



Essex County  
Fire & Rescue Service

**PFCC**   
**POLICE, FIRE AND CRIME  
COMMISSIONER FOR ESSEX**

# Essex Police, Fire and Crime Commissioner Fire and Rescue Authority

**2024 - 2025 Accounts**



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## Police, Fire and Crime Commissioner's Introduction

### 1. Police, Fire and Crime Commissioner – Roger Hirst



Essex County Fire and Rescue Service continues to go from strength to strength, with 2024/2025 marking another year of real progress. The Authority has made important strides in improving its culture, making it a better place to work and continuing to deliver high-quality services across our communities. More house fires have been prevented, more vulnerable people protected and more businesses supported to reduce fire risk.

Prevention remains the cornerstone of a safer Essex. I was pleased to see the Authority carry out more than 10,000 prevention and protection visits over the year. This vital work has helped reduce accidental house fires in Essex by 12% over the last four years. The number of people who lost their life in accidental fires also decreased from 7 to 5 in the same period but is still 5 people too many losing their lives.

While the Statement of Accounts outlines the financial pressures we face, Essex County Fire and Rescue Service continues to invest in what matters - prevention, protection and an effective emergency response. This year saw investment in new fire engines, electric vehicles, upgraded radios and mobile data terminals, as well as improvements to fire stations to help crews do their jobs more effectively.

During the year, the Authority welcomed 116 new firefighters, five control room operators and 50 new support staff. I was pleased to see more women and people from diverse backgrounds starting their careers with the Authority, as well as a growing number of younger applicants. This progress reflects ongoing efforts to build a workforce that better represents the communities we serve.

Another key milestone was the appointment of the Authority's first dedicated Fire Investigation Officer - enhancing our ability to investigate complex fires and positioning Essex as a leader in fire investigation.

#### **Grenfell and building safety**

The publication of the final report from the Grenfell Tower Inquiry in September 2024 was a pivotal moment. While 14 of the 46 recommendations were directly aimed at fire and rescue services, I was reassured to see Essex County Fire and Rescue Service go further, reviewing all the recommendations and making changes where needed, in line with national guidance, with regular reviews carried out by the Authority's relevant departments.

The Authority has assessed over 150 high-rise residential buildings and continues to address fire safety risks linked to external cladding. A new High-Rise Task Force was introduced in early 2024 to support compliance with new safety laws for buildings over 18 metres. The task force has already taken enforcement action, including issuing Prohibition Notices and, in some cases, asking residents to temporarily leave unsafe buildings.

#### **Supporting the most vulnerable**

Protecting vulnerable people is a core aim in my Fire and Rescue Plan for 2024–2028. The Authority plays a vital role in identifying those most at risk and working with partners to support them, whether through prevention work, protection measures or emergency response.

There was a rise in safeguarding referrals in 2024, driven by the ongoing social care crisis and the increasing number of high-risk individuals in our communities. While this is concerning, it reflects the Authority's determination to identify vulnerability and take action.

The Community Wellbeing Officer scheme, launched in December 2023, continues to grow and was recognised nationally with an award at the Excellence in Fire and Emergency Services Awards.

Essex County Fire and Rescue Service also proudly achieved White Ribbon Accreditation, underlining its commitment to tackling violence against women and promoting respectful, safe relationships.

### **Road safety**

One of my priorities is to reduce road deaths in Essex to zero by 2040. The Authority plays a central role in this goal by responding to road traffic collisions, rescuing those involved and delivering education programmes that promote safe driving. Sadly, we have seen an increase in the number of road traffic collisions the Authority attends over the year, up from 1295 incidents attended in 2023/24 to 1337 in 2024/25, so it is vital we continue the work in promote safe driving.

Recognising 26% of all fatal and serious injury casualties are motorcyclists, this area of casualty reduction requires renewed focus, especially upon young riders and the gig economy. Over selected weekends, roads policing motorcyclists work alongside Fire Bike instructors delivering 'Better Biking' courses, complimenting additional courses offered by the Fire and Rescue Service, such as an Advanced Machine Skills course and Fire Bike First Aid courses.

Under the day-to-day management of the Authority, the Community Speed Watch (CSW) scheme continues to contribute towards reducing road casualties. Across 106 communities, an impressive 1,200 volunteers support the scheme with regular monitoring activity. Scheme co-ordinators produce monthly newsletters updating members on wider road safety policing activity and project updates, helping to keep our CSW volunteers engaged.

### **Looking ahead – making Essex safer together**

On 1 April 2025, the Authority launched its new Community Risk Management Plan (CRMP) for 2025–2030, aligned with my Fire and Rescue Plan, it focuses on reducing risk, improving efficiency and adapting to the needs of a changing county.

Looking ahead, I remain committed to supporting Essex County Fire and Rescue Service in delivering first-class services that make a difference. Since taking on governance in 2017, we've seen real progress, and we will continue to build on it.

We will continue investing in our people through training and development, helping them to take on more activities in prevention and protection. Modernising the on-call duty system is also a priority, offering more flexibility so availability better matches times of greatest risk. Recruitment and support for on-call firefighters will remain a key focus.

Increasing the number of home fire safety visits and expanding joint Safe and Well visits with our partners will also be vital in our prevention efforts.

None of this progress would be possible without the commitment and professionalism of everyone in the Authority. His Majesty's Inspectorate of Constabulary and Fire and Rescue Services has recognised the positive impact of strong leadership in Essex. I would like to thank our Chief Fire Officer, Rick Hylton, his Service Leadership Team, and the whole workforce for their tireless efforts in making Essex safer together.

## Written statements and Chief Finance Officer Narrative Report

### 2. Review of the year - Chief Fire Officer/Chief Executive – Rick Hylton



I am pleased to share our Statement of Accounts for 2024/2025. It explains how we are keeping people safe, protecting our communities, and managing our budgets and spending.

Our mission is to make Essex safer together. Our ambition is to be one of the best fire and rescue services in the UK. By continually raising our standards and improving what we do, we will provide our residents, businesses and visitors with a service they deserve.

We have achieved a tremendous amount, not just in the last year, but over the past four years. People in Essex are safer. The number of fires has decreased by 12%, accidental dwelling fires are down by around 12%, and we've seen a 30% reduction in injuries caused by fire in homes and other premises. We've also cleared two causes of concern from His Majesty's Inspectorate of Fire and Rescue Services.

We've seen significant investment in our training, development, equipment, and infrastructure. From leading the way in fire investigations to finding new ways to engage with our communities, we have demonstrated innovation across our Service.

Our Statement of Accounts outlines key financial issues, demonstrating how we continue to drive change, reduce risk, invest in prevention and protection, and provide a first-class emergency response service – with our people at the centre of everything we do.

At the end of last year, we celebrated being voted Fire Service of the Year, and this year we have achieved the following:

- Developed our new Community Risk Management Plan with our people, partners, and the public.
- Responded to over 16,000 incidents.
- Conducted more than 10,000 prevention visits and protection inspections, contributing to a year-on-year reduction in fire-related injuries and improving compliance rates among high-risk premises.
- Acted upon legislative changes to the Rehabilitation of Offenders Act 1974 (Exceptions Order 1975).
- Increased safeguarding referrals due to the social care crisis and significant growth in high-risk vulnerability within our communities.
- Welcomed 116 new firefighters, 5 control room operators, and 50 support staff colleagues.
- Invested in pet oxygen therapy masks.



- Worked with other services and the NFCC on a broad range of Fire and Rescue Service-specific topics as well as professional disciplines such as HR, ICT, and Finance.
- Partnered with RNLI to launch the Waterside Responder Scheme.
- Opened a new Fire Cadets unit at Halstead.
- Installed Public Access Bleed Kits across 14 Fire Stations.
- Raised thousands of pounds for charity and local causes.
- Celebrated our people through various events including International Men's and Women's Days, People Awards, On Call Welcome event, Chief Fire Officer Commendations, and other national awards.
- Became White Ribbon accredited and engaged our workforce during the 16 days of action in November.
- Participated in the HMICFRS new inspection framework pilot.

### **Preventing fires and other emergencies**

We want to be a Service trusted by our communities and welcomed by those most at risk. Through a public perception survey, we have spoken to nearly 8,000 residents to help us understand what they think about us, and to give us feedback on their understanding of the services we provide.

82% of those who responded agree that our Service does a good job.

We have invested in enhanced safeguarding training for colleagues. We have reorganised our prevention team to better align our resources to meet the needs of our communities.

Our Service has launched a new lifesaving water rescue scheme for pubs and restaurants to help reduce drownings. The Waterside Responder Scheme, designed by the Royal National Lifeboat Institution (RNLI), provides lifesaving skills and equipment for businesses near water, particularly those serving alcohol. In partnership with the RNLI, our Service offers these businesses a free lifesaving session to teach basic skills and knowledge to help staff safely assist someone in trouble in water before firefighters arrive.

### **Reducing the impact of fire in the built environment**

In May 2024, our Service welcomed its first-ever dedicated Fire Investigation Officers.

Additionally, our Service has created a new Tier 1 Introduction to Fire Investigation course, accredited by Skills for Justice. The course, available to operational officers is one of a handful of accredited Level 2 Fire Investigation courses in the country. This positions our Service as one of the best in the UK for educating officers on fire investigations. Thorough investigations enable us to identify trends, issue safety messages, and support our partners, such as the police and insurers.

The final report from the Grenfell Tower public inquiry was published in September 2024. Fire and rescue services were required to implement 14 out of 46 safety recommendations aimed at improving fire safety, building regulations, and emergency services' procedures in the first phase of the inquiry. Our Service has gone beyond these requirements, making sure every recommendation has been reviewed and changes implemented, if necessary, with regular reviews.

Essex has more than 150 high-rise residential buildings. Our Service has reviewed them all and is addressing safety issues related to external cladding. Our high-rise task force was set up this year to make sure all premises over 18 metres comply with legislative changes. The task force has issued several Enforcement and Prohibition Notices, including two cases where residents were asked to leave high-rise buildings until safety concerns were addressed. This was putting public safety at the heart of our decisions.

Smoke blocker curtains, recommended in the Grenfell Tower Inquiry, were delivered to stations in April this year. These curtains stop smoke and fire gases. Operational colleagues and other teams continue to test our emergency response procedures for high-rise buildings.

### **Responding effectively to emergencies**

We have 50 fire stations strategically positioned across the county. Our Control room is based at our Service headquarters.

Together, our control operators and firefighters provide our operational response. While our overall incidents are up by 18%, fires and injuries from fires continue to decrease. This year we have seen a significant increase in our role to assist other agencies, working together to reach our communities when they need us the most.

Responding effectively to emergencies is one of our five strategic goals in our new Community Risk Management Plan. We have invested in technology that allows us to deploy our resources in a dynamic and risk based manner, recognising that risk across the county is not constant and changes based on time of day and month of year. We are increasing the number of fire engines we have available during the day to 40, our current average is 35, and we are continuing to meet our response times of responding to calls in urban areas in under 10 minutes and in rural areas in under 14 minutes.

### **Inclusive and high performing culture**

We are committed to being an employer of choice, advocating equality, diversity, and inclusion. This is particularly important considering His Majesty's Inspectorate for Constabulary and Fire and Rescue Service's 2023 report on values and culture, which indicated more work is needed nationally. In 2024, we held events at our Service Headquarters to celebrate International Women's Day, International Men's Day (alongside Essex Police and the East of England Ambulance Service), International Day Against Homophobia, Biphobia, and Transphobia and a Global Accessibility Awareness Day.

Diversity across fire services continues to be a national challenge. In 2023, only 8.7% of firefighters nationally were women, and only 8% were from an ethnic minority background. We aim for our Service to better represent our communities. The goal of our 2024 recruitment campaigns was to attract underrepresented groups, focusing on females, people from black and minority ethnic backgrounds, people from faith groups, and individuals aged 17 to 25.

Recruitment outcomes in 2024:

- Female applicants increased from 11% to 13%
- Starters of minority ethnicity rose from 6% to 8%
- Applicants aged 17 to 25 increased from 33% to 41%
- LGBTQ+ applicants increased from 1% to 10%

Our Service achieved Silver Inclusive Employers Standard accreditation in March 2024, recognising our commitment to diversity, equity, and inclusion. This is the first time a fire and rescue service in the country has achieved the Silver standard. We previously achieved Bronze accreditation two years ago, and this improvement is a testament to everyone's efforts in building an inclusive environment.

Our Director for People Services has been instrumental in removing barriers and enhancing engagement for employees at our Service and across UK fire and rescue services. I am incredibly proud that through this work, they were awarded the Champion for Equality and Diversity at the Asian Fire Service Association Awards in November and was further recognised as the Most Influential Woman in Fire in the Excellence in Fire and Emergency Service Awards.

Our Service is now accredited by White Ribbon UK, a charity that aims to prevent violence against women and girls. In a sector where most operational colleagues (more than 90%) are men, our Service has shown tremendous leadership in demonstrating how men are key to turning the tide in violence against women and girls.

### **A resilient and sustainable future**

Our Service has become the first in the UK to use groundbreaking research, carried out by one of our own Fitness Advisors, to help firefighters return to duty after injury. The Fit for Duty screening tool can help assess a firefighter's readiness to return to operational duties following musculoskeletal injury. This work was shortlisted in the Excellence in Fire and Emergency Awards.

A key role our fire crews undertake is to carry out risk assessments on buildings. We launched a new Operational Intel Module to improve how we record these risks. Now crews can upload this information, so they are available immediately. This means when crews go to an incident, they have the latest information available, improving safety for our personnel and the public.

Our new fire engines have updated Breathing Apparatus stowage so that two sets can be released from either side of the appliance. This means that if an appliance is parked on a narrow street or access is limited, the sets can still be accessed.

This year we have continued to invest in our Service:

- Purchased 6 new fire appliances and invested in electric cars and vans to update our fleet, as well as ordering technical vehicles for our specialist services.
- Replaced our thermal imaging cameras, entry equipment, PPV fans, and purchased electric vehicle make-safe equipment for use at road traffic collisions.
- Invested in new radios, mobile data terminals for appliances, laptops, and mobile devices.
- Carried out updates at our fire stations and buildings, including air conditioning, new bay doors, lighting improvements, heating, and installing electric vehicle charging points.

As a final note, thank you to all our communities and partners for the continued support you offer to our Service. And of course, as always, thank you to all our Essex County Fire and Rescue Service colleagues. Our Service truly is our people. Our continuous drive from operational and support colleagues to serve our communities shows our commitment to our goal – to be one of the best fire and rescue services in the UK.



### 3. Chief Finance Officer's Narrative Report



#### Introduction

This Statement of Accounts explains the Authority's finances during the financial year 2024/25 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

#### **The Authority's Statement of Accounts for the year 2024/25 comprise:**

The Comprehensive Income and Expenditure Statement (Page 44): This is in two sections; the first section shows the net surplus or deficit on the provision of services as a result of income received and expenditure incurred over the financial year. The second section shows any other changes in net worth not included in the first section. Examples here will include any surplus or deficit on the current value of property, plant and equipment and the remeasurement of the net defined benefit liability.

#### **The Movement in Reserves Statement (MIRS) (Page 45):**

This statement shows the in-year movement on the reserves held by the Authority. These reserves are divided into two types, usable and unusable, with only the former being able to be applied to fund expenditure. This Statement also shows the change in the General Fund balance and the discretionary transfers that are undertaken to or from earmarked reserves.

#### **The Balance Sheet (Page 46):**

This sets out the financial position of the Authority at the end of the financial year. The top section of the Balance Sheet provides details of assets and liabilities, and the bottom section shows the amounts held in the various reserves.

#### **The Cash Flow Statement (Page 47):**

Summarises the inflows and outflows of cash during the year analysed between those arising as a result of the Authority's operations, those arising from investing activity and those attributable to financing decisions.

#### **Firefighters' Pension Fund (Page 86):**

The Firefighters' Pension Fund provides pension and other retirement benefits to the Authority's former firefighters. The accounting statements of the Fund are included within this Statement of Accounts.

### 4. Revenue Budget and Expenditure

The Authority's published budget for 2024/25 showed net expenditure before funding of £94.9m which is available [here](#).

The Authority's core budget spend after funding is £93.6m. The budget included a 3% pay award for all staff in 2024/25.

In addition, the Authority committed £1.27m from Earmarked Reserves to fund one-off investments.

2023/24 Total Actuals £'000s	Description	Core Actual £000s	Earmarked Actual £000s	2024/25 Total Actual £000s	Core Budget £000s	Earmarked Budget £000s	2024/25 Total Budget £000s	Core Budget Var £000s	Earmarked Budget Var £000s	Budget Vs Actuals £000s
38,885	WholeTime Firefighters	40,891	337	41,228	39,134	-	39,134	(1,758)	(337)	(2,094)
9,947	On-Call Firefighters	11,014	-	11,014	9,544	-	9,544	(1,470)	-	(1,470)
1,863	Control	1,863	-	1,863	2,304	-	2,304	441	-	441
18,810	Support Staff	19,635	220	19,855	19,353	71	19,424	(282)	(149)	(431)
2,618	Ill health pension costs	2,892	-	2,892	2,581	-	2,581	(311)	-	(311)
72,123	<b>Total Employment Costs</b>	<b>76,295</b>	<b>557</b>	<b>76,852</b>	<b>72,916</b>	<b>71</b>	<b>72,987</b>	<b>(3,380)</b>	<b>(486)</b>	<b>(3,865)</b>
2,212	Support Costs	2,137	11	2,148	1,884	250	2,134	(253)	239	(14)
12,209	Premises & Equipment	11,861	140	12,000	12,019	374	12,393	159	234	393
4,032	Other Costs & Services	3,877	568	4,445	3,420	431	3,851	(457)	(137)	(594)
5,228	Financing Items	5,239	-	5,239	5,459	150	5,609	220	150	370
23,681	<b>Total Other Costs</b>	<b>23,114</b>	<b>718</b>	<b>23,832</b>	<b>22,783</b>	<b>1,205</b>	<b>23,988</b>	<b>(331)</b>	<b>486</b>	<b>156</b>
95,804	<b>Gross Expenditure</b>	<b>99,409</b>	<b>1,275</b>	<b>100,684</b>	<b>95,699</b>	<b>1,276</b>	<b>96,974</b>	<b>(3,710)</b>	<b>1</b>	<b>(3,710)</b>
(3,437)	<b>Operational Income</b>	<b>(3,224)</b>	<b>-</b>	<b>(3,224)</b>	<b>(2,059)</b>	<b>-</b>	<b>(2,059)</b>	<b>1,165</b>	<b>-</b>	<b>1,165</b>
92,367	<b>Net Expenditure before Funding</b>	<b>96,185</b>	<b>1,275</b>	<b>97,460</b>	<b>93,639</b>	<b>1,276</b>	<b>94,915</b>	<b>(2,545)</b>	<b>1</b>	<b>(2,545)</b>
(10,794)	<b>Funding</b>	<b>(10,942)</b>	<b>-</b>	<b>(10,942)</b>	<b>(6,185)</b>	<b>-</b>	<b>(6,185)</b>	<b>4,757</b>	<b>-</b>	<b>4,757</b>
(9,706)	Government Grants	(13,864)	-	(13,864)	(13,835)	-	(13,835)	29	-	29
(17,335)	Revenue Support Grant	(18,342)	-	(18,342)	(17,921)	-	(17,921)	421	-	421
(208)	National Non-Domestic Rates	(200)	-	(200)	-	-	-	200	-	200
(518)	NNDR (surplus)/deficit	(472)	-	(472)	(300)	-	(300)	172	-	172
(53,238)	Council Tax Collection Account	(55,404)	-	(55,404)	(55,398)	-	(55,398)	5	-	5
(91,801)	<b>Total Funding</b>	<b>(99,224)</b>	<b>-</b>	<b>(99,224)</b>	<b>(93,639)</b>	<b>-</b>	<b>(93,639)</b>	<b>5,584</b>	<b>-</b>	<b>5,584</b>
566	<b>Funding Gap / (Surplus)</b>	<b>(3,039)</b>	<b>1,275</b>	<b>(1,764)</b>	<b>(0)</b>	<b>1,276</b>	<b>1,276</b>	<b>3,039</b>	<b>1</b>	<b>3,040</b>
(872)	Cont'ns to/(from) General Bals	54	(1,275)	(1,221)	-	(1,276)	(1,276)	(54)	(1)	(54)
(872)	Cont'ns to/(from) Earmarked Reserves	54	(1,275)	(1,221)	-	(1,276)	(1,276)	(54)	(1)	(54)
(305)	<b>Total Contribution to/(from) Reserves</b>	<b>(2,985)</b>	<b>-</b>	<b>(2,985)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>2,985</b>	<b>(0)</b>	<b>2,985</b>

The table above shows the financial outturn for 2024/25.

