

**BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY  
BUCKINGHAMSHIRE FIRE AND RESCUE SERVICE**

Director of Legal & Governance, Graham Britten  
Buckinghamshire Fire & Rescue Service  
Brigade HQ, Stocklake, Aylesbury, Bucks HP20 1BD  
Tel: 01296 744441



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**Chief Fire Officer and Chief Executive**  
Louise Harrison

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To: The Members of the Overview and Audit Committee

2 February 2026

**MEMBERS OF THE PRESS  
AND PUBLIC**

Please note the content of  
Page 2 of this Agenda Pack

Dear Councillor

Your attendance is requested at a **SPECIAL** meeting of the **OVERVIEW AND AUDIT COMMITTEE** of the **BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY** to be held in **THE PARALYMPIC ROOM, GATEWAY OFFICES, GATEHOUSE ROAD, AYLESBURY, BUCKS. HP19 8FF** on **WEDNESDAY 11 FEBRUARY 2026 at 2.00 PM** or at the rising of the Fire Authority meeting, when the business set out overleaf will be transacted.

Yours faithfully

Graham Britten  
Director of Legal and Governance

**Health and Safety**

There will be limited facilities for members of the public to observe the meeting in person, therefore a recording of the meeting will be available after the meeting at the web address provided overleaf.

Chairman: Councillor Wilson

Councillors: Adoh, Banks, Carroll, Exon, Gomm, Hussain M OBE, Lancaster and Sherwell



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### **To observe the meeting as a member of the Press and Public**

The Authority supports the principles of openness and transparency. To enable members of the press and public to see or hear the meeting this meeting will be livestreamed. Please visit:

<https://www.youtube.com/channel/UCWmIXPWAscxpL3vIiv7bh1Q>

The Authority also allows the use of social networking websites and blogging to communicate with people about what is happening, as it happens.

### **Adjournment and Rights to Speak – Public**

The Authority may adjourn a Meeting to hear a member of the public on a particular agenda item. The proposal to adjourn must be moved by a Member, seconded and agreed by a majority of the Members present and voting.

A request to speak on a specified agenda item should be submitted by email to [gbritten@bucksfire.gov.uk](mailto:gbritten@bucksfire.gov.uk) by 4pm on the Monday prior to the meeting. Please state if you would like the Director of Legal and Governance to read out the statement on your behalf, or if you would like to be sent a 'teams' meeting invitation to join the meeting at the specified agenda item.

If the meeting is then adjourned, prior to inviting a member of the public to speak, the Chairman should advise that they:

- (a) speak for no more than four minutes,
- (b) should only speak once unless the Chairman agrees otherwise.

The Chairman should resume the Meeting as soon as possible, with the agreement of the other Members present. Adjournments do not form part of the Meeting.

### **Rights to Speak - Members**

A Member of the constituent Councils who is not a Member of the Authority may attend Meetings of the Authority or its Committees to make a statement on behalf of the Member's constituents in the case of any item under discussion which directly affects the Member's division, with the prior consent of the Chairman of the Meeting which will not be unreasonably withheld. The Member's statement will not last longer than four minutes. Such attendance will be facilitated if requests are made to [enquiries@bucksfire.gov.uk](mailto:enquiries@bucksfire.gov.uk) at least two clear working days before the meeting.

Statements can be read out on behalf of the Member by the Director of Legal and Governance, or the Member may request a 'teams' meeting invitation to join the meeting at the specified agenda item.

Where the Chairman of a Committee has agreed to extend an invitation to all Members of the Authority to attend when major matters of policy are being considered, a Member who is not a member of the Committee may attend and speak at such Meetings at the invitation of the Chairman of that Committee.

### **Questions**

Members of the Authority, or its constituent councils, District, or Parish Councils may submit written questions prior to the Meeting to allow their full and proper consideration. Such questions shall be received by the Monitoring Officer to the Authority, *in writing*, at least two clear working days before the day of the Meeting of the Authority or the Committee.

# **OVERVIEW AND AUDIT COMMITTEE**

## **TERMS OF REFERENCE**

### **Overview**

1. To review current and emerging organisational issues and make recommendations to the Executive Committee as appropriate.
2. To comment upon proposed new policies and make recommendations to the Executive Committee as appropriate.
3. To review issues referred by the Authority and its other bodies and make recommendations to those bodies as appropriate.
4. To make recommendations to the Executive Committee on:
  - (a) the Electronic Services Delivery Plan;
  - (b) the Brigade Personnel Strategy;
  - (c) Levels of Incident Response;
  - (d) the Corporate Risk Management Policy;
  - (e) the Authority's Information Policy; andother such policies and procedures as are required from time to time
5. To consider and make recommendations to the Authority on the Annual Treasury Management Strategy.

### **Audit**

1. To determine the internal and external audit plans and the Internal Audit Strategy
2. To determine the Internal Audit Annual Plan and Annual Report (including a summary of internal audit activity and the level of assurance it can give over the Authority's governance arrangements).
3. To consider and make recommendations on action plans arising from internal and external audit reports, including arrangements to ensure that processes which deliver value for money are maintained and developed.
4. To consider and make recommendations to the Executive Committee on reports dealing with the management and performance of the providers of internal audit services.
5. To consider and make recommendations on the external auditor's Annual Audit Letter and Action Plan, relevant reports and the report to those charged with governance.
6. To consider specific reports as agreed with the Treasurer, Internal Audit, Monitoring Officer, Chief Fire Officer, or external audit and to make decisions as appropriate.
7. To comment on the scope and depth of external audit work and to ensure it gives value for money.
8. To oversee investigations arising out of fraud and corruption allegations.

9. To determine Insurance matters not delegated to officers, or another committee.
10. To consider and determine as appropriate such other matters as are required in legislation or guidance to be within the proper remit of this Committee.

## **Governance**

1. To:
  - (a) make recommendations to the Authority in respect of:
    - (i) variations to Financial Regulations; and
    - (ii) variations to Contract Standing Orders.
  - (b) receive a report from the Chief Finance Officer/Treasurer when there has been any variation to the Financial Instructions in the preceding twelve month period.
2. To determine the following issues:
  - (a) the Authority's Anti-Money Laundering Policy;
  - (b) the Authority's Whistleblowing Policy; and
  - (c) the Authority's Anti Fraud and Corruption Policy.
3. To determine the Statement of Accounts and the Authority's Annual Governance Statement. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Authority.
4. To consider the Authority's arrangements for corporate governance and make recommendations to ensure compliance with best practice.
5. To monitor the Authority's compliance with its own and other published standards and controls.
6. To maintain and promote high standards of conduct by the Members and co-opted members of the Authority.
7. To assist Members and co-opted members of the Authority to observe the Authority's Code of Conduct.
8. To advise the Authority on the adoption or revision of a code of conduct.
9. To monitor the operation of the Authority's Code of Conduct
10. To deal with cases referred by the Monitoring Officer.
11. To advise on training, or arranging to train Members and co-opted members of the Authority on matters relating to the Authority's Code of Conduct.
12. To monitor the operation of any registers of interest, of disclosures of interests and disclosures of gifts and hospitality in respect of officers or Members

## **Risk**

1. To monitor the effective development and operation of risk management and corporate governance within the Authority.

2. To consider reports dealing with the management of risk across the organisation, identifying the key risks facing the Authority and seeking assurance of appropriate management action.

## **Employees**

1. To be a sounding board to help the Authority promote and maintain high standards of conduct by employees of the Authority.
2. To advise the Executive Committee on the adoption or revision of any policies, codes or guidance:
  - (a) regulating working relationships between members and co-opted members of the Authority and the employees of the Authority;
  - (b) governing the conduct of employees of the Authority; or
  - (c) relating to complaints; andother such policies and procedures as are required from time to time.
3. To monitor the operation of any such policies, codes or guidance mentioned at 2 above.
4. To comment on the training arrangements in connection with any of the above.

## **General**

1. To make such other recommendations to the Executive Committee on the issues within the remit of the Overview and Audit Committee as required.
2. To review any issue referred to it by the Chief Fire Officer, Treasurer, or Monitoring Officer, or any Authority body within the remit of these terms of reference.
3. To consider such other matters as are required in legislation or guidance to be within the proper remit of this Committee.
4. To commission reports from the Chief Fire Officer, the Internal Audit Service, the Monitoring Officer, or such other officer as is appropriate, when the Committee agrees that such reports are necessary.
5. To support the Monitoring Officer and the Treasurer in their statutory roles and in the issue of any guidance by them.
6. To receiving reports from the Monitoring Officer in his/her statutory role or otherwise relating to ethical standards and deciding action as appropriate.
7. To respond to consultation on probity and the ethical standards of public authorities.

## **AGENDA**

### **Item No:**

**1. Apologies**

**2. Disclosure of Interests**

Members to declare any disclosable pecuniary interests they may have in any matter being considered which are not entered onto the Authority's Register, and officers to disclose any interests they may have in any contract to be considered.

**3. Questions**

To receive questions in accordance with Standing Order SOA7.

**4. Auditor's Annual and Year end Reports - Year ended 31 March 2025**

To consider item 4 (**Pages 7 - 54**)

**5. Letter of Management Representation 2024/25**

To consider item 5 (**Pages 55 - 66**)

**6. Statement of Accounts - Year Ended 31 March 2025**

To consider item 6 (**Pages 67 - 146**)

**7. Date of Next Meeting**

To note that the next meeting of the Overview and Audit Committee will be held on Wednesday 11 March 2026 at 10 am.

If you have any enquiries about this agenda please contact: Katie Nellist (Democratic Services Officer) – Tel: (01296) 744633 email: [knellist@bucksfire.gov.uk](mailto:knellist@bucksfire.gov.uk)

# Buckinghamshire & Milton Keynes Fire Authority



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**Meeting and date:** Overview and Audit Committee, 11 February 2026

**Report title:** Auditor's Annual and Year end Reports – Year ended 31 March 2025

**Lead Member:** Councillor Niknam Hussain

**Report sponsor:** Mark Hemming, Director of Finance & Assets

**Author and contact:** Richard Walton – Director – KPMG [richard.walton@kpmg.co.uk](mailto:richard.walton@kpmg.co.uk)

**Action:** Noting.

**Recommendations:** That the content of the report, and the disclaimed opinion with the reasons provided by the auditors, be noted.

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## Executive summary:

The purpose of these reports is to provide a summary of the findings and key issues arising from the 2024/25 audit. These reports contains an executive summary, results & findings from the work completed on audit of the financial statements and value for money.

These reports have been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and is required to be published by the Authority alongside the annual report and accounts.

There has been no change to the Auditor's Annual Report since it was reported to Overview and Audit Committee in November 2025.

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## Financial implications:

No direct impact.

## Risk management:

The results of the audit give reassurance regarding entries in the accounts and value for money arrangements.

## Legal implications:

The audit of the financial statements is a statutory requirement. The legal basis for the 'backstop date' is set out in in the Auditor's Audit Report.

## Privacy and security implications:

No direct impact.

**Duty to collaborate:**

No direct impact.

**Health and safety implications:**

No direct impact.

**Environmental implications:**

No direct impact.

**Equality, diversity, and inclusion implications:**

No direct impact.

**Consultation and communication:**

No direct impact.

**Background papers:**

None

Appendix	Title	Protective Marking
1	BMKFA – Year end report – Year Ended 31 March 2025	
2	BMKFA – Auditor's Annual Report - Year Ended 31 March 2025	



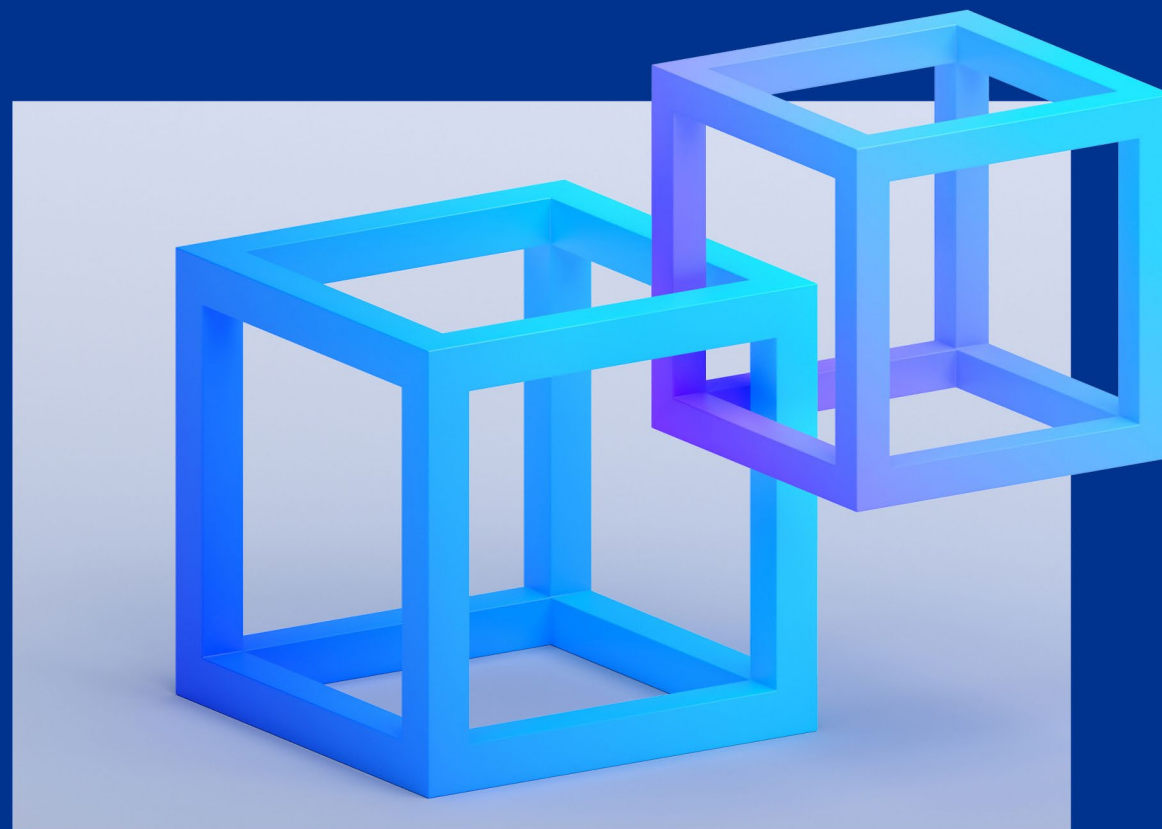
# Buckinghamshire and Milton Keynes Fire Authority

Year End Report to the Audit & Overview Committee

Year end report for the year ended 31 March 2025

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11 February 2026



# Introduction

## To the Overview & Audit Committee of Buckinghamshire and Milton Keynes Fire Authority

We are pleased to have the opportunity to meet with you on the 11 February 2026 to discuss the results of our audit of the consolidated financial statements of Buckinghamshire and Milton Keynes Fire Authority (the 'Authority') as at and for the year ended 31 March 2025.

We are providing this report in advance of our meeting to enable you to consider our findings and hence enhance the quality of our discussions. This report should be read in conjunction with our audit plan and strategy report, presented on the 10 July 2025. We will be pleased to elaborate on the matters covered in this report when we meet.

### How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when:

- Audits are executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality management; and,
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

Subject to the approval of the statement of accounts, we expect to be in a position to sign our audit opinion on the approval of those statement of accounts and auditor's representation letter by 27 February 2026, provided that the outstanding matters noted on page 4 of this report are satisfactorily resolved.

There have been no significant changes to our audit plan and strategy.

We draw your attention to the important notice on page 3 of this report, which explains:

- The purpose of this report
- Limitations on work performed
- Restrictions on distribution of this report

Yours sincerely,



Richard Walton

11 February 2026

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Richard Walton (Richard.Walton@KPMG.co.uk), the engagement lead to the Authority, who will try to resolve your complaint.

If you are dissatisfied with the response, please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Tim Cutler. (tim.culter@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access KPMG's complaints process here: [Complaints](#).

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# Important notice

**This report is presented under the terms of our audit under Public Sector Audit Appointments (PSAA) contract..**

The content of this report is based solely on the procedures necessary for our audit.

## Purpose of this report

This Report has been prepared in connection with our audit of the financial statements of Buckinghamshire and Milton Keynes Fire Authority (the 'Authority'), prepared in accordance with the International Financial Reporting Standards ('IFRSs') as adapted Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, as at and for the year ended 31 March 2025.

This Report has been prepared for the Overview & Audit Committee, a sub-group of those charged with governance, in order to communicate matters that are significant to the responsibility of those charged with oversight of the financial reporting process as required by ISAs (UK), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone (beyond that which we may have as auditors) for this Report, or for the opinions we have formed in respect of this Report.

## Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the Authority's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors.

We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this Report.

The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit.

## Status of our audit

Our audit is not yet complete and matters communicated in this Report may change pending signature of our audit report. We will provide an oral update on the status. Page 4 'Our Audit Findings' outlines the outstanding matters in relation to the audit. Our conclusions will be discussed with you before our audit report is signed.

## Restrictions on distribution

The report is provided on the basis that it is only for the information of the Overview & Audit Committee of the Authority; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.



# Our audit findings

## Significant audit risks Pages 6 – 10

Risk	Risk change	Our findings
Management override of controls	No change	We have not identified any instances of management override of controls in our work.
Present value of defined benefit (DB) obligations - Firefighters Pension Scheme)	No change	The results of our testing were satisfactory. We have not identified any issues in relation to the significant assumptions used within the valuation of the firefighters pension scheme defined benefit obligations.

## Key accounting estimates Page 11

Fair value of land and buildings	Balanced	We assessed as reasonable the assumptions underpinning the valuation.
Present value of defined benefit (DB) obligations – LGPS and Firefighters Pension scheme	Balanced	We assessed as reasonable the assumptions underpinning the valuation.
Fair value of DB plan assets – LGPS (including asset ceiling)	Balanced	We assessed as reasonable the assumptions underpinning the valuation.

## Uncorrected audit misstatements Page 12

Understatement/ (overstatement)	£'000s	%
Revenues	-	-
Deficit for the year	(200)	2.9
Total assets	-	-
Total reserves	200	0.2

## Uncorrected misstatements in respect of disclosures Page 12

Disclosure	Our findings
None	

## Number of control deficiencies Page 26

Significant control deficiencies	0
Other control deficiencies	0
Prior year control deficiencies remediated	1

## Outstanding matters

There are several outstanding matters we are aiming to complete before issuing our audit report, including:

- Review and finalisation of work in respect of rebuilding assurance over disclaimed periods.
- Review and finalisation of audit file.

We will be unable to issue our Audit Completion Certificate until the NAO has completed their work over the Whole of Government Accounts.



# The statutory backstop and rebuilding assurance

## Background

The Government has introduced measures to resolve the legacy local government financial reporting and audit backlog.

Last year, amendments were made to the Accounts and Audit Regulations and NAO's Code of Audit Practice which introduced the requirement for audit reports in respect of any open, incomplete audits up to the period ending 31 March 2023 to be published by 13 December 2024. It also introduced a statutory back stop date of 28 February 2025 for the 2023/24 audit. For the Authority this had the impact of disclaimers of opinion issued by the predecessor auditor for the financial year ending 2022/23. We then issued a disclaimer of opinion for 2023/24 on 26th February 2025 to comply with the statutory backstop date for the reasons set out in our Basis of Disclaimer Opinion below.

