</b>	
Interest expense on lease liabilities	77
Expense relating to short term leases	448
<b>Cash flow Statement</b>	
Total cash outflow for leases	525

## NOTES TO CORE FINANCIAL STATEMENTS

### Maturity Analysis of Lease Liabilities

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

	31 March 2025 £000	31 March 2024 £000
Within one year	470	-
Later than one year and not later than five years	659	-
<b>Total Liabilities</b>	<b>1,129</b>	<b>-</b>

### 8.5 Sources of Funds to Meet Capital Expenditure and Other Plans

Resources and borrowing estimated to arise in future years will be used to finance the Authority's approved capital programme which is subject to a rolling review.

### 8.6 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it.

The capital financing requirement represents that part of the value of Property, Plant and Equipment and Intangible Assets that is to be met from external borrowing and capital cash overdrawn.

The requirement has increased by £0.878m from £11.750m to £12.628m as follows:

	2023/24 £000	2024/25 £000
<b>Opening Capital Financing Requirement</b>	<b>12,172</b>	<b>11,750</b>
<b>Capital Investment</b>		
Property, Plant & Equipment	975	705
Non-Operational Assets	1,082	140
Intangible Assets	59	250
Right of Use Assets (ROU)	-	1,577
<b>Sources of Finance</b>		
Capital Receipts	-349	-13
Government Grants and Contributions	-191	-
Minimum Revenue Provision	-140	-143
Minimum Revenue Provision – PFI	-282	-109
Minimum Revenue Provision - ROU	-	-448
Direct Revenue Provision	-1,576	-1,081
<b>Closing Capital Financing Requirement</b>	<b>11,750</b>	<b>12,628</b>
<b>Explanation of movements in the year</b>		
Reduction in underlying need to borrow (supported by Government financial assistant)	-422	-
Increase in underlying need to borrow (supported by Government financial assistance)	-	878
<b>Increase/decrease (-) in Capital Financing Requirement</b>	<b>-422</b>	<b>878</b>

## NOTES TO CORE FINANCIAL STATEMENTS

### 8.7 Capital Commitments

Major capital commitments as at 31 March 2025 are shown in the table below:

	2023/24 £m	2024/25 £m
New Headquarters	-	0.176
Station End Equipment	0.126	-
Control Project	0.250	0.031
Vehicles	0.037	0.503
Electric Charging Points	-	0.083
<b>Total Capital Commitments</b>	<b>0.413</b>	<b>0.793</b>

### 8.8 Information on Assets Held

Details concerning assets held by the Fire and Rescue Authority are shown below:

Asset Type	Number as at 31 March 2024	Number as at 31 March 2025
Fire Stations	15	15
Standby Accommodation Blocks	1	1
Training Centre	1	1
Vehicles	138	136

### 8.9 Assets Held for Sale

Non-Current	2023/24	2024/25
Balance outstanding at 1 April	568	253
Assets newly classified as held for sale (Property, Plant & Equipment)	-	-
Assets Sold	-315	-
<b>Balance outstanding at 31 March</b>	<b>253</b>	<b>253</b>

### 8.10 Inventories

	2023/24 £000	2024/25 £000
Balance outstanding at 1 April	599	621
Purchases	703	530
Recognised as an expense in the year	-681	-533
<b>Balance outstanding at 31 March</b>	<b>621</b>	<b>618</b>
Provision for obsolete stock	-	-
<b>Balance outstanding at 31 March after provision</b>	<b>621</b>	<b>618</b>

### 8.11 Debtors

These are sums of money due to the Authority but unpaid as at 31 March 2025. The Authority seeks to recover sums due to it as soon as possible and actively pursues outstanding accounts rendered upon debtors.

## **NOTES TO CORE FINANCIAL STATEMENTS**

Debtors have been reviewed for impairment and the provision for doubtful debts reflects any uncertainty about amounts receivable.

	<b>31 March 2024 £000</b>	<b>31 March 2025 £000</b>
<b>Amounts falling due within one year:</b>		
<b>Debtors</b>		
Government Departments	81	410
Other Local Authorities	940	1,160
Other Debtors	2,341	2,139
<b>Payments in Advance</b>	2,044	2,122
<b>Impairment for Doubtful Debts</b>	-	-
	<b>5,406</b>	<b>5,831</b>
<b>Amounts falling due after one year:</b>	-	-
	<b>5,406</b>	<b>5,831</b>

### **8.12 Cash and Cash Equivalents**

The balance of Cash and Cash Equivalents is made up of the following elements:

	<b>31 March 2024 £000</b>	<b>31 March 2025 £000</b>
Cash held by the Authority	4	4
Bank current accounts	158	126
Short term deposits with banks and building societies	3,317	9,626
<b>Total Cash and Cash Equivalents</b>	<b>3,479</b>	<b>9,756</b>

During the year information is provided to the Authority regarding short term deposits. In accordance with the Authority's adopted Treasury Policy Statement, the Authority is informed of transactions made with UK clearing banks, money markets and major building societies.

The accrued interest relating to short term deposits included in the figure above amounts to £26,092 as at 31 March 2025 (£16,994 as at 31 March 2024)

### **8.13 Creditors**

These are amounts owed by the Authority for works done, goods received, or services rendered which have not been paid for as at 31 March 2025.

	<b>31 March 2024 £000</b>	<b>31 March 2025 £000</b>
<b>Creditors</b>		
Government Departments	455	2,730
Other Local Authorities	1,540	1,530
Other Creditors	2,009	5,289
<b>Receipts in Advance</b>	321	361
	<b>4,325</b>	<b>9,910</b>
<b>Short-term Borrowing</b>	87	88
	<b>4,412</b>	<b>9,998</b>

## NOTES TO CORE FINANCIAL STATEMENTS

Accrued interest relating to short-term borrowing as at 31 March 2025 was £32,771 (£33,147 as at 31 March 2024)

### 8.14 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.

Under IFRS9, the Authority recognises expected losses for Financial Instruments, rather than actual losses. Any expected losses for 2024/25 are immaterial, and therefore, the Authority has elected not to reflect them in the financial statements, in accordance with CIPFA guidance.

#### Financial Instruments Balances

The carrying amount of financial instruments is shown below:

	31 March 2024 Long-term £000	31 March 2024 Current £000	31 March 2025 Long-term £000	31 March 2025 Current £000
<b>Financial Liabilities at amortised cost</b>				
PWLB Borrowing	4,832	87	4,776	88
Bank Overdraft	-	-	-	-
Trade Creditors	-	319	-	348
Other Creditors	-	1,473	-	4,087
Private Finance Initiative	5,652	300	5,705	139
Finance Leases	-	-	659	470
<b>Total Borrowing</b>	<b>10,484</b>	<b>2,179</b>	<b>11,140</b>	<b>5,132</b>
<b>Loans and Receivables at amortised cost</b>				
Short-term Deposits	-	3,317	-	9,626
Bank Deposits	-	162	-	130
Long-term Debtors	-	-	-	-
Trade Debtors	-	498	-	1,077
Other Debtors	-	847	-	963
<b>Total Loans and Receivables at amortised cost</b>	<b>-</b>	<b>4,824</b>	<b>-</b>	<b>11,796</b>
<b>Loans and Receivables at FVPL</b>				
Long-term Investments	15	-	15	-
<b>Total Loans and Receivables at FVPL</b>	<b>15</b>	<b>-</b>	<b>15</b>	<b>-</b>
<b>Total Loans and Receivables</b>	<b>15</b>	<b>4,824</b>	<b>15</b>	<b>11,796</b>

#### Financial Instruments Gains and Losses

The gains and losses recognised in the 2024/25 Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2024/25	Financial Liabilities measured at Amortised Cost	Financial Assets Loans and Receivables
	£000	£000
Interest expense	1,790	
Interest income		-625
Net gain(-)/loss for the year		<b>1,165</b>

## **NOTES TO CORE FINANCIAL STATEMENTS**

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Comparative figures as at 31 March 2024 are as follows:

<b>2023/24</b>	<b>Financial Liabilities measured at Amortised Cost</b>	<b>Financial Assets Loans and Receivables</b>
	<b>£000</b>	<b>£000</b>
Interest expense	1,070	
Interest income		-450
Net gain(-)/loss for the year	<b>620</b>	

### **Nature and Extent of Risks Arising from Financial Instruments**

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments;
- Market risk – the possibility that financial loss might arise for the Authority because of changes in such measures as interest rates.

The Authority's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall, these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
  - the Authority's overall borrowing;
  - its maximum and minimum exposures to fixed and variable rates;
  - its maximum and minimum exposures the maturity structure of its debt;
  - its maximum annual exposures to investments maturing beyond a year;
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Authority's annual Council Tax setting budget. The items are reported within the annual Treasury Management Strategy that outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported annually to Members.