The closing position for 2024/25 shows a surplus of £2.98m.

There have been some significant one off items that were not budgeted, which have arisen towards the end of the 2024/25 financial year and are listed below. These amount to £2.1m and are the key drivers for this significant improvement to the financial outturn.

- £0.6m receipt following the resolution of the airwave legal case against Motorola, communicated by the Home Office in March 25. This follows a decision made by The Competition Appeal Tribunal in December 2023 to uphold the Competition and Markets Authority (CMA)'s decision to impose a charge control mechanism charges for Airwave
- £0.6m relating to one off funding resulting from a surplus in the National Non Domestic Rate Pool (NNDR) which was received in March 2025.
- £0.6m relating to NNDR Hospitality Relief Grant received in 2024/25.
- £0.2m reduction in the Minimum Revenue Provision (MRP) Charge. Following a review by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Authority will align its MRP Policy with Statutory Guidance under the Local Government Act 2003 and for new debt financed by capital expenditure, commence charging MRP in the financial year following the one in which the asset becomes operational. This aligns the timings of the MRP charge to common practice. This alignment will be applicable for all new relevant capital expenditure on or after 1 April 2024
- £0.1m relating to the distribution of the levy account surplus for 2024/25 as announced in the final Local Government Finance settlement published on 3 February 2025.

The Authority released £1.275m of funding from Earmarked Reserves in the year to fund specific investments.

The Authority's net expenditure before funding for 2024/25 was £97.5m.

**Funding**

58% of the Authority's funding is from the Council Tax collections across the districts in Essex, and the unitary authorities of Southend-on-Sea and Thurrock. Council tax income has been based on the Commissioner's proposal of an increase in the precept of 2.91%, which was agreed at the Essex Police, Fire and Crime Panel on 1 February 2024. The precept payable for a Band D Council tax property increased from £80.28 to £82.62, a change of £2.34 per year.

The balance of funding is provided by central government, through a share of non-domestic rates, revenue support grant and other specific grants (which include Pensions, Business Rates Relief and support the Authority's Urban Search and Rescue unit).

In the year, Core Funding was £5.5m higher than budget which was primarily driven by:

- £4.7m of additional government grants primarily relating to:
  - £2.6m of funding to compensate the Authority for the increase in employers' contributions for the Firefighters Pension Scheme.
  - £0.8m of unplanned grants relating to the Funding Guarantee which was announced as part of the final local government finance settlement on 4 February 2024
  - £0.8m of unplanned S31 grants relating to NNDR Business Rates Relief Grant (Inc Hospitality Relief).
  - £0.1m relating to the distribution of the levy account surplus for 2024/25 as announced in the final Local Government Finance settlement published on 3 February 2025.
  - £0.1m of Pension Grant Funding to support costs incurred on administration of the Firefighters Pension Scheme.
- £0.4m relating to an unbudgeted surplus in the NNDR collection account.
- £0.1m relating to an unbudgeted surplus in the council tax collection account.

**Expenditure**

Core Employment Costs for 2024/25 were £76.5m which is an overspend of £3.6m compared to budget.

The key areas of overspend for the year relate to:

- £2.7m resulting from an 8.5% increase in employer contribution rates for firefighters' pension schemes which came into effect from 1st April 2024. There was additional funding announce in year of £2.6m to compensate the Authority for this increase.
- £1m pay pressure resulting from unbudgeted pay awards in 2024/25. The Authority had budgeted a 3% pay award for all staff, however the final operational pay settlement was 4% and for Non-Operational Staff it was £1,290 on NJC Scale points 2-43 and then 2.5% on NJC Scale points above 43.

The financial outturn table also shows an underspend in Control Staff pay costs of £0.4m, however this is primarily due to roles being transferred into Green book posts and therefore the costs are included within the £0.4m overspend within Support Staff Costs.

Total Core Non-pay costs for 2024/25 are £23.4m, which is £0.6m higher than the Core Budget for the year, with the key variances being,

- £0.5m overspend in Other Costs and Services driven by consultancy costs, cost of vehicles spares, insurance costs and increased costs of external audit.
- £0.1m overspend in Premises and Equipment and Support Costs

Operational Income for the year is £3.2m which is an improvement of £1.1m compared to budget. The Authority has received an additional £0.9m from interest received in the year. The higher interest rate and increased cash balances from receipt of monies in relation to the Firefighters' Pension Scheme Remedy, which have been a key factor in the favourable variance. The Authority's investments are managed in line with its Treasury Management Strategy.

Additional income of £0.2m has been received in the year from the East of England Ambulance Service relating to a pilot for the Community Wellbeing Officers which was 100% funded.

### Reconciliation between Management Accounts and final Statutory Provision of Fire Service per the Comprehensive Income and Expenditure Statement

The table below reflects the movements and reclassifications between the Management accounts and the final Statutory Provision of Fire Service per the Comprehensive Income and Expenditure Statement (page 44):

2023/24 Reconciliation to the Provision of Fire Services per £000 the Comprehensive Income & Expenditure Statement		Notes	2024/25 £000
92,367	Total Net Expenditure per Service Revenue Account as above		97,460
	<b>Add adjustments not reported to management:</b>		
4,919	Depreciation		4,554
(6,042)	Specific grant income		(4,357)
1,823	Capital accounting entries		668
-	IFRS16 Lease adjustment	17	(205)
(22,073)	IAS19 Pension adjustment		(26,974)
55	Holiday pay accrual		52
(21,318)	<b>Total</b>		(26,262)
	<b>Less amounts not part of the Provision of Fire Services in the Comprehensive Income and Expenditure Statement:</b>		
(1,129)	Interest payments		(1,151)
1,170	Investment income		1,406
(4,000)	Capital financing provision		(4,000)
-	IFRS16 Lease adjustment	17	(205)
(3,960)	<b>Total</b>		(3,951)
67,089	<b>Provision of Fire Services per Comprehensive Income &amp; Expenditure Statement</b>		67,247

The following accounting adjustments are made to the Total Net Expenditure per Service Revenue Account on the previous page, in accordance with the CIPFA/LASAAC Code:

Adjustment	Description
IAS 19 Pensions	The pension liabilities of the Authority are revalued annually in accordance with IAS 19. These adjustments are not reported in the Service Revenue Account, as they do not arise from 'business as usual' activity.
Interest Income and Expenditure	Interest Income and Expenditure is reported separately to the Provision of Fire Services in the Comprehensive Income and Expenditure Statement.
Depreciation, Capital Financing Provision, and Capital Accounting Entries	<p>Depreciation is charged to the Comprehensive Income and Expenditure Statement in accordance with IAS 16.</p> <p>This is different to the Capital Financing Provision charged to the reported to management, which represents amounts set aside for the repayment of borrowing.</p> <p>Impairments are not reported in the Service Revenue Account as they do not arise from 'business as usual' activity.</p>
Adjustment	Description
Specific Grant Income	<p>Specific grant income is shown within the Provision of Fire Services in the Comprehensive Income and Expenditure Statement.</p> <p>This is reported as Funding in the Service Revenue Account, so not included in Net Expenditure.</p>
Other Adjustments	These are other statutory adjustments not reported to management.

## 5. Capital

The table below provides a summary of the capital expenditure for the year:

	Bfwd Capital Expenditure £000	Actual Capital Expenditure £000	Budget Capital Expenditure £000	Variance (overspend)/ underspend £000
<b>2024/25</b>				
Property	648	956	1,454	498
Vehicles	0	3,354	4,420	1,066
Information Systems & Equipment	201	1,401	2,180	779
<b>Total capital expenditure</b>	<b>849</b>	<b>5,711</b>	<b>8,054</b>	<b>2,343</b>
Funded by Reserves and Grant Income	849	1,711	3,845	2,134
Minimum Revenue Provision	0	4,000	4,209	209
<b>Total capital funding</b>	<b>849</b>	<b>5,711</b>	<b>8,054</b>	<b>2,343</b>

The total capital expenditure for the year is £5.7m.

In the year, the Authority invested:

- £3.3m in vehicles, with the key investment being £3m in relation to 12 new fire appliances. All 12 fire appliances had been budgeted to be delivered in the year, however 6 have been delivered and brought into use within the year. The remaining



6 will be delivered in 2025/26. There is a capital commitment of £0.7m at year end in relation to these appliances. These new appliances will give firefighters access to the latest technology which include storage for breathing apparatus sets in lockers rather than inside the cab and state of the art safety systems.

- £1.4m in Information Systems and Equipment. This includes:
  - £0.5m in Thermal Imaging Cameras (TIC) across the service. This replaces end of life TIC's with new technology providing enhanced thermal imaging capability.
  - £0.3m replacing all end of life Mobile Data Terminals. These have the latest operating systems and ensure crews have access to operational risk information. These form a key part of the mobilising and communication system.
  - £0.1m for the new Finance System. £0.2m was previously recognised in prepayments and has now been recognised as an asset in the year. The asset of £0.3m has been capitalised under section 16 of the Local Government Act 2003.
  - £0.3m in other Operation Equipment including Light portable pumps, PPV Fans and hoses.
  - £0.2m in other ICT Equipment which includes Radios, Laptops and Phones.
- £0.9m in our property portfolio mainly on fire stations and training facilities. This includes
  - £0.5m in relation to various works undertaken across the estate, including replacing boilers at Basildon Fire Station, Heating system at Grays, works at Head Office and Tiptree, and upgrading the Operational Command Assessment and Training (OCAT) suite equipment from analogue to digital technology.
  - £0.3m for the refurbishment and modernisation of Breathing Apparatus (BA) training facilities at fire stations across the county.
  - £0.1m investment LED lighting across Fire Stations as part of our net zero carbon reduction plan.

As part of the On Call Conversion Programme, the Authority is selling any surplus day crew houses. In the year the Authority generated capital receipts of £0.3m relating to the final sale of day crew housing. The proceeds which will be invested in the future capital programme, in line with the Authority's Capital Strategy.

## **6. Events after the Balance Sheet date**

There are no events to report.

## **7. Borrowing**

The Authority undertakes long term borrowing, for periods in excess of one year, in order to finance its capital spending. The Authority has total loans at year end of £22.5m (£21.5m long term). These are all provided by the Public Works Loans Board. There was no new borrowing in the year.

The Authority had set a limit of £40.0m for external debt in the year.

## 8. Risk Protection

The Authority is one of the twelve fire authorities that are members of the Fire and Rescue Indemnity Company Ltd (FRIC). All services have been working together to reduce risk and share best practice.

The company commenced trading in November 2015. The Authority's risk protection arrangements are provided through the pooled funds of the company. The Authority makes an annual contribution to the company, the total expense in 2024/25 being £641k (£709k 2023/24).

## 9. Accounting policies

Accounting policies are the principles, bases, conventions, rules and practices applied which specify how the financial effects of transactions are reflected in the financial statements. The accounting policies adopted by the Authority comply with the Code of Practice on Local Authority Accounting United Kingdom 2024/25.

## 10. Financial Climate and impact on Services

The current economic situation is creating a more unstable environment for the Authority.

The latest quarterly Bank of England Monetary Policy Report was published in February 2025.

The key points from the report are shown below:

- The UK long term inflation target remains at 2%.
- The UK rate of inflation is 2.8 and expected to rise in the coming year before falling back to the targeted 2%.
- The interest rate has fallen to 4.5% with the expectations to decrease further..

Inflation, partly caused by increases in energy prices, and increases in some regulated prices such as water bills, will continue to put pressure on the Authority's budget in the short term. The Authority has included a sensitivity analysis in its Medium Term Financial Strategy, to ensure that it has sufficient resources to deal with these cost pressures and can continue to deliver the objectives of the Fire and Rescue Plan.

## 11. Budget 2025-26 and Medium Term Financial Strategy

### Budget 2025-26

The Authority adopts a prudent approach to budgeting and seeks to set a budget that is both affordable and sustainable over the medium term.

The net budget for 2025/26 is £102.2m, which is an increase of £7.2m from 2024/25, which includes the following key movements:

- £3.4m of pay pressures (impact of 2024/25 pay pressures and a 3% pay increase in 2025/26).
- £3.1m of pay pressure resulting from the increase in the Firefighters Pension Scheme Employer contributions.
- £0.7m of pay pressure resulting from the Employers National Insurance Increase effective from April 25.
- £1.4m increase in Non Pay Costs. This includes contractual increases in Property, ICT and Other Contracts, along with an investment in Operational Training.

- (£1.4m) of cashable savings have been identified and included within the budget. cashable savings being identified. This includes £1m of Non Pay Savings and £0.4m of Pay Savings.

Total Funding for the Authority in 2025/26 has increased by £7.1m which is a result of:

- £4.1m increase in Council Tax Receipts. The 2025/26 precept proposal was presented to the Essex Police, Fire and Crime Panel on 4<sup>th</sup> February 2025. The Panel endorsed the PFCC's decision to increase the fire and rescue precept by 5.99%, equivalent to an increase of £4.95 a year, from £82.62 to £87.57 for a Band D property. This will generate additional council tax funding of £4m which comprises of £3.3m from additional council tax receipts resulting from the precept increase and £0.7m from an increase in the council tax base.
- £2.6m increase in government grants which includes:
  - £2.6m relating to grant funding relating to the funding of the increase in an 8.5% increase in employer contribution rates for firefighters' pension schemes which came into effect from 1st April 2024. The financial pressure in 2025/26 as outlined above is £3.1m and therefore the grant does not cover the full cost, and there is a net financial pressure of £0.5m.
  - £0.7m relating to grant funding to compensate the Authority for the Employers National Insurance Increase effective from April 25.
  - £0.2m increase in the Business Rate Relief Support Grant, a result of the government compensating the service for freezing the business rate multiplier.
  - (£0.9m) reduction in the Services Grant and Funding Guarantees. This was announced in the publication of the provisional local government finance settlement on 18<sup>th</sup> December 2024.
- £0.4m increase in the Revenue Support Grant (inflationary increase) and National Non-Domestic Rates, following the publication of the provisional Local Government Finance Settlement.

The budget for 2025/26 is available [here](#).

### Medium Term Financial Strategy

Our Medium Term Financial Strategy (MTFS) reflects the impact of spend over the next 5 years. It ensures that we work as a value for money organisation, and that we demonstrate our efficiency and effectiveness. Our approach to budgeting is sustainable and ensures that we meet the needs of our communities across Essex.

The Authority's latest MTFS shows a balanced position with no use of General Reserves and is available [here](#).

The MTFS is continually reviewed and updated throughout the year. Each quarter it is reported to the PFCC through the Strategic Board.

The Minister of State for Crime, Policing and Fire wrote to all Fire and Rescue Authorities on 9th January 2023 requesting that all Standalone Fire and Rescue Authorities publish an efficiency and productivity plan annually. The 2025/26 Productivity and Efficiency Plan is available [here](#).

### **12. Risks and uncertainties**

The manner in which the Authority manages its response to various risks is part of a continuum of risk management that takes into account the National Security Strategy, the National Risk Register, the Essex Resilience Forum Community Risk Register, and finally the organisational strategic and operational risk registers.

Managing risk and business continuity arrangements are a key aspect of the Authority's governance arrangements. As a category 1 responder under the Civil Contingencies Act 2004, the Authority, is required to have in place business continuity arrangements to ensure that continuity of service can be provided for foreseeable events that may impact upon the delivery of services.

These arrangements are regularly reviewed within the Authority with outcomes reported to the Authority annually to offer assurance on the internal arrangements within the Authority to manage risk and maintain service delivery.

### **13. Environmental matters**

As a Fire and Rescue Service we are here to protect and save life, property, and the environment. In support of this aim we recognise that in the provision of our services we have an impact on the environment both locally and globally. Therefore, we are committed to reducing our environmental impact on Essex and working towards sustainable development in our operations.

### **14. Employees**

As at 31 March 2025 the Authority employed 1,522 people (2024: 1,531) comprising 630 wholetime (2024: 621), 503 on call firefighters (2024: 520), 42 control staff (2024: 41) and 347 support staff (2024: 349). We aim to ensure that our employment policies reflect best practice.

### **15. Key performance indicators**

Regular performance reporting is in place as part of our governance arrangements and are available at: [Fire & Rescue Performance - Essex PFCC](#)

### **16. Reporting cycle**

Budget review papers comparing actual spend against budget for both capital and revenue expenditure are prepared on a monthly basis for both management and the Police, Fire and Crime Commissioner. These reports are reviewed at monthly meetings of both the Service Leadership Team and the Performance and Resources Board.

These papers are published with the papers for each meeting and are available at: [Fire & Rescue Performance - Essex PFCC](#)

### **17. Governance**

The Authority is required to undertake an annual review of its governance processes and to publish a Statement setting out the results of the review. The Statement, which is available on the Authority's website, shows how the Authority demonstrates good governance in its actions and how it meets the requirements of the National Framework for Fire and Rescue Services.

**18. Significant interests held by members and Senior Officers**

The Authority maintains a Register of Members' Interests in accordance with the provisions of the Localism Act 2011 and the Authority's Code of Conduct. This is available for inspection as required by the Act from: The Authority Monitoring Officer, Pippa Brent-Isherwood. Tel: 01245 291613, e-mail: [pippa.brent-isherwood@essex.police.uk](mailto:pippa.brent-isherwood@essex.police.uk).

**19. Glossary**

A glossary of accounting terms is provided on page **89** to assist the reader.