Work has been ongoing in the sector to develop guidance to help support appropriate audit procedures for audits where further work is required to build back assurance. In addition to Local Audit Rest and Recovery Implementation Guidance (LARRIGs) that were published in 2024 by the NAO, further guidance has now been published by the NAO LARRIG) 06 - Special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions (e.g reserves balances where a disclaimer has been previously issued). We note the LARRIGs are prepared and published with the endorsement of the Financial Reporting Council (FRC) and are intended to support the reset and recovery of local audit in England.

## The 2023/24 audit

In our Basis of Disclaimer Opinion section of our audit report in 2023/24 we reported:

*We have been unable to obtain sufficient appropriate audit evidence over a number of areas of the financial statements as we have been unable to perform the procedures that we consider necessary to form our opinion on the financial statements ahead of the Backstop Date. These areas were the Firefighters' Pension Fund Account; and the balance of, and movements in, usable and unusable reserves for the year ended 31 March 2024. In addition, we have been unable to obtain sufficient appropriate evidence over the disclosed comparative figures for the year ended 31 March 2023 due to the Backstop Date.*

## The 2024/25 audit

As part of the 2024/25 audit we have completed our rebuilding assurance risk assessment which included:

- Inquiries, with regards to changes to the Authority during the disclaimed period.
- Considering the disclaimed period and associated reporting including the statement of accounts, Annual Government Statements, findings from the disclaimed period audits and any findings from the section 151 officer in their assessment that the financial statements present a true and fair view.
- Reconciling the planned movement in reserves from budget setting, in year monitoring and outrun reports and documenting our understanding if planned usage and changes in reserves over the disclaimed period.
- Considering the processes over capital additions and disposals across the periods subject to disclaimer.
- A balance sheet financial statement caption-by-caption assessment of the movement over the disclaimed period overlayed with findings from other risk assessment procedures to determine the appropriate testing strategy to remove the risk of material misstatement in line with the LARRIGs.

As a result of the risk assessment, we identified substantive procedures to complete in order to respond to the risks of material mis-statement noted. The work in relation to those substantive procedures has been set out on page 19.

At the time of writing of this report the work is ongoing. We will give a verbal update to the Committee as to the status of this work. The final nature of our audit report and opinion will be confirmed once this work is complete and this report will be updated and reissued as a final.

## Fees

Our fees for this work are subject to PSAA fee variation process and PSAA approval. We also note MHCLG has announced grant funding for this work (Audit build-back grant 2024 to 2025). An estimate of our fees are outlined on page 21.

# Significant risks and Other audit risks

**We discussed the significant risks which had the greatest impact on our audit with you when we were planning our audit.**

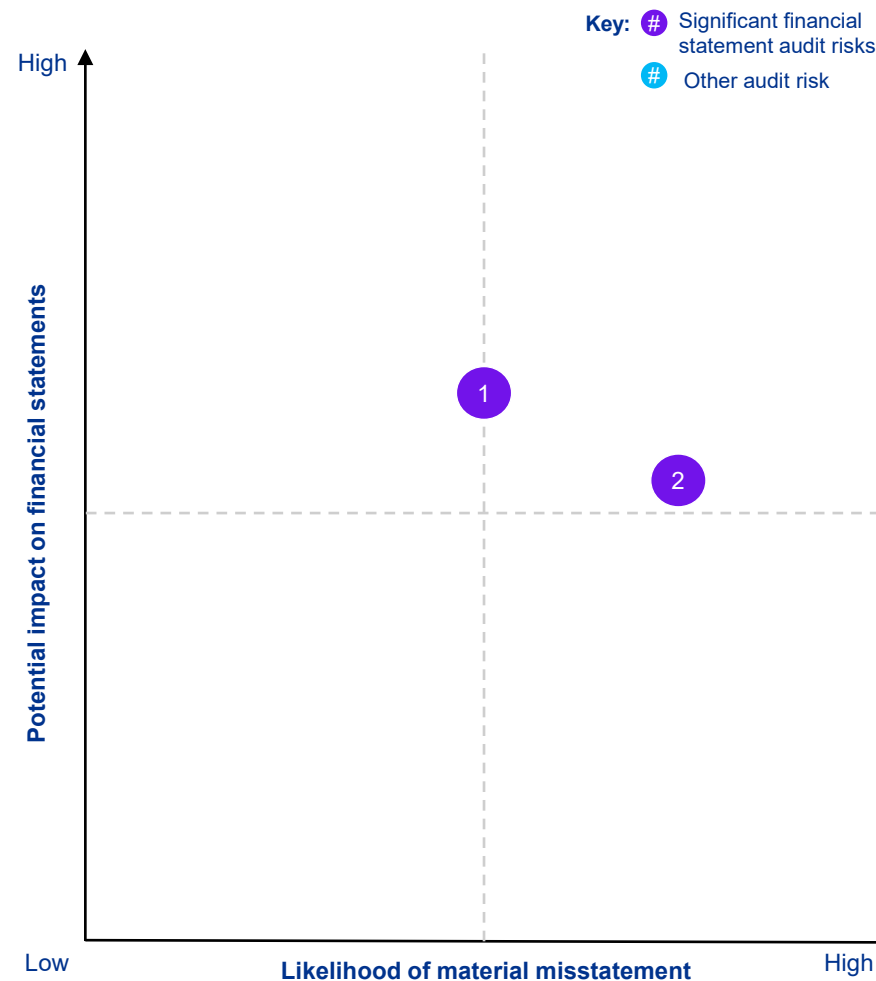
Our risk assessment draws upon our historic knowledge of the business, the industry and the wider economic environment in which the Authority operates.

We also use our regular meetings with senior management to update our understanding and take input from local audit teams and internal audit reports.

See the following slides for the cross-referenced risks identified on this slide.

## Significant risks

- |    |  |
|----|--|
| 1. | Management override of controls  |
| 2. | Valuation of post retirement benefit obligations (Firefighters Pension Scheme) |





# Audit risks and our audit approach



## 1 Management override of controls(a)

Fraud risk related to unpredictable way management override of controls may occur



### Significant audit risk

Professional standards require us to communicate the fraud risk from management override of controls as significant.

Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We have not identified any specific additional risks of management override relating to this audit.



### Our response

- Our audit methodology incorporates the risk of management override as a default significant risk.
- We have assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- We have evaluated the selection and application of accounting policies.
- In line with our methodology, evaluate the design and implementation of controls over journal entries and post closing adjustments.
- We have assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- We have assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the entity's normal course of business or are otherwise unusual (if any).
- We have analysed all journals through the year using data and analytics and focus our testing on those with a higher risk such as journals impacting non-pay expenditure, journals posted containing fraud or error in its descriptions, and journals posted without description.

Note: (a) Significant risk that professional standards require us to assess in all cases.

# Audit risks and our audit approach (cont.)



## 1 Management override of controls(a)

Fraud risk related to unpredictable way management override of controls may occur



### Significant audit risk

Professional standards require us to communicate the fraud risk from management override of controls as significant.

Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We have not identified any specific additional risks of management override relating to this audit.



### Our findings

- For our conclusion on accounting estimates, refer to page 11.
- We have no findings to report in respect of accounting policies.
- We noted that formal IT process to ensure segregation of duties over journal postings and authorisation is not currently in place. Management have ultimate ownership over the journal postings and management perform a review of journals. The level of documentation of this review is not sufficient for us to place reliance on the control. We are aware that management have implemented a review process for all manual journals to provide an element of segregation but there is no restricted access or segregation of duties to posting & approving of journals. We have made no recommendation in respect of this control, but we are required to report this deficiency to you.
- We did not identify any significant unusual transactions.
- We identified two journal entries meeting our high-risk criteria and have not identified any findings in respect of these journals.

### Conclusion

We have not identified any instances of management override of controls in our work.

Note: (a) Significant risk that professional standards require us to assess in all cases.



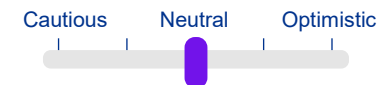
# Audit risks and our audit approach (cont.)



2

## Valuation of post retirement benefit obligations (Firefighters Pension Scheme)

Risk that an inappropriate amount is estimated and recorded for the defined benefit obligation



### Significant audit risk

The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Authority's pension liability could have a significant effect on the financial position of the Authority.

The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation over the Firefighters Pension Scheme has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Authority in completing the year end valuation of the pension deficit and the year on year movements.

When we issued our audit plan we did not specify which pension scheme memberships the risk related to. Having reviewed year-end balances, we have concluded that the risk is limited to the Firefighters Pension Scheme on account of its size (the Local Government Pension Scheme membership being comparatively smaller).



### Our response

We have performed the following procedures designed to specifically address this significant risk:

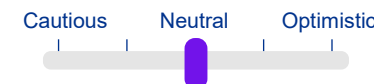
- We understood the processes the Authority have in place to set the assumptions used in the valuation;
- We evaluated the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- We performed inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- We agreed the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- We evaluated the design and implementation of controls in place for the Authority to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- We challenged, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- We confirmed that the accounting treatment and entries applied by the Authority are in line with IFRS and the CIPFA Code of Practice;
- We considered the adequacy of the Authority's disclosures in respect of the sensitivity of the deficit or surplus to these assumptions;
- We assessed the impact of a new triennial valuation model and/or any special events, where applicable

# Audit risks and our audit approach (cont.)

2

## Valuation of post retirement benefit obligations (Firefighters Pension Scheme) (cont.)

Risk that an inappropriate amount is estimated and recorded for the defined benefit obligation



### Significant audit risk

The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Authority's pension liability could have a significant effect on the financial position of the Authority.

The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation over the Firefighters Pension Scheme has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Authority in completing the year end valuation of the pension deficit and the year on year movements.

When we issued our audit plan we did not specify which pension scheme memberships the risk related to. Having reviewed year-end balances, we have concluded that the risk is limited to the Firefighters Pension Scheme on account of its size (the Local Government Pension Scheme membership being comparatively smaller).



### Our findings

- We were content with the competency, objectivity of the actuaries and the overall methodology and processes used to calculate the liabilities.
- We were unable to identify a suitable and formal management control to respond to the significant risk of defined benefit obligations linked to estimation uncertainty. We have however considered management's response and consider it proportionate given the circumstances.
- Our specialists have assessed the overall assumptions used by the actuary to be balanced and within a reasonable range:
  - Firefighters' pensions scheme: All of the individual assumptions were assessed to be balanced with the exception of the CPI which was cautious but within the appropriate range.

### Conclusion

We have not identified any issues in relation to the significant assumptions used within the valuation of the firefighters pension scheme liabilities.

# Key accounting estimates and management judgements– Overview

## Our view of management judgement

Our views on management judgments with respect to accounting estimates are based solely on the work performed in the context of our audit of the financial statements as a whole. We express no assurance on individual financial statement captions.

Asset/liability class	Our view of management judgement	Balance (£m)	YoY change (£m)	Our view of disclosure of judgements & estimates	Further comments
	Cautious    Neutral    Optimistic			Needs improvement    Neutral    Best practice	
<b>Asset 1</b> Defined benefit plan assets and asset ceiling – LGPS		36.3	1.0		KPMG actuarial specialists reviewed the assumptions underpinning the calculation of the defined benefit plan balances, for both the Firefighters' pensions scheme (FFPS) and Lcoal Government Participation Scheme (LGPS) all the individual assumptions were assessed a balanced with the exception of the CPI which was cautious but within the appropriate range.  We assessed the level of surplus that should be recognised by the Authority; and we were content with the calculation of the asset ceiling and hence limitation on surpluses recognised for the LGPS membership.
<b>Liability 1</b> Defined benefit plan liabilities – FFPS		(205.6)	17.5		
<b>Liability 2</b> Defined benefit plan liabilities – LGPS		(28.9)	3.0		
<b>Asset 2</b> Land and buildings		52.9	(2.3)		We have evaluated the judgements underpinning the valuation of land and buildings and concluded the valuation, and disclosures, to be balanced.

# Significant audit misstatements

Management has approved the correction of the audit misstatements detailed on page 25 and they are reflected in the draft financial statements. A summary of the uncorrected audit misstatements is detailed on page 24.

The misstatements identified, and their estimated financial impact on the deficit on provision of services, are summarised in the table on the right.

In line with ISA (UK) 450 we request that you correct uncorrected misstatements.

- If the uncorrected factual audit misstatements were posted, they would decrease the deficit by £200k.
- For our views on management estimates – see Page 11 (Key accounting estimates)
- A detailed summary of corrected and uncorrected audit misstatements and omissions and errors in disclosure is included in the appendix.

## Audit misstatements – deficit on provision of services

	Type	£'000s	Comment
Trial balance			
		6,501	
Corrected misstatements			
IFRS 16	Factual	347	There was an error in the calculation of an element of the IFRS 16 transition adjustment. This has no impact on outturn and therefore has no impact on the general fund.
Reported in FS			
		6,848	
Uncorrected misstatements			
Provisions	Factual	(200)	The Authority provided for a lease break penalty when there is no certainty that the break penalty would be triggered, and there is no opportunity to break the lease for several years. This impacts on outturn.
Our assessment			
		6,648	

### Types of misstatement

- Factual:** Misstatements about which there is no doubt
- Projected:** Our best estimate of misstatements in the audited populations
- Judgemental:** Differences arising from judgements of management that we consider unreasonable or inappropriate



# Other matters

## Narrative report

We have read the contents of the Narrative Report and checked compliance with the requirements of the Annual Report and financial statements with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ('the Code'). Based on the work performed:

- We have not identified any inconsistencies between the contents of the Narrative Report and the financial statements.
- We have not identified any material inconsistencies between the knowledge acquired during our audit and the statements of the Authority.

As Overview & Audit Committee members you confirm that you consider that the Narrative Report and financial statements taken as a whole are fair, balanced and understandable and provides the information necessary for regulators and other stakeholders to assess the Authority's performance, model and strategy.

## Annual Governance Statement

We have reviewed the Authority's 2024/25 Annual Governance Statement and confirmed that:

- It complies with Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE; and
- It is not misleading and is consistent with other information we are aware of from our audit of the financial statements.

## Whole of Government Accounts

As required by the National Audit Office (NAO) we carry out specified procedures on the Whole of Government Accounts (WGA) consolidation pack.

We are yet to receive instructions from NAO regarding WGA.

## Independence and Objectivity

ISA 260 also requires us to make an annual declaration that we are in a position of sufficient independence and objectivity to act as your auditors, which we completed at planning and no further work or matters have arisen since then.

## Audit Fees

Our scale fee for the 2024/25 audit, as set by PSAA is £106,017 plus VAT. See page 21 for details and status of fee variations.

We have not completed any non audit work at the Authority during the year.

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# **Value for money**

# Value for Money

We are required under the Audit Code of Practice to confirm whether we have identified any significant weaknesses in the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources.

In discharging these responsibilities we include a statement within our audit report on your accounts to confirm whether we have identified any significant weaknesses. We also prepare a commentary on your arrangements that is included within our Auditor’s Annual Report, which is required to be published on your website alongside your annual report and accounts.

### Commentary on arrangements

We have prepared our Auditor’s Annual Report and a copy of the report is included within the papers for the Committee alongside this report. The report is required to be published on your website alongside the publication of the annual report and accounts.

### Response to risks of significant weaknesses in arrangements to secure value for money

As noted on the right, we have identified no risks of a significant weakness in the Authority’s arrangements to secure value for money.

We have no recommendations to report.

### Summary of findings

We have set out in the table below the outcomes from our procedures against each of the domains of value for money:

Domain	Risk assessment	Summary of arrangements
Financial sustainability	No significant risks identified	No significant weaknesses identified
Governance	No significant risks identified	No significant weaknesses identified
Improving economy, efficiency and effectiveness	No significant risks identified	No significant weaknesses identified

Further detail is set out in our Auditor’s Annual Report.

### Performance improvement observations

As part of our work we have identified two Performance Improvement Observations, which are suggestions for improvement but not responses to identified significant weaknesses – see page 16.

# Value for Money: Performance improvement observations

The performance improvement observations raised as a result of our work in respect of identified or significant value for money risks in the current year are as follows:

Priority rating for observations			
1	<b>Priority one:</b> Observations linked to issues where, if not rectified, these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	2	<b>Priority two:</b> Observations linked to issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately, but the weakness remains in the system.
3	<b>Priority three:</b> Observations linked to issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.		

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
1	3	<b>High Wycombe fire station</b>  The Authority has identified that the condition of the High Wycombe fire station is deteriorating on account of the stations age. If the quality of the station deteriorates further, there may be an impact on the quality of services provided out of that station.  The Authority has started work to identify and appraise options for the fire station. However, there can be a long lead time in being able to perform capital works therefore it's important that the Authority deals with the station as a priority.  The Authority should ensure that work to rectify the condition of the High Wycombe fire station is reported regularly through the Authority's governance structure to allow for scrutiny as to the nature of the proposed works and progress in implementing a solution.	Management will provide a verbal response at the Overview & Audit Committee meeting.
2	3	<b>Risk management</b>  The Authority has a risk management process which is appropriate and proportionate to the size, nature, and complexity of the Authority. However the Authority should consider enhancing risk management processes by including elements we consider to be good practice from other organisations. These are:  - Setting a risk appetite statement for the different types of risk the authority faces (e.g. financial, quality, reputational) - this may result in the Authority identifying that existing controls are insufficient to bring a risk within appetite, or may allow the Authority to take on a greater degree of risk, whilst still controlled, to enhance the services it provides.  - Setting a target score and date for each individual risk - this would allow members to assess whether the Authority is effectively managing risks to the desired level, or whether there is a gap in the mitigations required to adequately control risk.	Management will provide a verbal response at the Overview & Audit Committee meeting.





# Value for Money: Performance improvement observations

Below we have set out our findings from following up performance improvement observations raised in prior periods:

#	Risk	Recommendation	Management Response	Update as of January 2026
1	3	<p>HMICFRS produced an inspection report on 19 October 2023, which triggered an Extraordinary Fire Authority meeting on 24 October 2023 to review the outcome.</p> <p>The report sets out the outcome of the inspection, a summary of the main findings, and the areas for improvement identified by HMICFRS. Responsibility to resolve the issues was assigned to the Head of Transformation &amp; PMO. An action plan was developed which was submitted to HMICFRS. It says that progress against the plan will be presented to O&amp;A and FA meetings.</p> <p>The plan was dated November 2023. Page 4 of the report sets out the governance arrangements for the report, which we consider to be appropriate. The plan sets out actions, which are linked to each recommendation raised by the HMICFRS, with an accountable lead, deadlines, KPIS, and RAG ratings.</p> <p>We saw updates on the action plan taken to meetings of the Fire Authority, Overview and Audit, and Executive Committee. This flagged matters which were on risk to progress.</p> <p>A report in February 2024 sets out an improvement board with clear terms of reference for responding to the issues raised. The updates to the progress report show changes in RAG status over time, so trends in performance can be assessed, and detailed commentary on progress made against each action. This includes explanations for why actions were at risk where relevant. Overall, we are satisfied the process set out above is adequate in ensuring good governance in resolving the issues raised. We asked Anne-Marie Carter, Head of Transformation &amp; PMO when actions would transfer to BAU. We were told this was when there was clear evidence of the improvements being embedded. We understand this happened post year-end.</p> <p>We will raise a low priority PIO to recommend that the authority closes all actions on a prompt basis and builds KPIS into the authority's existing performance monitoring arrangements to ensure issues do not re-occur.</p>	<p>As noted in the recommendation, there is a clearly defined list of actions monitored through a structured governance process. This will continue. All actions are due to be completed by 31 March 2025, although the target date for moving these to BAU has been set to the end of Q1 2025-26 to ensure these are fully embedded with appropriate KPIS in place.</p>	<p>As of now we consider these matters to be closed.</p>

# Appendix

# Rebuilding assurance risk assessments results









The risk assessment has identified risks of material misstatement therefore we need to complete procedures to address the risk of material misstatement. The table below identified the risks of material misstatements, the procedures to address the risks and the findings and conclusion from the procedures.