The Treasurer is responsible for implementing the policies outlined above. The Authority maintains written principles for overall risk management, as well as written policies covering

## ***NOTES TO CORE FINANCIAL STATEMENTS***

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specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

### **(a) Credit Risk**

Credit risk arises from deposits with banks and financial institutions as well as credit exposures to the Authority's customers. Deposits are not made to banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. The Authority has a policy of not lending more than £4m to any one institution. Customers are assessed on their financial position, past experience and other factors.

### **(b) Liquidity Risk**

The Authority has a comprehensive cash flow management system which ensures cash is available as needed. As the Authority has ready access to borrowings from the PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The table in note 8.16 analyses the scheduled repayments of long-term borrowings over time.

### **(c) Market Risk**

The Authority has several strategies for managing interest rate risk. The Authority's policy is to aim to keep a maximum of 50% of its borrowing in variable rate loans. During periods of falling interest rates, fixed rate loans could be repaid early to limit exposure to losses. Any further reduction in interest rates would have a negligible impact on the interest earned on the Authority's investments.

## **8.15 Provisions**

### **Insurance Provision**

An insurance provision has been established to meet the identified potential cost to the Authority of insurance policy excesses for claims of negligence from employees for personal injury sustained during their employment and from third parties for personal injury or damage to their property. This provision is based on the Insurance Company's estimates of outstanding claims and settlement of the claims is likely to be spread over several years.

### **Provision for Non-Domestic Rates Appeals**

A provision for Non-Domestic Rates appeals has been established to meet the identified potential costs to the Authority of appeals in relation to the valuations used in the calculation of Business Rates. The provision is based on the best estimate of the expenditure that will be required to settle successful appeals, and the settlement of these appeals may be spread over several years.

## NOTES TO CORE FINANCIAL STATEMENTS

### Movement in Provisions

	Insurance Provision £000	Non-Domestic Rates Appeals Provision £000	Total Provisions £000
Balance at 1 April 2024	117	180	297
Additional provisions made in 2024/25	34	38	72
Amounts released in 2024/25	-72	-51	-123
Amounts used in 2024/25	-22	-11	-33
Balance at 31 March 2025	<b>57</b>	<b>156</b>	<b>213</b>

Comparatives for 2023/24 are as follows:

	Insurance Provision £000	Non-Domestic Rates Appeals Provision £000	Total Provisions £000
Balance at 1 April 2023	270	203	473
Additional provisions made in 2023/24	71	41	112
Amounts released in 2023/24	-80	-64	-144
Amounts used in 2023/24	-144	-	-144
Balance at 31 March 2024	<b>117</b>	<b>180</b>	<b>297</b>

### 8.16 Long-Term Borrowing and Deferred Liabilities

The carrying amount of long term and borrowing deferred liabilities is shown below:

	31 March 2024 £000	31 March 2025 £000
Debt	4,832	4,776
Private Finance Initiative (PFI)	5,654	5,705
ROU Finance Leases	-	659
Other lease arrangements	213	125
Deferred income – training centre	374	351
	<b>11,073</b>	<b>11,616</b>

Deferred liabilities disclosed within other lease arrangements relate to lease incentives for the Technical Services Centre and Headquarters buildings. These are accounted for as a deferred liability and released over the life of the lease.

Deferred income relates to the income received from Durham Police towards the Training Centre. This enables them to use the building for training purposes over a period of 26 years from 2015/16 and as such the income is treated as deferred and released to the Comprehensive Income and Expenditure Statement over the term of the agreement.

## NOTES TO CORE FINANCIAL STATEMENTS

### Long-term borrowing (debt)

The balances shown in the table below relates to long-term borrowings from the PWLB, further analysed as follows:

	31 March 2024 £000	31 March 2025 £000
Long-term Borrowings		
Repayable within 1-2 years	56	57
Repayable within 2-5 years	175	180
Repayable within 5-10 years	322	330
Repayable within 10 years	4,279	4,209
	<b>4,832</b>	<b>4,776</b>

### 8.17 Private Finance Initiative (PFI) Scheme

The Authority has two community fire stations, which are financed by a Private Finance Initiative (PFI) Scheme. The stations at Bishop Auckland and Spennymoor became operational during 2010/11.

The PFI contract is for the design, construction and finance of the stations and their maintenance for 25 years after commencement of operations. At the end of this period the contractor is required to transfer the buildings to the Authority in a good state of repair and at nil cost.

In return for providing the buildings the contractor receives monthly payments from the Authority and the Government provides a specific grant over the life of the scheme.

The Authority's Balance Sheet includes both assets and liabilities arising from the contract.

#### The value of PFI assets at 31 March 2025

The Fire Stations were initially valued based on the capital expenditure provided for by the contractor in pricing the contract. Subsequently the stations were revalued based on depreciated replacement cost as an estimate of fair value, and these values are included in the Authority's Balance Sheet. The new valuations are being depreciated on a straight-line basis over 50 years.

Movements in the values in 2024/25 are summarised below:

	Bishop Auckland £000	Spennymoor £000	Total £000
Initial value of assets financed by contractor	4,638	4,133	8,771
Accumulated Revaluations	30	1,272	1,302
Revaluations in 2024/25	-163	-207	-370
<b>Gross Book Value after impairment</b>	<b>4,505</b>	<b>5,198</b>	<b>9,703</b>
Accumulated Depreciation	-418	-423	-841
2024/25 Depreciation	-108	-123	-231
Accumulated Depreciation written off	71	85	156
<b>Net Book Value at 31 March 2025</b>	<b>4,050</b>	<b>4,737</b>	<b>8,787</b>

## NOTES TO CORE FINANCIAL STATEMENTS

Comparatives for 2023/24 are as follows:

	<b>Bishop Auckland £000</b>	<b>Spennymoor £000</b>	<b>Total £000</b>
Initial value of assets financed by contractor	4,638	4,133	8,771
Accumulated Revaluations	-66	1,161	1,095
Revaluations in 2023/24	96	111	207
<b>Gross Book Value after impairment</b>	<b>4,668</b>	<b>5,405</b>	<b>10,073</b>
Accumulated Depreciation	-380	-385	-765
2023/24 Depreciation	-38	-38	-76
Accumulated Depreciation written off	-	-	-
<b>Net Book Value at 31 March 2024</b>	<b>4,250</b>	<b>4,982</b>	<b>9,232</b>

### The value of liabilities at 31 March 2025

The assets included in the Balance Sheet are offset by a liability equal to the initial value of the assets (the capital expenditure provided for by the contractor in pricing the contract). This liability is written down over the life of the contract by charging part of the annual payments to the contractor against the liability.

Movements in the values in 2024/25 are summarised below:

	<b>2023/24 £000</b>	<b>2024/25 £000</b>
Liability outstanding at 1 April	6,235	5,953
Less: Value of liability written down	-282	-109
<b>Liability outstanding at 31 March</b>	<b>5,953</b>	<b>5,844</b>

Estimates of future payments due:

<b>Period</b>	<b>Repayment Liability £000</b>	<b>Interest £000</b>
2025/26	139	1,639
2026/27 to 2029/30	1,072	6,042
2030/31 to 2034/35	4,170	4,723
2035/36	463	130
<b>Total</b>	<b>5,844</b>	<b>12,534</b>

The estimates do not include any allowance for inflation.

## **NOTES TO CORE FINANCIAL STATEMENTS**

### **8.18 International Accounting Standard 19 (IAS19) Defined Benefit Pension Schemes**

#### **Participation in Pension Schemes**

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement 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 the following pension schemes:

- the Local Government Pension Scheme for corporate employees and fire control staff, administered by Durham County Council - this is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- the Firefighter's Pension Scheme for fire officers - this is an unfunded defined benefit scheme administered by County Durham and Darlington Fire and Rescue Authority, meaning that there are no investment assets built up to meet the pensions liabilities, and cash must be generated to meet actual pensions payments as they eventually fall due. Under the Firefighter's Pension Scheme Order 2006, if the amounts receivable by the pensions fund for the year are less than amounts payable, the Fire Authority must annually transfer an amount to meet the deficit to the pension fund. This cost is then met by Central Government. If, however, the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Fire Authority which then must repay the amount to Central Government.

#### **Transactions Relating to Post-employment Benefits**

A November 2018 ruling on the legal case involving part time judges (O'Brien v MoJ) has a direct impact on the equivalent case for retained firefighters (Matthews). Home Office Ministers agreed to extend the pension entitlement to eligible retained firefighters to cover service pre-July 2000. The Memorandum of Understanding signed in March 2022 sets out the intended scope and operation of the options exercise required to enact remedy in this case. This options exercise will increase the pension entitlement for some current special retained members and also allow access to the scheme for additional historic retained firefighters. Although the options exercise is underway there is very significant data uncertainty in the calculation of this liability and significant assumptions have had to be made by the actuary. Additionally, the options exercise has been extended by 12 months to 31 March 2026 and therefore at this time, there is not enough information to calculate an accurate estimate. The main assumptions are based on numbers eligible, eligible service period, actual to reference pay ratio, and take-up. As outlined, 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 we made. Any deficit on the pension fund arising from an increase in liability will be funded from a grant payment in the form of a central government top up grant.