**20. Further information**

Further information about the Authority's accounts is available from the Chief Finance Officer (S151) to the Fire Service, Essex Fire Headquarters, Kelvedon Park, CM8 3HB (by telephone 01376 576000 or by E-mail [neil.cross@essex-fire.gov.uk](mailto:neil.cross@essex-fire.gov.uk)).

Neil Cross

Chief Finance Officer (S151) to Essex Police, Fire and Crime Commissioner Fire and Rescue Authority



**Statement of Responsibilities for the Statement of Accounts**

The Police, Fire and Crime Commissioner is required to:

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

The Chief Finance Officer's responsibilities

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

In preparing this Statement of Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that are reasonable and prudent.
- Complied with the local authority Code.

The Chief Finance Officer has also:

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

I certify that the Statement of Accounts has been prepared in accordance with the CIPFA/LASAAC Code and present a true and fair view of the financial position of the Authority at 31 March 2025 and its income and expenditure for the year ended 31 March 2025.

Neil Cross

Chief Finance Officer to Essex Police, Fire and Crime Commissioner Fire and Rescue Authority

30 June 2025

## Governance Statement

### Foreword from the Police, Fire and Crime Commissioner



The Policing and Crime Act 2017 enabled Police and Crime Commissioners to become responsible for the governance of fire and rescue services, subject to the approval of a business case by the Home Secretary. Following the successful submission of a business case to the Home Secretary, the Police and Crime Commissioner for Essex, Roger Hirst, became the first Police, Fire and Crime Commissioner (PFCC) on 1 October 2017. Roger Hirst was re-elected in May 2024. Under these governance arrangements, a new corporation sole, the Essex Police, Fire and

Crime Commissioner Fire and Rescue Authority (PFCC FRA) replaced the Essex Fire Authority.

The Essex Police, Fire and Crime Commissioner Fire and Rescue Authority (“the Commissioner” or “the Authority”) is responsible for ensuring that their business is conducted in accordance with the law and proper standards of conduct, probity and professional competence, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. The Commissioner also has a duty under the Local Government Act 1999 to secure continuous improvement in the way in which their functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. In discharging these overall responsibilities, the Commissioner is responsible for putting in place proper arrangements for the governance of their affairs and facilitating the effective exercise of their functions which includes arrangements for the management of risk.

In exercising these responsibilities, the Commissioner places reliance on the Chief Fire Officer / Chief Executive to support the governance and risk management processes that have been put in place. To this end, there was regular formal and informal contact between the Commissioner and the Chief Fire Officer / Chief Executive throughout the year in order to ensure that matters arising within their respective remits were appropriately dealt with. Formal governance meetings (described in further detail below) also take place between the Commissioner and the Essex County Fire and Rescue Service (“the Authority”).

This statement explains how, throughout the financial year, the Commissioner has complied with the Chartered Institute of Public Finance and Accountancy’s (CIPFA’s) and the Society of Local Authority Chief Executives (SOLACE’s) joint Delivering Good Governance in Local Government Framework as well as the Authority’s own Constitution.

### Executive Summary

- The governance framework comprises the systems, processes, culture, and values relating to the control and management of all activities and how the Commissioner accounts to, engages with and leads the community.
- The Authority is required to comply with the CIPFA / SOLACE Delivering Good Governance in Local Government Framework, including by conducting an annual review of the effectiveness of the Authority’s governance arrangements.
- The review of internal controls by RSM UK LLP resulted in an overall positive opinion.
- The Authority has a commitment to addressing the governance issues identified to ensure governance is effective and efficient.

## Purpose and Context

### Purpose and Scope

The governance framework comprises the systems, processes, culture and values relating to the control and management of all activities and how the Commissioner accounts to, engages with and leads the community. It enables the Commissioner to monitor the achievement of their strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services and outcomes.

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

The functions and responsibilities of fire and rescue authorities are set out in the Fire and Rescue Services Act 2004 which came into effect on 1 October 2004. Under this Act, every fire and rescue authority must make provision in its area for:

- Promoting fire safety
- Extinguishing fires
- Protecting life and property in the event of fires
- Rescuing people in the event of road traffic accidents
- Protecting people from serious harm to the extent that it considers it reasonable to do so, in the event of road traffic accidents.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

### The Fire and Rescue Plan

On 4 November 2024, the Commissioner launched the [Fire and Rescue Plan 2024 – 2028](#). This statutory document sets out the Commissioner's strategic vision and the priorities for fire and rescue services in Essex and a series of strong, tangible commitments to how we will help keep our communities safe.

The plan brings together the service, partners and the public to build safe and secure communities and offer efficient and effective prevention, protection and response activity.

The activities in this plan set out a clear direction for development of the service and how, by working closer together with other emergency services and wider partners, we can deliver a better service while being closer to the communities we serve.

### Community Risk Management Plan

During 2024-25 the Authority continued to develop the [Community Risk Management Plan 2025 - 2030](#) (CRMP) through consultation with our people, partners and the public. The plan was launched on 1 April 2025.

The CRMP outlines how the Authority will continue making Essex safer together over the next five years by working closely with our communities and valued partners. It sets out how the Authority will identify and respond to risks, protect people and places, and deliver an effective and efficient fire and rescue service for the county.

The CRMP focuses on five strategic goals:

- Preventing fires and other emergencies
- Reducing the impact of fire in the built environment
- Responding effectively to emergencies
- Building an inclusive and high-performing culture
- Ensuring a resilient and sustainable future for the Service and the communities we serve

This plan aligns with the Fire and Rescue Plan 2024–2028, making sure we deliver on shared priorities: protecting vulnerable people, improving efficiency and effectiveness and continuing to adapt to changing risks and challenges.

Each year of the CRMP the Authority will publish a new Service Delivery Plan, detailing the next stage of our annual activity delivery. To support this, the Authority will have a planning cycle that will continually monitor, assess and evaluate the delivery of the activities set out in each Service Delivery Plan. The [Service Delivery Plan 2025-26](#) was launch in April 2025 and development of the 2026-27 Service Delivery Plan is currently underway.

### **Service-Level Governance**

The governance structure within the service is the responsibility of the Chief Fire Officer / Chief Executive. This is discharged through the Service Leadership Team (SLT) and a series of governance boards including the Continuous Improvement Board, which provides oversight and management of continual improvement activities identified within our Annual Plan, the Portfolio Board, which initiates and oversees change programmes, and the Portfolio Management Board, which provides oversight and management of capital spend against budget. Each of these boards is chaired by a member of SLT and attended by a representative of the Police, Fire and Crime Commissioner.

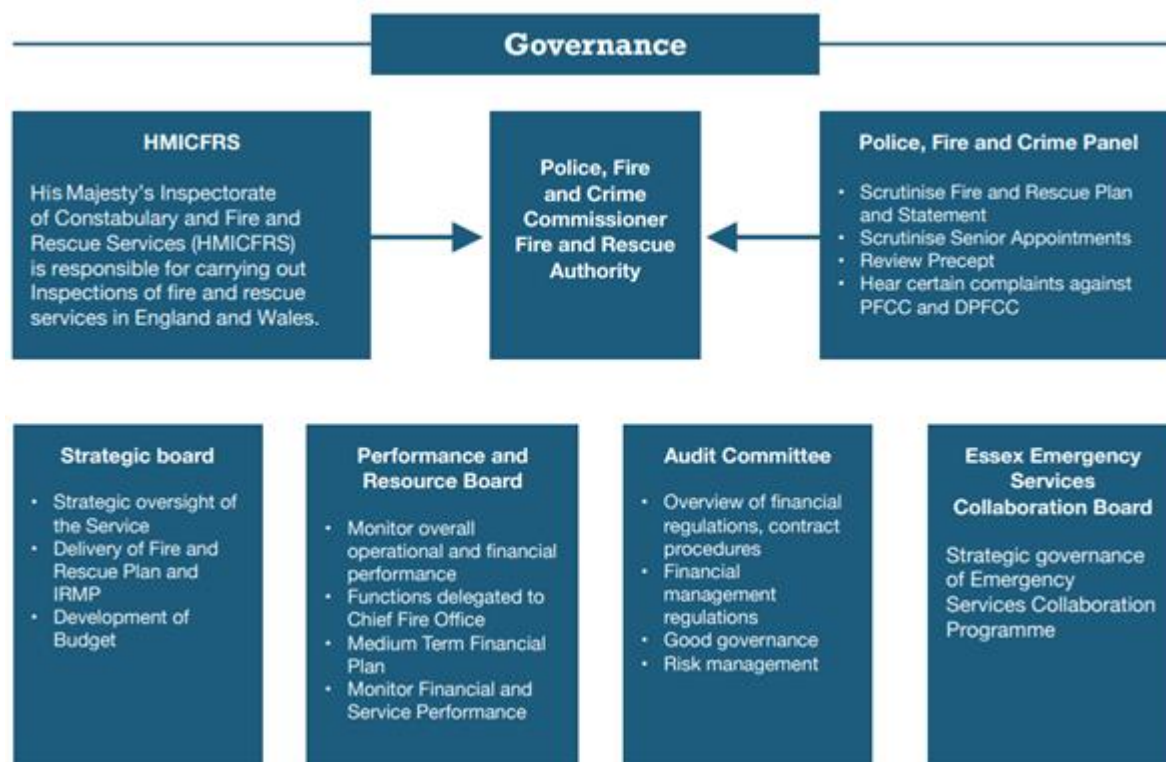
### **Corporate Governance Structure**

To ensure the effective administration of the Authority, several boards have been created to provide advice and recommendations to the Commissioner. Authority performance is reported to the Police, Fire and Crime Commissioner through the monthly Performance and Resources Board. Policy and direction for the Authority is established through the quarterly Fire and Rescue Strategic Board. Both the Performance and Resources Board and the Fire and Rescue Strategic Board are chaired by the Police, Fire and Crime Commissioner. In addition, an Independent Audit Committee is in place with the scope to provide independent assurance to the Authority in accordance with the Financial Management Code of Practice. The role of the Audit Committee is to advise the Commissioner according to good governance principles and risk management arrangements in accordance with proper practices and to oversee the associated control environment and financial reporting process.

These boards have no decision-making powers. A decision made by the Commissioner is only considered to be taken, and as such may only be acted on by officers, once the relevant decision report has been signed by the Commissioner or their Deputy. All decisions taken (unless subject to security restrictions) will be published for transparency on the Commissioner's website. The decisions and actions of the Commissioner are scrutinised by the Essex Police, Fire and Crime Panel which is made up of elected representatives from each district, borough, city and unitary authority in Essex plus two independent members. The Panel has several statutory powers and duties, including the power to veto the proposed Council Tax precept and candidate for the post of Chief Fire Officer / Chief Executive; to review the Fire and Rescue Plan and the Annual Statement of Assurance and to make recommendations to which the Commissioner must have regard; to consider complaints against the Commissioner and Deputy Commissioner, and to scrutinise (but not veto) the

appointments of the Deputy Commissioner and Chief Finance Officer. Panel meetings take place at least four times a year and are open to the public.

The corporate governance structure surrounding the Essex Police, Fire and Crime Commissioner is depicted below. The detail regarding each governance board is outlined in Appendix 1:



## Governance Framework

The CIPFA / SOLACE Delivering Good Governance in Local Government Framework recommends the following principals of good governance:

- **Principle A** - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- **Principle B** - Ensuring openness and comprehensive stakeholder engagement.
- **Principle C** - Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- **Principle D** - Determining the interventions necessary to optimise the achievement of the intended outcomes.
- **Principle E** - Developing the Authority's capacity, including the capability of its leadership and the individuals within it.
- **Principle F** - Managing risks and performance through robust internal control and strong public financial management.
- **Principle G** - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Authority has arrangements in place to meet all relevant requirements of the COPFA/Solace framework as described below.



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

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved.

The arrangements in place that demonstrate this principle are:

- **Codes of Conduct** for the Commissioner and their Deputy and for all staff, including anti-fraud, grievance and whistleblowing policies. Updated Disciplinary and Compliments, Complaints and Whistleblowing Policies were approved by the Authority in February 2025.
- [PFCC Ethics and Integrity Framework](#) – Ethics and integrity are at the centre of the role of the Police, Fire and Crime Commissioner.
- [NFCC Code of Ethics](#) – This Core Code of Ethics is designed to guide all fire and rescue service employees in their day-to-day conduct. The Authority adopted the Core Code of Ethics in 2021/22 alongside a gap analysis and action plan to strengthen its commitment to these values. As of 31 December 2024, 91.3% of employees had completed the inclusive behaviours module and 87.1% had completed the Core Code of Ethics module. The Core Code of Ethics is also reflected in the service's People Impact Assessment (PIA) process, which is used to assess the impact of all key strategic documents.
- The service has several channels through which internal challenge can be brought, including via line managers, HR Business Partners, the Safeguarding Team, Occupational Health, the Inclusion and Diversity Team, the service's cadre of Dignity and Inclusion Advocates, the Monitoring Officer / Whistleblowing Officer, a confidential and independent whistleblowing charity helpline and the "Safe Share" scheme. The service's internal "Safe Share" scheme has been identified by HMICFRS as promising practice and has also been highlighted as good practice within the National Fire Chiefs Council's (NFCC's) Managing Allegations Guidance. It provides a 24/7 confidential reporting facility for staff and volunteers and offers support and guidance as well as gathering information about concerns. It can refer colleagues to other services (e.g. counselling, social care or voluntary sector services), offer coaching or a facilitated conversation, and / or take their complaint or concern forward for an investigation. The service continues to be well-utilised, mostly outside of normal office hours. The most common types of concerns reported are domestic abuse and personal financial concerns, followed by allegations of misconduct, concerns about mental health, and bullying in the workplace.
- Our **Constitution** sets out the framework to ensure that all officers and staff can fulfil their responsibilities in accordance with legislative requirements. The Constitution is reviewed at least biennially, and was last revised and updated during 2024/25.
- [Our Values](#) are at the core of everything we do. In 2024 we updated our values. We shared these widely and updated examples of expected behaviours.
- **Staff appraisal process** – Ensures continuous staff development. In 2024, 96% of colleagues received and recorded a performance and development review conversation through the appraisal process.

- The Commissioner, their Deputy and the Service Leadership Team complete a **register of interests** to declare any potential conflicts of interest. The **Authority's Declaration of Interests, Gifts, Hospitality and Sponsorship Policy** sets out the procedures which must be followed when an employee wishes to pursue an outside interest, or when offers of gifts, hospitality and sponsorship are made to staff. Where there is a conflict with the interests of exercising the functions of the Authority that is so substantial that the function or matter should not be dealt with personally, it will be delegated or dealt with in some other manner that ensures the conflict does not arise.
- **Equality, Diversity & Inclusion** objectives are published on the Authority's website, including gender pay gap reporting. The gender pay gap report for 2024 shows that, for the first time, the average pay for women is higher than for men in the Service. The median gender pay gap is now 3.28% in favour of women, and the mean gender pay gap is 8.35% in favour of women.. Progress in delivering the equality objectives, along with a self-assessment of the Authority's performance against established equality frameworks for fire and rescue authorities, is reported to the Commissioner's Strategic Board twice yearly. Our approach is in accordance with that recommended by the NFCC Culture Dashboard Methodology.
- Our achievements in improving representation of females proportionately at all levels of our service is evident in our annual reduction in our Gender Pay Gap since our first reporting year in 2018, when the Mean gender pay gap was 15.6%. In 2024, we reported a negative mean and median gender pay gap for the first time. Our analysis revealed that the mean hourly rate of pay was 8.35% higher for women and the median hourly rate was 3.28% higher for women. This compares favourably with the national average which shows that nationally the median pay for all employees was 13.1% less for women than for men in April 2024.
- **Decision-making** is guided by the values agreed by the Authority, and this is overseen by the Commissioner, the Chief Financial Officer and the Monitoring Officer via the decision report process.

In autumn 2023, the service developed a cultural dashboard which provides a monthly snapshot of eight key metrics which are an indicator of the service's cultural wellbeing. These metrics are linked to the Culture and Values pillar of the People Strategy. The dashboard is now reported regularly to both the Service Leadership Team and the Authority's Performance and Resources Board.

The service also uses learning from outside Essex to improve its own practice. On 1 August 2024, HMICFRS published a thematic review into the handling of misconduct in fire and rescue services which made 15 recommendations to Chief Fire Officers, fire and rescue authorities and other stakeholders. The service undertook a gap analysis against these recommendations and found most of them already to be in place. Residual actions needed were incorporated into the People Strategy Action Plan, progress against which is also reported regularly to the Performance and Resources Board.

During 2024/25, the service created and recruited to the new roles of Assistant Director (Culture, Inclusion and Wellbeing) and Head of Professional Standards, who will take a lead on developing this work going forward.

**Principle B – Ensuring openness and comprehensive stakeholder engagement**

Local government is run for the public good. Organisations should therefore ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders.

The processes in place that demonstrate this principle are:

- The [Annual Report](#) and Statement of Assurance are used to communicate the overall strategy and performance of the Authority to the public.
- The Authority participates in the [Freedom of Information](#) Act Publication Scheme to ensure transparency with the public.
- [The Authority's website](#) – Meeting minutes of the Authority and its governance boards are accessible to the public alongside agendas and committee papers. All decisions taken by the Authority (unless subject to security restrictions) will also be published for transparency on the Commissioner's website. The decisions and actions of the Commissioner are also scrutinised on behalf of the public by the Essex Police, Fire and Crime Panel which is made up of elected representatives from each district, borough, city and unitary authority in Essex plus two independent members.
- **Press and Media Guidance** is published on a regular basis to ensure we engage with our stakeholders.
- The **Corporate Communications, Marketing and Brand Strategy** sets the strategic direction for communications, marketing, and brand, and explains clearly what our staff, volunteers, public and other stakeholders can expect from us. It outlines our principles, key areas of focus, and how we measure and assess if we are doing a good job. It clearly identifies how our communication focus delivers against the Fire and Rescue Plan objectives, and the associated Authority priorities.
- The Authority has numerous **governance boards** in place to ensure decision making is conducted effectively and transparently (Appendix 1).
- There is a good history of **public consultation** over significant issues affecting the community and external stakeholders. Any proposals for significant change to service delivery affecting the public will be supported by a consultation process.
- The Authority **engages its staff** through regular manager briefings and staff engagement surveys as well as initiatives such as the CFO's "Ask Me Anything" and "The Big Questions" sessions.

Consultation with the public, partners, and other key stakeholders all feed into the strategic planning cycle to ensure that their views continue to influence the delivery of the Commissioner's priorities.

The Commissioner's precept survey was live between 25th October 2024 and 9th December 2024. A total of 1,579 residents responded to the questions relating to the fire and rescue precept. Of those who responded and gave a view, 76% were prepared to increase their investment into the fire and rescue service. 66% of respondents who gave a view were prepared to pay an increase £5 or more. This informed the Commissioner's proposal (approved by the Police, Fire and Crime Panel on 4 February 2025) to increase the precept by £4.95 (5.99%) for a Band D property for 2025/26.