Where balances have been not associated with risks of material statement – we are satisfied from our risk assessment the risk of material misstatement is remote.

The national audit office have recently issued guidance to help auditors in the work to rebuild assurance. Work is ongoing to understand the impact of this guidance on the nature of our audit report. Our risk assessment was one of the first undertaken and prior to signing we are planning to undertake a moderation exercise to compare our findings with those of similar authorities.

#	Risk of material misstatement identified	Procedures to address the risk of material misstatement	Findings and conclusions from the procedures
1	<p><b>Potential inappropriate capitalisation of expenditure during 2022/23</b></p> <p>This would have the impact of (for the periods the expenditure relates to) overstating assets, understating expenditure and therefore having an impact on the level of general fund reserves available to the authority at the start of the period subject to our audit.</p>	<p>We are sample testing expenditure linked to property, plant and equipment and investment properties from that periods to assess whether capitalisation was appropriate.</p>	<p>Our work is complete subject to review and finalisation.</p> <p>We have no matters to report at the time of writing this report.</p>

# Required communications

Type	Response
<b>Our draft management representation letter</b>	 We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2025.
<b>Adjusted audit differences</b>	 There was one adjusted audit difference which had no impact on outturn. See page 25.
<b>Unadjusted audit differences</b>	 The aggregated outturn impact of unadjusted audit differences would be to increase it by £200k. In line with ISA 450 we request that you adjust for these items. However, they will have no effect on the opinion in the auditor's report, individually or in aggregate. See page 24.
<b>Related parties</b>	 There were no significant matters that arose during the audit in connection with the entity's related parties.
<b>Other matters warranting attention by the Audit Committee</b>	 There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.
<b>Control deficiencies</b>	 We communicated to management in writing all deficiencies in internal control over financial reporting of a lesser magnitude than significant deficiencies identified during the audit throughout the audit.
<b>Actual or suspected fraud, noncompliance with laws or regulations or illegal acts</b>	 No actual or suspected fraud involving management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements identified during the audit.
<b>Issue a report in the public interest</b>	 We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters.

Type	Response
<b>Significant difficulties</b>	 No significant difficulties were encountered during the audit.
<b>Modifications to auditor's report</b>	 The wording of our auditor's report is under discussion with our technical team and we will report verbally on its content.
<b>Disagreements with management or scope limitations</b>	 The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.
<b>Other information</b>	 No material inconsistencies were identified related to other information in the statement of accounts.
<b>Breaches of independence</b>	 No matters to report. The engagement team have complied with relevant ethical requirements regarding independence.
<b>Accounting practices</b>	 Over the course of our audit, we have evaluated the appropriateness of the Authority's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.
<b>Significant matters discussed or subject to correspondence with management</b>	 None.
<b>Certify the audit as complete</b>	 We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above.  We will issue our certificate once we have received confirmation from the National Audit Office that their audit of the Whole of Government Accounts is complete and therefore all our work in respect of the Authority's Whole of Government Accounts consolidation pack is complete.
<b>Whole of government accounts</b>	 As required by the National Audit Office (NAO) we carry out specified procedures on the Whole of Government Accounts (WGA) consolidation pack. We are yet to receive instructions from NAO regarding WGA.

# Fees

## Audit fee

Our fees for the year ending 31 March 2025 are set out in the table below (note all fees are exclusive of VAT).

Entity	2024/25 (£'000)	2023/24 (£'000)
Scale fee as set by PSAA	106	95
Standard fee variation subject to be PSAA approval		
• ISA315		8
• New system implemented		2
• VFM additional risk		5
• IFRS 16	2	
Auditor reporting fee variation subject to be PSAA approval	4	8
Buildback fee variation subject to be PSAA approval	25	4
<b>TOTAL FEE PAYABLE</b>	<b>137</b>	<b>122</b>

Work to build back assurance and return to a position of an unmodified audit opinion is subject to a fee variation. We will discuss that, and any other fee variations, with the Authority following the conclusion of the audit. Indicative figures are set out above.

## Billing arrangements

- Fees have been billed in accordance with the milestone completion phasing that has been communicated by the PSAA.
- Note some fees are subject to PSAA determination and will therefore be confirmed on that determination.

# Confirmation of Independence

**We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Director and audit staff is not impaired.**

To the Overview & Audit Committee members

## Assessment of our objectivity and independence as auditor of Buckinghamshire and Milton Keynes Fire Authority

Professional ethical standards require us to provide to you at the completion stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

## General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard.

As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

## Independence and objectivity considerations relating to the provision of non-audit services

### Summary of non-audit services

There are no non-audit services.

# Confirmation of Independence (cont.)

## Summary of fees

We have considered the fees charged by us to the Authority and its affiliates for professional services provided by us during the reporting period. Total fees charged by us can be analysed as follows:

	2024/25	2023/24
	£'000s	£'000s
Audit of Authority	106	122
<b>Total audit fees</b>	<b>106</b>	<b>122</b>
Total non-audit services	-	-
<b>Total KPMG fees</b>	<b>106</b>	<b>122</b>

## Application of the Auditor Guidance Note 1 (AGN01)

The ratio of non-audit fees to audit fees for the year was 0 : 1 (PY: 0 : 1), or 0% which is compliant with Auditor Guidance Note 1 (AGN01). We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year. The non-audit services relate to agreed upon procedures engagements in relation to returns the Authority makes to central government, and are permissible under AGN01.

## Contingent fees

We confirm that we have complied with the FRC Ethical Standard's prohibition on charging contingent fees for non-audit services to or in respect of an audited entity.

## Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Overview & Audit Committee.

## Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP, each member of the audit engagement team, and anyone else within the Firm who can influence the conduct or outcome of this audit engagement is independent within the meaning of regulatory and professional requirements.

This report is intended solely for the information of the Overview & Audit Committee of the Authority and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP

KPMG LLP

# Uncorrected audit misstatements

Under UK auditing standards (ISA (UK) 260) we are required to provide the Overview & Audit Committee with a summary of uncorrected audit differences (including disclosure misstatements) identified during the course of our audit, other than those which are ‘clearly trivial’, which are not reflected in the financial statements. In line with ISA (UK) 450 we request that you correct uncorrected misstatements. However, they will have no effect on the opinion in our auditor’s report, individually or in aggregate. As communicated previously with the Overview & Audit Committee, details of all adjustments greater than £57,500 are shown below:

Uncorrected audit misstatements (£'000s)				
No.	Detail	CIES Dr/(cr)	Balance Sheet Dr/(cr)	Comments
1	Dr Provisions	-	200	The Authority provided for potential penalties payable should a lease be terminated earlier than expiry. However, there is no certainty that the lease would be terminated early, and there is no opportunity to terminate the lease until at least the 15 <sup>th</sup> anniversary since inception (at the earliest). Therefore, it is our view that this should be presented as a contingent liability.
	Cr Other service expenses	(200)	-	
Total		(200)	200	



# Corrected audit misstatements

Under UK auditing standards (ISA (UK) 260) we are required to provide the Overview & Audit Committee with a summary of corrected audit differences (including disclosures) identified during the course of our audit. The adjustments below have been included in the financial statements.

Corrected audit misstatements (£'000s)				
No.	Detail	CIES Dr/(cr)	Balance Sheet Dr/(cr)	Comments
1	Dr Right of use Assets	-	2,322	Elements of the transition adjustment for IFRS 16 were either incorrectly calculated or recorded in the financial statements. This was because the Authority did not calculate the lease liability in reference to payments made and used an incorrect inception date for the transition adjustment. There was also a presentational error in how the right of use assets were shown within the financial statements.
	Cr Land & Buildings	-	(2,318)	
	Dr Capital Adjustment Account	-	347	
	Cr Lease liability	-	(351)	
	Dr Other service expenses	330	-	
	Dr Interest expense	17	-	
	Cr Adjustments between accounting and funding basis	(347)	-	
Total		-	-	

The following adjustments were made to disclosures:

- The remuneration for a member of key management personnel was corrected to match the individual’s actual remuneration.

In addition, various other minor updates have been made to the accounts as part of our review.

# Control Deficiencies (cont.)

We have not raised any audit recommendations this year. We have also followed up the recommendations from the previous years audit, in summary:

Total number of recommendations	Number of recommendations implemented	Number outstanding (repeated below):
1	1	0

#	Risk	Issue, Impact and Recommendation	Current Status (January 2026)
1	3	<p><b>Review of bank reconciliations</b></p> <p>It was noted that the bank reconciliation is completed as part of month end processes. Principal Accountant reviews bank recon as part of month end review process and challenges unexpected movements/differences in order to identify and review unusual postings.</p> <p>However, we do not consider that a material misstatement is driven by the nature of the review control in itself as there we no issues noted so far but lack of formal approval and the level of documentation is not deemed to be sufficient to meet the requirements as defined by Auditing Standards to enable us to conclude the controls are designed and implemented effectively. As such, we have not been able to place reliance on this control.</p> <p><i>Recommendation: We recommend that management should have formal review for all bank reconciliations to ensure that reconciling items are appropriate to reduce related risks to minimal.</i></p>	<p><b>Implemented</b></p> <p>We are satisfied that this recommendation was implemented during the course of 2024/25.</p>

# FRC's areas of focus

The FRC released their **Annual Review of Corporate Reporting 2023/24** ('the Review') in **September 2024** having already issued three thematic reviews during the year.

The Review and thematic reviews identify where the FRC believes companies can improve their reporting. These slides give a high level summary of the key topics covered. We encourage management and those charged with governance to read further on those areas which are significant to their entity.



## Key expectations for 2024/25 annual reports

### Overview

The Review identifies that the quality of reporting across FTSE 350 companies has been maintained this year, but there is a widening gap in standards between FTSE 350 and non-FTSE 350 companies. This is noticeable in the FRC's top two focus areas, 'Impairment of assets' and 'Cash Flow Statements'.

'Provisions and contingencies' has fallen out of the top ten issues for the first time in over five years. This issue is replaced by 'Taskforce for Climate-related Financial Disclosures (TCFD) and climate-related narrative reporting'.

The FRC re-iterates that companies should apply careful judgement to tell a consistent and coherent story whilst ensuring the annual report is clear, concise and Authority-specific.

### Pre-issuance checks and restatements

The FRC expects companies to have in place a sufficiently robust self-review process to identify common technical compliance issues. The FRC continues to be frustrated by the increasing level of restatements affecting the presentation of primary statements. This indicates that thorough, 'step-back' reviews are not happening in all cases.

### Risks and uncertainties

Geopolitical tensions continue and low growth remains a concern in many economies, particularly with respect to going concern, impairment and recognition/recoverability of tax assets and liabilities. The FRC continues to push for enhanced disclosures of risks and uncertainties. Disclosures should be sufficient to allow users to understand the position taken in the financial statements, and how this position has been impacted by the wider risks and uncertainties discussed elsewhere in the annual report.

### Financial reporting framework

The FRC reminds preparers to consider the overarching requirements of the UK financial reporting framework in determining the information to be presented. In particular the requirements for a true and fair view, along with a fair, balanced, and comprehensive review of the Authority's development, position, performance, and future prospects.

The FRC does not expect companies to provide information that is not relevant and material to users, and companies should exercise judgement in determining what information to include.

Companies should also consider including disclosures beyond the specific requirements of the accounting standards where this is necessary to enable users to understand the impact of particular transactions or other events and conditions on the entities financial position, performance and cash flows.

# FRC's areas of focus (cont.)

## Impairment of assets

Impairment remains a key topic of concern, exacerbated in the current year by an increase in restatements of parent Authority investments in subsidiaries.

Disclosures should provide adequate information about key inputs and assumptions, which should be consistent with events, operations and risks noted elsewhere in the annual report and be supported by a reasonably possible sensitivity analysis as required.

Forecasts should reflect the asset in its current condition when using a value in use approach and should not extend beyond five years without explanation.

Preparers should consider whether there is an indicator of impairment in the parent when its net assets exceed the group's market capitalisation. They should also consider how intercompany loans are factored into these impairment assessments.

## Cash flow statements

Cash flow statements remain the most common cause of prior year restatements.

Companies must carefully consider the classification of cash flows and whether cash and cash equivalents meet the definitions and criteria in the standard. The FRC encourage a clear disclosure of the rationale for the treatment of cash flows for key transactions.

Cash flow netting is a frequent cause of restatements and this was highlighted in the '[Offsetting in the financial statements](#)' thematic.

Preparers should ensure the descriptions and amounts of cash flows are consistent with those reported elsewhere and that non-cash transactions are excluded but reported elsewhere if material.

## Climate

This is a top-ten issue for the first time this year, following the implementation of TCFD.

Companies should clearly state the extent of compliance with TCFD, the reasons for any non-compliance and the steps and timeframe for remedying that non-compliance. Where an Authority is also applying the CIPFA Climate-related Financial Disclosures, these are mandatory and cannot be 'explained', further the required location in the annual report differs.

Companies are reminded of the importance of focusing only on material climate-related information. Disclosures should be concise and Authority specific and provide sufficient detail without obscuring material information.

It is also important that there is consistency within the annual report, and that material climate related matters are addressed within the financial statements.

## Financial instruments

The number of queries on this topic remains high, with Expected Credit Loss (ECL) provisions being a common topic outside of the FTSE 350 and for non-financial and parent companies.

Disclosures on ECL provisions should explain the significant assumptions applied, including concentrations of risk where material. These disclosures should be consistent with circumstances described elsewhere in the annual report.

Authority should ensure sufficient explanation is provided of material financial instruments, including Authority -specific accounting policies.

Lastly, the FRC reminds companies that cash and overdraft balances should be offset only when the qualifying criteria have been met.

## Judgements and estimates

Disclosures over judgements and estimates are improving, however these remain vital to allow users to understand the position taken by the Authority. This is particularly important during periods of economic and geopolitical uncertainty.

These disclosures should describe the significant judgements and uncertainties with sufficient, appropriate detail and in simple language.

Estimation uncertainty with a significant risk of a material adjustment within one year should be distinguished from other estimates.

Further, sensitivities and the range of possible outcomes should be provided to allow users to understand the significant judgements and estimates.

# FRC's areas of focus (cont.)

## Revenue

Disclosures should be specific and, for each material revenue stream, give details of the timing and basis of revenue recognition, and the methodology applied. Where this results in a significant judgement, this should be clear.

## Presentation

Disclosures should be consistent with information elsewhere in the annual report and cover Authority -specific material accounting policy information. A thorough review should be performed for common non-compliance areas of IAS 1.

## Income taxes

Evidence supporting the recognition of deferred tax assets should be disclosed in sufficient detail and be consistent with information reported elsewhere in the annual report. The effect of Pillar Two income taxes should be disclosed where applicable.

## Strategic report

The strategic report must be 'fair, balanced and comprehensive'. Including covering all aspects of performance, economic uncertainty and significant movements in the primary statements. Companies should ensure they comply with all the statutory requirements for making distributions and repurchasing shares.

## Fair value measurement

Explanations of the valuation techniques and assumptions used should be clear and specific to the Authority. Significant unobservable inputs should be quantified and the sensitivity of the fair value to reasonably possible changes in these inputs should provide meaningful information to readers.

## Thematic reviews

The FRC has issued three thematic reviews this year: 'Reporting by the UK's largest private companies' (see below), 'Offsetting in the financial statements', and 'IFRS 17 Insurance contracts –Disclosures in the first year of application'. The FRC have also performed Retail sector research (see below).

### UK's largest private companies

The quality of reporting by these entities was found to be mixed, particularly in explaining complex or judgemental matters. The FRC would expect a critical review of the draft annual report to consider:

- internal consistency
- whether the report as a whole is clear, concise, and understandable; notably with respect to the strategic report
- whether it omits immaterial information, or
- whether additional information is necessary for the users understanding particularly with respect to revenue, judgments and estimates and provisions







### Retail sector focus

Retail is a priority sector for the FRC and the research considered issues of particular relevance to the sector including:

- Impairment testing and the impact of online sales and related infrastructure
- Alternative performance measures including like for like (LFL) and adjusted e.g. pre-IFRS 16 measures
- Leased property and the disclosure of lease term judgements, particularly for expired leases.
- Supplier income arrangements and the clarity of accounting policies and significant judgements around measurement and presentation of these.

## 2024/25 review priorities

The FRC has indicated that its 2024/25 reviews will focus on the following sectors which are considered by the FRC to be higher risk by virtue of economic or other pressures:

- |  |  |  |
|--|--|--|
|  Industrial metals and mining |  Construction and materials     |  Food producers     |
|  Retail                       |  Gas, water and multi-utilities |  Financial Services |

# KPMG's Audit quality framework

**Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.**

To ensure that every director and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight (and Risk) Committee, and accountability is reinforced through the complete chain of command in all our teams.

## ■ Commitment to continuous improvement

- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

## ■ Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

## ■ Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



## ■ Association with the right entities

- Select clients within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

## ■ Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

## ■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members employed KPMG specialists and specific team members



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# **DRAFT Auditor's Annual Report for Buckinghamshire and Milton Keynes Fire Authority**

**Year-ended 31 March 2025**

—

5 November 2025

# Contents



DRAFT

## Key Contacts

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Our audit report will be made solely to the members of Buckinghamshire and Milton Keynes Fire Authority (the Authority), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the members of Authority, as a body, for our audit work, for our auditor's report, for this Auditor's Annual Report, or for the opinions we have formed.

External auditors do not act as a substitute for the Authority's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

**01**

# **Executive Summary**

# Executive Summary

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## Purpose of the Auditor's Annual Report

This Auditor's Annual Report provides a summary of the findings and key issues arising from our 2024-25 audit of Buckinghamshire and Milton Keynes Fire Authority (the 'Authority'). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office (the 'Code of Audit Practice') and is required to be published by the Authority alongside the annual report and accounts.

## Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014 (the Act). Our responsibilities under the Act, the Code of Audit Practice and International Standards on Auditing (UK) ('ISAs (UK)') include the following:



**Financial Statements** - To provide an opinion as to whether the financial statements give a true and fair view of the financial position of the Authority and of its income and expenditure during the year and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2024/25 ('the CIPFA Code').



**Other information (such as the narrative report)** - To consider, whether based on our audit work, the other information in the Statement of Accounts is materially misstated or inconsistent with the financial statements or our audit knowledge of the Authority.



**Value for money** - To report if we have identified any significant weaknesses in the arrangements that have been made by the Authority to secure economy, efficiency and effectiveness in its use of resources. We are also required to provide a summary of our findings in the commentary in this report.



**Other powers** - We may exercise other powers we have under the Act. These include issuing a Public Interest Report, issuing statutory recommendations, issuing an Advisory Notice, applying for a judicial review, or applying to the courts to have an item of expenditure declared unlawful.

In addition to the above, we respond to any valid objections received from electors.

## Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities.

Financial statements and other information	The Code of Audit Practice requires us to issue the Auditor's Annual Report no later than 30 November of each year. In order for us to comply with this requirement, we have issued this Auditor's Annual Report prior to the completion of our work in relation to the financial statements and other information. Consequently, we have not reached our conclusions in respect of these areas.
Value for money	We identified no significant weaknesses in respect of the arrangements the Authority has put in place to secure economy, efficiency, and effectiveness in the use of its resources. Further details are set out on page 7.
Whole of Government Accounts	<p>We are required to perform procedures and report to the National Audit Office in respect of the Authority's consolidation return to HM Treasury in order to prepare the Whole of Government Accounts.</p> <p>As the National Audit Office has not yet informed us that we are not required to perform any further procedures, we are unable to confirm that we have concluded our work in this area.</p>
Other powers	See overleaf. Note that, as we are still performing our procedures in relation to the financial statements, we may choose to exercise our other powers in relation to the 2024-25 audit in the future.