The Authority recognises the costs of retirement benefits in the Net Cost of Services section of the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year,

## **NOTES TO CORE FINANCIAL STATEMENTS**

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so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

Claims have been made in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Firefighters Pension Regulations 2015 and in December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. The Government were unsuccessful in seeking permission to appeal this decision. The liability calculations have been updated to be in line with the agreed final remedy.

### **Firefighters' Pension Schemes**

The final remedy will apply to those members that were in active service on or prior to 31 March 2012 and on or after 1 April 2015. At retirement, these members will be given a choice in which scheme they wish to accrue benefits over the remedy period, 1 April 2015 to 31 March 2022. Due to the differing benefits structure, it is expected that the majority of eligible fire members will elect to take the legacy scheme benefits (1992 Scheme or 2006 Scheme) for the remedy period. From 1 April 2022, everyone is assumed to accrue benefits in the CARE scheme.

An allowance for McCloud remedy was first included in the 2018/19 disclosures as a past service cost for four years remedy service from 2015-2019. This past service cost was attributed proportionally to the 1992 and 2006 schemes. For subsequent years to 2021/22 an allowance was made in the 2015 service costs for the annual accrual of additional remedy service. Now that the remedy window is closed all McCloud related liabilities for eligible members for the period 2019 to 2022 have been moved to the associated legacy schemes. This means all McCloud liability are held within the legacy scheme where it is 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. Now that all the McCloud-related liabilities have moved into the legacy schemes, contribution adjustments are being carried out by pension administrators to ensure affected members have paid the correct contributions for this portion of service. These adjustments can be positive or negative, depending on which schemes a member is moving between. In preparing the 2024/25 accounting disclosures, any contributions adjustments have been included in net cashflows.

The impact of an increase in annual pension payments arising from McCloud / Sargeant is determined through The Firefighters Pension Scheme (England) Order 2006. These require a fire authority to maintain a pension fund into which employee and employer contributions are paid and out of which pension payments to retirees are made. If the pension fund does not have enough funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the fire authority in the form of a central government top-up grant.

### **LGPS**

#### **McCloud Judgement**

Figures produced by the actuary last year included a McCloud 'underpin' liability within the current service cost, together with an allowance within the balance sheet reflecting service since the scheme reforms (2014 in England). The same approach has been adopted in the

## ***NOTES TO CORE FINANCIAL STATEMENTS***

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current financial year. It has been assumed that the remedy applies to all members in service on 1 April 2012, on retirement or prior withdrawal, and with extension to benefits payable to the dependants of those members. IAS19/FRS102 requires a best estimate value of liabilities and costs. Consistent with the approach adopted for the McCloud impact estimates made last year, and on the grounds of practicality and pragmatism the actuary has only considered the active membership data in the latest valuation (any potential liabilities for members who have left employment between the date of the scheme reforms and the latest valuation data are unlikely to be significant).

### **Virgin Media Judgement**

In June 2023, the High Court (*Virgin Media Limited v NTL Pension Trustees II Limited*) ruled that amendments to certain defined benefit pension schemes were void if they were not accompanied by actuarial confirmation certificates issued under section 37 of the Pension Schemes Act 1993. An appeal of this decision was rejected by the Court of Appeal in July 2024. The LGPS is affected by this ruling.

To date, the Government Actuary's Department has been unable to find evidence that section 37 certificates are in place for all amendments. Work is ongoing to identify whether the evidence exists. Until this work is complete, it is not possible to conclude whether there is any impact on the value of retirement benefits under IAS 19 or if it can be reliably estimated. Although this is the current position in law, the Government is being lobbied to make a change to the regulations which would retrospectively validate amendments which would otherwise be void because of a failure to have obtained section 37 certificates. The Government has an existing power to make the necessary regulations but not yet said whether it will do so. It is also possible that Virgin Media could seek permission to appeal to the Supreme Court. Developments are being monitored. In the current circumstances, it is not considered necessary to make any allowance for the potential impact of this case in the disclosure of the value of retirement benefits in the financial statements.

## **NOTES TO CORE FINANCIAL STATEMENTS**

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund via the Movement in Reserves Statement during the year:

2024/25	Local Government Pension Scheme £000	Fire Fighter's Pension Scheme £000	Total £000
<b>Comprehensive Income and Expenditure Statement</b>			
Cost of Services:			
Current service cost	757	1,790	2,547
Past service costs	-	40	40
Financing and Investment Income and Expenditure:			
Net interest expense	99	14,710	14,809
Total Post Employment Benefits charged to the Surplus/ Deficit on the Provision of Services	856	16,540	17,396
Other Post Employment Benefits:			
Remeasurement of the net defined benefit liability comprising:			
Return on plan assets (excluding the amount included in the net interest expense)	848	-	848
Actuarial gains / losses (-) arising on changes in demographic assumptions	-227	-740	-967
Actuarial gains / losses (-) arising on changes in financial assumptions	-5,675	-31,700	-37,375
Other	61	-8,674	-8,613
Asset Ceiling Adjustment	2,521	-	2,521
Total Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	-2,472	-41,114	-43,586
<b>Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>-1,616</b>	<b>-24,514</b>	<b>-26,190</b>
<b>Movement in Reserves Statement</b>			
Reversal of net charges made to the Surplus/ Deficit for the Provision of Services for post-employment benefits in accordance with IAS19	<b>-856</b>	<b>-16,540</b>	<b>-17,396</b>
Actual amount charged against the General Fund Balance for pensions in the year:			
Employer's contributions payable to the scheme	822	5,366	6,188
Retirement benefits payable to pensioners	-	580	580

## NOTES TO CORE FINANCIAL STATEMENTS

The comparative figures for 2023/24 are:

2023/24	Local Government Pension Scheme £000	Fire Fighter's Pension Scheme £000	Total £000
<b>Comprehensive Income and Expenditure Statement</b>			
Cost of Services:			
Current service cost	762	1,990	2,752
Past service costs	58	-20	38
Financing and Investment Income and Expenditure:			
Net interest expense	189	14,340	14,529
Total Post Employment Benefits charged to the Surplus/ Deficit on the Provision of Services	1,009	16,310	17,319
Other Post Employment Benefits:			
Remeasurement of the net defined benefit liability comprising:			
Return on plan assets (excluding the amount included in the net interest expense)	-913	-	-913
Actuarial gains / losses (-) arising on changes in demographic assumptions	-479	-	-479
Actuarial gains / losses (-) arising on changes in financial assumptions	-1,161	-5,980	-7,141
Other	356	-3,164	-2,808
Asset Ceiling Adjustment	-	-	-
Total Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	-2,197	-9,144	-11,341
<b>Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>-1,188</b>	<b>7,166</b>	<b>5,978</b>
<b>Movement in Reserves Statement</b>			
Reversal of net charges made to the Surplus/ Deficit for the Provision of Services for post-employment benefits in accordance with IAS19	<b>-1,009</b>	<b>-16,310</b>	<b>-17,319</b>
Actual amount charged against the General Fund Balance for pensions in the year:			
Employer's contributions payable to the scheme	748	4,036	4,784
Retirement benefits payable to pensioners	2	580	582

The cumulative amount of actuarial losses to 31 March 2025 is £104.86m (2023/24 £58.78m), made up as follows:

- Local Government Pension Scheme £13.61m (2023/24 £8.6m)
- Firefighter's Pension Scheme £91.25m (2023/24 £50.18m)

## NOTES TO CORE FINANCIAL STATEMENTS

### Basis for Estimating Assets and Liabilities in relation to Post-employment Benefits

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. Both the Firefighter's Scheme and the County Council Fund liabilities have been assessed by independent actuaries; estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2022.

The pension increase assumption as at 31 March 2025 is based on the Consumer Price Index (CPI) expectation of inflation. This is a consequence of the Government's announcement that CPI is to be used for the indexation of public service pensions from April 2011.

Under IAS19, any obligation arising from long-term employee benefits that depend upon length of service need to be recognised when service is rendered. As injury awards under the Firefighter's schemes are dependent on service, the liability expected to arise due to injury awards has been valued in respect of service prior to the valuation date.