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

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the Authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of the Authority's resources.

- The [Fire and Rescue Plan 2024-28](#) sets out the Authority's vision and priorities, including measurable outcomes in the form of performance measures and indicators, examples of which in terms of economic, social and environmental benefits are set out below.

	HOW WE PLAN TO DO THIS	PERFORMANCE INDICATORS
<b>Make buildings across Essex safer</b>	Extend fire protection and enforcement, improve targeted protection and help shape safer new housing and industrial developments.	<ul style="list-style-type: none"> <li>Number of interactions carried out at commercial premises</li> <li>Number of fires in non-residential premises</li> <li>Appropriate action is taken when non-compliance is found</li> </ul>
<b>Improve efficiency and effectiveness</b>	Invest, modernise and reform the fire and rescue service, including its approach to operational resourcing, to make it more efficient, effective and fit for purpose.	<ul style="list-style-type: none"> <li>Increased time spent on community engagement activity</li> <li>Annual 1.5%-3% increase in productivity and efficiency gains</li> </ul>
<b>Adapt to our changing environment</b>	Work together to reduce our environmental impact and address the consequences of extreme weather.	<ul style="list-style-type: none"> <li>Reduced fleet carbon footprint</li> <li>Engagement with future developments</li> <li>Working towards Net Zero carbon emissions by 2050</li> <li>Essex County Fire and Rescue Service learns the lessons from spate conditions and can adapt to emerging risks with technologies</li> </ul>

- The [Integrated Risk Management Plan \(IRMP 2020-2024\)](#) sets out the activities that the Authority needs to undertake to deliver against the priorities within the Fire and Rescue Plan to ensure the continued safety of communities following a comprehensive understanding of risk. The Authority's strategy for the next five years – [Community Risk Management Plan 2025 – 2030 \(CRMP\)](#) was published on 31 March 2025 and is effective from 1 April 2025.
- The [Performance and Resources Board](#) receives regular and structured performance reports against all aspects of the Authority's priorities. The risks of not achieving the Authority's priorities are identified and managed through strategic leaders and reported via the [Independent Audit Committee](#), where regular structured reports are considered and supported by the risk management systems.
- The **Capital Programme** aligns to the Integrated Risk Management Plan. In support of longer-term planning there are number of associated strategies in place (e.g., ICT, fleet). A revised property strategy for land and buildings has also been developed.
- We have also developed an **Environmental Strategy**, in partnership with Essex Police to support sustainability.
- The **Procurement Strategy** was approved in 2023/24, setting out the Authority's vision to procure goods and services to meet the needs of Essex County Fire and

Rescue Service, whilst providing value for money and compliance with all applicable procurement legislation and internal governance arrangements. A new procurement plan is being developed and will be launched in 2025/26 following on from the delayed launch of the Procurement Act 2023.

#### **Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes**

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. It needs robust decision-making mechanisms to ensure that its defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations.

- The [Integrated Risk Management Plan \(IRMP 2020-2024\)](#) assesses fire and rescue related risk and sets out how we plan to lessen these risks to ensure we deliver the right resources at the right time, in the right place.
- The [Medium-Term Financial Strategy](#) is the link between the Authority's long-term objectives and its financial capacity.
- The [Capital Strategy](#) outlines the Authority's approach to capital investment, ensuring it is in line with its corporate objectives.
- The **Annual Plan** sets out the key activities that need to be delivered within any financial year aligned to our in-year budget. This includes responses to any recommendations derived from audits and inspections, together with activities required to deliver core objectives and priorities. Starting from 2025/26 an annual Service Delivery Plan will set out how the services will be delivered in year, and it will be aligned to CRMP.
- **Strategic and Departmental Risk Registers** are reviewed on a regular basis to ensure operational risks are monitored and to ensure control procedures are in place to mitigate risks.
- **Boards and Committees** are in place to ensure projects are delivered on time, meeting the needs of the Authority.
- The Police, Fire and Crime Commissioner provides scrutiny through the [Performance and Resources Board](#), which reviews the performance of the Authority against the priorities agreed within the Fire and Rescue Plan and Integrated Risk Management Plan.

#### **Principle E – Developing the Authority's capacity, including the capability of its leadership and the individuals within it**

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications, and mindset to operate efficiently and effectively and achieve their intended outcomes within the specified periods.

- The **People Strategy** is a key document to delivering the Fire and Rescue Plan. The six strands of the strategy (pictured below) ensure that the Authority can attract, retain, and develop people to deliver our services.



- Workforce succession and development needs are identified within our **Strategic Workforce Plan**.
- The Leadership Development Programme, Core Learning Pathways, coaching and the Leadership Resourcing & Succession programme ensures that colleagues have all the support they need on their career journey.
- **Health and wellbeing** is a core pillar of the People Strategy, which promotes a positive working environment to reduce stress and increase staff engagement and performance.
- The Authority offers a range of pathways into employment including [apprenticeships and internships](#) to improve skills and productivity, as well as bring diversity of thought and new talent into the organisation.

During 2024/25 a new People and Inclusion Plan 2025 – 2030 was developed, recognising that the strength of the service comes from people. This means ensuring that we continue to support, engage, and inspire our people to make a difference and to deliver our strategic goals; empowering colleagues to be professional and ambitious in serving the communities of Essex.

The People and Inclusion Plan, the Community Risk Management Plan (CRMP) and the Medium-Term Financial Strategy (MTFS) work together to deliver our Fire and Rescue Plan. Together they provide a pathway to continue developing our service, addressing current and future risks and what we will do to keep our communities safe.

#### **Principle F - Managing risks and performance through robust internal control and strong public financial management**

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes.

- The [Independent Audit Committee](#) provides assurance to the Authority that financial management internal controls are operating effectively.
- The **Chief Financial Officer** ensures the finances of the Authority are managed effectively as required by the statutory duties associated with section 112 of the Local Government Finance Act 1988 and the Accounts and Audit Regulations 2015.

The Chief Financial Officer is required to adhere to professional and ethical standards set by CIPFA.

- Appropriate segregation of duties, authorisation and approval procedures are set out in the **Financial and Procurement Regulations** and the **Scheme of Delegation**. The implementation of these is tested by both the internal and external auditors. The Financial and Procurement Regulations were reviewed and updated in 2024/25 as part of the biennial review of the Constitution and its supporting Schedules.
- The [Integrated Risk Management Plan](#) ensures the Authority has identified and mitigates strategic risks. Risk management arrangements are integral to all aspects of the work, managed through a comprehensive strategic risk register.

- The Authority has a responsibility under the Fire and Rescue National Framework for England to assess all foreseeable fire and rescue related risks that could affect their communities. It does this by producing an annual **Strategic Assessment of Risk (SAOR)**. The SAOR is refreshed in June each year, and provides the basis for the IRMP, which is to be called the [Community Risk Management Plan \(CRMP\)](#) with effect from 2025/26. During 2023/24, the document was reformatted to reflect the PESTELO (political, economic, societal, technological, environmental, legislative and organisational) risk analysis model.
- The **Risk Management Strategy** sets out how the Authority will manage risk to support delivery of the Fire and Rescue Plan, including by articulating the Authority's risk appetite. During the year, the Risk Management Strategy, and associated Risk Appetite Statement, were subject to review, with the updated Strategy being presented to the Authority's Strategic Board in December 2024. Under the Constitution and Scheme of Delegation, the approval of the Risk Management Strategy is a matter reserved for the Authority.
- **Business Continuity Arrangements** are in place across all departments to ensure the Authority is resilient to interruptions that could adversely affect the delivery of services.
- **Performance management arrangements** are in place - The performance framework includes corporate targets and key performance indicators along with key activities to continue or strengthen performance. In addition, a 'deep dive' process is in operation, whereby the Authority undertakes detailed analysis and scrutiny of areas of performance.
- The [Performance and Resources Board](#) scrutinises, supports and challenges the overall performance of the fire and rescue service including against the priorities agreed within the Fire and Rescue Plan and Integrated Risk Management Plan.
- The **Continuous Improvement Board** ensures continuous progress against organisational and national priorities, and that resources are being effectively and efficiently utilised.
- **Internal Audit** arrangements are in place to review the effectiveness of risk management, governance and internal controls. The internal control environment is further assessed as part of the annual **External Audit**.

#### **Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

Accountability is about ensuring that those making decisions and delivering services are answerable for them.

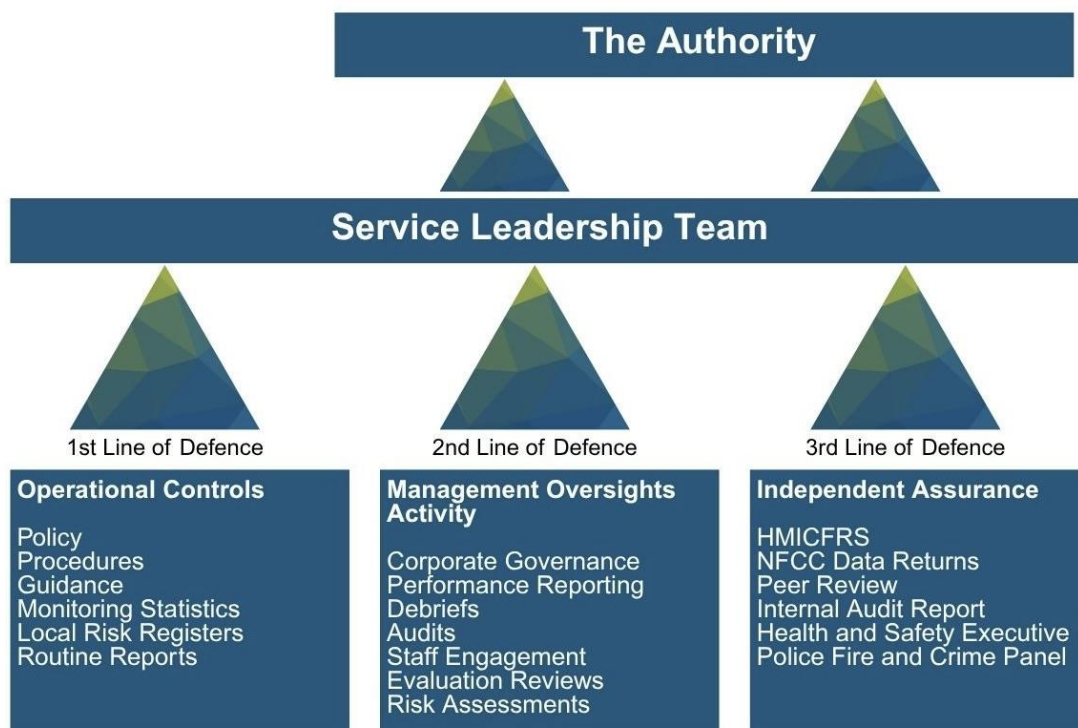
- **Internal audit** services are provided by RSM UK and reported to the Audit Committee. Regulation 5 of the Accounts and Audit Regulations 2015 states that the Authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control, and governance processes, taking into account public sector internal auditing standards or guidance.

- **External audit** services are provided by Earnst & Young LLP who were appointed in the prior year.. It provides an opinion on the financial statements of the Authority, as well as providing assurance that value for money has been delivered.
- His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (**HMICFRS**) has carried out its third assessment of the services effectiveness and efficiency which was published on 8 March 2024. The report is available [here](#). The progress for any areas of improvement identified through the inspection have been monitored through the Continuous Improvement Board throughout the year.
- The **PFCC** receives regular updates at the Performance and Resources Board and Strategic Board, which challenge the reporting and accountability of the Authority.
- A Pay Policy statement is reported to [the Strategic Board](#) and published annually to ensure the Authority is transparent about the way staff are remunerated.
- [Transparency information](#) is published in accordance with the Local Government Transparency Code and the Elected Local Policing Bodies (Specified Information) Orders.

### Review Of Effectiveness

#### The Assurance Process

The Authority uses the framework below to review the effectiveness of the governance framework:



### Review of Effectiveness

The Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of their governance framework including the system of internal control. The review of effectiveness is informed by the work of the strategic managers who have responsibility for the development and maintenance of the governance environment; the internal audit annual report, and by comments made by the external auditors and other review agencies and inspectorates. The findings of this review are set out in this Annual Governance Statement.

### Internal Audit

In addition, the Internal Auditor has a responsibility to review and report to the independent Audit Committee annually, to provide assurance on the adequacy and effectiveness of the Authority's arrangements for governance, risk management and control. The provision of Internal Audit Services is through a contract with RSM UK Group LLP. An overall positive opinion was given for 2024/25: "The organisation has an adequate and effective framework of governance, risk management and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective".

### Internal Audit Programme

The Internal Audit Programme uses a risk-based approach to provide assurance to the Authority. During the year, five reviews were undertaken, covering the following areas:

Audit	Assurance Level	Management Actions		
		Low	Medium	High
Safer Recruitment	Substantial Assurance	2	-	-
Health and Safety	Reasonable Assurance	2	5	-
Key Financial Controls – General Ledger	Partial Assurance	3	3	1
Follow Up	Good progress	-	-	-
Business Continuity Plans	Reasonable Assurance	1	0	1
Premises risk Information	Partial Assurance	3	3	1

### Levels of Assurance

Substantial Assurance	The organisation has an adequate and effective framework for risk, governance, and internal control.
Reasonable Assurance	The organisation has an adequate and effective framework for risk, governance, and internal control, however work indicated further enhancements are required.
Partial Assurance	There are weaknesses in the framework of governance, risk management and control such that it could become inadequate or ineffective.
Minimal Assurance	The organisation does not have an adequate framework of risk management, governance, or internal control.

**CIPFA Financial Management Code**

This mandatory code provides guidance for good and sustainable financial management in local authorities. The intention is that, by complying with the principles and standards within the Code, local authorities will be able to demonstrate their financial sustainability.

The new Financial Management Code is based on six core principles:

1. Organisational leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into the organisational culture.
2. Accountability – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
3. Financial management is undertaken with transparency as its core using consistent, meaningful, and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
4. Adherence to professional standards is promoted by the leadership team and is evidenced.
5. Sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit, and inspection.
6. The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

An initial assessment against the Financial Management Code was carried out in 2021/22. The Authority is compliant with the Code, with improvements recommended in 1 out of the 17 principles. Annual reviews are undertaken on the Financial Management Code, which are also presented to the Strategic Board. The latest review (reported to the Strategic Board in June 2024) found a continued high level of compliance. Improvements made since the last assessment included the implementation of a mechanism to track the realisation of cashable savings through the Productivity and Efficiency Board and the capturing of savings realised through procurement within the quarterly procurement report to the Performance and Resources Board.

## Key Governance Issues

Last year's Annual Governance Report highlighted key areas for improvement which remained relevant in 2024/25. The table below sets out action taken to address these issues during the reporting period:

Issues Identified in Prior Years	Action	Performance in 2024/25
Culture	<p>The service continues to develop a positive and kind culture which is balanced with high performance and service delivery.</p> <p>We will continue to manage the opportunities and risk relating to the culture of our service as recorded in strategic risk SRR150019 which is summarised as 'a positive kind culture where every employee has the right to be treated fairly, inclusively, with kindness, equality, dignity and respect'.</p>	<p>The service developed a cultural dashboard which provides a monthly snapshot of eight key metrics which are an indicator of the service's cultural wellbeing. These metrics are linked to the Culture and Values pillar of the People Strategy. The dashboard is now reported regularly to both the Service Leadership Team and the Authority's Performance and Resources Board.</p> <p>We have invested in and launched Leadership Development and People Management programmes which are key enablers for a culture which are high performing and focused on service delivery.</p>
Professional Standards	<p>We will ensure that enshrined in the culture of ECFRS, the professional standards expected of all staff are clearly set out, understood and adhered to. Professional Standards will also set out in unambiguous terms the reasonable but robust action the service will take where actions display behaviours that fall short of the clearly defined professional standards.</p>	<p>The purpose and role of the Professional Standards function was designed and agreed. The role profile and person specification for the Head of the function was agreed and the recruited to. The new head of the function took up role on 1 March.</p> <p>The new Head of Professional Standards determined the plan of work for 2025/26 including identifying policies to be reviewed and the role profile for dedicated investigators.</p>



Issues Identified in Prior Years	Action	Performance in 2024/25
Procurement Act 2023	The Procurement Act 2023 received Royal Assent in October 2023. In 2024, secondary legislation will be laid to bring some elements of the Act and the wider regime into effect. This new regime will replace the Public Contract Regulations 2015 and reform the existing procurement rules. The service's Financial and Procurement Regulations and other arrangements will need to be amended to reflect the new requirements.	The Procurement Act went live on 24th February 2025. The Procurement Act 2023 is the primary legislation that sets out the principles and concepts, the secondary legislation that sits under it is the Procurement Regulations 2024 which detail how to implement the principles and concepts. The Procurement Plan (previously Strategy) and Constitution have been updated to reflect the requirements of the new procurement regulations.

**Key Governance Issues identified for 2025/26**

Issues Identified for 2025/26 (from risk register)	Action	Planned Response
Funding / Budget / Spending Review	<p>The financial environment continues to be challenging, and the Authority has seen a £1.6m loss in government grants for 2025/26 (Services Grant and Funding Guarantee).</p> <p>Strategic Risk SRR150038 continues to be regularly reviewed in light of any new information. The Authority has produced a balanced budget for 2025/26, and £1.4m of cashable efficiencies have been identified.</p> <p>In recent years, there have been single year financial settlements which has made financial planning over the medium term very difficult. There will now be a multi-year spending review which we understand will conclude in Spring 2025.</p> <p>The Authority has submitted an Essex County Fire and Rescue Service specific Spending Review case. This has also been shared with the NFCC Lead, who has submitted a Spending Review submission on behalf of the sector.</p>	<p>The Authority will review the Spending Review in detail to understand and assess any financial impacts that may arise.</p> <p>The Service has paused a number of key investments in 2025/26 which have resulted from the challenging financial climate.</p> <p>These will be re-assessed during 2025/26 once financial implications of the Spending Review is known.</p>

Issues Identified for 2025/26 (from risk register)	Action	Planned Response
Devolution and Local Government Reorganisation	<p>Devolution in Essex aims to create a Mayoral Combined Authority (CA) with a directly appointed Mayor covering Greater Essex, Thurrock and Southend. This would result in transferring the Police, Fire &amp; Crime Commissioner (PFCC) powers and functions to a Mayor-led Combined Authority (CA), though the timescales for this are currently unknown and could be anywhere between May 2026 and May 2028.</p> <p>A new Strategic Authority may be created in 2025/26, and the first mayoral elections are likely to take place in May 2026.</p> <p>Once the PFCC's functions and powers are transferred, the precept and budget for ECFRS will be subsumed within the broader Combined Authority precept and budget. There are also concerns around the potential impacts on the operational independence of the Chief Fire Officer / Chief Executive, and particularly the loss of their designation as the statutory Head of Paid Service.</p> <p>Local government reorganisation will see the 15 local authorities currently in existence across Southend, Essex and Thurrock replaced by between two and five unitary authorities delivering all relevant services to residents. New shadow unitary authorities are expected to be established in 2027 with vesting day following in 2028.</p> <p>There will be an operational impact of altered partnership arrangements (e.g. reduced resources in Community Safety Partnerships and local authority resilience teams) alongside a risk of fragmentation of existing countywide strategic partnerships that are working well to address issues such as resilience, road safety and building safety. Depending on the configuration of local authorities that is eventually agreed, there could also be an impact on the service's structure / operating model.</p>	<p><u>The Authority and service will continue to liaise with local authority partners, the Home Office and MHCLG to ensure a smooth and successful transfer of the PFCC's functions and powers into the new governance arrangements, which realises the opportunities and potential benefits of aligning public safety functions with the other proposed areas of competence for the new Mayoral Strategic Authority.</u></p> <p>A project is currently being set up to understand the wider impacts of devolution and to plan for transfer. This will also take into account any further Government updates on devolution in Essex.</p> <p>If Mayoral elections are to take place in May 2026, then the PFCC will enter a period of purdah which could impact the timelines of any key future decisions.</p>

### **Joint Statement by The Chief Fire Officer / Chief Executive and The Police, Fire and Crime Commissioner**

We acknowledge our responsibility for ensuring the proper governance of the Authority's affairs and will ensure that sufficient resources are dedicated to ensuring that key controls and processes are implemented, maintained, and monitored for effectiveness. We confirm that this Statement represents an honest and full assessment of the levels of assurance we have obtained.