# Executive Summary

DRAFT

There are several actions we can take as part of our wider powers under the Act:

## Public interest reports

We may issue a Public Interest Report if we believe there are matters that should be brought to the attention of the public.

If we issue a Public Interest Report, the Authority is required to consider it and to bring it to the attention of the public.

**As at the date of this report, we have not issued a Public Interest Report this year.**

## Judicial review/Declaration by the courts

We may apply to the courts for a judicial review in relation to an action the Authority is taking. We may also apply to the courts for a declaration that an item of expenditure the Authority has incurred is unlawful.

**As at the date of this report, we have not applied to the courts.**

## Recommendations

We can make recommendations to the Authority. These fall into two categories:

1. We can make a statutory recommendation under Schedule 7 of the Act. If we do this, the Authority must consider the matter at a general meeting and notify us of the action it intends to take (if any). We also send a copy of this recommendation to the relevant Secretary of State.
2. We can also make other recommendations. If we do this, the Authority does not need to take any action, however should the Authority provide us with a response, we will include it within this report.

**As at the date of this report, we made no recommendations under Schedule 7 of the Act.**

**As at the date of this report, we have not raised any other recommendations.**

## Advisory notice

We may issue an advisory notice if we believe that the Authority has, or is about to, incur an unlawful item of expenditure or has, or is about to, take a course of action which may result in a significant loss or deficiency.

If we issue an advisory notice, the Authority is required to stop the course of action for 21 days, consider the notice at a general meeting, and then notify us of the action it intends to take and why.

**As at the date of this report, we have not issued an advisory notice.**

In addition to these powers, we can make performance improvement observations to make helpful suggestions to the Authority. Where we raise observations we report these to management and the Overview & Audit Committee. The Authority is not required to take any action to these, however it is good practice to do so and we have included any responses that the Authority has given us.

**02**

# **Value for Money**

# Value for Money

DRAFT

## Introduction

We are required to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or ‘value for money’. We consider whether there are sufficient arrangements in place for the Authority for the following criteria, as defined by the Code of Audit Practice:



**Financial sustainability:** How the Authority plans and manages its resources to ensure it can continue to deliver its services.



**Governance:** How the Authority ensures that it makes informed decisions and properly manages its risks.



**Improving economy, efficiency and effectiveness:** How the Authority uses information about its costs and performance to improve the way it manages and delivers its services

We do not act as a substitute for the Authority’s own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. We are also not required to consider whether all aspects of the Authority’s arrangements are operating effectively, or whether the Authority has achieved value for money during the year.

## Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor’s Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Authority.

## Summary of findings

Our work in relation to value for money is complete.

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	9 – 10	11	12 – 13
Identified risks of significant weakness?	✗ No	✗ No	✗ No
Actual significant weakness identified?	✗ No	✗ No	✗ No
2023-24 Findings	No significant risks identified	Risk of significant weakness noted but did not materialise into significant weakness	Risk of significant weakness noted but did not materialise into significant weakness
Direction of travel	↔	↗	↗

# Value for Money

DRAFT

## National context

We use issues affecting Fire Authorities nationally to set the scene for our work. We assess if the issues below apply to this Fire Authority.

### Financial performance and demand

Fire Authorities are generally funded through council tax, business rates and other government grants. Over recent years, Fire Authorities have been expected to do more with less, experiencing a real-term decrease in funding over the years when compared to inflation. This has caused Fire Authorities to change the way that services are delivered in order to remain financially viable and affordable.

As part of the 2021/22 Spending Review, the National Fire Chiefs Council and the Local Government Association proposed that across Fire and Rescue Authorities in England, the fire and rescue sector could create 2% of non-pay efficiencies and increase productivity by 3% by 2024/25. It is a requirement that all Fire Authorities publish their Efficiency and Productivity Plan on the Authority's website, explaining how they intend to plan and report on efficiencies and outline the savings they plan to deliver, as well as the plan to increase productivity outputs and their commitment to increasing efficiency where possible to enable reinvestment and maintain a sustainable financial position.

At the same time, Fire Authorities are seeing continued pressure from increased demand. This includes weather-related events, where dry conditions cause an increased number of wildfires, and severe floods increase in number.

### Culture and workforce

Culture in the Fire and Rescue Service has faced significant national scrutiny in 2023/24 following adverse media at some authorities and a focus on culture as part of inspections performed by HM Inspectorate of Fire and Rescue Services. The Inspectorate continues to focus on professional standards as part of their routine inspections.

Fire Authorities are very people-intensive organisations, with circa 77% of total expenditure being made up of staff costs. The culture a Fire Authority embeds across the organisation therefore plays a big part in how successfully the Authority is able to provide and deliver services and achieve their priorities. This requires an effective strategy and culture to be established to ensure a highly-skilled, motivated and diverse workforce are in place to deliver services to the communities they serve, without feeling discriminated or harassed within the workplace.

## Local context

Buckinghamshire and Milton Keynes Fire Authority is a provider of fire and rescue services across the two unitary authorities of Buckinghamshire and Milton Keynes.

The Authority has received positive feedback from its regulator and has been stood down from enhanced oversight. This is on account of improvements made following an adverse inspectorate outcome in a prior period.

The Authority has worked hard to increase its whole-time (i.e. not volunteer) headcount and has exceeded its target of 300, giving the authority greater ability to respond to incidents in a robust manner.

The Authority has benefitted from several successful year-end outturns. In particular, the Authority has experienced significant returns from having invested surplus cash. The returns, both from these investments and more broadly, has allowed the Authority make greater investment in services.

In particular, the Authority has been able to invest in fleet without resorting to borrowing. Looking forward, the Authority is now considering how to invest in premises, in particular the fire station at High Wycombe which is falling into disrepair.

The Authority is not significantly impacted by planned reorganisation of local government due to a lack of significant changes planned in Buckinghamshire. However, the authority is expecting to have funding withdrawn as part of the national funding review and is considering its options on how to remain financially sustainable in the future.



# Financial Sustainability

DRAFT

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

We have considered the following in our work:

- How the Authority ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Authority plans to bridge its funding gaps and identifies achievable savings;
- How the Authority plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Authority ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Authority identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

## Budget setting

The Authority was able to set a balanced budget for 2024/25. The Authority prepared its budget by taking its 2023/24 position, and updating for inflation, pay rises, and known changes to costs (for instance the authority might decide to make a decision to invest in the services provided). The largest cost for the Authority is in staff, and therefore the staff budget is based on the establishment list held by HR, adjusted for any approved changes to salary and headcount. This budget setting process is typical for local authorities.

The Authority, as with all local authorities, is under financial pressure however it did not experience significant difficulty in setting its financial plan. The Authority benefits from a reasonable balance of financial reserves, which are broadly earmarked for specific purposes such as mitigating financial risks. Notable, the Authority does not need to borrow to finance its capital plan because the Authority, over several years, has been able to set aside funds to purchase capital assets such as fire appliances.

As with many authorities, the impact of worsening economic conditions (such as inflation, pay demands, and the impact of tax increases) as well as planned reforms to local government funding means that the Authority will be subject to heightened financial pressures in the future. To mitigate this, the Authority has shifted to a “zero based” budgeting approach for 2025/26, the budget for which was planned during the latter part of 2024/25.

A zero based budget requires additional management effort due to the work required to establish what the essential costs to run the Authority are. However, zero based budgets can bring benefits by effectively stripping out inefficiencies and unnecessary costs, making it a reasonable response to the financial pressures faced by the Authority.

## Savings

As with all local authorities, the Authority has had to implement a savings plan in order to achieve a balanced budget. For the Authority, it set itself a target of identifying savings equal to 2% of the non-pay budget (with no planned savings for the pay budget). Actual savings of 2.2% were achieved.

The Authority has, in recent years, experienced resourcing pressures due to there being an insufficient number of whole-time (i.e. non volunteer) firefighters. Therefore, the Authority has prioritised investment in recruitment, meaning that savings were focused on non-staff costs. This is consistent with the Authority’s strategic objective of ensuring a whole-time establishment of 300 firefighters.

# Financial Sustainability



DRAFT

## Financial performance

The Authority's financial performance is set out on the right. As can be seen, the Authority experienced a significant favourable performance against budget on account of c. £1m. This was driven by two factors:

- As noted, the Authority has been investing in whole-time headcount over the course of 2024-25. As the Authority still needs to attend fires and other calls, it has previously been utilising bank staff and overtime to ensure it can meet demand. As more staff are hired, it has been possible to reduce use of sustained bank and overtime costs. Consequently, a saving was generated.
- Like other local authorities, the Authority invests surplus cash not required for operational purposes. The Authority does this primarily through deposits with reputable financial institutions and other authorities, and the Authority is advised by treasury advisors to assist in making appropriate and prudent use of its funds. Economic conditions, and effective investing by the Authority in particular has allowed the Authority to generate a substantial return on its funds, which have been set aside to meet costs that may arise in the future.

To assist in securing a positive financial outturn, the Authority has a robust approach to monitoring financial performance. As well as monitoring costs against budget, the Authority monitors a variety of operational KPIs which have a bearing on financial performance. These include bank staff cost, actual staff vs establishment, turnover, and absence (as high absence can drive an increase in agency costs or overtime for other permanent staff).

Key financial and performance metrics:	2024-25	2023-24
Planned surplus/(deficit)	0	0
Actual surplus/(deficit)	954k	189k
Usable reserves	14,908k	13,140k
Year-end borrowings, excluding leases	4,615k	4,615k
Year-end cash and investments position	26,721k	18,069k

# Governance

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

We have considered the following in our work:

- how the Authority monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Authority approaches and carries out its annual budget setting process;
- how the Authority ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Authority ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the Authority monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

## Risk management

The Authority has a reasonable approach to risk management. The Authority maintains a risk register which contains the features we would expect to see, including risk grading, actions, and tracking of risks over time. The Authority has identified a variety of risks reflecting ongoing sectoral issues meaning the risk register appropriately reflects ongoing sectoral developments. These include the impact of funding reform on financial sustainability and any impact from local government reorganisation at Milton Keynes City Council.

The Authority does also set a risk appetite, which allows the Authority to take on a greater degree of risk where it may result in better outcomes for service users, whilst also continuing to act in a prudent and balanced manner. Some authorities enhance their risk appetite by setting different risk appetite statements for different parts of their operations – for instance some authorities might wish to take a greater degree of financial risk if reserves are healthy whilst being more risk adverse in respect of service quality. A more granular risk appetite may help the Authority to make more targeted and significant investment decisions to improve services.

## Decision making

The Authority's decision making process is adequate and in line with our expectations. There is a range of committees considered proportionate to the size and complexity of the Authority. Decision making policy papers require officers to clearly set out the risks proposed by decisions in terms of both financial and operational risk. Notably, the Authority considers the equality and environmental impact of its decisions, ensuring that the Authority complies with the various statutory duties imposed on it.

One of the most significant decisions made by the Authority during the year was a decision to stop automatically attending the activation of automatic fire alarms. We noted that the papers submitted to the Authority meeting set out in detail the case for change and the outcome of consultations held with stakeholders. This meant that members had an adequate base of information with which to make their decision. It is not the role of External Audit to comment on the merit of any decisions made.

	2024-25	2023-24
<b>Control deficiencies reported in the Annual Governance Statement</b>	None	None
<b>Head of Internal Audit Opinion</b>	Reasonable Assurance	Reasonable Assurance
<b>HM Inspectorate of Constabulary and Fire and Rescue Services rating</b>	Under default phase of monitoring 'Scan'	Under enhanced monitoring 'Engage'
<b>Local Government Ombudsman findings</b>	None	None

# Improving economy, efficiency and effectiveness

DRAFT



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

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Authority evaluates the services it provides to assess performance and identify areas for improvement;
- how the Authority ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the Authority commissions or procures services, how it assesses whether it is realising the expected benefits.

## Savings plans

As with all authorities, the Authority has identified savings plans of 2.2% of the non-pay budget. This compares to 3.1% of the non-pay budget in 2023/24 and both are in excess of the 2% target saving. The Authority has decided not to identify savings in respect of the pay budget because of continued plans to invest in workforce and reach target establishment of 300 wholetime firefighters. Therefore, the focus on non-pay savings is appropriate and consistent with the Authority's business plan.

The Authority has been able to generate substantial savings through recruiting wholetime firefighters. This is because the Authority has been incurring significant sustained costs from overtime and bank staff where the target establishment had not been met. Consequently, the bulk of the positive financial performance, and improvements in the efficiency and economy of the service more broadly, has been achieved through investment in permanent headcount.

## Operational performance

The Authority monitors its operational performance through a quarterly performance KPI dashboard. This gives a holistic view of the Authority's operations aligned to the Authority's four strategic priorities (Public Impact, Response, Great Place to Work, and Public Value), meaning it covers financial performance, quality, human resources, and risk. Each KPI is monitored monthly and is given a colour-grading, including highlighting metrics exceeding target so positive performance can be understood and learnt from.

In our Auditor's Annual Report for 2023-24, we reported that the KPI dashboard was not reported on a timely basis meaning the Authority was unable to take timely action to mitigate deteriorating performance. During 2024-25 performance was reported on a more timely basis.

Our review of the dashboard did not identify any indication of the Authority's operational performance significantly deteriorating.

## Procurement

The Authority has implemented procurement arrangements to assist in ensuring compliance with procurement regulations and we have not identified any concerns in respect of procurement arrangements as part of our work. Tender waivers, where authority to bypass these procurement regulations, can be an indication that arrangements are ineffective. At the Authority, there was a singular new tender waiver for a small value during 2024-25 for a fire training simulator on the basis that there was only a single supplier of the required product (ordinarily three quotes would be required for spend of this magnitude).

The low number of waivers, and the low value as a proportion of overall expenditure is indicative of a positive compliance culture, and effort to secure efficient use of resources.

# Improving economy, efficiency and effectiveness

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## Inspection outcomes

In our Auditor's Annual Report in the prior period, we identified a significant risk that value for money arrangements may be inadequate, but did not identify an actual weakness in arrangements. This was linked to the Authority's inspection outcome from HM Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS).

In 2023 HMICFRS moved the Authority into an enhanced monitoring process known as Engage. This was in response to serious causes of concern identified by HMICFRS in respect of a lack of improvements in equality, diversity and inclusion; and a lack of improvement in ensuring its teams can prioritise work according to risk. At the time, we did not identify a significant weakness in arrangements as we were satisfied that the Authority had an appropriate action plan and governance in place to ensure its successful implementation.

In January 2025, HMICFRS re-inspected the Authority and was able to close these causes of concern. That meant that, in March 2025, HMICFRS was able to move the Authority into its default phase of monitoring known as Scan. This evidenced that the Authority has satisfied the factors driving the adverse regulatory inspection and improved the quality of its services; and is now moving to a "business as usual" relationship with its regulator.

## Estates

The Authority operates its services out of a range of fire stations located across Buckinghamshire and Milton Keynes. There is an ongoing programme of refurbishment and upgrade to these fire stations to ensure they continue to support the delivery of high-quality services.

As we reported in the 2023-24 Auditor's Annual Report, the Authority has identified that its fire station in High Wycombe is of a poor standard, and has been determined to be the poorest condition fire station across its portfolio as part of a stock condition exercise.

In response to this, the Authority is considering what options it has to improve the condition of the station. In the short term the Authority is considering minor refurbishment work in order to rectify the most significant deficiencies.

The Authority will need to consider its longer-term options to bring this station up to an adequate standard. This might include either a substantial refurbishment, or the replacement with a new fire station on the same or different site.

The Authority should ensure that it continues to monitor the condition of this fire station, and reports on options for rectification to members so they may make an informed decision on what path to take.

For the remainder of the estate, whilst no specific concerns in respect of estate quality were identified, the Authority continues to invest in its estate, with refurbishment work over drill towers being the main area of capital investment during 2024-25.



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# Buckinghamshire & Milton Keynes Fire Authority

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**Meeting and date:** Overview and Audit Committee, 11 February 2026

**Report title:** Letter of Management Representation 2024/25

**Lead Member:** Councillor Niknam Hussain

**Report sponsor:** Mark Hemming, Director of Finance & Assets

**Author and contact:** Marcus Hussey [mhussey@bucksfire.gov.uk](mailto:mhussey@bucksfire.gov.uk)

**Action:** Decision.

**Recommendations:** That the Letter of Representation be approved for signature by the Chief Finance Officer and the Chairman of the Overview and Audit Committee.

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## **Executive summary:**

The Authority is required to consider and sign the letter of representation to KPMG in order for the audit opinion and conclusion to be issued.

---

## **Financial implications:**

No direct impact.

## **Risk management:**

No direct impact.

## **Legal implications:**

The audit of the financial statements is a statutory requirement.

## **Privacy and security implications:**

No direct impact.

## **Duty to collaborate:**

No direct impact.

## **Health and safety implications:**

No direct impact.

## **Environmental implications:**

No direct impact.

## **Equality, diversity, and inclusion implications:**

No direct impact.

**Consultation and communication:**

No direct impact.

**Background papers:**

None

Appendix	Title	Protective Marking
1	Letter of Management Representation 2024/25	
2	Letter of Management Representation Definitions	
3	Uncorrected audit adjustments	



## Appendix 1



Buckinghamshire  
Fire & Rescue Service  
*Making a difference together*

**Richard Walton**  
KPMG LLP  
Eastwest  
Tollhouse Hill  
Nottingham  
NG1 5FS

Our ref: Letter of Representation 2024/25  
Enquiries to: Mark Hemming  
Direct line: 01296 744687  
Date: 11 February 2026  
Email: mhemming@bucksfire.gov.uk

Dear Richard,

### **Buckinghamshire & Milton Keynes Fire and Rescue Authority - Audit for the year ended 31 March 2025**

This representation letter is provided in connection with your audit of the Authority financial statements of Buckinghamshire and Milton Keynes Fire Authority ("the Authority"), for the year ended 31 March 2025, for the purpose of expressing an opinion:

- i. as to whether these give a true and fair view of the financial position of the Authority as at year end and of the Authority's income and expenditure for the year then ended;
- ii. whether the Authority's financial statements have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ("CIPFA/LASAAC Code").

These financial statements comprise the following: the Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement, Cash Flow Statement, and the notes, comprising material accounting policies and other explanatory information and the Expenditure and Funding Analysis.

The Authority confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Authority confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

### **Financial statements**

1. The Authority has fulfilled its responsibilities, as set out in the Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendment) Regulations 2024, for the preparation of financial statements that:
  - i. give a true and fair view of the financial position of the Authority as at 31 March 2025 and of the Authority's income and expenditure for the year then ended;
  - ii. have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

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**Director of Finance & Assets: Mark Hemming FCPFA**  
Buckinghamshire Fire & Rescue Service  
Brigade Headquarters, Stocklake, Aylesbury, Bucks HP20 1BD  
Tel: 01296 744400

The financial statements have been prepared on a going concern basis.

2. The methods, the data and the significant assumptions used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
3. All events subsequent to the date of the financial statements and for which IAS 10 *Events after the reporting period* requires adjustment or disclosure have been adjusted or disclosed.
4. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to Appendix 3 of this representation letter.