The principal assumptions used by the actuary for the periods 2023/24 and 2024/25 are shown in the tables below:

2024/25	Local Government Funded Pension Scheme	Local Government Unfunded Pension Scheme	Firefighter's Pension Scheme
<b>Mortality assumptions:</b>			
Longevity at 65 for current pensioners:			
• Men	21.6	21.6	21.3
• Women	23.9	23.9	21.3
Longevity at 65 for future pensioners:			
• Men	22.5	n/a	22.7
• Women	24.7	n/a	22.7
Rate of Inflation:			
• CPI	2.50	2.50	2.70
Rate of increase in salaries	3.50	n/a	3.45
Rate of increase to pensions in payment	2.50	2.50	2.70
Rate of increase to deferred pensions	2.50	n/a	2.70
Rate for discounting scheme liabilities	5.80	5.80	5.65
Take-up of option to convert annual pension into retirement lump sum:			
• Including any accrued lump sum from pre 2008 service	85	n/a	n/a

2023/24	Local Government Funded Pension Scheme	Local Government Unfunded Pension Scheme	Firefighter's Pension Scheme
<b>Mortality assumptions:</b>			
Longevity at 65 for current pensioners:			
• Men	21.7	21.7	21.3
• Women	24.0	24.0	21.3
Longevity at 65 for future pensioners:			
• Men	23.0	n/a	22.9
• Women	25.1	n/a	22.9
Rate of Inflation:			
• CPI	2.60	2.60	2.60
Rate of increase in salaries	3.60	n/a	3.85
Rate of increase to pensions in payment	2.60	2.60	2.60
Rate of increase to deferred pensions	2.60	n/a	2.60
Rate for discounting scheme liabilities	4.80	4.80	4.75
Take-up of option to convert annual pension into retirement lump sum:			
• Including any accrued lump sum from pre 2008 service	85	n/a	n/a

## NOTES TO CORE FINANCIAL STATEMENTS

The Firefighter's Pension Scheme has no assets to cover its liabilities. The Authority employs a building block approach in determining the rate of return on the Local Government Pension Scheme's assets. Historical markets are studied and assets with high volatility are assumed to generate higher returns consistent with widely accepted capital market principles.

The weighted average duration of the defined benefit obligation is 14 years for Firefighter Pension Scheme and 16.2 years for the Local Government Pension Scheme.

### (i) Firefighter's Pension Scheme

#### Past Service Liabilities

The past service liabilities for 2024/25 are:

	1992 Scheme £m	Injury Awards £m	2006 Scheme £m	2015 Scheme £m	Total £m
Estimated liabilities in scheme					
Active members (past service)	39.08	0.63	10.71	13.35	63.77
Deferred pensions	3.59	-	1.11	0.25	4.95
Pensions in Payment (injury awards)	-	5.87	-	-	5.87
Pensions in Payment (excluding injury)	199.62	-	0.49	8.23	208.34
Retained Settlement	-	-	2.17	-	2.17
<b>Total</b>	<b>242.29</b>	<b>6.50</b>	<b>14.48</b>	<b>21.83</b>	<b>285.10</b>
Net pensions deficit	242.29	6.50	14.48	21.83	285.10

The comparative figures for 2023/24 are:

	1992 Scheme £m	Injury Awards £m	2006 Scheme £m	2015 Scheme £m	Total £m
Estimated liabilities in scheme					
Active members (past service)	59.05	0.88	12.31	16.44	88.68
Deferred pensions	5.69	-	1.41	0.38	7.48
Pensions in Payment (injury awards)	-	6.67	-	-	6.67
Pensions in Payment (excluding injury)	202.77	-	0.37	7.19	210.33
Retained Settlement	-	-	2.46	-	2.46
<b>Total</b>	<b>267.51</b>	<b>7.55</b>	<b>16.55</b>	<b>24.01</b>	<b>315.62</b>
Net pensions deficit	267.51	7.55	16.55	24.01	315.62

The comparative figures for 2022/23 are:

	1992 Scheme £m	Injury Awards £m	2006 Scheme £m	2015 Scheme £m	Total £m
Estimated liabilities in scheme					
Active members (past service)	78.71	1.09	12.06	17.91	109.77
Deferred pensions	7.11	-	1.29	0.47	8.87
Pensions in Payment (injury awards)	-	7.01	-	-	7.01
Pensions in Payment (excluding injury)	183.24	-	0.30	1.43	184.97
Retained Settlement	-	-	2.45	-	2.45
<b>Total</b>	<b>269.06</b>	<b>8.10</b>	<b>16.10</b>	<b>19.81</b>	<b>313.07</b>
Net pensions deficit	269.06	8.10	16.10	19.81	313.07

## **NOTES TO CORE FINANCIAL STATEMENTS**

### **Analysis of Movement in Gross Scheme Liabilities**

<b>2024/25</b>	<b>1992 Scheme £m</b>	<b>Injury Awards £m</b>	<b>2006 Scheme £m</b>	<b>2015 Scheme £m</b>	<b>Total £m</b>
<b>Net deficit at the start of current year</b>	<b>267.51</b>	<b>7.55</b>	<b>16.55</b>	<b>24.01</b>	<b>315.62</b>
<b>Movement in the year:</b>					
Current service cost (net of employee contributions)	-	0.07	-	1.72	1.79
Cost covered by employee contributions	-	-	-	1.80	1.80
Past service cost	-	-	-	-	-
Pension Transfers	-	-	-	0.04	0.04
Interest on pension liabilities	12.36	0.35	0.78	1.22	14.71
Total benefits paid	-14.82	-0.60	-0.20	-0.28	-15.90
Curtailement and settlements	-	-	-	-	-
Actuarial gain (-)/loss – demographic assumptions	-0.46	-	-0.07	-0.21	-0.74
Actuarial gain (-)/loss – financial assumptions	-22.02	-0.59	-2.47	-6.62	-31.70
Actuarial gain (-)/loss – other	-0.28	-0.28	-0.11	0.15	-0.52
<b>Net deficit at the end of year</b>	<b>242.29</b>	<b>6.50</b>	<b>14.48</b>	<b>21.83</b>	<b>285.10</b>

The comparative figures for 2023/24 are:

<b>2023/24</b>	<b>1992 Scheme £m</b>	<b>Injury Awards £m</b>	<b>2006 Scheme £m</b>	<b>2015 Scheme £m</b>	<b>Total £m</b>
<b>Net deficit at the start of current year</b>	<b>269.06</b>	<b>8.10</b>	<b>16.10</b>	<b>19.81</b>	<b>313.07</b>
<b>Movement in the year:</b>					
Current service cost (net of employee contributions)	0.06	0.07	-	1.86	1.99
Cost covered by employee contributions	-	-	-	1.71	1.71
Past service cost	-0.02	-	-	-	-0.02
Pension Transfers	-	-	-	-	-
Interest on pension liabilities	12.23	0.37	0.75	0.99	14.34
Total benefits paid	-12.25	-0.50	-0.14	-0.61	-13.50
Curtailement and settlements	-	-	-	-	-
Actuarial gain (-)/loss – demographic assumptions	-	-	-	-	-
Actuarial gain (-)/loss – financial assumptions	-4.70	-0.14	-0.31	-0.83	-5.98
Actuarial gain (-)/loss – other	3.13	-0.35	0.15	1.08	4.01
<b>Net deficit at the end of year</b>	<b>267.51</b>	<b>7.55</b>	<b>16.55</b>	<b>24.01</b>	<b>315.62</b>

## NOTES TO CORE FINANCIAL STATEMENTS

### Analysis of Movement in Scheme Assets

	1992 Scheme £m	Injury Awards £m	2006 Scheme £m	2015 Scheme £m	Total £m
<b>Opening fair value of asset</b>	-	-	-	-	-
<b>Movement in the year:</b>					
Interest income	-	-	-	-	-
The return on plan assets excluding the amount included in the net interest expense	-	-	-	-	-
Other	-14.82	-	-0.20	6.83	-8.19
Contributions by employer	-	-0.60	-	-5.35	-5.95
Contributions by participants	-	-	-	-1.76	-1.76
Net benefits paid out	14.82	0.60	0.20	0.28	15.90
<b>Closing fair value of assets</b>	-	-	-	-	-

The comparative figures for 2023/24 are:

	1992 Scheme £m	Injury Awards £m	2006 Scheme £m	2015 Scheme £m	Total £m
<b>Opening fair value of asset</b>	-	-	-	-	-
<b>Movement in the year:</b>					
Interest income	-	-	-	-	-
The return on plan assets excluding the amount included in the net interest expense	-	-	-	-	-
Other	-12.16	-	-0.14	5.12	-7.18
Contributions by employer	-0.09	-0.50	-	-4.02	-4.61
Contributions by participants	-	-	-	-1.71	-1.71
Net benefits paid out	12.25	0.50	0.14	0.61	13.50
<b>Closing fair value of assets</b>	-	-	-	-	-