**Roger Hirst**

Police, Fire and Crime Commissioner

Date:

**Rick Hylton**

Chief Fire Officer / Chief Executive

Date:

**Appendix 1 – Key Governance Boards**

Governance Board	Areas of Governance
<b>The Police, Fire and Crime Panel</b>  Papers available <a href="#">here</a>	a) Scrutiny of the Fire and Rescue Plan and Fire and Rescue Statement. b) Scrutiny of the appointment of a Deputy PFCC, the PFCC's Chief Executive and the PFCC's Section 151 Officer. c) Scrutiny of the appointment of the PFCC FRA's Chief Financial Officer. d) Scrutiny of the appointment and dismissal of the Chief Fire Officer, with the power to veto the appointment. e) To review the precept which the PFCC is proposing to issue for each financial year, with the power to veto the precept. f) To deal with certain complaints against the PFCC or Deputy PFCC.
<b>Fire and Rescue Strategic Board</b>  Papers available <a href="#">here</a>	a) Provide oversight of the delivery of the Fire and Rescue Plan and Integrated Risk Management Plan. b) Support public sector collaboration across greater Essex. c) Provide strategic oversight of the Medium-Term Financial Plan, Reserves Strategy and Capital Programme. d) Recommend for approval the Annual Budget and Council Tax precept. e) Agree the annual Statement of Assurance to be recommended to the Police, Fire and Crime Panel.
<b>Audit Committee</b>  Papers available <a href="#">here</a>	a) Maintain an overview of the contract procedure rules, financial regulations and Code of Conduct. b) Advise the Commissioner according to good governance principles. c) Provide independent assurance to the Commissioner of compliance with the Financial Management Code of Practice. d) Oversee the internal and external audit arrangements of the Authority, including the delivery of audit recommendations.
<b>Fire and Rescue Performance and Resources Board</b>  Papers available <a href="#">here</a>	a) Scrutinise, support, and challenge the overall performance of the Authority including against the priorities agreed within the Fire and Rescue Plan and Integrated Risk Management Plan. b) Support the Commissioner in holding the Chief Fire Officer / Chief Executive to account c) Advise the Commissioner on actions to be taken to maintain an efficient, effective, and economic fire and rescue service for Essex. d) Identify and consider different themes / "deep dives" for scrutiny, challenge, and support. e) Provide governance and oversight of the delivery of the Medium-Term Financial Strategy. f) Oversee implementation of the Authority's Treasury Management Strategy. g) Monitor actual and forecast capital expenditure and resourcing against the approved capital programme.
<b>Essex Emergency Service Collaboration Strategic Board</b>	a) Provide oversight of the Emergency Service Collaboration Programme and related risks. b) Maximise the effectiveness and efficiency of emergency services within Essex through a programme of strategic and operational collaboration. c) Review business cases relating to emergency service collaboration and provide recommendations to the Commissioner.

**Independent Auditor's Report to Essex Police, Fire and  
Crime Commissioner Fire and Rescue Authority**

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## Comprehensive Income and Expenditure Statement

For the year ended 31<sup>st</sup> March 2025

2023/24 Net £000		Notes	2024/25 Net £000
	<b>Expenditure</b>		
20,181	Wholetime Firefighters		18,209
9,977	On-call firefighters		10,996
1,863	Control staff		1,873
17,948	Support staff		18,793
<b>49,969</b>	<b>Total Employment Costs</b>		<b>49,871</b>
2,346	Support costs		2,205
12,207	Premises & Equipment		11,951
4,034	Other costs & services		4,436
6,644	Depreciation, impairment & other costs		4,912
99	Financing items		19
<b>25,330</b>	<b>Total Other Costs</b>		<b>23,523</b>
<b>75,299</b>	<b>Gross Expenditure</b>		<b>73,394</b>
	<b>Income</b>		
(6,042)	Specific grant income	22	(4,357)
(2,168)	Other income	22	(1,790)
<b>67,089</b>	<b>Provision of Fire Services</b>		<b>67,247</b>
19	(Gain) or loss on Disposal of Fixed Assets	27	5
58	Pension administration costs		58
	<b>Financing and Investment Income and Expenditure</b>		
1,129	Interest payable on debt		1,151
27,425	Net interest on the net defined benefit liability (asset)	27	27,847
(1,170)	Investment interest income		(1,406)
	<b>Taxation and Non-Specific Grant Income</b>		
(9,706)	Revenue Support Grant		(13,864)
(17,476)	Non Domestic Rates		(18,338)
(53,570)	Council Tax		(55,965)
(5,098)	Non Specific Grant Income	22	(6,585)
<b>8,700</b>	<b>(Surplus) or Deficit on Provision of Services</b>		<b>150</b>
10,876	(Surplus) or deficit on revaluation of non current assets		2,400
(5,689)	Remeasurements of the net defined benefit liability (asset)		7,951
<b>5,187</b>	<b>Other Comprehensive Income and Expenditure</b>		<b>10,351</b>
<b>13,887</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>10,501</b>

Within Employment Costs is an IAS 19 pension adjustment of £27.0m (2024 – £21.9m), which shows as a reduction in cost. This has reduced Wholetime Firefighters employment cost by £25.9m (2024 – £21.2m) and Support staff employment costs by £1.1m (2024 – £0.7m).

## Movement in Reserves Statement

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves of the Authority
	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2025</b>	<b>4,157</b>	<b>6,231</b>	<b>13,291</b>	<b>23,679</b>	<b>(486,013)</b>	<b>(462,334)</b>
<b>Movement in reserves during the year</b>						
Surplus or (deficit) on the provision of services	(150)	-	-	(150)	-	(150)
Other Comprehensive Income and Expenditure	-	-	-	-	(10,351)	(10,351)
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(150)</b>	<b>-</b>	<b>-</b>	<b>(150)</b>	<b>(10,351)</b>	<b>(10,501)</b>
Adjustments from income and expenditure charged under the accounting basis to the funding basis (Note 7)	1,512	-	317	1,829	(1,829)	-
Transfers to or (from) earmarked reserves	322	(322)	-	-	-	-
<b>Increase (Decrease) in Year</b>	<b>1,684</b>	<b>(322)</b>	<b>317</b>	<b>1,679</b>	<b>(12,180)</b>	<b>(10,501)</b>
<b>Balance at 31 March 2024</b>	<b>5,841</b>	<b>5,909</b>	<b>13,608</b>	<b>25,358</b>	<b>(498,193)</b>	<b>(472,835)</b>

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves of the Authority
	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2024</b>	<b>3,882</b>	<b>7,102</b>	<b>15,741</b>	<b>26,725</b>	<b>(475,169)</b>	<b>(448,444)</b>
<b>Movement in reserves during the year</b>						
Surplus or (deficit) on the provision of services	(8,700)	-	-	(8,700)	-	(8,700)
Other Comprehensive Income and Expenditure	-	-	-	-	(5,187)	(5,187)
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(8,700)</b>	<b>-</b>	<b>-</b>	<b>(8,700)</b>	<b>(5,187)</b>	<b>(13,887)</b>
Adjustments from income and expenditure charged under the accounting basis to the funding basis (Note 7)	8,107	-	(2,450)	5,657	(5,657)	-
Transfers to or (from) earmarked reserves	870	(870)	-	-	-	-
<b>Increase (Decrease) in Year</b>	<b>277</b>	<b>(870)</b>	<b>(2,450)</b>	<b>(3,042)</b>	<b>(10,844)</b>	<b>(13,887)</b>
<b>Balance at 31 March 2023</b>	<b>4,157</b>	<b>6,231</b>	<b>13,291</b>	<b>23,679</b>	<b>(486,013)</b>	<b>(462,334)</b>

**Balance Sheet**As at 31<sup>st</sup> March 2025

31 March 2024 £000		Notes	31 March 2025 £000
	<b>Property, Plant &amp; Equipment</b>	<b>9</b>	
116,783	Land and Buildings		113,262
10,314	Vehicles, plant and equipment		11,638
-	Right of use assets		328
648	Assets under construction		1,163
926	Intangible assets		1,074
<b>128,671</b>	<b>Long Term Assets</b>		<b>127,465</b>
337	Inventories		515
10,820	Short Term Debtors	<b>11</b>	6,439
17,737	Cash and Cash Equivalents	<b>12</b>	30,792
<b>28,894</b>	<b>Current Assets</b>		<b>37,746</b>
(1,249)	Short Term Borrowing		(1,249)
(9,812)	Short Term Creditors	<b>14</b>	(15,559)
(309)	Grants Receipts in advance	<b>15</b>	(4,711)
<b>(11,370)</b>	<b>Current Liabilities</b>		<b>(21,519)</b>
(22,500)	Long Term Borrowing	<b>10</b>	(21,500)
(896)	Provisions	<b>16</b>	(845)
-	Other Long Term Liabilities		(164)
(3,862)	Local Government Pension Scheme	<b>27</b>	(3,901)
(581,271)	Firefighters' Pension Scheme	<b>27</b>	(590,117)
<b>(608,529)</b>	<b>Long Term Liabilities</b>		<b>(616,527)</b>
<b>(462,334)</b>	<b>Net Liabilities</b>		<b>(472,835)</b>
	<b>Usable Reserves</b>		
4,157	General Fund		5,841
6,231	Earmarked General Fund Reserves		5,909
13,291	Capital Receipts Reserve		13,608
<b>23,679</b>	<b>Usable reserves</b>	<b>17</b>	<b>25,358</b>
	<b>Unusable Reserves</b>		
31,989	Revaluation Reserve		28,867
67,236	Capital Adjustment Account		67,228
(1,408)	Holiday Pay Account		(1,460)
1,303	Collection Fund Adjustment Account		1,188
(585,133)	Pension Reserve		(594,016)
<b>(486,013)</b>	<b>Unusable Reserves</b>	<b>18</b>	<b>(498,193)</b>
<b>(462,334)</b>	<b>Total Reserves</b>		<b>(472,835)</b>



**Cash Flow Statement**For the year ended 31<sup>st</sup> March 2025

2023/24 £000		2024/25 £000
8,700	Net (surplus) or deficit on the provision of services	150
(11,898)	Adjustment to surplus or deficit on the provision of services for non-cash movements - see below	(20,473)
	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	
396	Proceeds from the sale of assets	319
(2,802)	Net cash flows from operating activities	(20,004)
	Net cash outflows from investing activities	
4,063	Purchase of assets	6,236
(396)	Proceeds from the sale of assets	(319)
-	Net cash outflows from financing activities	1,032
865	Net (increase)/decrease in cash and cash equivalents	(13,055)
(18,602)	Cash and cash equivalents at the beginning of the reporting period	(17,737)
(17,737)	Cash and cash equivalents at the end of the reporting period	(30,792)

**Adjustment to surplus or deficit on the provision of services for non-cash movements**

2023/24 £000		2024/25 £000
(4,919)	Depreciation and impairments	(4,554)
(1,725)	Revaluation gains/(losses)	(358)
2,596	(Increase)/decrease in creditors	(10,145)
(110)	(Increase)/decrease in provisions	51
(107)	Increase/(decrease) in inventories	178
(2,217)	Increase/(decrease) in debtors	(4,383)
(5,410)	Movement in pension liability	(931)
(485)	Carrying amount of non-current assets sold	(331)
479	Other non cash adjustments	-
(11,898)		(20,473)

## Notes To the Accounts

The notes provided in the following pages are intended to aid interpretation of the financial statements set out on pages 48 to 86 and provide further information upon the financial performance of the Authority during 2024/25.

### 1. Expenditure and Funding Analysis

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

2023/24			2024/25		
Net Expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000	£000	£000
60,390	6,699	67,089	62,283	4,964	67,247
(59,799)	1,410	(58,389)	(63,646)	(3,451)	(67,097)
591	8,109	8,700	(1,362)	1,512	150
(10,984)			(10,388)		
591			(1,362)		
(10,393)			(11,750)		
Provision of Fire Services					
Other Income and Expenditure					
(Surplus)/Deficit on Provision of Services					
Opening General Fund Reserves					
Less/Plus Surplus or (Deficit) on General Fund in Year					
Closing General Fund Reserves					

#### 1.1. Note to the Expenditure and Funding Analysis

The tables below provide analysis of the Adjustments between Funding and Accounting Basis for 2024/25 and 2023/24 respectively.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for Pensions adjustments	Other statutory differences	Total Adjustments
2024/25	£000	£000	£000	£000
Provision of Fire Services	5,222	-	52	5,274
Other Income and Expenditure from the Funding Analysis	(4,191)	932	115	(3,144)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit	1,031	932	167	2,130

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for Pensions adjustments	Other statutory differences	Total Adjustments
2023/24	£000	£000	£000	£000
Provision of Fire Services	6,749	-	55	6,804
Other Income and Expenditure from the Funding Analysis	(3,981)	5,410	254	1,683
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit	2,768	5,410	309	8,487

## Accounting policies

### 2.1 General

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 in accordance with proper accounting practices by the Accounts and Audit Regulations 2015. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards.

These accounts have been prepared on a going concern basis. The Authority assesses annually the likely impact of inflation on its financial position and performance as part of its budget setting and the updating of its Medium Term Finance Strategy (MTFS). The Authority also considers known and expected government funding and determines whether it has sufficient liquidity from its ability to access short term investments and sufficient general fund balances and reserves to continue to deliver services. As a result, the Authority is satisfied that it will continue in operational existence for 12 months from the date the accounts are approved.

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.

### 2.2 Charges to revenue for non-current assets

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

- depreciation attributable to the assets used by the relevant service.
- 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 fixed assets attributable to the Authority.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. The Authority will, however, use capital receipts and/or contribute from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution to capital financing in the General Fund Balance, by way of an adjusting transaction with the Capital

Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **2.3 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.

### **2.4 Events after the balance sheet date**

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

### **2.5 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 measure reliably 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.
- Revenue from contracts with service recipients is recognised in accordance with IFRS 15 Revenue from Contracts with Customers, when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor 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.

## **2.6 Council tax and non-domestic rates**

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors, and central government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

### **2.6.1 Accounting for council tax and NDR**

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Authority's General Fund. Therefore, the difference between the income included in the CIES 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 the Authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

## **2.7 Provisions and contingent liabilities**

### **2.7.1 Provisions**

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

instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

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

### **2.7.2 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.

## **2.8 Reserves**

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

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

## **2.9 Cash and Cash equivalents**

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

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



## 2.10 Property Plant and Equipment

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

### 2.10.1 Recognition

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

The Authority operates a de-minimis limit below which items are charged to revenue rather than capital on the grounds of materiality. The limit for individual assets is **£10,000** except for motor vehicles where the limit is **£7,500**. Individual assets under this value can be capitalised where in aggregate, the value is above these limits. There is no de-minimis limit for land purchases.

### 2.10.2 Measurement

Assets are initially measured at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost.
- dwellings – current value, determined using the basis of existing use value for social housing; and
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use.

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value. Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for as set out below:

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

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

### **2.10.3 Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for 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); or
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

### **2.10.4 Depreciation**

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property.
- vehicles, plant, and equipment – straight line allocation over the useful lives of the asset, usually 8 to 15 years; and

- infrastructure – straight-line allocation over 25 years.

A full year's depreciation is charged in the year of acquisition of an asset and no depreciation is charged in the year of disposal. 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.

#### **2.10.5 Statutory charge for capital financing**

In the year of acquisition of an asset a full year's statutory charge for capital financing is made. In the year of disposal of an asset there is no statutory charge for capital financing. This is in line with our depreciation policy.

#### **2.10.6 Disposals and Non-Current Assets Held for Sale**

When an asset is being actively marketed, and it is probable that a sale will occur within twelve months of the year end date, 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 a subsequent decrease to current value less costs to sell, the loss is posted to the (Gain) or loss on Disposal of Fixed Assets 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 Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the (Gain) or loss on Disposal of Fixed Assets line in the Comprehensive Income and Expenditure Statement. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Amounts are appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

#### **2.11 Intangible Assets**

Intangible assets are non-monetary assets without physical substance that are separably identifiable and are controlled through custody or legal rights. Expenditure on software or software licences are examples of intangible assets, which are recognised at historic cost and amortised over the period of the contract.

## 2.12 Leases under IFRS16

With effect from April 1 2024, the Authority has implemented the IFRS 16 Leases accounting standard and applied the transitional recognition arrangements to its accounts in accordance with the Code. This includes the recognition of right-of-use assets, lease liabilities, and related gains and losses in the core financial statements. Key elements and the basis for recognition are set out below.

### 2.12.1 Classification of Leases

Contracts are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and direct its use. Leases are classified as finance leases where the terms transfer substantially all the risks and rewards incidental to ownership of the underlying asset to the Authority. All other leases are classified as operating leases.

### 2.12.2 Initial Measurement

At inception, the Authority determines whether an arrangement is, or contains, a lease. Leases are recorded as right-of-use assets with corresponding lease liabilities from the date the leased asset is available for use. Lease liabilities are initially measured at the present value of lease payments, which include:

- Fixed payments (less any lease incentives receivable)
- Variable lease payments based on an index or rate
- Residual value guarantees
- The exercise price of a purchase option if reasonably certain to be exercised
- Payments of penalties for terminating the lease, if applicable
- Lease payments under certain extension options

The lease payments are discounted using the incremental borrowing rate, determined as the Public Works Loan Board (PWLb) rate due to its reliability and alignment with borrowing practices.

Right-of-use assets are measured at cost, comprising:

- The initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Initial direct costs
- Estimated restoration costs
- For leases with peppercorn, nominal, or nil consideration, right-of-use assets are measured at fair value.