### Information provided

5. The Authority has provided you with:
  - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that you have requested from the Authority for the purpose of the audit; and
  - unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. The Authority confirms the following:

The Authority has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in Appendix 2 of this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

8. The Authority has disclosed to you all information in relation to:
  - a) Fraud or suspected fraud that it is aware of and that affects the Authority and involves:
    - management;
    - members;
    - employees who have significant roles in internal control; or
    - others where the fraud could have a material effect on the financial statements;
  - and



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- b) allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, members, analysts, regulators or others.

In respect of the above, the Authority acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Authority acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and we believe we have appropriately fulfilled those responsibilities.

- 9. The Authority has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- 10. The Authority has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance *with IAS 37 Provisions, Contingent Liabilities and Contingent Assets*, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- 11. The Authority has disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with *IAS 24 Related Party Disclosures*.

Included in Appendix 2 of this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in IAS 24 and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

- 12. The Authority confirms that:

- a) The financial statements disclose all of the matters that are relevant to the Authority's ability to continue as a going concern, including the key risk factors, assumptions made and uncertainties surrounding the Authority's ability to continue as a going concern as required to provide a true and fair view and to comply with *IAS 1 Presentation of Financial Statements*.
- b) No material uncertainties related to events or conditions exist that may cast significant doubt upon the ability of the Authority to continue as a going concern.

- 13. On the basis of the process established by the Authority and having made appropriate enquiries, the Authority is satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with its knowledge of the business and are in accordance with the requirements of IAS 19 Employee Benefits.

The Authority further confirms that:

- a) all significant retirement benefits, including any arrangements that are:
  - statutory, contractual or implicit in the employer's actions;
  - arise in the UK and the Republic of Ireland or overseas;
  - funded or unfunded; and
  - approved or unapproved,
  - have been identified and properly accounted for; and
- b) all plan amendments, curtailments and settlements have been identified and properly accounted for.

This letter was tabled and agreed at the meeting of the Overview and Audit Committee on 11 February 2026.

Yours faithfully,

Cllr Stuart Wilson  
Chairman of the Overview and Audit Committee

Mark Hemming  
Director of Finance & Assets and Chief Finance Officer

11 February 2026

## **Appendix 2 – Appendix to the Authority Representation Letter of Buckinghamshire and Milton Keynes Fire Authority: Definitions**

### **Financial Statements**

A complete set of financial statements comprises:

- A Comprehensive Income and Expenditure Statement for the period;
- A Balance Sheet as at the end of the period;
- A Movement in Reserves Statement for the period;
- A Cash Flow Statement for the period; and
- Notes, comprising a summary of significant accounting policies and other explanatory information and the Expenditure and Funding Analysis.

A local authority is required to present group accounts in addition to its single entity accounts where required by chapter nine of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

A housing authority must present a Housing Revenue Account Statement.

A billing authority must present a Collection Fund Statement for the period showing amounts required by statute to be debited and credited to the Collection Fund.

A pension fund administering authority must prepare Pension Fund accounts in accordance with Chapter 6.5 of the Code of Practice.

An entity may use titles for the statements other than those used in IAS 1. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'.

### **Material Matters**

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

- a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
- c) dissimilar items, transactions or other events are inappropriately aggregated;
- d) similar items, transactions or other events are inappropriately disaggregated; and
- e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Assessing whether information could reasonably be expected to influence decisions made by the primary users of a specific reporting entity's general purpose financial statements requires an entity to consider the characteristics of those users while also considering the entity's own circumstances.

Many existing and potential investors, lenders and other creditors cannot require reporting entities to provide information directly to them and must rely on general purpose financial statements for much of the financial information they need. Consequently, they are the primary users to whom general purpose financial statements are directed. Financial statements are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena."

## **Fraud**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

## **Error**

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

## **Management**

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

## **Related Party and Related Party Transaction**

### **Related party:**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

- A person or a close member of that person's family is related to a reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity; or
  - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- An entity is related to a reporting entity if any of the following conditions applies:
  - The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - Both entities are joint ventures of the same third party.



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- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- The entity is controlled, or jointly controlled by a person identified in (a).
- A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

- a government that has control or joint control of, or significant influence over the reporting entity; and
- another entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting entity and the other entity.

**Related party transaction:**

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.





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### **Appendix 3 – Uncorrected audit adjustments**

Uncorrected audit misstatements (£'000s)				
No.	Detail	CIES Dr/(cr)	Balance Sheet Dr/(cr)	Comments
1	Dr Provisions Cr Other service expenses	- (200)	200 -	The Authority provided for potential penalties payable should a lease be terminated earlier than expiry. However, there is no certainty that the lease would be terminated early, and there is no opportunity to terminate the lease until at least the 15 <sup>th</sup> anniversary since inception (at the earliest). Therefore, it is KPMG's view that this should be presented as a contingent liability.
<b>Total</b>		<b>(200)</b>	<b>200</b>	

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# Buckinghamshire & Milton Keynes Fire Authority

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**Meeting and date:** Overview and Audit Committee, 11 February 2026

**Report title:** Statement of Accounts – Year Ended 31 March 2025

**Lead Member:** Councillor Niknam Hussain

**Report sponsor:** Mark Hemming, Director of Finance & Assets

**Author and contact:** Marcus Hussey [mhussey@bucksfire.gov.uk](mailto:mhussey@bucksfire.gov.uk)

**Action:** Decision.

**Recommendations:**

That the Statement of Accounts for the financial year ended 31 March 2025 be approved for signing by the Chief Finance Officer and Chairman of the Overview & Audit Committee.

---

**Executive summary:**

The Authority must prepare, in accordance with proper practices in relation to accounts, a statement of accounts for each year.

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved no later than 27 February 2026.

The Overview and Audit Committee are asked to consider any issues raised during the audit before approving the accounts for signing.

---

**Financial implications:**

No direct impact.

**Risk management:**

No direct impact.

**Legal implications:**

The Statement of Accounts must, following consideration, be approved by the Authority or Committee of the Authority. The Accounts and Audit (Amendment) Regulations 2024, introduced backstop dates by which local bodies must publish audited accounts and the National Audit Office have also issued the revised 'Code of Audit Practice 2024 Code of Audit Practice that requires auditors to give an opinion in time to enable local bodies to comply with the backstop date.

The backstop date imposed for the of 2024/25 financial statements is 27 February 2026.

**Privacy and security implications:**

No direct impact.

**Duty to collaborate:**

No direct impact.

**Health and safety implications:**

No direct impact.

**Environmental implications:**

No direct impact.

**Equality, diversity, and inclusion implications:**

No direct impact.

**Consultation and communication:**

No direct impact.

**Background papers:**

None

Appendix	Title	Protective Marking
1	Statement of Accounts 2024-25	



**Unaudited**

# **Annual Financial Statements**

**for the year ending 31 March 2025**



**Bucks Fire &  
Rescue Service**

# Table of Contents

The Annual Financial Statements contains the Statement of Accounts and additional accompanying statements.

The Statement of Accounts comprises the Statement of Accounting Policies, the Financial Statements (Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement) and the Notes to the Core Financial Statements. In addition, the Statement of Accounts also includes the Firefighters' Pension Fund Account and Notes to the Firefighters' Pension Fund Accounts.

The Auditor's Report and the Narrative Statement are outside the scope of the Statement of Accounts and therefore outside the scope of the responsible financial officer(s) true and fair certification.

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# Introduction

## Welcome to our Annual Financial Statements

This document sets out the financial activities of Buckinghamshire & Milton Keynes Fire Authority (the Authority) for the year ended 31 March 2025. It shows the financial detail of the services the Authority have provided together with explanatory notes, the resources consumed and the financial position at the end of the year compared with the previous year.

These statements are prepared for the Authority as a single entity. The Authority does not form part of a wider reporting group.

Buckinghamshire & Milton Keynes Fire and Rescue Service is a relatively small fire authority with limited resources both financially and in terms of numbers of personnel, but is constantly seeking to improve its services to the public, its performance and the value for money it delivers to its tax payers.

The economic pressures facing the country are reflected in the financial decisions being made by the Authority. These are explained in further detail in the Narrative Statement. The Authority are proactively working with our partners and the community to reduce the risks facing our communities.

Further details about the Service, our promise to the public and culture can be found on our website:

<https://bucksfire.gov.uk/about-us/our-culture/>

**Cllr \_\_\_\_\_**

Chairman of the Overview and Audit Committee

Date: -- -- --

**Mark Hemming FCPFA**

Director of Finance and Assets & Chief Finance Officer, Buckinghamshire & Milton Keynes Fire Authority

Date: -- -- --

## **Narrative Statement**

In compiling these accounts the Authority have followed the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom 2024/25: Based on International Financial Reporting Standards (the Code).

The accounts are drawn up in accordance with the accounting policies set out in detail in the Statement of Accounting Policies.

The responsibility for the proper administration of the Authority's financial affairs is vested in the statutory officer (referred to as the Section 112 Officer). This is the Director of Finance and Assets & Chief Finance Officer who is required by law to confirm that the Authority's system of internal controls can be relied upon to produce an accurate Statement of Accounts.

The Statement of Accounts contains four main statements. Each of the four main statements is accompanied by supplementary notes providing additional detail to figures presented. The four main statements are:

- Movement in Reserves Statement - this statement shows the changes in the financial resources over the year. The total usable reserves held as at 31 March 2025 was £14.908m (as at 31 March 2024 was £13.140m);
- Comprehensive Income and Expenditure Statement - this statement shows the gains and losses that contributed towards the changes in resources shown in the Movement in Reserves Statement. The deficit on the provision of services for 2024/25 was £6.848m (2023/24 was a deficit of £0.341m);
- Balance Sheet - this statement shows how the resources available are held in the form of assets and liabilities. The net assets figure is balanced by the Total Reserves figure (see also Movement in Reserves Statement); and
- Cash Flow Statement - this statement shows how the movement in resources has been reflected in cash flows. The starting point for this statement is the net surplus/deficit on the provision of services (see also Comprehensive Income and Expenditure Statement). The net increase in cash and cash equivalents during the year 2024/25 was £0.225m (net increase of £1.141m in 2023/24). Please refer to Note 17 for details of the movement.

These four statements are supported by notes to the accounts, which provide supplementary information to aid the understanding of these statements.

The Statement of Accounts also contains information regarding the Firefighters' Pension Fund Account.

This Narrative Statement provides information about the Authority, including the key issues affecting the Authority and its accounts. It also provides a summary of the financial position at 31 March 2025 and is structured as below:

- An Introduction to Buckinghamshire and Milton Keynes Fire Authority
- Key Facts about the Authority
- Financial Performance in 2024/25
- Corporate Risks



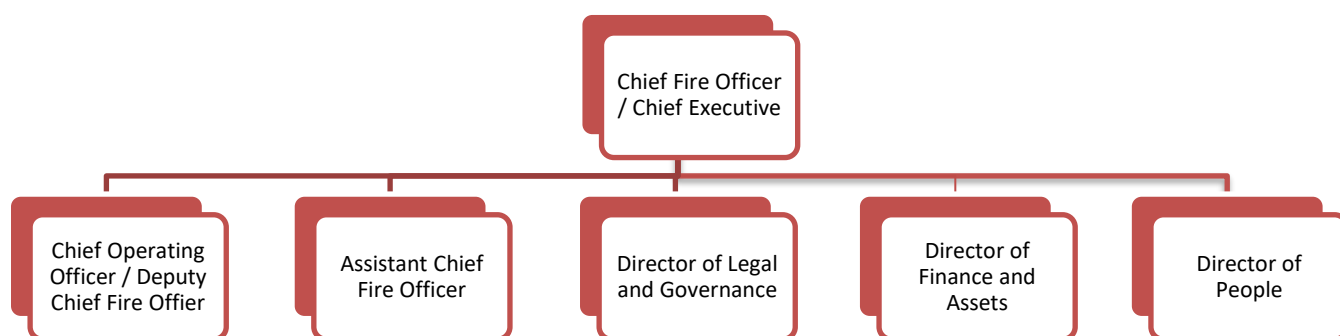
## An Introduction to Buckinghamshire and Milton Keynes Fire Authority

Buckinghamshire and Milton Keynes Fire Authority (BMKFA) is a local government body with responsibility for providing fire and rescue services for the County of Buckinghamshire and City of Milton Keynes. It oversees, on behalf of the public, the work of Buckinghamshire Fire and Rescue Service which undertakes the physical delivery of fire and rescue related safety and emergency response services. The Fire Authority, as at 27 June 2025 consists of 17 elected Councillors – eleven nominated by Buckinghamshire Council and six nominated by Milton Keynes Council in proportion to the number of local government electors in their area. The members of the Fire Authority make important decisions affecting the provision of fire and rescue services including:-

- Approving Buckinghamshire Fire & Rescue Service's plans, policies and strategies.
- Agreeing the staff, equipment and other resources needed to deliver an efficient and effective service.
- Setting the annual budget and Council Tax charge.

Our promise to the public is to provide an excellent, modern and agile fire and rescue service for our community, to have the right people, at the right time with the right skills to keep you safe and we will work to protect and safeguard people and places.

## Senior Management Structure



The Senior Management Board is responsible for the delivery of the services, directing improvements and future plans for the Authority. It provides managerial leadership and supports Councillors in:

- Developing strategies;
- Identifying and planning resources;
- Delivering plans; and
- Reviewing the Authority's effectiveness with the overall objective of providing excellent services to the public.

## 2020-2025 Public Safety Plan

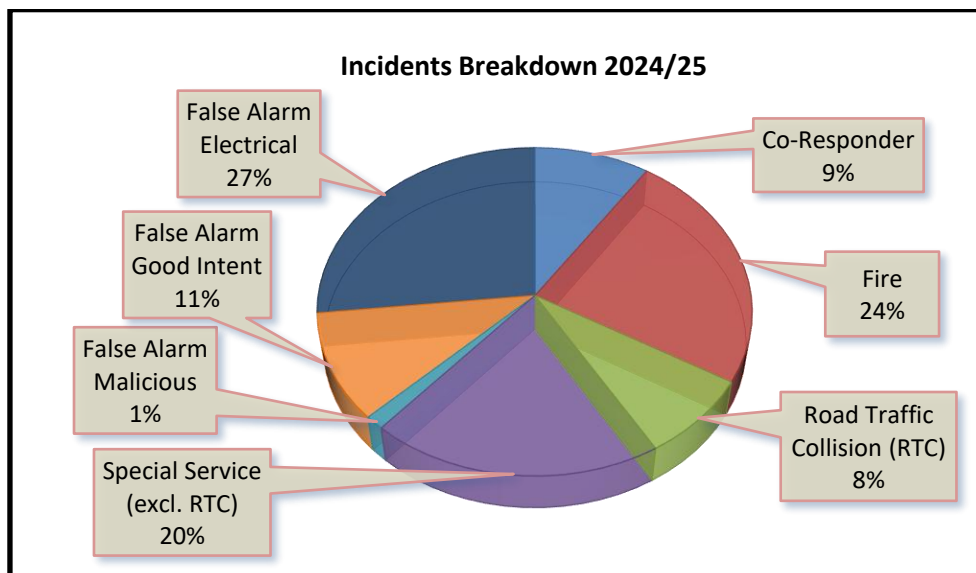
This Public Safety Plan (PSP) sets out Buckinghamshire and Milton Keynes Fire Authority's strategy for the provision of fire and rescue services for the five year period April 2020 to March 2025. The Plan has been developed using integrated risk management planning methods and is designed to conform to the Government's guidance in relation to the preparation of integrated risk management plans. The Public Safety Plan 2020-2025 can be viewed here:

[https://bucksfire.gov.uk/documents/2020/03/public\\_safety\\_plan\\_2020\\_to\\_2025.pdf/](https://bucksfire.gov.uk/documents/2020/03/public_safety_plan_2020_to_2025.pdf/)

## Key Facts about the Authority

### Incidents by type

During 2023/24 the Service responded to 7,172 recorded incidents. False alarm electrical (27% of total incidents), fire (24%) and special service (20%) accounts for a large proportion of incidents recorded followed by, false alarm good intent (11%), co-responder (9%), road traffic collisions (8%) and false alarms malicious (1%).



In addition to attending incidents, fire-fighters and prevention staff carried out 5,024 fire & wellness visits. It is the Authority's aim to target those who are most vulnerable and at risk from fire based upon our research and work with partners.

### Operational Resourcing

The Authority has 19 stations located across the Buckinghamshire and Milton Keynes area. Each station will contain strategically placed operational assets. They are located at (listed in alphabetical order): Amersham, Aylesbury, Beaconsfield, Brill, Broughton, Buckingham, Chesham, Gerrards Cross, Great Missenden, Haddenham, High Wycombe, Marlow, Newport Pagnell, Olney, Princes Risborough, Stokenchurch, Waddesdon, West Ashland and Winslow.

These operational assets include fire engines, water rescue (boats), aerial appliances, urban search and rescue (USAR) and a number of specialist assets. There are several duty systems operated within the Authority, with the main three being Whole-time, Day-Crewed and On-call.

Our **Whole-time** stations provide full-time emergency response cover 24/7, every day of the year. These stations also have additional capacity offered by 'on-call' firefighters available on various turn-out time.

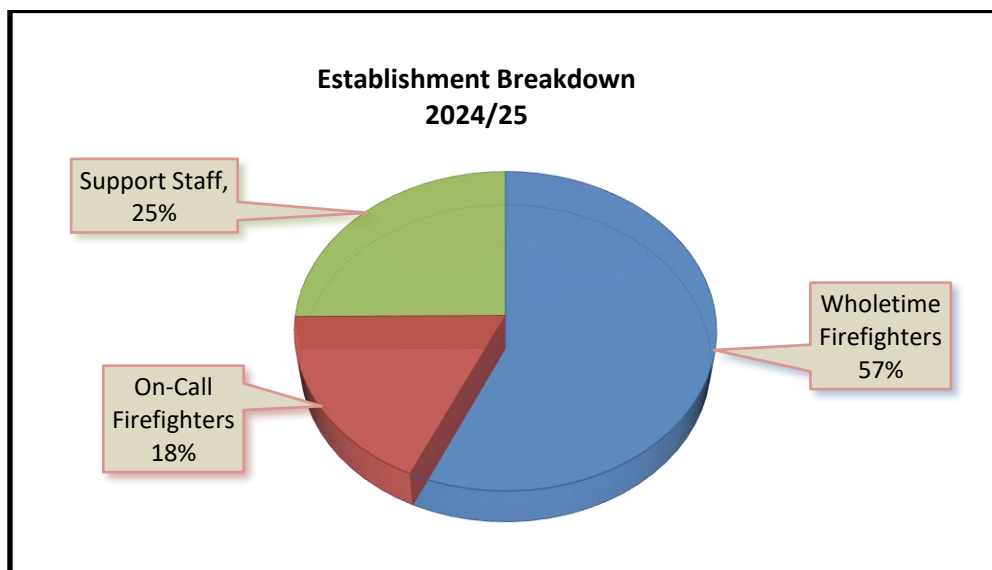
Our **Day-Crewed** stations provide full-time cover during the day (08:00-18:00 hours) and On-Call cover at night (18:00-08:00 hours).

Our **On-Call** stations use firefighters who live/work in the area and come in as and when required.

Since 2011, the Authority have been operating a **Co-Responding** service in partnership with South Central Ambulance Service. This partnership is delivered from several stations across the Buckinghamshire & Milton Keynes area.

## Establishment

The breakdown of the Authority's budgeted establishment can be seen in the chart below;



(Figures in the table above are based on full-time equivalents)

## Financial Performance in 2024/25

### Budget Setting 2024/25

#### Budget Setting and Council Tax Changes

The budget for 2024/25 was agreed at a full Authority meeting in February 2024. The figures were based on the final financial settlement announced by the Government. For this year, the limit for increasing Council Tax without a public vote (the referendum threshold) went back to 3% for Fire and Rescue Authorities (FRAs). The Authority, along with the National Fire Chiefs Council, had asked the Government to allow a £5 increase in Council Tax to help deal with rising costs. Unfortunately, this request was not approved, and the 3% limit stayed in place.