## NOTES TO CORE FINANCIAL STATEMENTS

### Analysis of Movement in Net Obligations

	1992 Scheme £m	Injury Awards £m	2006 Scheme £m	2015 Scheme £m	Total £m
<b>Net deficit at the start of current year</b>	<b>267.51</b>	<b>7.55</b>	<b>16.55</b>	<b>24.01</b>	<b>315.62</b>
<b>Movement in the year:</b>					
Current service cost (net of employee contributions)	-	0.07	-	1.72	1.79
Contributions by employer	-	-0.60	-	-5.35	-5.95
Contributions by participants	-	-	-	0.04	0.04
Past service cost	-	-	-	-	-
Pension transfers	-	-	-	0.04	-
Interest on net defined benefit liability	12.36	0.35	0.78	1.22	14.71
Return on plan assets in excess of/ below that recognised in net interest	-	-	-	-	-
Actuarial gain (-)/loss – change in financial assumptions	-22.02	-0.59	-2.47	-6.62	-31.70
Actuarial gain (-)/loss – change in demographic assumptions	-0.46	-	-0.07	-0.21	-0.74
Actuarial gain (-)/ loss - other	-15.10	-0.28	-0.31	6.98	-8.71
Net benefits paid	-	-	-	-	-
<b>Net deficit at the end of year</b>	<b>242.29</b>	<b>6.50</b>	<b>14.48</b>	<b>21.83</b>	<b>285.10</b>

The comparative figures for 2023/24 are:

	1992 Scheme £m	Injury Awards £m	2006 Scheme £m	2015 Scheme £m	Total £m
<b>Net deficit at the start of current year</b>	<b>269.06</b>	<b>8.10</b>	<b>16.10</b>	<b>19.81</b>	<b>313.07</b>
<b>Movement in the year:</b>					
Current service cost (net of employee contributions)	0.06	0.07	-	1.86	1.99
Contributions by employer	-0.09	-0.50	-	-4.02	-4.61
Contributions by participants	-	-	-	-	-
Past service cost	-0.02	-	-	-	-0.02
Pension transfers	-	-	-	-	-
Interest on net defined benefit liability	12.23	0.37	0.75	0.99	14.34
Return on plan assets in excess of/ below that recognised in net interest	-	-	-	-	-
Actuarial gain (-)/loss – change in financial assumptions	-4.70	-0.14	-0.31	-0.83	-5.98
Actuarial gain (-)/loss – change in demographic assumptions	-	-	-	-	-
Actuarial gain (-)/ loss - other	-9.03	-0.35	0.01	6.20	-3.17
Net benefits paid	-	-	-	-	-
<b>Net deficit at the end of year</b>	<b>267.51</b>	<b>7.55</b>	<b>16.55</b>	<b>24.01</b>	<b>315.62</b>

## NOTES TO CORE FINANCIAL STATEMENTS

### (ii) Durham County Council Pension Fund

#### Analysis of Movement in Gross Scheme Liabilities

2024/25	Funded £m	Unfunded £m	Total £m
<b>Opening Present Value of Liabilities</b>	<b>31.31</b>	<b>0.01</b>	<b>31.32</b>
Current service cost (net of employee contributions)	0.76	-	0.76
Interest cost	1.48	-	1.48
Contributions from scheme participants	0.30	-	0.30
Remeasurement gains (-)/ losses:			
• Actuarial gains/ losses arising from changes in demographic assumptions	-0.23	-	-0.23
• Actuarial gains/ losses arising from changes in financial assumptions	-5.68	-	-5.68
• Other	0.05	-	0.05
Past service costs	-	-	-
Benefits paid	-1.50	-	-1.50
<b>Closing present value of liabilities</b>	<b>26.49</b>	<b>0.01</b>	<b>26.50</b>

The comparative figures for 2023/24 are:

2023/24	Funded £m	Unfunded £m	Total £m
<b>Opening Present Value of Liabilities</b>	<b>31.22</b>	<b>0.02</b>	<b>31.24</b>
Current service cost (net of employee contributions)	0.76	-	0.76
Interest cost	1.45	-	1.45
Contributions from scheme participants	0.27	-	0.27
Remeasurement gains (-)/ losses:			
• Actuarial gains/ losses arising from changes in demographic assumptions	-0.48	-	-0.48
• Actuarial gains/ losses arising from changes in financial assumptions	-1.16	-	-1.16
• Other	0.41	-0.01	0.40
Past service costs	0.06	-	0.06
Benefits paid	-1.22	-	-1.22
<b>Closing present value of liabilities</b>	<b>31.31</b>	<b>0.01</b>	<b>31.32</b>

## **NOTES TO CORE FINANCIAL STATEMENTS**

### **Analysis of Movement in Scheme Assets**

Reconciliation of fair value of the scheme assets:

<b>2024/25</b>	<b>Funded £m</b>	<b>Unfunded £m</b>	<b>Total £m</b>
<b>Opening fair value</b>	<b>22.86</b>	-	<b>28.86</b>
Interest income	1.38	-	1.38
Remeasurement gain/loss:			
• The return on plan assets (excluding the amount included in net interest expense)	-0.85	-	-0.85
• Other	-	-	-
Contributions from employer	0.81	-	0.81
Contributions by employees into the scheme	0.30	-	0.30
Benefits paid	-1.50	-	-1.50
Asset Ceiling Adjustment	-2.52	-	-2.52
<b>Closing fair value</b>	<b>26.48</b>	-	<b>26.48</b>

The comparative figures for 2023/24 are:

<b>2023/24</b>	<b>Funded £m</b>	<b>Unfunded £m</b>	<b>Total £m</b>
<b>Opening fair value</b>	<b>26.84</b>	-	<b>26.84</b>
Interest income	1.26	-	1.26
Remeasurement gain/loss:			
• The return on plan assets (excluding the amount included in net interest expense)	0.91	-	0.91
• Other	-	-	-
Contributions from employer	0.80	-	0.80
Contributions by employees into the scheme	0.27	-	0.27
Benefits paid	-1.22	-	-1.22
Asset Ceiling Adjustment	-	-	-
<b>Closing fair value</b>	<b>28.86</b>	-	<b>28.86</b>

The actual return on scheme assets in the year was a gain of £0.53m (2023/24: £2.17m gain)

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

## **NOTES TO CORE FINANCIAL STATEMENTS**

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### **Asset Ceiling**

Following the pensions valuation by the Authority's actuary, the Authority has determined that the fair value of its pension plan assets exceeds the present value of the plan obligations as at 31 March 2025, resulting in a net 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 (£2.504m); and
- The asset ceiling (£nil).

The asset ceiling is the present value of any economic benefit available to the Authority in the form of refunds or reduced future employer contributions, and has been calculated in accordance with IFRIC 14. As the asset ceiling falls below the calculated surplus, an adjustment has been made to restrict the pension plan asset to nil.

The Authority is currently paying deficit contributions. IFRIC 14 requires recognition of an additional liability within the current year's accounts, where there is an obligation to pay deficit contributions in the future under a minimum funding requirement. The additional liability is equal to the value of the future deficit contributions that cannot be recognised as a net pension asset after they have been paid into the Fund.

The actuary's calculations include an allowance for an additional liability (£0.017m).

### **Fair Value of Scheme Assets**

The Local Government Pension Scheme assets are comprised of the following categories:

	<b>2024/25 Quoted £m</b>	<b>2024/25 Unquoted £m</b>	<b>2024/25 Total £m</b>	<b>2023/24 Quoted £m</b>	<b>2023/24 Unquoted £m</b>	<b>2023/24 Total £m</b>
Equity Investments	13.31	2.58	15.89	13.71	1.96	15.67
Property	0.49	1.42	1.91	0.40	1.50	1.90
Government Bonds	3.16	-	3.16	2.97	-	2.97
Corporate Bonds	2.58	-	2.58	2.77	-	2.77
Multi Asset Credit	-	4.50	4.50	4.39	-	4.39
Cash	0.23	0.41	0.64	0.52	-	0.52
Other	0.32	-	0.32	0.63	-	0.63
<b>Total</b>	<b>20.10</b>	<b>8.90</b>	<b>29.00</b>	<b>25.40</b>	<b>3.46</b>	<b>28.86</b>

## NOTES TO CORE FINANCIAL STATEMENTS

### Analysis of Movement in Net Obligations

2024/25	Funded £m	Unfunded £m	Total £m
<b>Net deficit at the beginning of year</b>	<b>2.45</b>	<b>0.01</b>	<b>2.46</b>
Current service cost	0.76	-	0.76
Contributions towards funded liabilities	-0.81	-	-0.81
Past service cost	-	-	-
Interest on net defined benefit liability	0.10	-	0.10
Return on plan assets in excess of/ below that recognised in net interest	0.85	-	0.85
Actuarial gains/ losses due to changes in financial assumptions	-5.68	-	-5.68
Actuarial gains/ losses due to changes in demographic assumptions	-0.23	-	-0.23
Actuarial gains/ losses due to other changes	0.05	-	0.05
Asset Ceiling Adjustment	2.52	-	2.52
<b>Net deficit at the end of year</b>	<b>0.01</b>	<b>0.01</b>	<b>0.02</b>

The comparative figures for 2023/24 are:

2023/24	Funded £m	Unfunded £m	Total £m
<b>Net deficit at the beginning of year</b>	<b>4.38</b>	<b>0.02</b>	<b>4.40</b>
Current service cost	0.76	-	0.76
Contributions towards funded liabilities	-0.80	-	-0.80
Past service cost	0.06	-	0.06
Interest on net defined benefit liability	0.19	-	0.19
Return on plan assets in excess of/ below that recognised in net interest	-0.91	-	0.91
Actuarial gains/ losses due to changes in financial assumptions	-1.16	-	-1.16
Actuarial gains/ losses due to changes in demographic assumptions	-0.48	-	-0.48
Actuarial gains/ losses due to other changes	0.41	-0.01	0.40
Asset Ceiling Adjustment	-	-	-
<b>Net deficit at the end of year</b>	<b>2.45</b>	<b>0.01</b>	<b>2.46</b>

## NOTES TO CORE FINANCIAL STATEMENTS

### Scheme History for the Firefighter Pension Schemes and the Local Government Pension Scheme

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
<b>Present value of liabilities:</b>					
Local Government Pension Scheme	44.99	43.58	31.23	31.32	26.50
Firefighter's Pension Scheme	416.52	425.48	313.07	315.62	285.10
<b>Total Present Value of Liabilities</b>	<b>461.51</b>	<b>469.06</b>	<b>344.30</b>	<b>346.94</b>	<b>311.60</b>
<b>Fair value of assets</b>					
Local Government Pension Scheme	27.35	28.43	26.84	28.86	26.48
Firefighter's Pension Scheme	-	-	-	-	-
<b>Total Fair Value of Assets</b>	<b>27.35</b>	<b>28.43</b>	<b>26.84</b>	<b>28.86</b>	<b>26.48</b>
<b>Surplus/ deficit (-) in the scheme:</b>					
Local Government Pension Scheme	-17.64	-15.15	-4.40	-2.46	-0.02
Firefighter's Pension Scheme	-416.52	-425.48	-313.07	-315.62	-285.10
<b>Total Deficit</b>	<b>-434.16</b>	<b>-440.63</b>	<b>-317.47</b>	<b>-318.08</b>	<b>-285.12</b>

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £285.125m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £246.120m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains unaffected:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.
- finance is only required to be raised to cover fire pensions when the pensions are actually paid.

### Employer Contributions

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2026 are £0.873m. Expected contributions to the Firefighter's Pension Scheme in the year to 31 March 2026 are £5.670m.

## **NOTES TO CORE FINANCIAL STATEMENTS**

### **8.19 Reserves**

The Authority holds several reserves on the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practices, and others have been set up voluntarily to earmark resources for future spending plans.

The movement in reserves is set out in the following table:

Reserve	Balance 1 April 2023 £000	Net Movement in Year £000	Balance 31 March 2024 £000	Purpose of Reserve	Further details of Movement
<b>Usable Reserves</b>					
General Fund	1,773	56	1,829	Resources available to meet future running costs	Movement in Reserves Statement
Earmarked Reserves	4,232	1,351	5,582	Detailed below	Note 8.21 to the accounts
Capital Grants Unapplied	-	-	-	Grants to be used to finance capital expenditure in future years	Movement in Reserves Statement
Capital Receipts Unapplied	-	-	-	Receipts from the sale of capital assets to be used to finance capital expenditure in future years	Movement in Reserves Statement
<b>Total Usable Reserves</b>	<b>6,005</b>	<b>1,406</b>	<b>7,411</b>		
<b>Unusable Reserves</b>					
Revaluation Reserve	12,067	-1,569	10,498	Gains on revaluation of Property, Plant and Equipment not yet realised through sales	Note 8.22 (i) to the accounts
Capital Adjustment Account	21,829	-705	21,124	Capital resources set aside to meet capital expenditure	Note 8.22 (ii) to the accounts
Collection Fund Adjustment Account	-109	145	36	Share of Collection Fund Balance outstanding	Note 8.22 (iii) to the accounts
Pensions Reserve (IAS19)	-318,083	32,958	-285,125	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	Note 8.22 (iv) to the accounts
Short-term Accumulating Absences	-45	-19	-64	Balancing account to allow inclusion of employee's liability in the Balance Sheet	Note 8.22 (v) to the accounts
<b>Total Unusable Reserves</b>	<b>-284,341</b>	<b>30,810</b>	<b>-253,531</b>		
<b>Total Reserves</b>	<b>-278,336</b>	<b>32,216</b>	<b>-246,120</b>		

## **NOTES TO CORE FINANCIAL STATEMENTS**

Comparatives for 2023/24 are as follows:

Reserve	Balance 1 April 2023 £000	Net Movement in Year £000	Balance 31 March 2024 £000	Purpose of Reserve	Further details of Movement
<b>Usable Reserves</b>					
General Fund	1,605	168	1,773	Resources available to meet future running costs	Movement in Reserves Statement
Earmarked Reserves	3,902	330	4,232	Detailed below	Note 8.31 to the accounts
Capital Grants Unapplied	-	-	-	Grants to be used to finance capital expenditure in future years	Movement in Reserves Statement
Capital Receipts Unapplied	-	-	-	Receipts from the sale of capital assets to be used to finance capital expenditure in future years	Movement in Reserves Statement
<b>Total Usable Reserves</b>	<b>5,507</b>	<b>498</b>	<b>6,005</b>		
<b>Unusable Reserves</b>					
Revaluation Reserve	11,605	462	12,067	Gains on revaluation of Property, Plant and Equipment not yet realised through sales	Note 8.22 (i) to the accounts
Capital Adjustment Account	22,068	-239	21,829	Capital resources set aside to meet capital expenditure	Note 8.22 (ii) to the accounts
Collection Fund Adjustment Account	-253	144	-109	Share of Collection Fund Balance outstanding	Note 8.22 (iii) to the accounts
Pensions Reserve (IAS19)	-317,471	-612	-318,083	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	Note 8.22 (iv) to the accounts
Short-term Accumulating Absences	-63	18	-45	Balancing account to allow inclusion of employee's liability in the Balance Sheet	Note 8.22 (v) to the accounts
<b>Total Unusable Reserves</b>	<b>-284,114</b>	<b>-227</b>	<b>-284,341</b>		
<b>Total Reserves</b>	<b>-278,607</b>	<b>271</b>	<b>-278,336</b>		

## **NOTES TO CORE FINANCIAL STATEMENTS**

### **8.20 Movement in Earmarked Reserves**

The following contributions have been made to / from (-) the earmarked reserves:

	<b>1 April 2024 £000</b>	<b>Increase / decrease (-) in year £000</b>	<b>31 March 2025 £000</b>
Pensions	500	-	500
Community Safety	82	-42	40
Insurance	285	-	285
Resilience	1,000	-	1,000
Modernisation	1,240	1,642	2,882
ESMCP	65	-	65
Training	200	-	200
Strategic Finance –Funding Pressures	326	-	326
IT Projects	534	-250	284
<b>Total</b>	<b>4,232</b>	<b>1,350</b>	<b>5,582</b>

Comparatives for 2023/24 are as follows:

	<b>1 April 2023 £000</b>	<b>Increase / decrease (-) in year £000</b>	<b>31 March 2024 £000</b>
Pensions	500	-	500
Community Safety	84	-2	82
Insurance	285	-	285
Resilience	1,000	-	1,000
Modernisation	862	378	1,240
ESMCP	599	-534	65
Training	200	-	200
Strategic Finance –Funding Pressures	372	-46	326
IT Projects	-	534	534
<b>Total</b>	<b>3,902</b>	<b>330</b>	<b>4,232</b>

### **8.21 Earmarked Reserves**

Earmarked reserves at 31 March 2025 were as follows:

#### **Pensions Reserve**

To meet any unforeseen pension costs which may arise because of changes to pension schemes.

#### **Community Safety Reserve**

To enable specific community safety improvements to be undertaken.

#### **Insurance**

To meet any unexpected increase in the level of excesses paid on insurance claims.

#### **Resilience Reserve**

To fund continuity of service provision, following an unforeseen event.

## NOTES TO CORE FINANCIAL STATEMENTS

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### Modernisation Reserve

To meet any one-off costs associated with service transformation.

### Emergency Services Mobile Communications Programme (ESMCP)

The balance of unspent grant, earmarked to fund the replacement mobile communications systems.

### Training

The balance of unspent funding, to fund future training programmes.

### Strategic Finance – Funding Pressures

To fund continuity of service provision, in the event of future funding pressures.

### IT Projects

To fund future Information Technology Projects.