### 2.12.3 Subsequent Measurement

Right-of-use assets are subsequently measured using the fair value model, with cost considered a reasonable proxy unless:

- The lease is non-commercial
- Rent reviews do not reflect market conditions

- The lease term does not include regular rent reviews (e.g., within a five-year period)

Assets are depreciated on a straight-line basis over the shorter of their useful economic life or the lease term.

Lease liabilities are remeasured when lease terms change (e.g., extension or termination options), with corresponding adjustments to the right-of-use asset. Finance costs are allocated to the lease term using a consistent rate of interest.

For short-term leases (12 months or less) and low-value assets (less than £10,000), payments are recognised as expenses in the Comprehensive Income and Expenditure Statement (CIES).

#### **2.12.4 Depreciation on Leases**

Depreciation is calculated on a straight-line basis over the lease term unless the lessor transfers ownership of the asset or the lessee is reasonably certain to exercise a purchase option, in which case it is over the assets useful life.

Depreciation is charged in the first month of the lease and is then charged equally over the remaining lease term.

#### **2.12.5 Peppercorn and Nil Consideration Leases**

Leases at substantially below market terms or nil consideration are recognised at fair value as right-of-use assets on the Balance Sheet. Any lease payments are accounted for as obligations, with a corresponding gain included in grant income in the CIES. Valuations are conducted by the Authority's property valuer for non-current assets under these arrangements.

#### **2.12.6 The Authority as Lessor**

Leases are classified as finance or operating leases:

Finance Leases: Transfer substantially all risks and rewards of ownership to the lessee.

Operating Leases: Assets are retained on the Balance Sheet, and rental income is credited to the CIES on a straight-line basis over the lease term.

Initial direct costs for arranging operating leases are added to the carrying value of the asset and expensed in line with rental income.

### **2.13 Inventories**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the first in first out costing formula. Stock values are reduced by provisions for redundant and slow moving stocks.

### **2.14 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 Account 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.

## **2.15 Employee Benefits**

### **2.15.1 Benefits Payable During Employment**

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

### **2.15.2 Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

### **2.15.3 Post-Employment Benefits**

The Authority participates in three different pension schemes:

#### **2.15.4 Local Government Pension Scheme**

Employees, other than firefighters, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme (LGPS), which is administered by Essex County Council.

The LGPS is accounted for as a defined benefit scheme:



- The liabilities of the LGPS pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond.

The assets of the LGPS pension fund attributable to the Authority are included in the Balance Sheet at their fair value:

- quoted securities – current bid price.
- unquoted securities – professional estimate.
- unitised securities – current bid price.
- property – market value.

The movement on the pension's asset/liability is analysed into the following constituents:

**Service cost** - Current service cost – the increase in the present value of a defined benefit obligation (liabilities) resulting from employee service in the current period.

**Net interest on the defined benefit liability (asset)** – the change during the period in the net defined benefit liability (asset) that arises from the passage of time.

Remeasurements of the net defined benefit liability (asset) comprising:

- Actuarial gains and losses – changes in the present value of the defined benefit obligation resulting from: a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects of changes in actuarial assumptions.
- The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset).

**Contributions by scheme participants** – the increase in scheme liabilities and assets due to payments made into the scheme by employees (where increased contribution increases pensions due to the employee in the future).

**Contributions by the employer** – the increase in scheme assets due to payments made into the scheme by the employer.

**Benefits paid** – payments to discharge liabilities directly to pensioners.

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



account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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

### **2.15.5 Firefighters' Pension Schemes**

There are three unfunded defined benefits schemes, originally established by the Fire Brigade Pensions Act 1925, to provide pensions for all whole-time members of the Fire and Rescue Service. The main scheme details date from 1992 with a revised scheme in 2006 and a new scheme introduced from 1 April 2015.

Pensions and benefits due are paid by the Authority. The cost of pensions and benefits paid in the year, less the contributions received from firefighters and the employer's contribution from the Authority are included within the Pension Fund Account. Changes in the assets and liabilities are accounted for in the same way as the LGPS.

### **2.15.6 Retained Firefighters' Pension Scheme**

A stakeholder pension scheme for retained firefighters was established in January 1999. This is a defined contribution scheme arranged between the retained firefighters and the pension company (Scottish Widows Fund and Life Assurance Society) and is administered by Woodgate and Associates. The Fire Service's involvement is limited to informing all eligible personnel of the availability of the scheme and paying the agreed employer's subsidy. The Authority has no responsibility for the level of payment of pensions. During 2015/16 a new modified pension scheme was introduced for retained firefighters.

## **2.16 Financial Instruments**

### **2.16.1 Financial Assets**

Financial assets are classified into three types, these types are based on 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 both collect contractual cash flows and sell the financial asset on specified dates.
- **Fair Value through Profit or Loss** – Achieve objectives by any other means than collecting contractual cash flows.

Financial assets are recognised in the Statement of Accounts when the Authority becomes party to the financial instrument contract, or, in the case of debtors, when the goods or services have been provided or delivered. Financial assets are de-recognised when the contractual rights have expired, or the asset has been transferred.

Loans and receivables are measured at amortised cost.

The Authority reviews its financial assets annually. Expected losses are calculated annually for assets that have a significant credit risk. The subsequent impairment/loss allowance (if material) is then treated according to the Asset class:

- Assets valued at Amortised cost are reduced by the value of the expected losses (impairment) and reflected in their carrying amount.

- Assets carried at Fair Value through Other Comprehensive Income have their loss allowance recognised in the Financial Instruments Revaluation Reserve.
- Assets carried at Fair Value through Profit or Loss have their loss allowance recognised in the Surplus or Deficit on Provision of Services.

### 2.16.2 Financial Liabilities

Financial liabilities are recognised in the Statement of Accounts when the Authority becomes party to the contractual provisions of the financial instrument, or, in the case of creditors, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is the liability has been paid or otherwise discharged.

Financial liabilities are initially recognised at fair value and are carried at their amortised cost. For creditors this will be the invoice amount.

The Authority has liabilities in relation to loans borrowed from the Public Works Loans Board, described as financial liabilities at amortised cost and creditors for goods and services received which are categorised as other financial liabilities.

Interest payable is charged to the Financing and Investment Income and Expenditure section in the Comprehensive Income and Expenditure Statement in the year to which it relates.

### 2.17 Value Added Tax (VAT)

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

### 2.18 Fair Value Measurement of Non-Financial Assets

The Authority's accounting policy for fair value measurement of financial assets is set out in note 2.16.1. The Authority also measures some of its non-financial assets such as surplus assets at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- a) in the principal market for the asset, or
- b) in the absence of a principal market, in the most advantageous market for the asset.

The Authority measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 – unobservable inputs for the asset.

### **3 Accounting Standards Issued Not Adopted**

Under The Code of Practice on Local Authority Accounting, disclosure of the impact of accounting standards issued but not yet adopted is required. Following a review of the relevant standards it has been determined that there would be no material changes to the accounts if these were to have been adopted.

The relevant standards are:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

### **4 Critical Judgements in Applying Accounting Policies**

At the current time there are no critical judgements that have been made that will affect these Statements.

### **5 Changes in Accounting Estimates**

There were no changes in accounting estimates in the current or previous year.

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

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

### 6.1 Property, Plant and Equipment – Asset Lives

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred for each asset. 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.

The useful lives of properties are estimated by Lambert Smith Hampton, a firm of RICS qualified property experts. The useful lives of other assets are determined by management, following the recommendation of the Fleet Services, ICT and Estates teams.

The carrying value of depreciating assets at 31 March 2025 is £83.4m. If the useful economic life (UEL) of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for property, plant and equipment assets would increase by £0.22m for every year that useful lives are reduced.

### 6.2 Property, Plant and Equipment – Property revaluations

All properties were revalued as at the 31<sup>st</sup> March 2025, the key assumptions are below:

**Rebuild Cost** – this is used in the depreciated replacement cost (DRC) valuation approach for Fire Stations. Rebuild cost is determined by the valuer, Lambert Smith Hampton, a firm of RICS qualified property experts, and is based on assumptions including statistics from the Building Cost Information Service (BCIS). Where the BCIS Rebuild Cost is higher, this will lead to a higher property valuation. The current carrying value of Land and Buildings valued at DRC is £110.0m.

**Market Value Approach** – where it is significantly different, market value is reported. The current carrying value of Land and Buildings valued at market value is £3.2m.

**Gross internal area (GIA)** – the GIA of properties is measured by a survey of the estate as a minimum, every five years. The most recent site survey was conducted in 2023/24. The GIA of properties valued under DRC, including Fire Stations and Service Headquarters in the last survey was 36,647m<sup>2</sup>.

**Obsolescence** – Functional, economic and environmental obsolescence is an assumption used in the depreciated replacement cost (DRC) valuation approach for Fire Stations. This is determined by the valuer based on the assumption that normal periodic maintenance will be carried out to maintain properties in their current state of repair. Where obsolescence is higher, the value of properties reduces on a straight line basis.

The current carrying value of Land and Building in the Balance Sheet is £113.3m, each 1% change in the valuation would amount to £1.13m.

### 6.3 Pensions Liability

Estimation of the net pension liability to pay pensions depends on a number of complex actuarial assumptions/judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and expected return on assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. The carrying value of the net pension liability as at 31 March 2025 is £590,655k for the Firefighter's Pension Scheme (2024 £581,809k) and £3,901k for the Local Government Pension Scheme (2024 £3,862k).

The actuary has rolled forward the value of liabilities calculated for the latest full funding valuation from 31 March 2020 for the Firefighter's Pension Scheme and 31 March 2022 for the Local Government Pension Scheme. This introduces estimation uncertainty as it is not

possible to assess the accuracy of the estimated value of liabilities without completing a full valuation. It is expected that for each year away from a full valuation, the difference could be between 2-3% of the net pension liability, (£11,334k 2% - £17,001k 3% for FPS and £369k 2% - £553k 3% for LGPS), however the actuary is satisfied that the roll forward approach has not materially distorted the valuation, provided that the actual results of the pension fund are broadly in line with the underlying assumptions detailed in note 28.5.

The effect on the net pensions' liability as a result of changes in individual assumptions is detailed within note 28.5.

## 7 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.

2024/25		Usable Reserves			Movement in Unusable Reserves
		General Fund Balance	Earmarked General Fund Reserve	Capital Receipts Reserve	
		£000	£000	£000	£000
<b>Adjustments to the Revenue Resources</b>					
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>					
Pension costs (transferred to (or from) the Pensions Reserve)		932	-	-	(932)
Council tax & NDR (transfers to/(from) Collection Fund)		115	-	-	(115)
Holiday pay (transferred to the Accumulated Absences Reserve)		52	-	-	(52)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)		4,912	-	-	(4,912)
<b>Total Adjustment to Revenue Resources</b>		<b>6,011</b>	<b>-</b>	<b>-</b>	<b>(6,011)</b>
<b>Adjustments between Revenue and Capital Resources</b>					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve		15	-	317	(332)
Revenue provision for the repayment of debt (transfer from the Capital Adjustment Account)		(4,205)	(309)	-	4,514
<b>Total Adjustments between Revenue and Capital Resources</b>		<b>(4,190)</b>	<b>(309)</b>	<b>317</b>	<b>4,182</b>
<b>Total Adjustments</b>		<b>1,821</b>	<b>(309)</b>	<b>317</b>	<b>(1,829)</b>

2023/24 Comparative figures		Usable Reserves			Movement in Unusable Reserves £000
		General Fund Balance £000	Earmarked General Fund Reserve £000	Capital Receipts Reserve £000	
<b>Adjustments to the Revenue Resources</b>					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pension costs (transferred to (or from) the Pensions Reserve)		5,410	-	-	(5,410)
Council tax & NDR (transfers to/(from) Collection Fund)		254	-	-	(254)
Holiday pay (transferred to the Accumulated Absences Reserve)		55	-	-	(55)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)		6,644	-	-	(6,644)
<b>Total Adjustment to Revenue Resources</b>		<b>12,363</b>	<b>-</b>	<b>-</b>	<b>(12,363)</b>
<b>Adjustments between Revenue and Capital Resources</b>					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve		89	-	(2,450)	2,361
Revenue provision for the repayment of debt (transfer from the Capital Adjustment Account)		(4,344)	-	-	4,344
<b>Total Adjustments between Revenue and Capital Resources</b>		<b>(4,255)</b>	<b>-</b>	<b>(2,450)</b>	<b>6,705</b>
<b>Total Adjustments</b>		<b>8,108</b>	<b>-</b>	<b>(2,450)</b>	<b>(5,658)</b>

## 8 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans. Earmarked Reserves comprise:

### Earmarked Contingency Reserves:

This relates to specific risk-based contingencies.

### Earmarked Reserve – Productivity:

This relates to Earmarked Reserves set aside for investment in productivity improvements within the Authority.

### Earmarked Reserve – Specific Purpose:

This relates to Earmarked Reserves set aside for other specific purposes.

### Unspent Government Grants:

This relates to government grants without conditions, not yet used.

<b>2024/25</b>	<b>Balance at 1 April</b>	<b>Additions made in year</b>	<b>Transfer to General Fund</b>	<b>Other transfers</b>	<b>Balance at 31 March</b>
<b>Earmarked Contingency Reserves</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Demand Pressures	600	-	-	-	600
Taxbase and Collection Account Reserve	200	-	-	-	200
Rolling Budget Reserve	-	53	-	-	53
National Non-Domestic Rates Collection Reserve	433	-	-	-	433
Risk Protection	285	-	-	(200)	85
	1,518	53	-	(200)	1,371
<b>Earmarked Reserve - Productivity</b>					
On Call - Support	392	-	-	-	392
Invest to Save	523	-	-	(272)	251
Innovation and Transformation	1,273	-	(1,014)	-	259
Workforce Management System Implementation Costs	-	400	-	-	400
Telematics Implementation Costs	-	-	-	144	144
	2,187	400	(1,014)	(128)	1,445
<b>Earmarked Reserve - Specific Purpose</b>					
Operational Training - Assurance & Delivery	489	-	(68)	-	421
Learning & Development Programme	1,031	-	(17)	-	1,014
Sprinkler Support	419	-	-	(145)	274
Live fire training	-	500	-	-	500
Professional Standards Function	-	140	-	-	140
Property Condition Survey	-	-	-	345	345
Workwear Rollout	-	-	-	100	100
Essex Fire Cadets	-	(7)	-	28	21
	1,939	633	(85)	328	2,815
<b>Unspent Government grants</b>					
COVID19 Grant	121	-	(121)	-	-
Pensions Grant	4	91	-	-	95
Protection Uplift Grant	265	16	(265)	-	16
Building Risk Review	46	-	(46)	-	-
BSR Training	-	33	-	-	33
Protection RPL Grant	-	28	-	-	28
Grenfell Grant	151	-	(46)	-	105
	587	169	(478)	-	278
<b>Total Earmarked Reserves</b>	<b>6,231</b>	<b>1,255</b>	<b>(1,577)</b>	<b>-</b>	<b>5,909</b>

<b>2023/24</b>	<b>Balance at 1 April</b>	<b>Additions made in year</b>	<b>Transfer to General Fund</b>	<b>Balance at 31 March</b>
<b>Earmarked Contingency Reserves</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Demand Pressures	600	-	-	600
Taxbase and Collection Account Reserve	200	-	-	200
National Non-Domestic Rates Collection Reserve	233	200	-	433
Risk Protection	285	-	-	285
	1,318	200	-	1,518
<b>Earmarked Reserve - Productivity</b>				
On Call - Support	392	-	-	392
Invest to Save	523	-	-	523
Innovation and Transformation	2,420	-	(1,147)	1,273
	3,334	-	(1,147)	2,187
<b>Earmarked Reserve - Specific Purpose</b>				
Operational Training - Assurance & Delivery	489	-	-	489
Learning & Development Programme	1,155	-	(124)	1,031
Sprinkler Support	419	-	-	419
	2,063	-	(124)	1,939
<b>Unspent Government grants</b>				
COVID19 Grant	383	-	(262)	121
Pensions Grant	4	-	-	4
Protection Uplift Grant	-	265	-	265
Building Risk Review	-	46	-	46
Grenfell Grant	-	151	-	151
	387	462	(262)	587
<b>Total Earmarked Reserves</b>	<b>7,102</b>	<b>662</b>	<b>(1,533)</b>	<b>6,231</b>



## 9 Property, Plant and Equipment

The movement in fixed assets during the year is shown in the table below, followed by a table with the comparative figures for the previous year.

<b>2024/25</b>	<b>Land and buildings</b>	<b>Vehicles, plant &amp; equipment</b>	<b>Assets under construction</b>	<b>Intangible Assets</b>	<b>Surplus Assets</b>	<b>Total PP&amp;E</b>
<b>Cost or valuation</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 April	116,427	37,866	648	1,080	356	156,377
Transfer from FAUC	648	-	(648)	-	-	-
Additions	932	3,517	1,163	108	-	5,720
Impairments	-	-	-	-	-	-
Transfer from prepayments	-	-	-	201	-	201
Revaluation increases/(decreases) to Revaluation Reserve	(4,433)	-	-	-	-	(4,433)
Revaluation increases/(decreases) to Surplus or Deficit on the Provision of Services	(358)	-	-	-	-	(358)
Disposals	-	(49)	-	-	(310)	(359)
<b>At 31 March</b>	<b>113,216</b>	<b>41,334</b>	<b>1,163</b>	<b>1,389</b>	<b>46</b>	<b>157,148</b>
<b>Depreciation and impairment</b>						
At 1 April	-	27,552	-	154	-	27,706
Depreciation charge	2,033	2,172	-	161	-	4,366
Other movements in depreciation to the Revaluation Reserve	(2,033)	-	-	-	-	(2,033)
Other movements in depreciation to the surplus of deficit on the provision of services	-	-	-	-	-	-
Disposals	-	(28)	-	-	-	(28)
<b>At 31 March</b>	<b>-</b>	<b>29,696</b>	<b>-</b>	<b>315</b>	<b>-</b>	<b>30,011</b>
<b>Net Book value</b>						
<b>At 31 March 2025</b>	<b>113,216</b>	<b>11,638</b>	<b>1,163</b>	<b>1,074</b>	<b>46</b>	<b>127,137</b>
<b>At 31 March 2024</b>	<b>116,427</b>	<b>10,314</b>	<b>648</b>	<b>926</b>	<b>356</b>	<b>128,671</b>

<b>2023/24</b>	<b>Land and buildings</b>	<b>Vehicles, plant &amp; equipment</b>	<b>Assets under construction</b>	<b>Intangible Assets</b>	<b>Surplus Assets</b>	<b>Total PP&amp;E</b>
<b>Cost or valuation</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 April	129,231	38,506	1,600	-	356	169,692
Transfer from FAUC	2,146	2,264	(5,015)	605	-	-
Additions	-	-	4,063	-	-	4,063
Impairments	-	-	-	-	-	-
Transfer from prepayments	-	-	-	475	-	475
Revaluation increases/(decreases) to Revaluation Reserve	(13,225)	-	-	-	-	(13,225)
Revaluation increases/(decreases) to surplus or deficit on the provision of services	(1,725)	-	-	-	-	(1,725)
Disposals	-	(2,904)	-	-	-	(2,904)
<b>At 31 March</b>	<b>116,427</b>	<b>37,866</b>	<b>648</b>	<b>1,080</b>	<b>356</b>	<b>156,377</b>
<b>Depreciation and impairment</b>						
At 1 April	-	27,906	-	-	-	27,906
Depreciation charge	2,342	2,416	-	154	6	4,918
Other movements in depreciation to the Revaluation Reserve	(2,342)	-	-	-	(6)	(2,348)
Other movements in depreciation to the surplus of deficit on the provision of services	-	-	-	-	-	-
Disposals	-	(2,770)	-	-	-	(2,770)
<b>At 31 March</b>	<b>-</b>	<b>27,552</b>	<b>-</b>	<b>154</b>	<b>-</b>	<b>27,706</b>
<b>Net Book value</b>						
<b>At 31 March 2024</b>	<b>116,427</b>	<b>10,314</b>	<b>648</b>	<b>926</b>	<b>356</b>	<b>128,671</b>
<b>At 31 March 2023</b>	<b>129,231</b>	<b>10,600</b>	<b>1,600</b>	<b>-</b>	<b>356</b>	<b>141,786</b>

The net book value of revalued assets at 31<sup>st</sup> March 2025 is £113.3m (2024 - £113.5m).