Therefore, the Fire Authority approved a 3% increase in Council Tax. This meant that the amount paid by a Band D household went up from £77.16 to £79.46 per year. This is an increase of £2.30 a year, or just under 4p a week. The new charge started on 1 April 2024.

#### Changes in Government Grants

The Revenue Support Grant (RSG) increased in line with inflation, based on the Consumer Price Index (CPI) from September 2023. However, the Firelink grant was cut by 20%. A pension grant of £1.206m was added to the RSG without any increase at the time, but it is planned to rise with inflation from 2025/26 onwards.

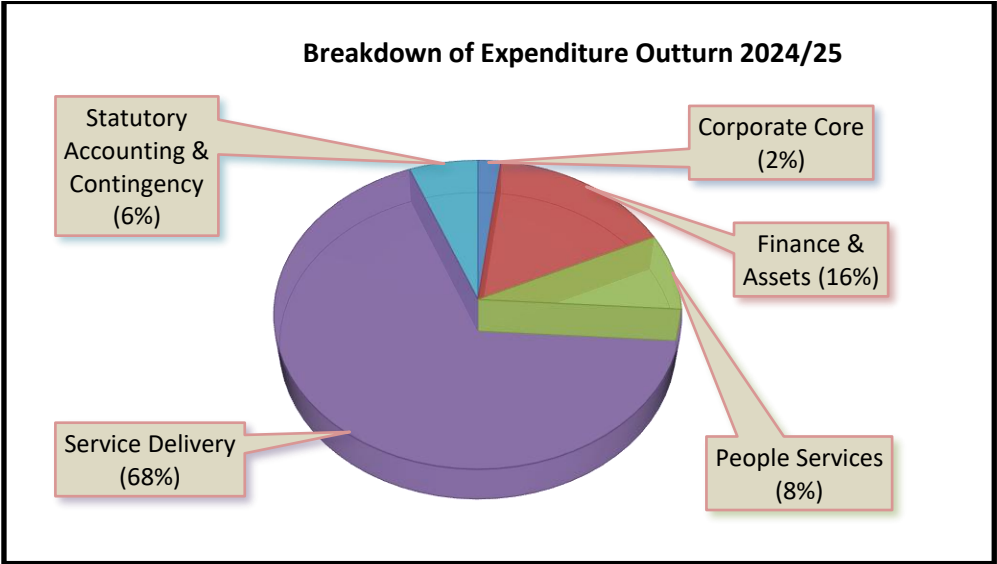
The Services Grant saw a major reduction of 84%, dropping from £0.199m to £0.032m. Due to these cuts, the service's core spending power increased by less than 3% before any Council Tax decisions were made. To help with this shortfall, the service received a funding guarantee grant. This ensured that the overall core spending power increased by at least 3%.

The rest of the service's spending was covered by other sources, including Government grants, redistributed business rates (NNDR), and income from other agencies. This included funding for specific responsibilities like Urban Search and Rescue (USAR) via the New Dimensions grant.

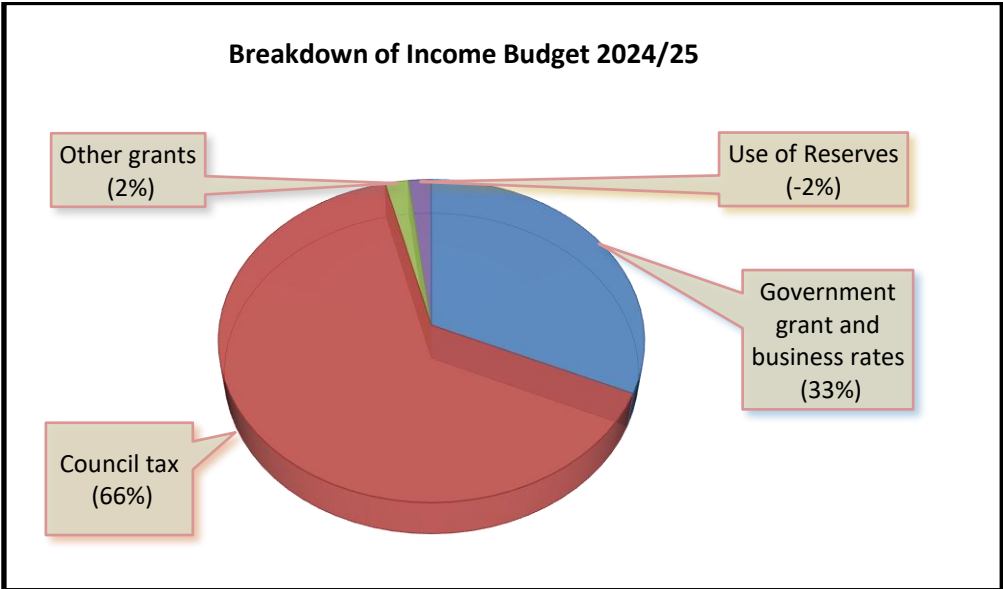
**Capital Programme**

The Authority mainly funds its capital projects using money from its regular budget, as capital grants are limited and usually only available for transformation projects. The capital programme focused on essential work, such as refurbishing fire stations and replacing specialist equipment and fire appliances.

**Breakdown of Expenditure Outturn 2024/25**



**Breakdown of Income Budget 2024/25**



## Revenue Outturn

The revenue budget for 2024/25 was £39,470m. This budget was set at the full Fire Authority meeting held in February 2024. The table below shows the revenue outturn position for the year. BMKFA reported an underspend of £0.954m.

Directorate	Total Budget £	Actual Year to Date £	Forecast Outturn £
Corporate Core	1,086,020	798,855	-287,165
Finance & Assets	6,495,290	6,323,895	-171,395
People Services	2,690,190	2,932,522	242,332
Service Delivery	26,983,160	26,349,858	-633,302
Statutory Acc. & Contingency	2,215,670	2,124,435	-91,235
<b>Total Expenditure</b>	<b>39,470,330</b>	<b>38,529,565</b>	<b>-940,765</b>
<b>Total Funding</b>	<b>-39,470,330</b>	<b>-39,483,535</b>	<b>-13,205</b>
<b>Net Position</b>	<b>0</b>	<b>-953,970</b>	<b>-953,970</b>

BMKFA reported an underspend primarily due to lower employee-related costs, including reduced spending on bank (overtime) and on-call staff, as well as unfilled support roles. Additionally, investment income exceeded expectations, generating £0.536 million more than budgeted, owing to a slower-than-anticipated decline in the Bank of England's base rate. Furthermore, in March 2025, a Court of Appeal ruling on Motorola's Airwave charges resulted in a one-off credit of £0.287 million to the service which also contributed to the underspend.

## Capital Outturn

Capital expenditure is not shown in the Comprehensive Income and Expenditure Statement but is budgeted for and reported separately. The capital programme for 2024/25 was £3.623m, including £1.300m from 2023/24 carry forward capital projects and £0.120m in-year movements.

The table below shows the final capital position at the end of 2024/25 for each capital programme.

Capital Programme	Total budget £000	Actuals £000	Slippage £000	Year End Variance £000
Property	1,409	514	893	-2
Fire Appliances & Equipment	2,024	1,389	625	-10
ICT	190	109	80	-1
<b>Total Capital Spend</b>	<b>3,623</b>	<b>2,012</b>	<b>1598</b>	<b>-13</b>

In 2024/25, the service managed a combined capital programme across property, fire appliances, equipment, and ICT, with total budgets including carry-forwards amounting to over £3.6m. Key property works included refurbishments, security upgrades, and emergency repairs, with £0.514m spent and £0.893m of projects deferred to 2025/26. Fire appliances and equipment saw £1.389m in spending on vehicles and operational equipment, with £0.625m in slippage due to delivery delays. ICT investments focused on hardware and system upgrades, with £0.080m slipped due to delays in projects.

The Authority's loans are borrowed from the Public Works Loan Board (PWLb) and during 2023/24 no new loans were taken out with the next loan maturing in 2027. The Authority's total borrowing for capital purposes stands at £4.550m with loan repayments spread over the years 2027-2053.

## Capital Programme

The table below summarises the capital programme for 2025/26 to 2029/30. The Authority does not receive Central government funding for capital projects. Therefore, the capital programme for the Authority will be funded from in year revenue contributions to capital and capital receipts.

Capital Programme	2025/26	2026/27	2027/28	2028/29	2029/30
	£000	£000	£000	£000	£000
Property	6,516	4,360	4,219	250	250
Fire Appliances & Equipment	504	475	1,281	1,308	575
ICT	105	92	97	102	109
Slippage	1,598	0	0	0	0
<b>Total Budget</b>	<b>8,723</b>	<b>4,927</b>	<b>5,597</b>	<b>1,660</b>	<b>934</b>

## Reserves Balances

The level of reserves held by the Authority as at 31 March 2025 are shown in the table below:

<b>31 March 2024</b>		<b>31 March 2025</b>
<b>£000</b>	<b>Reserve Balances</b>	<b>£000</b>
(1,625)	General Fund Balance	(2,040)
<b>(1,625)</b>	<b>Sub Total Non-Earmarked General Fund Balance</b>	<b>(2,040)</b>
(882)	Workforce Planning Reserve	(1,175)
(585)	Control Room Reserve	(479)
-	- USAR Reserve	(817)
-	- Future Funding Reserve	(205)
(3,298)	Transformation Reserve	(3,298)
<b>(4,765)</b>	<b>Sub Total Earmarked Reserves - Revenue</b>	<b>(5,974)</b>
(1,035)	Usable Capital Receipts Reserve	-
(5,715)	Revenue Contribution to Capital	(6,894)
<b>(6,750)</b>	<b>Sub Total Earmarked Reserves - Capital</b>	<b>(6,894)</b>
<b>(13,140)</b>	<b>Total Usable Reserves</b>	<b>(14,908)</b>

Further information on these reserves is set out in Note 23.

## Pension Fund Liability

The accounting treatment for pensions follows International Accounting Standard 19 (IAS19), the purpose of which is to ensure that organisations' accounts reflect the net position of their pension funds and account for the liability to pay accumulated employee benefits in the future. In 2024/25, the Authority's share of the five Pension Fund's net liabilities decrease by £17.533m to £205.680m (for 2023/24 the net liability was £223.213m).

Effectively, the Pension Funds are in deficit by £205.680m compared with what is needed to pay the pensions of current scheme members, and the effect is to reduce the overall net worth of the Authority by that amount. However, statutory arrangements for the funding of the deficit, whereby the deficit will be made good by employer contributions over the remaining working life of employees as assessed by the scheme's actuaries, mean that the financial position of the Authority remains healthy.

## Corporate Risks

The development, implementation and operation of effective corporate risk management structures, processes and procedures are considered critical to assure continuity of service to the public, compliance with relevant statutory and regulatory requirements and the successful delivery of the Authority's strategic aims, priorities and plans.

Risk Description	Consequence if untreated	Risk Mitigation
<p><b>Workforce availability, emerging risks of;</b></p> <p><b>1/ Staff inability or reduced ability to work due to disruption caused by factors such as Pandemic Flu, fuel supply issues, industrial action etc</b></p> <p><b>2/ Impact of Employment market conditions on attraction of new staff, retention of existing staff, and overall workforce stability (specifically the ratio of experienced / competent staff to inexperienced staff / staff in development.</b></p> <p><b>3/ Simultaneous loss of Principal Officers / Senior Management Team members</b></p>	<p>Potential detrimental effects on service delivery to the community and the Service's reputation.</p> <p>Failure to discharge statutory duties.</p> <p>Loss of critical knowledge / skills / capacity /competency levels.</p> <p>Disruption to integrity and continuity of the incident command structure and / or Service strategic leadership structure.</p>	<ul style="list-style-type: none"> <li>• Business continuity plans in place &amp; uploaded to Resilience Direct.</li> <li>• Succession Plans in place for key leadership and management personnel. Contingency arrangements in place to mitigate risks to Principal Officer operational rota capacity.</li> <li>• Peer review of the business continuity arrangements</li> <li>• Training Needs Assessment process</li> <li>• Review People Strategy and annual updates on progress to Fire Authority</li> <li>• Wider range of contracts offering more flexible ways of working</li> <li>• A variety of approaches are being adopted to replenish the workforce. Workforce planning data is regularly reviewed by the People Delivery Group</li> <li>• Growth bids to be considered to support future resourcing demands.</li> <li>• Analysis of feedback from staff leaver exit interviews</li> </ul>
<p><b>Disruption to key Service functions due to third party industrial action potentially leading to reduced staff availability and / or diversion of resources to help partner services maintain continuity of service.</b></p>	<p>Detrimental effects on service delivery to the community and the Service's reputation.</p> <p>Increased risk to the public (including life and property), economy and the environment due to inadequate or insufficient response to emergency incidents.</p> <p>Failure to discharge statutory target duties.</p> <p>Disruption to service delivery and support functions due to loss of capacity.</p> <p>Delay to implementation of Service plans and projects due to loss of capacity.</p>	<ul style="list-style-type: none"> <li>• Business continuity plans in place &amp; uploaded to Resilience Direct.</li> <li>• Bank System</li> <li>• Wider range of contracts offering more flexible ways of working</li> <li>• Flexible and hybrid working procedures.</li> <li>• Remote working technologies.</li> <li>• Regular communication with staff, rep bodies and, where appropriate, third party organisations.</li> </ul>

<b>Funding Sustainability</b>	<p>The Medium-Term Financial Plan (MTFP) factors in several assumptions when forecasting the financial position. Future costs are significantly affected by the level of pay awards (which for most staff are determined nationally), general price inflation and changes to employer pension contributions.</p> <p>Future funding levels are affected by council tax referendum limits, growth in council tax and business rate bases, the level of general government funding and specific grants. If a number of these areas are significantly worse than forecast there is a risk the Authority will not meet its commitment to the CRMP 2025-2030 and that a fundamental rethink of service provision would be required</p>	<ul style="list-style-type: none"> <li>• Proactive management of the MTFP is in force and is very closely aligned to workforce planning.</li> <li>• As part of the budget setting process, Officers will seek to identify savings opportunities to address potential future cost pressures.</li> <li>• A risk-assessed General Fund reserve of £2m (circa five per cent of the net budget requirement) is held to cover a range of potential financial risks. In addition, earmarked reserves are held to fund specific anticipated future costs.</li> </ul>
<b>Court of Appeal ruling on the McCloud / Sargeant cases: potential impact on staff retirement profile, resourcing to implement required changes and financial impacts thereof.</b>	<p>Failure to discharge statutory duties.</p> <p>Failure to comply with legal requirements.</p> <p>Unknown / unquantified budgetary impacts.</p>	<ul style="list-style-type: none"> <li>• Potential impacts on costs to be factored into future Medium-Term Financial Planning process.</li> <li>• Recruitment of dedicated specialist resource to evaluate requirements arising from the Court of Appeal ruling and implement necessary administrative changes.</li> </ul>
<p><b>Information management* / security failure to -</b></p> <p><b>a) Comply with statutory or regulatory requirements</b></p> <p><b>b) Manage technology</b></p> <p><b>c) Manage organisational resources</b></p> <p><b>Deliberate: unauthorised access and theft or encryption of data. Accidental: loss, damage or destruction of data</b></p>	<p>Inability to access/use our e-information systems.</p> <p>Severe financial penalties from the Information Commissioner.</p> <p>Lawsuits from the public whose sensitive personal information is accessed causing damage and distress.</p> <p><i>*Information management is concerned with the acquisition, custodianship and the distribution of information to those who need it, and its ultimate disposition through archiving or deletion. Information security is the practice of protecting information by mitigating risks such as unauthorised access and its unlawful use, disclosure, disruption, deletion and corruption. As more and more information is held electronically risks have become systems, as well as process and people based and are therefore vulnerable to cyber-attacks. Cyber-crime is unrelenting and issues arise at a greater frequency than existing intrusion attempts can be resolved. is such, this is a constant on the CRR.</i></p>	<p><b>1. Appropriate roles:</b></p> <ul style="list-style-type: none"> <li>- SIRO has overall responsibility for the management of risk</li> <li>- Information and information systems assigned to relevant Information Asset Owners (IAO's)</li> <li>- Department Security Officer (DSO) the Information Governance &amp; Compliance Manager has day-to-day responsibility for the identification of information risks and their treatments</li> <li>- 'Stewards' assigned by IAO's with day-to-day responsibility for relevant information.</li> </ul> <p><b>2. Virus detection/avoidance:</b></p> <p>Anti-Malware report – no significant adverse trends identified which indicates that improved security measures such as new email and web filters are being successful in intercepting infected emails and links;</p>



		<p><b>3. Policies / procedure:</b> Comprehensive review and amendment of the retention and disposal schedules / Information Asset Registers,</p> <ul style="list-style-type: none"> <li>• Current and tested business continuity plans / disaster recovery plans</li> <li>• Employee training/education</li> <li>• Tested data/systems protection clauses in contracts and data-sharing agreements</li> <li>• Integrated Impact Assessments (IIA)</li> <li>• Disincentives to unauthorised access e.g. disciplinary action</li> </ul> <p><b>4. Premises security:</b></p> <ul style="list-style-type: none"> <li>• Preventative maintenance schedule</li> <li>• Frequent audits at Stations and inventory aligned to asset management system.</li> <li>• Reduction in the number of CCTV requests following improved education and guidance in relation to the use of the same;</li> </ul> <p><b>5. Training:</b> The biennial "Responsible for Information" training will be supplemented by the National Cyber Security Centre's new e-learning package 'Top Tips for Staff' which has been built into the Heat training platform as a mandatory biennial package.</p>
<p><b>Increased risk of wildfires, flooding, gales and altered hydrology due to effects of climate change.</b></p>	<p>Failure to protect people from the risks associated with climate change including potential damage to:</p> <ul style="list-style-type: none"> <li>• Infrastructure and local businesses</li> <li>• Housing</li> <li>• Agriculture</li> <li>• Food production and distribution</li> <li>• Forestry</li> <li>• Heritage</li> <li>• Sensitive environments</li> <li>• BFRS premises (building fabric)</li> <li>• Education</li> <li>• CNI sites</li> </ul> <p>Inability to effectively respond during extreme weather events.</p> <p>Inability to effectively deal with increasing incidents within recycling, electricity generation and distribution, largescale battery storage, and electric/hydrogen fuelled vehicles</p>	<p>Provision of National Operational Guidance programme which adapts to changing environment. Adoption of guidance as best practice across Thames Valley. Strategic gap analysis underway to identify and close gaps relative to national best practice.</p> <p>Provision of equipment and training to deal with wildfire, water rescue and flooding, and extreme weather events. Adverse weather procedure in place and business continuity plans for all sites. Research and development officer continues to identify new equipment and practice to mitigate emerging risks (e.g. new equipment to reduce risk involving fires with photovoltaics).</p> <p>Access to and provision of specialist tactical advisors through national resilience framework.</p> <p>Urban Search and Rescue team in-service equipped to deal with major building / infrastructure collapse.</p>

		<p>Specialist boat rescue capability situated in north and south of county. Both included on national asset register. All staff trained appropriately in working in flood water.</p> <p>Site-specific risk assessments and risk information for high risk sites – being expanded to include broader risks such as wildfire, water rescue and flooding and transport. Access to wildfire severity index and flood forecasting data to assist planning.</p> <p>Targeted national and local prevention messaging to mitigate risks at key points in the calendar (e.g. water safety summer/winter – Barbecues spring/summer – Chimneys – Autumn).</p> <p>Back-up power generators to protect emergency response sites from power outages. Regular building surveys from facilities team. Fleet replacement programme ongoing.</p> <p>Bunkered fuel stocks and establishing fleet of alternative fuel vehicles where appropriate to mitigate risk of fuel disruption.</p> <p>Emerging Risk Group in place to horizon scan and ensure preparedness for future risks.</p> <p>Engaged with NFCC to identify and prepare for longer term “fit for the future” considerations</p> <p>Engaged in local resilience groups for flood management.</p> <p>Isotonic supplements and cool boxes added to appliance inventories</p> <p>Wildfire response capability developed</p>
<b>Risk of misconduct / behaviours at odds with Service Values on the part of individuals or groups in the employ of, or associated with, the Service and / or the Fire Authority.</b>	<p>Harm to members of the public and / or Service personnel.</p> <p>Potential exposure to litigation and financial loss</p> <p>Reputational damage resulting in negative publicity locally / nationally leading to public loss of confidence in the Authority / Service.</p> <p>Staff / member loss of confidence in Authority and / or Service leadership / management.</p>	<ul style="list-style-type: none"> <li>• Updated employee Code of Conduct approved by the Authority’s Executive Committee on 22 March 2023.</li> <li>• Updated Whistleblowing procedure and reporting process in place.</li> <li>• Since 2016, DBS checks on all relevant staff, including all frontline staff, undertaken. In 2019 additional vetting implemented with move to annual Enhanced with barred list DBS checks.</li> <li>• A range of support in place for staff to raise concerns, including access to the Welfare Officer and Occupational Health and also, in relation to</li> </ul>

		<p>investigations, the allocation of a point of contact who is not part of the investigation.</p> <ul style="list-style-type: none"> <li>• Procedure for members of the public to raise concerns and complaints in place and reported on annually to the Overview and Audit Committee.</li> <li>• Biennial staff surveys undertaken since 2017.</li> <li>• Quarterly performance reporting of key people related measures to Fire Authority members.</li> <li>• Thorough review of the Equality Impact Assessment process undertaken in 2022. This led to the update of the template and supporting guidance. A eLearning package was created and face to face support available across the service. This remains a key focus when items are presented at our governance meetings.</li> <li>• Ongoing engagement with the representative bodies issues to identify potential issues / concerns.</li> <li>• Analysis of feedback from staff leaver exit interviews.</li> <li>• Analysis of grievance / complaint procedure findings to identify recurring issues that could indicate systemic origins.</li> </ul>
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## Statement of Responsibilities for the Statement of Accounts

### The Authority's Responsibilities

The Authority is required to:

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

### The Responsibilities of the Director of Finance and Assets

The Director of Finance and Assets & 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 Director of Finance and Assets & Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Code.