## 8.22 Unusable Reserves

### (i) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

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

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

	2023/24 £000	2024/25 £000
Opening Balance at 1 April	11,605	12,067
Revaluation gains/losses	731	-1,291
Excess of current cost depreciation	-269	-278
Balance written off on disposal of asset	-	-
Closing Balance at 31 March	12,067	10,498

### (ii) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

## **NOTES TO CORE FINANCIAL STATEMENTS**

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

	2023/24 £000	£000	2024/25 £000	£000
<b>Opening Balance at 1 April</b>		<b>22,068</b>		<b>21,829</b>
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement				
Charges for depreciation, impairment and downward revaluations of non-current assets	-2,691		-2,660	
Amortisation of intangible assets	-9		-95	
Revenue Expenditure funded from Capital under Statute	-		-	
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	-346		-22	
		-3,046		-2,777
Adjusting amounts written out of the Revaluation Reserve		269		278
Net written out amount of the cost of non-current assets consumed in the year		-2,777		-2,499
Capital financing applied in the year				
Use of Capital Receipts Reserve to finance new capital expenditure	349		13	
Application of grants to capital financing from the Capital Grants Unapplied Account	-		-	
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement	191		-	
Statutory provision for the financing for capital investment charged against the General Fund	422		700	
Capital expenditure charged against the General Fund	1,576		1,081	
		2,538		1,794
<b>Closing Balance at 31 March</b>		<b>21,829</b>		<b>21,124</b>

## NOTES TO CORE FINANCIAL STATEMENTS

### (iii) Collection Fund Adjustment

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

	2023/24 £000	2024/25 £000
<b>Opening Balance at 1 April</b>	<b>-253</b>	<b>-109</b>
Amount by which Council Tax and Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement is different from the council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	144	145
<b>Closing Balance at 31 March</b>	<b>-109</b>	<b>36</b>

### (iv) Pensions Reserve (IAS 19)

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 pay any pensions for which it is directly responsible. The statutory arrangements will ensure that funding will have been set aside by the time benefits come to be paid.

	2023/24 £000	2024/25 £000
<b>Opening Balance at 1 April</b>	<b>-317,471</b>	<b>-318,083</b>
Remeasurements of the net defined benefit liability/ asset (-)	11,341	43,586
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-17,319	-17,396
Employers pension contributions and direct payments to pensioners payable in the year	5,366	6,768
<b>Closing Balance at 31 March</b>	<b>-318,083</b>	<b>-285,125</b>

## **NOTES TO CORE FINANCIAL STATEMENTS**

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### **(v) Short-term Accumulating Absences**

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

	<b>2023/24 £000</b>	<b>2024/25 £000</b>
<b>Opening Balance at 1 April</b>	<b>-63</b>	<b>-45</b>
Settlement or cancellation of accrual made at the year end of the preceding year	63	45
Amounts accrued at the end of the current year	-45	-64
<b>Closing Balance at 31 March</b>	<b>-45</b>	<b>-64</b>

### **8.23 General Reserve**

The net accumulated unapplied General Fund Revenue balance is £1.829m as at 31 March 2025 which equates to 5% of the 2024/25 Net Expenditure Budget. This is in line with the Authority's policy on reserves which is to maintain a General Reserve of 5% of the Net Expenditure Budget for the short to medium term.

### **8.24 Contingent Assets and Contingent Liabilities**

- **Contingent Liability - Subsidiary Companies**

The Fire Authority has provided a financial guarantee to its subsidiary companies; County Durham and Darlington Fire and Rescue Community Interest Company and Vital Fire Solutions Limited. As there is no certainty that this guarantee would need to be utilised or the value of such a guarantee, it has been included as a contingent liability.

- **Contingent Assets**

There are no contingent assets for 2024/25.

### **8.25 Authorisation of Accounts for Issue/Post Balance Sheet Events**

The Statement of Accounts was authorised for issue by the Treasurer, Anthony Hope, on 27<sup>th</sup> June 2025. This is the date up to which events after the Balance Sheet date have been considered. No such events have been identified for 2024/25.

## NOTES TO CORE FINANCIAL STATEMENTS

### 9 CASH FLOW STATEMENT

#### 9.1 Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements

2023/24 £000		2024/25 £000
2,691	Depreciation, impairment and downward revaluations	2,660
9	Amortisation	95
-	Increase/Decrease (-) Interest Creditors	-
-359	Increase/Decrease (-) in Creditors	5,274
695	Increase (-)/Decrease in Debtors	-425
-	Increase (-)/Decrease in Impairment of Debtors	-
-22	Increase (-)/Decrease in Inventories	3
-112	Increase/Decrease (-) in Deferred Liabilities	-112
11,953	Movement in Pension Liability	10,628
-176	Contributions to/from (-) Provisions	-84
346	Carrying amount of non-current assets held for sale, sold or derecognised	22
15,025		18,061

#### 9.2 Operating Activities

The cash flows for operating activities include the following items:

2023/24 £000		2024/25 £000
27,199	Employee Costs	29,995
-20,570	Council Tax Receipts	-21,468
-3,972	Revenue Support Grant	-5,795
-7,415	Redistributed NNDR	-7,751
-450	Interest receivable	-635
122	Interest payable in respect of borrowing	120
669	Interest payable in respect of PFI	1,670

#### 9.3 Investing Activities

2023/24 £000		2024/25 £000
2,116	Purchase of property, plant and equipment, investment property and intangible assets	1,094
-349	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-13
-191	Other receipts from investing activities	-
1,576		1,081

## NOTES TO CORE FINANCIAL STATEMENTS

### 9.4 Financing Activities

2023/24 £000		2024/25 £000
-	Cash receipts from short and long-term borrowing	-
282	Cash payments for the reductions of outstanding liabilities relating to on-balance sheet PFI contract	109
-	Cash payments for the reductions of outstanding liabilities relating to ROU finance leases	448
54	Repayment of short and long term borrowing	54
<b>336</b>		<b>611</b>

### 9.5 Reconciliation of Liabilities Arising from Financing Activities

	Balance at 1 April 2024 £000	Reclassification due to IFRS16 (no cash flow) £000	Financing cash flows £000	Balance at 31 March 2025 £000
Long-term borrowings	4,919	-	-54	4,865
Finance Leases	-	1,577	-448	1,129
On Balance Sheet PFI Liabilities	5,953	-	-109	5,844
	<b>10,872</b>	<b>1,577</b>	<b>-611</b>	<b>11,838</b>

### 9.6 Net Increase in Cash and Cash Equivalents

Under IFRS, cash and cash equivalents include the Authority's cash in hand, bank overdrafts and short-term investments. The movement in cash and cash equivalents was as follows:

	2023/24 £000	2024/25 £000	Increase/ Decrease (-) in year £000
Cash	162	130	-32
Cash Equivalents	3,317	9,626	6,309
	<b>3,479</b>	<b>9,756</b>	<b>6,277</b>

## **PENSION FUND ACCOUNT**

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### **FIRE PENSION FUND ACCOUNT**

The Firefighter's Pension Scheme for fire officers is an unfunded defined benefit scheme administered by County Durham and Darlington Fire and Rescue Authority, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Under the Firefighter's Pension Scheme (Amendment) (England) Order 2006, if the amounts receivable by the pensions fund for the year are less than amounts payable, the Fire Authority must annually transfer an amount to meet the deficit to the pension fund. This cost is then met by Central Government. If, however, the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Fire Authority which then must repay the amount to Central Government.

There are no investment assets relating to the Fire Pension Fund.

Details of the Authority's long-term pension obligations can be found in Note 8.18 of the financial statements.

The transactions of the Fire Pension Fund, together with a Net Assets Statement, are as follows:

#### **Fire Pension Fund Account**

##### **Dealings with members, employers and others directly involved in the scheme**

	<b>2023/24 £000</b>	<b>2024/25 £000</b>
<b>Contributions receivable</b>		
Fire Authority contributions in relation to pensionable pay		
Normal	-3,806	-5,233
Early retirement	-	-
Firefighter's contributions	-1,750	-1,915
<b>Transfers in from other schemes</b>	-	-44
<b>Ill health capital contributions</b>	-208	-116
<b>Benefits payable</b>		
Pensions	11,505	12,690
Commutation and lump sum retirement benefits	1,494	2,607
Lump sum death benefits	-	10
Refund of contributions	-	-
<b>Transfers out to other schemes</b>	14	-
<b>Net amount payable for the year</b>	<b>7,249</b>	<b>7,999</b>
Top-up grant payable by the Government	-7,249	-7,999
<b>Year-end balance</b>	<b>-</b>	<b>-</b>

# PENSION FUND ACCOUNT

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## Net Assets Statement

	<b>At 31 March 2024 £000</b>	<b>At 31 March 2025 £000</b>
<b>Net current assets and liabilities</b>		
Amount due to (-) / from the Authority's General Fund	-511	2,585
Amount due to (-) / from Central Government	511	-2,585
<b>Total</b>	-	-

### 1. Basis of Preparation

The pension fund accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (there were no material changes to the Pension Fund Account as a result of the IFRS transition).

The financial statements do not take account of liabilities to pay pensions and other benefits which fall due after the end of the financial year.