At the 31 March 2025 the Authority had capital commitments of £2.4m in relation to new the new control system and other capital items (2024 - £1.2m).

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

Class of asset	Asset life for depreciation purposes
Buildings	5 to 46 years
Fire appliances	15 years
Cars and vans	3 to 10 years
Other operational vehicles	5 to 15 years
Operational equipment	5 to 20 years
Intangible assets - Software	7 years
IT equipment - Infrastructure	20 years
IT equipment - Other	3 - 4 years

An analysis of the capital expenditure and the way it was financed is set out on page **13**.

The freehold and leasehold properties within the Authority's property portfolio are valued by the Authority's property advisors (Lambert Smith Hampton) with impairment reviews made annually by management. All valuations were undertaken in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Fire stations are valued at depreciated replacement cost, other operational properties are valued at existing use value and surplus properties at fair value using Level 2 of the fair value hierarchy.

At the 31 March 2025 a revaluation review of all properties was carried out and an increase has been reflected as appropriate.

### Right of Use Assets

The Authority implemented IFRS 16 Leases with effect from 1 April 2024. The below table shows the movement during the year following their recognition at 1 April.

<b>2024/25</b>	<b>Land and buildings</b>	<b>Vehicles, plant &amp; equipment</b>	<b>Total ROU Asset</b>
<b>Cost</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 April	214	180	394
Additions	-	122	122
Disposals	-	-	-
<b>At 31 March</b>	<b>214</b>	<b>302</b>	<b>516</b>
<b>Depreciation</b>			
At 1 April	-	-	-
Depreciation charge	(62)	(126)	(188)
Disposals	-	-	-
<b>At 31 March</b>	<b>(62)</b>	<b>(126)</b>	<b>(188)</b>
<b>Net Book value</b>			
At 31 March 2025	152	176	328
At 31 March 2024	-	-	-

## 10 Financial Instruments

### 10.1 Financial Instrument Balances

The financial instrument balances are all carried at amortised cost and are summarised below:

	Non current		Current	
	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000
<b>Investments</b>				
Cash & cash equivalents	-	-	17,737	17,737
<b>Debtors</b>				
Debtors	-	-	453	1,028
<b>Creditors</b>				
Creditors	-	-	(5,637)	(4,295)
Finance leases	-	(173)	-	(164)
<b>Borrowings</b>				
Long term borrowing	(22,500)	(21,500)	-	-
Short term borrowing	-	-	(1,249)	(1,249)

Current debtors and creditors are valued at invoice value or equivalent. The fair value of these balances is estimated to be equivalent to their carrying value. The accounts include interest payable of **£249k** and accrued interest income of **£96k**.

The fair value of finance leases is £196k.

The fair value of loans borrowed from the Public Works Loans Board (PWLB) is **£22.1m** compared to their book value of **£22.5m** (£23.6m, £23.5m in 2023/24).

## 10.2 Long Term Liabilities

Long term borrowing, undertaken for periods more than 364 days, is only undertaken for the purposes of financing capital expenditure. The Authority has secured its borrowing to date from the Public Works Loan Board. The loans carry the same interest rate for the whole term. The associated arrangement cost of the loans is not material and the Interest chargeable to the Income and Expenditure account remains the amounts payable under the loan agreements.

Long term borrowing, as at 31 March, is analysed in the following table, according to repayment periods. The maturity of borrowing has been determined by reference to the earliest date on which the lender can require repayment. At 31 March 2025 the fair value of PWLB debt is **£22.1m** compared to £23.6m as at 31 March 2024.

2023/24 PWLB loans £000		2024/25 £000
Repayment period		
1,000	Between 1 - 2 years	-
5,000	Between 2 - 5 years	10,000
12,000	Between 5 - 10 years	11,500
4,500	Over 10 years	-
22,500	<b>Balance at 31 March</b>	<b>21,500</b>

The longest dated loan is one of **£4.5m** that runs until December 2034. The weighted average interest rate was 4.82% at 31 March (2023/24 4.80%).

## 10.3 Fair Value – Methodology and Assumptions

The fair value of an instrument is determined by calculating the Net Present Value (NPV) of future cashflows, which provides an estimate of the value of payments in the future in today's

terms. The discount rate used in the NPV calculation is the prevailing rate of similar instrument with a published market rate.

The PWLB new borrowing rate has been used, as opposed to the premature repayment rate, as the discount factor for all PWLB borrowing. This is because the premature repayment rate includes a margin which represents the lender's profit as a result of rescheduling a loan, which is not included in the fair value calculation since any motivation other than securing a fair price should be ignored. The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value in the Balance Sheet. Since this includes accrued interest as at the balance sheet date, accrued interest is also included in the fair value calculation. The rates used were obtained from the Debt Management Office (PWLB) as at 31 March.

Interest is calculated using the most common market convention, ACT/365. Where interest is paid every 6 months on a day basis, the value of interest is rounded to 2 equal instalments. For fixed term deposits it is assumed that interest is received on maturity. No adjustment has been made for the interest value and date where a relevant date occurs on a non-working day. The fair value of PWLB borrowing is reported above.

#### 10.4 Nature of 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.
- **Refinancing & Maturity risk** – the possibility that the Authority may not be able to replace expiring loans on equivalent terms; and
- **Market risk** – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

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

#### 10.5 Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. The Authority ensures that its counterparty list and limits reflect a prudent attitude towards organisations with whom funds may be deposited. Deposits are not made with banks and financial institutions unless they are on an approved list. Lloyds Bank is included on the lending list as it acts as the banker to the Authority. Other money market funds, banks and similar institutions with high grade credit ratings may be used subject to the agreement of the Chief Finance Officer. The Authority requires any new counterparty to have a minimum of an 'A' Fitch rating. Fitch is an independent organisation providing a rating for each individual financial institution. The Authority does not generally hold funds for longer term investment. The maximum exposure to credit risk at 31 March 2025 was £30.8m as detailed in note 12 (£17.7m at 31 March 2024).

### 10.6 Liquidity Risk

This reflects the possibility that the Authority might not have funds available to meet its commitments to make payments. The Authority forecasts its day to day cash requirements and has adopted a policy of maintaining a low level of cash and borrowing to fund capital expenditure. The Authority sets a balanced budget each year and has a high degree of certainty in its income streams from government and the collection of council tax by district councils and unitary authorities. The largest area of expenditure is on pay related costs which are highly predictable. It is therefore felt that there is no significant liquidity risk.

### 10.7 Refinancing and Maturity risk

This is the risk that it is difficult or expensive to replace existing loans as they fall due. This risk is recorded on the Authority's risk register and monitored on a regular basis. The Authority manages a small portfolio of loans from the public works loan board. The Authority operates well within the borrowing limits set as part of its treasury management and prudential indicators. This limits the risk that the Authority may not have the capacity to renew a loan. The risk that interest rates may increase is monitored in conjunction with treasury management advisors and borrowing can be undertaken ahead of need if interest rates are favourable. There is not considered to be a significant refinancing and maturity risk.

### 10.8 Market Risk

The Authority's exposure to interest rate movements on its borrowings is limited to new arrangements. Advice from treasury management advisors on future interest movements is used to inform decisions concerning the timing of new loans. There is an interest rate risk if the Authority is required to replenish borrowings at a higher interest rate. The maturity of borrowing is spread to minimise this risk. The Authority's borrowing is fixed rate for the term of the borrowing, so is not sensitive to a rise in interest rates.

## 11 Debtors

The analysis of Debtors is shown below:

2023/24 £000		2024/25 £000
430	Central government bodies	557
3,076	Collection Fund	3,286
3,159	Pension Fund	-
4,155	Other entities and individuals	2,596
<u>10,820</u>		<u>6,439</u>

The aged debt analysis for trade debtors below shows that **£17k** (5%) of these debtors are past their due date for payment.

Aged analysis of sales ledger	£000	%
0 to 30 days	252	94
31 to 60 days	12	4
61 to 90 days	1	0
91 to 121 days	4	1
121+ days	-	-

**12 Cash and Cash Equivalents**

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

2023/24 £000		2024/25 £000
2,737	Bank accounts	2,042
15,000	Cash equivalent investments	28,750
17,737		30,792

**13 Assets Held for Sale**

2023/24 £000		2024/25 £000
350	Balance at 1 April	-
-	Assets newly classified as held for sale	-
(350)	Assets sold	-
-	Balance at 31 March	-

Assets held for sale relate to surplus day crewed housing, actively marketed for sale at year end.

**14 Creditors**

The analysis of Creditors is shown below:

2023/24 £000		2024/25 £000
(8,337)	Trade payables	(7,032)
-	Pension Fund	(6,620)
(1,475)	Other payables	(1,735)
(9,812)		(15,386)

Included in other payables are £173k of short term lease liabilities (2024 - £nil)

**15 Grant receipts in advance**

The Authority has **£4,711k** grant receipts in advance (2024 - £309k). £4,689k of that is Business Rates Retention Scheme grant 2025-26. All of the grants are for revenue purposes.

**16 Provisions**

2023/24 £000		2024/25 £000
(585,412)	Balance at 1 April	(585,133)
5,689	Actuarial gains or (losses) on pension assets and liabilities	(7,951)
(5,410)	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	(932)
(585,133)	Balance at 31 March	(594,016)

The balance of the Risk Protection provision at 31 March 2025 was £165k (2024 - £125k) and includes provision for claims for motor, employers' liability and public liability policies.

The Non-domestic rating provision is the Authority's share of amounts provided for by Essex billing authorities for non-domestic rating appeals.

### 17 Finance Lease Liabilities

The Authority is committed to making minimum payments under finance lease comprising settlement of the long-term liability for the interest in the property and equipment acquired by the Authority and finance costs that will be payable by the Authority in future years while liability remains outstanding

	Land and buildings	Vehicles, plant & equipment	ROU Asset
Cost	£000	£000	£000
At 1 April	214	180	394
Additions	-	122	122
Interest	11	15	26
Payments	(69)	(136)	(205)
<b>At 31 March</b>	<b>156</b>	<b>181</b>	<b>337</b>

### 18 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves statement. The nature and purpose of these reserves is set out below:

#### 18.1 General Fund

This is the accumulated surplus of income over expenditure after allowing for any General Fund Reserves (as below). Its strategic use is to safeguard against budget risk and adverse impact on future funding levels.

#### 18.2 Capital Receipts Reserve

These are proceeds of fixed assets sales available to finance or repay debt.

### 19 Unusable Reserves

An analysis of the unusable reserves is shown below:

2023/24		2024/25
£000		£000
31,989	Revaluation Reserve	28,867
67,236	Capital Adjustment Account	67,228
(1,408)	Holiday Pay Account	(1,460)
1,303	Collection Fund Adjustment Account	1,188
(585,133)	Pensions Reserve	(594,016)
<b>(486,013)</b>		<b>(498,193)</b>

#### 19.1 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:



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

The Reserve contains only revaluation gains accumulated since 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		2024/25
£000		£000
43,840	<b>Balance at 1 April</b>	<b>31,989</b>
(10,876)	Revaluation of assets	<b>(2,400)</b>
(10,876)	Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services	<b>(2,400)</b>
(809)	Difference between fair value depreciation and historical cost depreciation	<b>(537)</b>
(166)	Accumulated gains on assets sold	<b>(185)</b>
(975)	Amount written off to the Capital Adjustment Account	<b>(722)</b>
31,989	<b>Balance at 31 March</b>	<b>28,867</b>

## 19.2 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. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. 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. The note below provides details of the transactions posted to the Account:

2023/24		2024/25
£000		£000
66,199	<b>Balance at 1 April</b>	67,236
	<b>Reversals of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure statement:</b>	
(4,919)	Charges for depreciation & impairment of non current assets	(4,554)
(1,725)	Revaluation gains/(losses)	(358)
	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	(332)
(485)	Adjusting amounts written out of the Revaluation Reserve (See Note 18.1 above)	722
975		
(6,154)	<b>Net written out amount of the cost of non current assets consumed in the year</b>	(4,522)
	<b>Capital financing applied in the year:</b>	
2,846	Capital receipts funding	(0)
4,000	Statutory provision for the financing of capital investment charged against the General Fund balance	4,000
-	Statutory provision for the financing of right of use assets (ROU) under IFRS16	205
345	Direct revenue financing of capital investment charged against the General Fund balance	309
7,191		4,514
67,236	<b>Balance at 31 March</b>	67,228

### 19.3 Holiday Pay Account

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

2023/24		2024/25
£000		£000
(1,353)	Balance at 1 April	(1,408)
(55)	Change in amounts accrued at the end of the current year	(52)
(1,408)	Balance at 31 March	(1,460)

### 19.4 Collection Fund Adjustment Account

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

2023/24		2024/25
£000		£000
1,557	Balance at 1 April	1,303
	Amount by which council tax income and non-domestic rate income included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	(115)
(254)		
1,303	Balance at 31 March	1,188

### 19.5 Pension Reserve

The Pension 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 debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2023/24		2024/25
£000		£000
(585,412)	Balance at 1 April	(585,133)
5,689	Actuarial gains or (losses) on pension assets and liabilities	(7,951)
	Reversal of items relating to retirement benefits debited or credited to the Surplus or deficit on the provision of Services in	
(5,410)	the Comprehensive Income and Expenditure Statement	(932)
(585,133)	Balance at 31 March	(594,016)

### 20 Governance Expenses

Governance expenses paid to the Police, Fire and Crime Commissioner for Essex in 2024/25 totalled **£239k** (£231k for 2023/24).

### 21 Officers' Remuneration

The number of officers whose remuneration, excluding pension contributions, was **£50,000** or more during 2024/25 is listed below:

Remuneration band	Number of officers	
	2023/24	2024/25
£50,000 - £54,999	107	91
£55,000 - £59,999	60	74
£60,000 - £64,999	48	45
£65,000 - £69,999	35	41
£70,000 - £74,999	16	14
£75,000 - £79,999	16	12
£80,000 - £84,999	5	9
£85,000 - £89,999	2	1
£90,000 - £94,999	-	3
£95,000 - £99,999	3	1
£100,000 - £104,999	2	2
£105,000 - £109,999	2	4
£110,000 - £114,999	-	-
£115,000 - £119,999	1	-
£120,000 - £124,999	1	-

Under the Code of Practise, the Senior Leadership Team are excluded from Officers over £50,000. Senior Leadership Team members have been excluded from both the 2023/24 and 2024/25 figures - details of their pay can be found in the Senior Officer's Remuneration note below.

### 21.1 Senior Officer Remuneration 2024/25

Senior Officer Remuneration	Salary		Car & Mileage taxable	Health Insurance	Employers pension Contribution	Total
	Basic Salary	Special allowances				
2024/25						
Chief Fire Officer and Chief executive - Ryck Hylton	£170,701	-	-	-	£64,651	£235,352
Deputy Chief Officer - Moira Bruin	£145,516	-	-	£2,939	£55,112	£203,567
Director of Operations (Temp 1st Feb 25 to 31st July 25) (JT)	£12,009	9,445	-	-	£4,515	£25,970
Director of People Services (CB)	£115,384	-	5,614	-	£24,231	£145,229
Director of Corporate Services (KE)	£115,384	-	769	-	£24,231	£140,384
Chief Finance Officer (NC)	£99,770	7,577	£759	-	£22,543	£130,649
Assistant Director - Media, Comms and Brand (EC)	£80,903	12,135	£4,334	-	£0	£97,373

Full year remuneration amounts for all senior officers are included in the table of remuneration by pay band above. The remuneration of the Police, Fire and Crime Commissioner, Roger Hirst, is available within Essex Police Accounts.

### 21.2 Senior Officer Remuneration 2023/24

Senior Officer Remuneration	Salary		Car & Mileage taxable	Health Insurance	Employers pension Contribution	Total
	Basic Salary	Special allowances				
2023/24						
Chief Fire Officer and Chief executive - Ryck Hylton	£176,687	-	-	-	£50,879	£227,566
Deputy Chief Officer - Moira Bruin	£150,597	-	-	£1,395	£43,372	£195,364
Director of Operations (1st April to 30th June 2023)	£46,960	-	-	-	£11,097	£58,057
Director of Operations (1st July 2023 onwards)	£95,844	-	-	-	£19,138	£114,982
Director of People Services	£112,652	-	-	-	£23,077	£135,729
Director of Corporate Services	£115,315	-	£5,373	-	£23,575	£144,263
Chief Finance Officer	£97,436	-	£689	-	£19,954	£118,079
Assistant Director - Media, Comms and Brand	£90,832	-	-	-	£0	£90,832

There was a change in the Director of Operations in the year, effective from 1<sup>st</sup> July 2023.

Full year remuneration amounts for all senior officers are included in the table of remuneration by pay band above.

## 22 External Audit Costs

The Authority paid £202k (2023/24 £110k) for external audit services carried out by the appointed auditor.

## 23 Grant & Operational Income

This table shows the grant and operational income credited to the Comprehensive Income and Expenditure Statement in the year:

2023/24		2024/25
£000		£000
<b>Specific grant income</b>		
3,517	Additional Pension Grant	184
-	Employer Pension Grant	2,619
882	New Dimension	825
367	FireLink	244
726	Protection Uplift	214
346	ESMCP Grant	-
205	Other Grants	270
6,042		4,357
<b>Non specific grant income</b>		
4,287	Small Business Rate Relief	4,857
-	Funding Guarantee Grant	1,459
668	Services Grant	115
142	Other Grants	154
5,098		6,585
<b>Other Operational Income</b>		
138	Aerial Site Rental	118
353	Staff Secondments	150
78	Community Safety - Safer Essex Roads Partnership	27
33	Community Safety Youth Work - FireBreak courses	95
481	Shared Services/Collaboration Income	634
1,085	Other Operational Income	766
2,168		1,790
13,308	<b>Total</b>	<b>12,732</b>

## 24 Related Parties

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

**Central Government** - Central Government has effective control over the general operations of the Authority and prescribes the terms of many of the transactions that the Authority has with other parties (e.g., Council Tax bills). Central Government is responsible for providing the statutory framework within which the Authority operates and provides the majority of its funding in the form of general and specific grants. Funding from central government for the redistribution of national non-domestic rates and revenue support grant is identified in the Comprehensive Income and Expenditure Statement.