The Director of Finance and Assets & Chief Finance Officer has also:

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

### Certificate of the Director of Finance and Assets

I hereby certify that this Statement of Accounts presents a true and fair view of the financial position of the Authority as at 31 March 2025 and its income and expenditure for the financial year 2024/25.



### Mark Hemming FCPFA

Director of Finance and Assets & Chief Finance Officer, Buckinghamshire & Milton Keynes Fire Authority

Date: 30 June 2025

**Independent Auditor's Report to Members of Buckinghamshire  
and Milton Keynes Fire Authority**









## **Statement of Accounting Policies**

### **i. General Principles**

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

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

### **ii. Accruals of Income and Expenditure**

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure 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.
- The de-minimis level is set at £500 and anything below this will be accounted for in the year the transaction takes place regardless of which year the income or expense relates to.

### **iii. Acquisitions and Discontinued Operations**

Acquired Operations - Additional policy detail required where an authority has acquired operations (or transferred operations under combinations of public sector bodies) during the financial year.

Discounted Operations - Additional policy detail required where an authority has discontinued operations (or transferred operations under combinations of public sector bodies) during the financial year.

There were no acquired or discontinued operations during the year.

### **iv. 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 are readily convertible to known amounts of cash with insignificant risk of change in value. Cash equivalents include cash on deposit that is held for short-term cash flow management rather than investment purposes.

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

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment. There are no prior period adjustments for financial year 2024/25.

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 not material or 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.

**vi. Charges to revenue for non-current assets**

Services, support services and trading accounts are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service.

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

Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by the contribution in the General Fund balance by way of an adjusting transaction with the capital adjustment account in the Movement in Reserves Statement for the difference between the two.

This contribution is referred to as the Minimum Revenue Provision (MRP):

- Debt relating to capital expenditure incurred prior to 1 April 2008 will be calculated broadly on the basis of 4% of the Authority's Capital Financing Requirement
- Debt relating to capital expenditure incurred from 1 April 2008 will be calculated broadly on the asset life (equal instalments) method. The amount is dependent upon the estimated life of the asset for which the debt has been raised.

**vii. 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 (ie 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.

**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.

### **viii. Employee Benefits**

#### Benefits Payable During Employment

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

#### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

#### Post Employment Benefits

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

- Uniformed Firefighters - 2015 Pension Scheme;
- The Local Government Pensions Scheme, administered by Buckinghamshire Council.

#### Uniformed Firefighters

The funding arrangements for the Firefighters' Pension Scheme in England changed by statute with effect from 1 April 2006 and are contained within the Firefighter's Pension Scheme (Amendment) (England) Order 2006 (SI 2006/1810). Under the new funding arrangements the schemes remain unfunded but will no longer be on a pay-as-you-go basis as far as the individual fire authority is concerned.

Authorities no longer meet the pension outgoing directly: instead they pay an employer's pension contribution based on a percentage of pay into the Pension Fund and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation.

Transactions in the Firefighters Pension Fund include:

Credits to the Pension Fund

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

Debits to the Pension Fund

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

Subject to scrutiny and approval by the Secretary of State and Parliament, under the new arrangements the Pension Fund will be balanced to nil at the end of the year by either paying over to the Department for Levelling Up, Housing and Communities (DLUHC) the amount by which the amounts receivable by the Fund for the year exceed the amounts payable, or by receiving cash in the form of a pension top-up grant from the DLUHC equal to the amount by which the amount payable from the pension fund for the year exceeded the amount receivable.

### Injury Awards

Under the Firefighters Compensation Scheme (England) Order 2006, a firefighter receives an injury award where they have retired and are permanently disabled because of an injury received in the execution of their duty. Under IAS 19 the Authority is required to account for contingent future injury benefits. The liability is based on an estimate of future benefits earned by members, and movements in the liability are treated in the same way as for the Firefighters pension schemes.

### The Local Government Pension Scheme

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

- The liabilities of the 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 the iBoxx 15 year corporate bond index).

The assets of the 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 change in the net pensions liability is analysed into the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the

Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs

- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

#### Discretionary Benefits

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

### **ix. Events After the Balance Sheet Date**

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date 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.

**x. Financial Instruments**Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest.

Financial assets measured at amortised cost

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment

Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

#### **xi Foreign Currency Translation**

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

#### **xii. Government Grants and Contributions**

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

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until there is reasonable assurance that the conditions attached to the grant or contribution will be 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 there is not reasonable assurance that the conditions will be satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

#### **xiii. Heritage Assets**

The Authority has no Heritage Assets.

#### **xiv. Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the

relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds) the Capital Receipts Reserve.

#### **xv. Interests in Companies and Other Entities**

The Authority has no material interests in companies or other entities which would require it to prepare group accounts.

#### **xvi. Inventories**

Inventories are generally 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 (FIFO) costing formula.

Where inventories are held for distribution at no charge or for a nominal charge they are measured at the lower of cost and current replacement cost. Replacement cost is defined as the cost the authority would incur to acquire the asset at the Balance Sheet date.

#### **xvii. Long Term Contracts**

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

#### **xviii. Investment Property**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds) the Capital Receipts Reserve.

The Authority has an asset under construction, which when complete will be an investment property with the sole purpose to earn rental income.



**xix. Jointly Controlled Operations and Jointly Controlled Assets**

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

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

The Joint Control (revenue expenditure) split is based on the population, tax base and number of incidents attended for each Authority. Therefore, the contribution agreed by each authority was as follow:

- Buckinghamshire and Milton Keynes Authority – 34.8%
- Royal Berkshire Fire Authority – 37.0%
- Oxfordshire Fire Authority – 28.2%

The capital assets for the Joint Control are recognised as an equal third on the balance sheet. The current net book value held on BMKFA is £0.314m, which relates to plant and equipment.

**xx. Leases**The authority as lessee

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

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

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

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

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

### Subsequent measurement

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

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

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

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

The liability is remeasured when:

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

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

### Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £0.006m when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

### Lease expenditure

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

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

### The authority as lessor

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

### Finance leases

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

Lease rentals receivable are apportioned between:

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

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

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

In 2003/04 the Authority entered into a sale and leaseback agreement. The initial cost of the lease was matched by an increase in the value of land and buildings within fixed assets.

### Operating leases

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

## **xxi. Overheads and Support Services**

The segmental reporting structure in the Comprehensive Income and Expenditure Statement is now structured in the way the Authority report to management internally.

**xxii. Property, Plant and Equipment**

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

**Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an 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's de-minimis level for capital expenditure is £0.006m.

**Measurement**

Assets are initially measured at cost, comprising:

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

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

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

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

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

- Assets under construction – depreciated historical cost
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair 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 fair value. Assets included in the Balance Sheet at fair value are revalued annually to ensure that their carrying amount is not materially different from their fair value at the year-end. Where amounts are materially different, the gross book value and accumulated depreciation are restated proportionately at the year-end.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, they are accounted for by:

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

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

### Impairment

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

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

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

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

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) 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 as estimated by the valuer
- Vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset

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. In applying the principals of componentisation the de-minimis value of a property has been set at £1.129m and individual components at £0.113m, i.e. 10% of the overall asset below which any component will not be calculated separately. The components that have been identified as relevant to the authority are weatherproofing (to include windows, roofs, bay doors and doors), mechanical and electrical and finally yards and drill towers (i.e. external elements). Where the life expectancy of any component would exceed the life expectancy of the main structure then the life expectancy of the component will be limited to that of the main structure.

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

**Disposals and non-current assets held for sale**

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

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie 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 the disposal of any assets previously qualifying as Capital Expenditure are categorised as capital receipts. Capital receipts are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment, or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

**xxiii. Private Finance Initiative (PFI) and Similar Contracts**

The Authority has not entered into any PFI or similar contracts

**xxiv. Provisions, Contingent Liabilities and Contingent Assets****Provisions**

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

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

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

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

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

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

#### Contingent Liabilities

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

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

#### Contingent Assets

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

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

### **xxv. Reserves**

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

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

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

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

**xxvii. VAT**

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

**Critical Judgements in Applying the Accounting Policies**

In this challenging financial environment, work continues to achieve a balanced budget, progressing in line with our Public Safety Plan for 2020-25 so that the Authority can carry on as usual without detriment to public safety or emergency responses.

The Fire Authority has taken a number of measures already and plans to do more to ensure that it continues to meet the priorities set out in the Public Safety Plan. For 2024/25 the Authority will continue to make further savings through several initiatives, which involve better ways of working and consolidating workforce plans to meet our vision for the longer term. The Authority are investing in more up-to-date technology, new ways of working and are pursuing avenues, which aim to share costs with our community partners and other fire authorities.

The accounts are prepared with the underlying assumptions of the accruals basis and the going concern basis i.e. the Authority will continue its operations for the foreseeable future. This means in particular that, despite the high degree of uncertainty resulting from reducing levels of funding in future years, the Comprehensive Income and Expenditure Account and Balance Sheet assume no intention to curtail significantly the scale of the operation. At this stage there is no indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce the level of service provision.

**Use of Estimates and Judgements**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Comprehensive Income and Expenditure Statement for 2024/25 and the Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Depreciation (and amortisation of intangible assets) – the remaining useful lives of all assets are estimated. The Authority relies on the expertise of an external valuer to determine the lives of all building assets. The lives of vehicles, plant and equipment and intangible assets are based on historical experience and professional estimates. If the estimates were to differ from the actuals this would affect the level of depreciation and amortisation charged to the Comprehensive Income and Expenditure Statement, as well as the carrying amounts of non-current assets in the Balance Sheet. As at 31 March 2025, the carrying amounts of non-current assets was £64.176m. Total depreciation and amortisation for the year was £3.424m;
- Revaluations and Impairments – the value of non-current assets are reviewed annually by a qualified valuer based on the latest guidance from the Royal Institute of Chartered Surveyors (RICS) and the recently observed market information. If the estimates were to differ from the actual results this would result in a higher or lower carrying amount for non-current assets in the Balance Sheet. Revaluations charged to the Revaluation Reserve during the year were £3.034m upwards and £1.226m downwards;
- Pensions IAS 19 – Two employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. Transitional protection enabled some members to remain in their pre-2015 schemes after 1



April 2015 until retirement or the end of a pre-determined tapered protection period. The claimants challenged the transitional protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination.

The first case (McCloud) relating to the Judicial Pension Scheme was ruled in favour of the claimants, while the second case (Sargeant) in relation to the Fire scheme was ruled against the claimants. Both rulings were appealed and as the two cases were closely linked, the Court of Appeal decided to combine the two cases.

The decision was upheld, and legislation came into force in October 2023. At retirement, members will then be offered a choice of the legacy benefits or the reformed benefits for the remedied period.

- Pensions Liability - the valuation of the liability is based on a number of actuarial assumptions (see Note 28). This figure is provided by an independent actuary firm and is based upon actual contributions for the first 10 months and estimates calculated for the remaining two months for the Fire Fighter Pension Fund. The LGPS figure is also provided by an external actuary and based on actuals for the full 12 months. If the estimate was to differ from the actual it would result in a higher or lower pension liability and reserve figure on the Balance Sheet. The total net pension liability as at 31 March 2025 was £205.680m;
- Financial Assets and Liabilities – further details about the assumptions made and the potential impact can be found in Note 29;
- BMKFA is the Treasurer for the funding allocated to the Emergency Services Mobile Communications Programme (ESMCP) which includes BMKFA and the following brigades; Berkshire and Oxfordshire. The funding allocated by central government is based on control rooms and brigade sizes. Budgets and costs have been allocated based on the lead areas each brigade will be providing.

### **Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance. There were no exceptional items during 2024/25.

## Going Concern Review

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

In terms of setting a balanced budget in future financial years, this will depend significantly on the fair funding review. The Fair Funding Review, launched in June 2025, is a government consultation aimed at reforming how funding is allocated to local authorities, including fire and rescue services, to ensure a more equitable and needs-based distribution of resources. It considers factors such as local demand, service delivery costs, and available resources, with the goal of simplifying and updating the current funding formula. The outcomes of the review are intended to inform the Local Government Finance Settlement from 2026/27 onwards.

It is therefore more important for the Authority to create various scenarios through the Medium-Term Financial Plan (MTFP) process, which will include both the revenue and capital programme (capital is funded by contributions from revenue). The service also engages with financial advisory experts who provide regular briefings, webinars, and forecasting tools—most notably the Medium-Term Financial Planning (MTFP) model and the Fair Funding model. These tools support the service in evaluating the financial impact of government proposals, anticipating funding changes, and strengthening budget planning. Such advisory support is particularly valuable during periods of financial uncertainty, including spending reviews and potential changes to funding formulas. The Financial Strategy was reviewed and updated during 2023/24 following significant improvement to the Authority's financial position and outlook for the service, along with progress being made against a number of the actions within the strategy.

The MTFP will continue to be scrutinised by Members and Strategic Leadership team throughout the financial year, before overall approval by the Fire Authority. If required, the Authority will make use of the usable reserves to ensure the Authority is able to set a balanced budget and smooth out the impact of funding reductions. However, utilising reserves will only be sustainable in the short to medium term. See below table showing a breakdown of the Authority's usable reserves, as reported in the financial statements, along with a projected usable reserves figure for 2023/24 to 2026/27.

	<b>31 March 2026 £000</b>	<b>31 March 2027 £000</b>	<b>31 March 2028 £000</b>	<b>31 March 2029 £000</b>	<b>31 March 2030 £000</b>
<b>Reserve Balances</b>					
General Fund Balance	(2,040)	(2,040)	(2,040)	(2,040)	(2,040)
Total Earmarked Reserves - Revenue	(240)	0	0	0	0
Total Earmarked Reserves - Capital	(5,242)	(1,986)	(1,427)	(1,499)	(2,726)
<b>Total Usable Reserves</b>	<b>(7,522)</b>	<b>(4,026)</b>	<b>(3,467)</b>	<b>(3,539)</b>	<b>(4,766)</b>

During 2024-25 BMKFA agreed a £2.30 increase in its council tax, which resulted in the amount paid by a band D taxpayer rising from £77.16 a year to £79.46 a year. This £2.30 increase, which equates to just under 4p a week came into effect from 1 April 2024. Taking this into consideration

the authority's reserves at the end of the MTFP are projected to be £4.766m, assuming precept flexibility being 3% across the MTFP.

The Authority thereby concludes that it is appropriate to prepare the financial statements on a going concern basis and that the Authority's functions and services will continue in operational existence for the next 12 months, from the date of the audit report. This is based on the Authority's ability to set a balanced budget and the cashflow forecasting position.

### **Changes in Accounting Estimates**

There have been no changes in existing accounting estimates during 2024/25.

### **Standards Issued But Have Not Yet Been Adopted**

The standards introduced by the 2025/26 Code where disclosures are required in the 2024/25 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- a) 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.
- b) 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.
- c) 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.

It is likely that though they provide clarifications, items a) to c) will not have a significant impact on the amounts anticipated to be reported in the financial statements.

## Movement in Reserves Statement

These statements show the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net (Increase) / Decrease before Transfers to Earmarked Reserves line shows the Statutory General Fund Balance before any discretionary transfers to/from earmarked reserves undertaken by the Authority. Further detail on each reserve is shown in the notes to the accounts as referenced.