### 2. Accounting Policies

The principal accounting policies are as follows:

#### Contributions

Contributions represent the total amount receivable from the Authority and pensionable employees. The contributions are made at rates determined by the Government Actuary's Department. The employer's contributions for the 2015 Firefighter's Pension Scheme are set at a rate of 37.6% of pensionable pay. The employee's contributions are set on a sliding scale of 11% to 14.5%. As the legacy schemes closed to future accrual on 31<sup>st</sup> March 2022, there are no longer any contribution rates in force in relation to these schemes.

The Authority is also required to make payments into the Pension Fund in respect of ill-health retirements when they are granted.

#### Benefits

Benefits are accounted for in the year in which they become due for payment.

#### Transfer Values

Transfer values are those sums payable by or receivable from other pension schemes and relate to periods of previous pensionable employment.

Transfers are accounted for on a receipts and payments basis.

## **GLOSSARY OF TERMS**

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### **Accruals**

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

### **Actuarial Gains and Losses**

For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses) or the actuarial assumptions have changed.

### **Actuarial Valuation**

A valuation by an actuary on behalf of a pension fund of assets held, estimate of the present value of benefits to be paid and estimate of required future contributions.

### **Amortisation**

The measure of the wearing out, consumption, or other reduction in the useful economic life of an intangible asset, whether arising from use, effluxion of time or obsolescence through technical or other changes.

### **Budget**

The Authority's plans and policies expressed in financial terms.

### **Capital Adjustment Account**

A capital reserve that reflects the difference between the cost of property, plant and equipment consumed and the capital financing set aside to pay for them.

### **Capital Charge**

A charge to the revenue account to reflect the cost of property, plant and equipment used.

### **Capital Expenditure**

Expenditure on the acquisition of property, plant and equipment or expenditure which adds to and not merely maintains the value of existing property, plant and equipment.

### **Capital Grant**

Grant from Central Government used to finance capital schemes.

### **Capital Receipts**

Proceeds from the sale of capital assets.

### **Cash**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

### **Cash Equivalents**

Cash equivalents are investments that mature within 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.

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### **Chartered Institute of Public Finance and Accountancy (CIPFA)**

The principal accountancy body dealing with local authority finance.

### **Collection Fund**

A fund administered by Durham County Council and Darlington Borough Council in which individuals' Council Tax payments are paid. The Authority raises precepts on the funds to finance part of net revenue expenditure.

### **Collection Fund Adjustment Account**

The account through which to implement the accruals basis for recording the precept without affecting the bottom line for taxpayers.

### **Component Accounting**

Component accounting requires that where an asset has several components, which can be physically separated from the principal asset and which have significantly different useful lives, these should be recognised separately and should be depreciated based on their respective useful lives. Component accounting aims to improve depreciation accounting and improve the measurement of operating results.

### **Contingency**

The sum of money set aside to meet unforeseen expenditure or liability.

### **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, or 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 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.

### **Council Tax**

The local tax levied on householders, based on the relative market values of property, which helps to fund local services.

### **Creditors**

Persons or bodies to whom sums are owed by the Authority.

### **Current Assets**

Items that can be readily converted into cash.

### **Current Liabilities**

Items that are due immediately or in the short-term.

### **Debtors**

Persons or bodies who owe sums to the Authority.

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### **Deferred Liabilities**

Liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time.

### **Depreciation**

The measure of the wearing out, consumption or other reduction in the useful economic life of a property, plant or equipment, whether arising from use, effluxion of time or obsolescence through technical or other changes.

### **Earmarked Reserves**

These represent monies set aside that can only be used for a specific purpose.

### **Employee Benefits**

Short-term employee benefits are those due to be settled within 12 months of the year end. They include salary, paid annual leave, paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense in the year in which the employee renders service to the Authority. An accrual is made for the cost of the benefit earned by an employee but not taken before the year end. The accrual is charged to the surplus or deficit on the provision of Services, but then reversed out through the Movement in Reserves Statement.

### **Financial Instruments**

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

### **Financial Regulations**

A written code of procedures approved by the Authority intended to provide a framework for proper financial management.

### **GAD - The Government Actuaries Department**

They provide estimates of the liabilities of the Firefighter's Pension Scheme.

### **Government Grants**

Assistance by Government in the form of cash in return for past or future compliance with certain conditions relating to the activities of the Authority.

### **Impairment**

A reduction in the value of an asset from the Balance Sheet value occurring because of a change in the condition and consumption of the asset or because of market conditions.

### **Interest Income**

The money earned from the investment of surplus cash.

### **International Financial Reporting Standards (IFRS)**

The Authority's financial statements have been prepared in accordance with the following statutory accounting standards adopted by the International Accounting Standards Board (IASB):

- International Financial Reporting Standards (IFRS)
- International Accounting Standards (IAS)

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- Interpretations of the International Financial Reporting Interpretations Committee (IFRIC)
- Interpretations of the Standing Interpretations Committee (SIC)

### **Leasing**

A method of financing capital expenditure where a rental charge for an asset is paid for a specific period. There are two main types of lease: 'finance leases' which transfer substantially all the risks and rewards of ownership to the lessee, and other leases, which are known as 'operating leases'. With finance leases, assets acquired are included within the property, plant and equipment in the Balance Sheet at the market value of the asset involved; monies owing to the lessor are included within deferred liabilities on the Balance Sheet. With an operating lease an annual rent is charged to the relevant service revenue account.

### **Minimum Revenue Provision**

The minimum amount which must be charged in year for the repayment of debt.

### **National Non-Domestic Rates (NNDR)**

The business rate in the pound is the same for all non-domestic ratepayers and is set annually by the government. Income from business rates goes into a Central Government pool that is then distributed to authorities according to resident population.

### **Net Book Value**

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 Current Replacement Cost**

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

### **Non-Operational Assets**

Property, plant and equipment not directly occupied, used or consumed in the delivery of services. These are assets under construction and surplus assets held for disposal.

### **Operational Assets**

Property, plant and equipment held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

### **Outturn**

The actual amount spent in the financial year.

### **Payments in Advance**

These represent payments prior to 31st March for supplies and services received after 1st April.

### **Precept Income**

The Authority obtains part of its income from precepts levied on its billing authorities (Durham County Council and Darlington Borough Council). Precepts, based on the

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Council Tax base of each council, are levied on a collection fund, administered separately by each council.

### **Private Finance Initiative (PFI)**

PFI contracts are agreements to receive services where the responsibility for making available the assets needed to provide the services passes to the PFI contractor. Where the Authority controls the services that are provided under a PFI scheme, and ownership of the assets will pass to the Authority at the end of the contract, for no additional charge, the Authority carries the assets used under the contract on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

### **Property, Plant and Equipment**

Tangible and intangible assets that yield benefits to the authority and the services it provides for a period of more than one year.

### **Provisions**

Sums set aside to meet any liabilities or losses which are likely or certain to be incurred, but uncertain as to the amounts or dates on which they will arise.

### **Receipts in Advance**

These represent income received prior to 31st March for supplies and services provided after 1st April.

### **Reserves**

Sums set aside for purposes falling outside the definition of a 'provision'. There are two categories of reserves - see 'Usable Reserves' and 'Unusable Reserves' for further definition.

### **Retirement Benefits**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

### **Revaluation Reserve**

Capital reserve to hold unrealised revaluation gains arising (since 1 April 2007) from holding property, plant and equipment.

### **Revenue Contributions to Capital**

Contribution from revenue to finance capital expenditure, thus reducing the requirement to borrow.

### **Revenue Expenditure and Income**

Expenditure and income arising from the day-to-day operation of the Authority's service.

### **Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Any grants receivable, including capital, that are applied to REFCUS will be accounted for as revenue grants in the Comprehensive Income and Expenditure Statement. Income is posted to the line that the qualifying expenditure is charged to.

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### **Revenue Support Grant (RSG)**

General government grant to assist in financing the overall net cost of services.

### **Right of Use Asset (ROU)**

Represents the value of a leased asset that the organisation has the right to use during the lease term, where leases are recognised on the Balance Sheet.

### **Running Expenses**

All expenses other than those relating to employees and the financing costs of capital expenditure (capital financing costs and revenue contributions). Running expenses include expenditure on maintenance of buildings, consumable supplies, transport etc.

### **Termination Benefits**

Amounts payable because of a decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the Net Cost of Service in the Comprehensive Income and Expenditure Statement.

### **UK GAAP – Generally Accepted Accounting Standards**

As IFRS is primarily drafted for the commercial sector and therefore does not address all accounting issues relevant to local government in the UK, the Code prescribes a hierarchy of alternative standards on which the accounting treatment and disclosures should be based where appropriate. The hierarchy comprises:

- Financial Reporting Standards (FRS)
- Statements of Standard Accounting Practice (SSAP)
- Pronouncements of the Urgent Issues Task Force (UITF)

### **Unusable Reserves**

Reserves the Authority is not able to use to provide services e.g., reserves that hold unrealised gains and losses, e.g., the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold.

### **Usable Reserves**

Reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use, e.g., Modernisation Reserve.