**The Police Fire and Crime Commissioner for Essex – R Hirst (The Commissioner)** - The Commissioner has significant influence over the Authority through his power to participate in financial and operating policy decisions ([paragraph 3.9.2.10 of the Code of Practice](#)). The

Authority had no transactions with the Commissioner in the current or previous year, as the Authority transacts with the PFCC (separate legal entity).

**Police Fire and Crime Commissioner - Corporation Sole (PFCC)** - The Commissioner has control over the PFCC. A related party relationship arises where an individual is able to influence the policies of two entities. The Authority made net purchases to the PFCC in 2024/25 of £538k (2023/24, net sales of £499k). This includes recharges for collaboration and office rent. At year end the Authority was owed £32k by the PFCC (2023/24, £nil). The Authority has recognised a debtor for un-invoiced income totalling £329k relating to recharges for collaboration costs relating to 2024/25 (2023/24, £344k).

**Monitoring Officer** - The Monitoring Officer is provided by the PFCC. The Authority had no transactions with the Monitoring Officer in the current or previous year, as the Authority transacts with the PFCC.

**Essex Police** - The Police Fire and Crime Commissioner has control over Essex Police. A related party relationship arises where an individual is able to influence the policies of two entities. The Authority made net sales to Essex Police in 2024/25 of £48k (2023/24, £249k). This includes recharges for collaboration projects. At the year end, the Authority was owed £nil by Essex Police (2023/24, £nil). The Authority has recognised a net debtor for un-invoiced collaboration income totalling £1k for 2024/25 (2023/24, net creditor of £4k).

**Senior Officers of the Authority** - The total remuneration paid to senior officers is shown in note.21 Senior officers of the Authority have direct control over its financial and operating policies and are required to disclose details of any transactions that the Authority has with any individuals with whom they may have a close relationship or any company in which they may have an interest. Senior officers of the Authority are required to declare whether they or any of their close family have been involved in any such related party transactions.

## 25 Capital Expenditure and Capital Financing

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

2023/24		2024/25
£000		£000
32,103	<b>Opening Capital Financing Requirement</b>	29,450
	<b>Capital investment</b>	
4,538	Property, plant and equipment	5,921
-	Right of use assets under IFRS16	516
	<b>Sources of finance</b>	
(2,846)	Capital receipts	0
	<b>Sums set aside from revenue:</b>	
(4,000)	Revenue provision for capital financing	(4,000)
-	Revenue provision for ROU assets under IFRS16	(205)
(345)	Revenue contribution to capital	(309)
29,450	<b>Closing Capital Financing Requirement</b>	31,373
	<b>Explanation of movements in year</b>	
(2,653)	Increase/(Decrease) in underlying need to borrow	1,923
(2,653)	<b>Increase/(Decrease) in Capital Financing Requirement</b>	1,923

## 26 Operating Leases

The Authority has some property and vehicle leases which have been accounted for as operating leases. The commitments under these operating leases are shown below:

2023/24		2024/25
£000		£000
	<b>Commitments under operating leases</b>	
2	Property - Not later than one year	66
8	Vehicles - Not later than one year	15
-	Property - Later than one year and not later than five years	101
92	Vehicles - Later than one year and not later than five years	126
102		308

## 27 Redundancy and Early Retirement Costs – Exit Packages

Redundancy and early retirement costs are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these payments.

These costs are recognised only when the Authority is demonstrably committed to terminate the employment on affected employees.

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



Exit Packages	Number of Staff		Total £000
	Compulsory	Other Departures	
<b>2024 -25</b>			
Up to £5,000	-	1	2
£5,000 - £10,000	-	1	5
£10,000 - £15,000	-	2	24
£15,000 - £20,000	-	1	15
£20,000 - £25,000	-	1	24
£35,000 - £40,000	-	1	38
<b>Total 2024-25</b>	<b>-</b>	<b>7</b>	<b>107</b>
<b>2023 -24</b>			
Up to £5,000	1	2	6
£15,000 - £20,000	-	1	20
£25,000 - £30,000	-	2	51
£45,000 - £50,000	-	1	47
£80,000 - £85,000	-	1	82
<b>Total 2023-24</b>	<b>1</b>	<b>7</b>	<b>206</b>

The total cost of **£107k** above has been charged to the Authority's Comprehensive Income and Expenditure Statement in the current year.

## 28 Pensions

### 28.1 Participation in Pension Schemes

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

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

### 28.2 Transactions Relating to Retirement Benefits

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

#### McCloud/Sargeant ruling on pension account disclosures

Two successful employment tribunal cases were brought against the Government in relation to discrimination on reforms to public sector pensions in 2015.

Local Government Pension Scheme: An assessment of these cases has been made by the Funds Actuaries, Barnett Waddingham, and is included in our disclosure and reflected in the accounts.

Firefighters' Pension Scheme: The result of these cases is reflected in our Actuary's disclosure and is included within these accounts.

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme, and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated. As a result, Essex Fire does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

The following transactions have been made during the year:

	LGPS		Firefighters	
	2023/24	2024/25	2023/24	2024/25
	£000	£000	£000	£000
<b>Net cost of services:</b>				
Service cost	2,694	2,574	4,648	5,644
Net interest on the defined liability (asset)	145	102	27,280	27,745
Administration expenses	58	58	-	-
Remeasurements in Other Comprehensive Income	(289)	931	(5,400)	7,020
<b>Net charge to the CIES</b>	<b>2,608</b>	<b>3,665</b>	<b>26,528</b>	<b>40,409</b>
<b>Adjustments between accounting basis &amp; funding basis under regulations:</b>				
Reversal of net charges made for retirement benefits in accordance with IAS 19	(2,897)	(2,734)	(31,928)	(33,389)
<b>Actual amount charged against the general fund balance for pensions in the year:</b>				
Employers' contributions payable to scheme	3,429	3,626	25,849	31,563

### 28.3 Assets and Liabilities in Relation to Retirement Benefits

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

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

- the Firefighters' Pension Scheme – this is an unfunded scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Local Government Pension Scheme contributions payable by employers are determined by the actuary to the Pension Fund based on triennial valuations, the most recent of which was at 31 March 2022. This determined the level of contributions payable during the year.

Reconciliation of asset and benefit obligation:

	LGPS		Firefighters	
	2023/24	2024/25	2023/24	2024/25
	£000	£000	£000	£000
<b>Opening Defined Benefit Obligation</b>	(74,349)	(99,754)	(581,130)	(581,809)
Current service cost	(2,625)	(2,574)	(4,648)	(5,644)
Interest cost	(3,520)	(3,708)	(27,280)	(27,745)
Change in assumptions	3,053	10,774	8,976	73,542
Liabilities assumed on settlements	-	-	-	-
Experience (loss)/gain on defined benefit obligation	(258)	144	(3,576)	(80,562)
Estimated benefits paid net of transfers in	3,160	2,447	29,844	35,597
Past service costs, including curtailments	(69)	-	-	-
Contributions by Scheme participants	(1,024)	(1,062)	(3,995)	(4,034)
Unfunded pension payments	20	21	-	-
Impact of asset ceiling	(24,142)	(13,184)	-	-
<b>Closing Defined Benefit Obligation</b>	<b>(99,754)</b>	<b>(106,896)</b>	<b>(581,809)</b>	<b>(590,655)</b>

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

	LGPS		Firefighters	
	2023/24	2024/25	2023/24	2024/25
	£000	£000	£000	£000
<b>Opening fair value of Scheme assets</b>	84,236	95,892	-	-
Interest on assets	4,074	4,801	-	-
Return on assets less interest	6,367	140	-	-
Administration expenses	(58)	(58)	-	-
Contributions by employer including unfunded	3,429	3,626	25,849	31,563
Contributions by Scheme participants	1,024	1,062	3,995	4,034
Estimated benefits paid plus unfunded net of transfers in	(3,180)	(2,468)	(29,844)	(35,597)
Other actuarial gains/(losses)	-	-	-	-
Settlement prices received	-	-	-	-
<b>Closing fair value of Scheme assets</b>	<b>95,892</b>	<b>102,995</b>	<b>-</b>	<b>-</b>

There is a difference between the pensions reserve and these tables as the above do not include accumulated movements for ill health £539k (£537k in 2023/24).

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.

## 28.4 Scheme History

LGPS	2019/20	2020/21	2021/22	2023/24	2024/25
	£000	£000	£000	£000	£000
Fair Value of Assets in pension scheme	54,972	73,146	81,972	95,892	102,995
Present Value of Defined Benefit Obligation	(81,006)	(111,388)	(112,225)	(99,754)	(106,896)
<b>Surplus/(deficit) in the Scheme</b>	<b>(26,034)</b>	<b>(38,242)</b>	<b>(30,253)</b>	<b>(3,862)</b>	<b>(3,901)</b>

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of **£697.6m** (£681.6m 2023/24) has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of **£594.6m** (£585.7m 2023/24).

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

- 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; and
- finance is only required to be raised to cover fire pensions when the pensions are actually paid.

The total contributions expected to be made to the Local government Pension Scheme by the Authority in the year to 31 March 2026 is **£3.8m**. Expected contributions for the Fire pension Scheme in the year to 31 March 2026 are **£11.9m**.

### 28.5 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Full actuarial valuations are carried out on a triennial basis. In the intervening periods the roll-forward approach is used where assumptions are based on experience and estimates, rather than actual membership data to arrive at net pension liabilities. This approach does result in some level of estimation uncertainty in the intervening years, but any differences are accounted for through Other Experience when actual membership data is used on each full triennial revaluation. The annual Fire Authority budget will make allowance for the firefighter's pension scheme payments based on an estimate of when such payments fall due. The Authority's budget is set taking the employer's pension contribution into account and government grant is received to cover any shortfall in the account.

Barnett Waddingham Public Sector Consulting, an independent firm of actuaries, has assessed both the Firefighters' scheme and the Local Government Pension Scheme liabilities.

The main assumptions used in their calculations are as follows:

	LGPS		Firefighters	
	2023/24	2024/25	2023/24	2024/25
<b>Mortality assumptions:</b>				
<i>Longevity at 65 for future pensioners:</i>				
Men	22.0 years	22.0 years	21.9 years	21.9 years
Women	24.7 years	24.7 years	24.6 years	24.7 years
<i>Longevity at 65 for current pensioners:</i>				
Men	20.8 years	20.7 years	20.6 years	20.5 years
Women	23.3 years	23.3 years	23.2 years	23.3 years
Inflation/Pension Increase Rate	NLR	NLR	NLR	NLR
Salary Increase Rate	3.85%	3.95%	3.90%	3.90%
Rate of increase in pensions	2.85%	2.95%	2.90%	2.90%
Discount Rate	4.95%	5.85%	4.90%	5.75%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>				
Service to April 2009	50%	50%	50%	50%
Service post April 2009	50%	50%	50%	50%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period. Our Actuaries have used the rolling forward method whereby the last full pension actuarial valuation is used to estimate individual employers IAS pension liabilities. This includes using estimated pension increases as opposed to actual. We are comfortable that this approach has not resulted any material uncertainty in our pension liabilities.

The main assumptions of each pension scheme valuation are detailed below:

	LGPS		Firefighters	
	Increase in Assumption £000	Decrease in Assumption £000	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	71,729	67,483	611,310	570,729
Rate of increase in salaries (increase or decrease by 0.1%)	69,663	69,479	591,183	590,130
Rate of increase in pensions (increase or decrease by 0.1%)	70,642	68,526	598,263	583,217
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	68,466	70,703	582,911	598,577

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

	LGPS	
	2023/24 £000	2024/25 £000
Equities	53,114	56,549
Bonds	1,713	1,561
Property	6,619	8,314
Cash	2,366	2,009
Alternative assets	14,579	15,524
Other managed funds	17,501	19,038
	<b>95,892</b>	<b>102,995</b>

**28.6 Pensions Reserve**

The change in the Pension Reserve for the year is shown in the following table:

	LGPS		Firefighters	
	2023/24	2024/25	2023/24	2024/25
	£000	£000	£000	£000
<b>Opening balance:</b>	(9,887)	3,862	581,130	581,809
Current service cost	2,625	2,574	4,648	5,644
Interest cost	3,520	3,708	27,280	27,745
Changes in assumptions	(3,053)	(10,774)	(8,976)	(73,542)
Experience loss/(gain) on defined benefit obligation	258	(144)	3,576	80,562
Impact of asset ceiling	24,142	13,184	-	-
Past service cost, including curtailments	69	-	-	-
Contributions by employer including unfunded	(3,429)	(3,626)	(25,849)	(31,563)
Interest on assets	(4,074)	(4,801)	-	-
Return on assets less interest	(6,367)	(140)	-	-
Other actuarial gains/(losses)	-	-	-	-
Administration expenses	58	58	-	-
<b>Balance at 31 March</b>	<b>3,862</b>	<b>3,901</b>	<b>581,809</b>	<b>590,655</b>

There is a difference between the Firefighters' pension liability on the Balance Sheet and these tables as the above do not include accumulated movements for ill health £539k (£537k in 2023/24).

**Firefighters' Pension Fund Account**

Year Ended 31 March 2025

2023/24	2024/25
£000	£000
<b>Contributions receivable</b>	
From employer	
(8,931) Normal contributions	(11,821)
(271) Early retirements	(330)
(4,092) From members	(5,226)
<b>Transfers in</b>	
(142) Individual transfers in from other schemes	(34)
<b>Benefits payable</b>	
22,183 Pensions	25,398
5,606 Commutations, lump sum benefits and remedy costs	3,859
<b>Payments to and on account of leavers</b>	
- Individual transfers out to other schemes	296
<b>Deficit for the year before top-up grant receivable from central government</b>	<b>12,142</b>
(14,353) Top up grant payable by sponsoring department	(12,142)
<b>Net amount payable for the year</b>	<b>-</b>



The Authority contracts with Essex Pension Fund for the administration of the Firefighters' Pension Fund. A separate ledger account is maintained for the Firefighters' Pension Fund, which is balanced to nil each year by the receipt of a top up grant from central Government.

The accounting statement does not take into account liabilities to pay ongoing pensions and other benefits beyond 31 March 2025.

### Firefighters' Pension Fund Net Assets Statement

The statement below identifies the Firefighters' Pension Fund assets and liabilities that are included in the Authority's Balance Sheet.

#### As at 31 March 2025

2023/24 £000		2024/25 £000
<b>Net current assets and liabilities</b>		
(3,159)	Top up payable to/(receivable from) sponsoring department	6,620
1,990	Prepaid scheme expenditure	2,002
1,169	Amount owing to general Fund	(8,622)
-		-

Included within the Pension Fund Net Assets Statement is prepaid scheme expenditure of £2.0m (2024 - £2.0m), being amounts paid at the end of the financial year in respect of future periods due to the timing of pension payments.

### The Firefighters' Pension Scheme in England

There are three firefighter pension schemes the 1992, 2006 and 2015 schemes. The Firefighters Pension Scheme is a defined benefit occupational pension scheme which is guaranteed and backed by law. The Scheme changed on the 1st April 2015 from a Final Salary Scheme to a Career Average Revalued Earnings Scheme (CARE). Members starting after the 1st April 2015, and members of the 1992 and 2006 Final Salary Schemes moved into the new 2015 Scheme, unless protections applied.

The funding arrangements for the Firefighters' Pension Scheme in England were introduced on 1 April 2006 by regulation under the Firefighters' Pension Scheme (Amendment) (England) Order 2006. Prior to 1 April 2006 the firefighter scheme did not have a percentage of pensionable pay type of employer's contribution, the Authority was responsible for paying pensions of its former employees on a pay-as-you-go basis.

Under new funding arrangements the schemes remain unfunded but will not be on a pay-as-you-go basis as far as the Authority is concerned. Apart from the costs of injury awards the Authority no longer meets pension outgoings directly, instead it pays an employer's pension contribution based on a percentage of pay into the Pension Fund. This percentage of pay is based on a scheme valuation that takes place quadrennially reflecting up to date scheme membership and forecasts of outgoings.

The Authority is required by legislation to operate a Pension Fund and the amounts that must be paid into and paid out of the fund are specified by regulation. The Pension Fund is managed by the Authority and the day-to-day administration of the scheme is provided under contract by Essex Pension Fund.

### Accounting policies



The Authority's accounting policies apply to the fund and are prepared on an accruals basis, apart from transfer values which are accounted for on a cash basis. Transfer payments between English Fire Authorities were repealed by Regulation 36 of Statutory Instrument 1810/2006. Therefore, any transfer payments which arise relate to firefighters transferring to/from Welsh and Scottish authorities or transferring out of the Firefighters Pension Scheme entirely.

The Pension Fund has no investment assets and is balanced to nil at the end of the financial year. This is achieved by either paying over to HO (Home Office) the amount by which the amounts receivable by the fund for the year exceeded the amounts payable, or by receiving cash in the form of pension top-up grant from HO equal to the amount by which the amounts payable from the fund exceeded the amounts receivable.

Details of the Authority's long term pension obligations can be found under notes to the Accounting Statements Note **28**.

## Glossary Of Terms

### Actuarial gains and losses

For defined benefit schemes, the changes in actuarial deficits or surpluses 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.

### Assets held for sale

Property, Plant and Equipment assets that the Authority is formally committed to sell and is actively marketing them in their current condition and where sale is expected within the next 12 months.

### Capital financing

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

### Collection fund

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

### Defined benefit pension scheme

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

### Depreciation

The measure of the cost of wearing out, consumption, or other reduction, in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

### Discretionary benefits (pensions)

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

### Events after the balance sheet date

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

### Exceptional items

Material items which derive from events or transactions that fall within the ordinary activities of the Authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

### Extraordinary items

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

### Fair value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

**Government grants**

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

**Impairment**

A reduction in the value of a fixed asset to below its carrying amount on the Balance Sheet.

**Minimum Revenue Provision (MRP)**

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.

**Non-domestic rates (NDR)**

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the government and multiplied by the assessed rateable value of the premises they occupy.

**Operational assets**

Fixed assets held and occupied, used or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

**Pension scheme liabilities**

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

**Precept**

The levy made by precepting authorities to billing authorities, requiring the latter to collect income from Council Tax on their behalf.

**Public Works Loan Board (PWLb)**

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

**Related parties**

There is a detailed definition of related parties in IAS 24. For the Authority's purposes related parties are deemed to include the Authority's members, the Chief Executive, its directors and their close family and household members.

**Related party transactions**

The Code requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

**Revenue expenditure**

The day-to-day expenses of providing services.

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