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2023 carried forward</b>	<b>(1,625)</b>	<b>(5,296)</b>	<b>-</b>	<b>(6,921)</b>	<b>171,764</b>	<b>164,843</b>
<u>Movement in reserves during 2023/24</u>						
(Surplus) or deficit on the provision of services	341	-	-	341	-	341
Other Comprehensive Income and Expenditure	-	-	-	-	(16,940)	(16,940)
<b>Total Comprehensive Income and Expenditure</b>	<b>341</b>	<b>-</b>	<b>-</b>	<b>341</b>	<b>(16,940)</b>	<b>(16,599)</b>
Adjustments between accounting basis & funding basis under regulations (Note 23)	(5,525)	-	(1,035)	(6,560)	6,560	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>(5,184)</b>	<b>-</b>	<b>(1,035)</b>	<b>(6,219)</b>	<b>(10,380)</b>	<b>(16,599)</b>
Transfers to/from Earmarked Reserves (Note 23)	5,184	(5,184)		-	-	-
<b>(Increase) / Decrease in 2023/24</b>	<b>-</b>	<b>(5,184)</b>	<b>(1,035)</b>	<b>(6,219)</b>	<b>(10,380)</b>	<b>(16,599)</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>(1,625)</b>	<b>(10,480)</b>	<b>(1,035)</b>	<b>(13,140)</b>	<b>161,384</b>	<b>148,244</b>
Amounts held for revenue purposes	(1,625)	(4,765)	-	(6,390)	223,290	216,900
Amounts held for capital purposes	-	(5,715)	(1,035)	(6,750)	(61,906)	(68,656)

Movement in Reserves Statement Continued:

	<b>General Fund Balance £000</b>	<b>Earmarked Reserves £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Total Usable Reserves £000</b>	<b>Unusable Reserves £000</b>	<b>Total Authority Reserves £000</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>(1,625)</b>	<b>(10,480)</b>	<b>(1,035)</b>	<b>(13,140)</b>	<b>161,384</b>	<b>148,244</b>
<u>Movement in reserves during 2024/25</u>						
(Surplus) or deficit on the provision of services	6,848	-	-	6,848	-	6,848
Other Comprehensive Income and Expenditure	-	-	-	-	(27,081)	(27,081)
<b>Total Comprehensive Income and Expenditure</b>	<b>6,848</b>	<b>-</b>	<b>-</b>	<b>6,848</b>	<b>(27,081)</b>	<b>(20,233)</b>
Adjustments between accounting basis & funding basis under regulations (Note 23)	(9,651)	-	1,035	(8,616)	8,616	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>(2,803)</b>	<b>-</b>	<b>1,035</b>	<b>(1,768)</b>	<b>(18,465)</b>	<b>(20,233)</b>
Transfers to/from Earmarked Reserves (Note 23)	2,388	(2,388)		-	-	-
<b>(Increase) / Decrease in 2024/25</b>	<b>(415)</b>	<b>(2,388)</b>	<b>1,035</b>	<b>(1,768)</b>	<b>(18,465)</b>	<b>(20,233)</b>
<b>Balance at 31 March 2025 carried forward</b>	<b>(2,040)</b>	<b>(12,868)</b>	<b>-</b>	<b>(14,908)</b>	<b>142,919</b>	<b>128,011</b>
Amounts held for revenue purposes	(2,040)	(5,974)	-	(8,014)	205,387	197,373
Amounts held for capital purposes	-	(6,894)	-	(6,894)	(62,468)	(69,362)

## Comprehensive Income and Expenditure Statement

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

2023/24				2024/25		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
1,458	(49)	1,409	Corporate Core	1,822	(45)	1,777
9,825	(863)	8,962	Finance & Assets	9,103	(1,051)	8,052
663	(58)	605	People Delivery	2,905	(66)	2,839
23,153	(148)	23,005	Service Delivery	25,457	(139)	25,318
234	-	234	Statutory Accounting and Contingency	254	-	254
<b>35,333</b>	<b>(1,118)</b>	<b>34,215</b>	<b>(Surplus) or Deficit on Continuing Operations (Note 1)</b>	<b>39,541</b>	<b>(1,301)</b>	<b>38,240</b>
			<u>Other Operating Expenditure</u>			
-	(2,803)	(2,803)	(Gain)/losses on disposals of non-current assets	179	-	179
<b>-</b>	<b>(2,803)</b>	<b>(2,803)</b>	<b>Total Other Operating Expenditure</b>	<b>179</b>	<b>-</b>	<b>179</b>
			<u>Financing and Investment Income and Expenditure</u>			
263	-	263	Interest payable and similar charges (Note 29)	230	-	230
-	(983)	(983)	Interest and Investment income (Note 29)	-	(1,237)	(1,237)
10,421	-	10,421	Pension interest cost (Note 28)	10,546	-	10,546
<b>10,684</b>	<b>(983)</b>	<b>9,701</b>	<b>Total Financing and Investment Income and Expenditure</b>	<b>10,776</b>	<b>(1,237)</b>	<b>9,539</b>
			<u>Taxation and Non-Specific Grant Income</u>			
-	(25,332)	(25,332)	Precepts	-	(26,187)	(26,187)
-	(5,120)	(5,120)	General Government Grants	-	(6,773)	(6,773)
-	(10,144)	(10,144)	Non Domestic Rates redistribution	-	(7,756)	(7,756)
			<u>Specific Grant income</u>			
	(176)	(176)	Specific Government Grants		(394)	(394)
<b>-</b>	<b>(40,772)</b>	<b>(40,772)</b>	<b>Total Taxation and Non-Specific Grant Income (Note 10)</b>	<b>-</b>	<b>(41,110)</b>	<b>(41,110)</b>
<b>46,017</b>	<b>(45,676)</b>	<b>341</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>50,496</b>	<b>(43,648)</b>	<b>6,848</b>
		(9,486)	(Surplus) or Deficit on revaluation of fixed assets (Note 24e)			(1,808)
		(7,454)	Remeasurement of net defined liability (Note 24d)			(25,273)
		<b>(16,940)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(27,081)</b>
		<b>(16,599)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(20,233)</b>

## Balance Sheet

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

31 March 2024		31 March 2025
<b>£000</b>	<b>Balance Sheet</b>	<b>£000</b>
55,236	Land & Buildings (Note 11)	52,864
7,049	Vehicles, Plant & Equipment (Note 11)	7,635
10	Assets under construction (Note 11)	-
1,016	Investment Property (Note 12)	1,016
-	Right of Use Assets (Note 4)	2,661
-	Intangible Assets (Note 13)	-
<b>63,311</b>	<b>Non-Current Assets</b>	<b>64,176</b>
16,178	Short Term Investments (Note 14)	24,605
240	Inventories (Note 15)	298
4,303	Short Term Debtors (Note 16)	3,921
1,891	Cash and Cash Equivalents (Note 17)	2,116
<b>22,612</b>	<b>Current Assets</b>	<b>30,940</b>
<b>85,923</b>	<b>Total Assets</b>	<b>95,116</b>
(65)	Short Term Borrowing (Note 18)	(65)
(3,845)	Short Term Creditors (Note 18)	(9,573)
(608)	Provisions (Note 19)	(1,280)
(483)	Revenue Grants Received in Advance (Note 21)	(272)
-	Lease Liability (Note 22)	(201)
<b>(5,001)</b>	<b>Current Liabilities</b>	<b>(11,391)</b>
(4,550)	Long Term Borrowing (Note 20)	(4,550)
(1,403)	Lease Liability (Note 22)	(1,506)
(223,213)	Pension Scheme (Note 28)	(205,680)
<b>(229,166)</b>	<b>Long-term Liabilities</b>	<b>(211,736)</b>
<b>(234,167)</b>	<b>Total Liabilities</b>	<b>(223,127)</b>
<b>(148,244)</b>	<b>Net Assets</b>	<b>(128,011)</b>
(13,140)	Usable Reserves (Note 23)	(14,908)
161,384	Unusable Reserves (Note 24)	142,919
<b>148,244</b>	<b>Total Reserves</b>	<b>128,011</b>

## Cash Flow Statement

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

2023/24		2024/25
£000	Cash Flow Statement	£000
(341)	Net surplus or deficit on the provision of services	(6,848)
7,037	Adjust for non-cash movements	18,112
(3,398)	Adjust for items that are investing or financing activities	(256)
<b>3,298</b>	<b>Net Cash Flow from Operating Activities</b>	<b>11,008</b>
(478)	Investing Activities	(10,736)
(1,679)	Financing Activities	(47)
<b>1,141</b>	<b>Net Increase or decrease in cash and cash equivalents</b>	<b>225</b>
750	Cash and Cash equivalents at the beginning of the reporting period	1,891
<b>1,891</b>	<b>Cash and Cash equivalents at the end of the reporting period</b>	<b>2,116</b>

Notes to the Cash Flow Statement can be found in Note 31.



## Notes to the Core Financial Statements

### 1 - Service Information – Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

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	Services	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
1,412	(3)	1,409	Corporate Core	1,821	(44)	1,777
8,956	6	8,962	Finance & Assets	8,065	(13)	8,052
611	(6)	605	People Delivery	2,984	(145)	2,839
24,403	(1,398)	23,005	Service Delivery	27,922	(2,604)	25,318
234	-	234	Statutory Accounting and Contingency	254	0	254
35,616	(1,401)	34,215	Net Cost of Services	41,046	(2,806)	38,240
(41,835)	7,961	(33,874)	Other Income and Expenditure	(42,814)	11,422	(31,392)
(6,219)	6,560	341	Surplus or Deficit	(1,768)	8,616	6,848
(6,921)			Opening Usable Reserves Balance	(13,140)		
(6,219)			Less/Plus Surplus or (Deficit) on usable reserves	(1,768)		
(13,140)			Closing Usable Reserves Balance at 31 March	(14,908)		

#### 1a – Adjustments between Funding and Accounting Basis

2023/24				2024/25		
Adjustments For Capital Purposes	Net Change for Pension Adjustments	Total Adjustments	Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments For Capital Purposes	Net Change for Pension Adjustments	Total Adjustments
£000	£000	£000		£000	£000	£000
-	(3)	(3)	Corporate Core	-	(44)	(44)
-	(1,398)	(1,398)	Finance & Assets	-	(13)	(13)
-	6	6	People Delivery	-	(2,604)	(2,604)
-	(6)	(6)	Service Delivery	-	(145)	(145)
-	-	-	Statutory Accounting and Contingency	-	-	-
-	(1,401)	(1,401)	Net Cost of Services	-	(2,806)	(2,806)
(2,460)	10,421	7,961	Other Income and Expenditure from the EFA Analysis	876	10,546	11,422
(2,460)	9,020	6,560	Differences between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	876	7,740	8,616

### Adjustments for Capital Purposes

1. Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
  - **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
  - **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
  - **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### Net Change for the Pensions Adjustments

2. Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
  - For **services** this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.
  - For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
  - The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognized under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.
  - The **Accumulated Absences Account** absorbs the differences that would otherwise arise on the General Fund Balance from accruing for Compensated Absences earned but not taken in the year.

### Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For Financing and investment income and expenditure** - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

## **Expenditure and Income Analysed by Nature**

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

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>	<b>Expenditure/Income</b>	<b>£000</b>
(1,118)	Fees, charges & other service income	(1,301)
(983)	Interest and investment income	(1,237)
(25,332)	Income from Council Tax	(26,187)
(15,440)	Government grants and contributions	(14,923)
(2,803)	Gain or loss on disposal of non current assets	-
<b>(45,676)</b>	<b>Total Income</b>	<b>(43,648)</b>
25,706	Employee Expenses	27,419
8,650	Other Operating Expenses	8,698
977	Depreciation, amortisation, Impairments / Revaluation (Gains) & losses	3,424
263	Interest payments	230
10,421	Pensions interest cost and return on Pension Fund assets	10,546
-	Gain or loss on disposal of non current assets	179
<b>46,017</b>	<b>Total Operating Expenses</b>	<b>50,496</b>
<b>341</b>	<b>Surplus (-) or deficit on the provision of services</b>	<b>6,848</b>

## **2 - Officers Remuneration**

The number of employees whose salary (including fees and allowances) and excluding employer's pension contributions was £50,000 or more in bands of £5,000 is shown below.

<b>2023/24</b>	<b>Remuneration Band</b>	<b>2024/25</b>
33	£50,000 - £54,999	48
35	£55,000 - £59,999	22
13	£60,000 - £64,999	18
24	£65,000 - £69,999	12
11	£70,000 - £74,999	8
2	£75,000 - £79,999	10
5	£80,000 - £84,999	3
1	£85,000 - £89,999	1
1	£90,000 - £94,999	4
-	£100,000 - £104,999	1
-	£105,000 - £109,999	1
1	£110,000 - £114,999	1
2	£120,000 - £124,999	2
-	£130,000 - £134,999	1
1	£155,000 - £159,999	-
-	£165,000 - £169,999	1
1	£280,000 - £284,999	-
<b>130</b>	<b>Total</b>	<b>133</b>

## Buckinghamshire & Milton Keynes Fire Authority – Statement of Accounts 2024/25

The following table sets out the remuneration disclosures for senior officers during 2024/25. All posts holders are included within the remuneration bands shown on the previous page.

Post Holder	Salary including Fees and Allowances	Benefits in Kind e.g. Car Allowance	Compensation for Loss of Office	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total Remuneration Including Pension Contributions	Notes
Chief Fire Officer and Chief Executive	161,250	7,949	-	<b>169,199</b>	28,058	<b>197,257</b>	1
Chief Operating Officer	106,668	-	-	<b>106,668</b>	-	<b>106,668</b>	2
Assistant Chief Fire Officer / Chief Operating Officer	131,667	-	-	<b>131,667</b>	46,929	<b>178,596</b>	3
Assistant Chief Fire Officer	53,869	-	-	<b>53,869</b>	18,413	<b>72,282</b>	4
Director of Finance and Assets & Chief Finance Officer	119,492	5,000	-	<b>124,492</b>	20,792	<b>145,284</b>	
Director of Legal and Governance	113,802	1,090	-	<b>114,892</b>	19,802	<b>134,694</b>	
Director of People	59,430	2,611	-	<b>62,041</b>	10,341	<b>72,382</b>	5
<b>Total</b>	<b>746,178</b>	<b>16,650</b>	<b>-</b>	<b>762,828</b>	<b>144,335</b>	<b>907,163</b>	

### Notes

- 1) The post holder is Louise Harrison, Chief Fire Officer and Chief Executive.
- 2) Leaver during 2024/25
- 3) The post holder is Simon Tuffley, Assistant Chief Fire Officer (fixed-term position) till 31 October 2024, when transferred to Chief Operating Officer position from November 2024
- 4) Transferred into the fixed term Assistant Chief Fire Officer position from 01 November 2024
- 5) This is a new fixed term position for 2024/25

For comparison, the following table sets out the remuneration disclosures for senior officers during 2023/24:

Post Holder	Salary including Fees and Allowances	Benefits in Kind e.g. Car Allowance	Compensation for Loss of Office	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total Remuneration Including Pension Contributions	Notes
Chief Fire Officer and Chief Executive	110,488	-	170,335	<b>280,823</b>	-	<b>280,823</b>	1
Chief Fire Officer and Chief Executive	50,417	-	-	<b>50,417</b>	8,773	<b>59,190</b>	
Chief Operating Officer	159,457	-	-	<b>159,457</b>	-	<b>159,457</b>	2
Director of Finance and Assets & Chief Finance Officer	118,186	5,000	-	<b>123,186</b>	20,564	<b>143,750</b>	
Director of Legal and Governance	111,316	9,497	-	<b>120,813</b>	19,369	<b>140,182</b>	
<b>Total</b>	<b>549,864</b>	<b>14,497</b>	<b>170,335</b>	<b>734,696</b>	<b>48,706</b>	<b>783,402</b>	

### Notes

- 1) The post holder is Jason Thelwell, Chief Fire Officer and Chief Executive. During 2022/23 post holder retired and re-appointed due to exceptional circumstances.
- 2) The post holder is Michael Osborne, Chief Operating Officer.

### Exit Packages

There were no exit package in 2024/25, whereas there one exit package in 2023-24 for £0.170m

## 3 - Provision for Doubtful Debt

The provision for doubtful debts is £0.000m as at 31 March 2025 (£0.024m as at 31 March 2024).

#### 4 – Right-of-use Assets

This table shows the charge in the value of the right-of-use asset held under lease by the authority. The Land and Buildings lease held by the Authority is for the sale and leaseback of the Gerrards Cross houses with London Quadrant (L&Q). The Authority has included the lease liability details in Note 22.

2023/24		Land and Buildings £000	2024/25 Vehicles Plant and Equipment £000	Total £000
Total	Right-of-Use Assets			
£000				
-	Balance as at 01 April 2024	-	-	-
-	Initial Recognition as at 1 April 2024	2,197	312	2,509
-	Additions	-	198	198
-	Revaluation increase/decrease (-) recognised in Revaluation Reserve	121	-	121
-	Depreciation	(86)	(167)	(253)
-	Depreciation written out to Revaluation Reserve	86	-	86
-	<b>Balances as at 31 March 2025</b>	<b>2,318</b>	<b>343</b>	<b>2,661</b>

The Authority incurred the following expenses relating to leases, which have been expensed through the CIES.

2023/24		Land and Buildings £000	2024/25 Vehicles Plant and Equipment £000	Total £000
Total	Leases			
£000				
-	Expenses relating to short term or exempt leases	62	51	113
-	<b>Total</b>	<b>62</b>	<b>51</b>	<b>113</b>

#### 5 - Capital Financing Requirement

The table below shows the effect of capital expenditure on the Authority's capital financing requirement.

2023/24 £000		2024/25 £000
<b>1,449</b>	<b>Opening Capital Financing Requirement</b>	<b>1,402</b>
	<u>Capital Investment</u>	
2,426	Property Plant and Equipment	2,194
	<u>Sources of Finances</u>	
(2,307)	Capital Receipts	(1,080)
(119)	Government Grants and Contributions	(1,114)
(47)	Revenue Funding including MRP	(47)
<b>1,402</b>	<b>Closing Capital Financing Requirement</b>	<b>1,355</b>
	<u>Explanation of movements in year</u>	
(47)	Increase in the underlying need to borrow (supported by Government financial assistance)	(47)
<b>(47)</b>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>(47)</b>

#### 6 - Members Allowances

Total allowances paid in 2024/25 to 23 Members amounted to £0.074m (2023/24 amounted to £0.070m and 17 Members).

#### 7 - Audit Fees

KPMG have been appointed as the external auditors for the Authority's financial statements.

2023/24 £000	Audit Fees	2024/25 £000
83	Scale fee for audit work	110
-	National Fraud Initiative (NFI)	1
<b>83</b>	<b>Total</b>	<b>111</b>

## 8 - Revenue Grants

Section 31 grants received from the Ministry of Housing, Communities & Local Government (MHCLG) by the Authority are detailed below. The grants received are a mixture of ring-fenced and not ring-fenced. Not ring-fenced grants are given for specific streams of work and are shown within Taxation and Grant Income in the Comprehensive Income and Expenditure Statement. With ring-fenced grants given for specific purposes and are recognised within Taxation and Grant Income in the Comprehensive Income and Expenditure Statement when these conditions are met.

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>	<b>Revenue Grant Applied</b>	<b>£000</b>
	<u>Non-Specific Grants</u>	
(1,208)	Pension Fire Grant	(2,452)
(817)	New Dimension (Urban Search and Rescue)	(817)
-	Minimum Funding Guarantee	(598)
(173)	Firelink	(115)
(11)	Other Grant	(43)
(208)	Services Grant	(36)
(43)	Redmond/Levy Grant	(13)
(8)	Transparency Grant	(8)
<b>(2,468)</b>		<b>(4,082)</b>
	<u>Specific Grants</u>	
(49)	ESMCP	(162)
(127)	Protection Grant	(232)
<b>(176)</b>		<b>(394)</b>
<b>(2,644)</b>	<b>Total</b>	<b>(4,476)</b>

The New Dimension grant funds the national resilience capability provided by the Urban Search and Rescue team. Firelink funding contributes to the cost of communications within the control room. The ESMCP and Protection grant are ring-fenced for specific purposes and recognised when the conditions of the grants are met, with the residual balances shown on the Balance Sheet as Grants Received in Advance.

## 9 - 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.

As at April 2015, the Joint Control Room became operational and operates from Royal Berkshire Fire Authority premises. All control functions are controlled jointly by BMKFA, Oxfordshire Fire and Rescue and Royal Berkshire Fire Authority with the control room based in Theale, Reading.

A third share of the capital assets for the Joint Control are recognised in BMKFA's accounts. The net book value as at 31 March 2025 is £0.314m for BMKFA.

The revenue expenditure split is based on the Joint control policy stated in the accounting estimates section. The total expenditure for 2024/25 was £2.850m from which BMKFA contributed £0.992m.

As of April 2016, BMKFA was appointed as the treasurer for the ESMCP project and the funding was held on behalf of Royal Berkshire and Oxfordshire

### Central Government

Central Government is responsible for providing the statutory framework within which the Authority operates and prescribes the terms of many of the transactions that the Authority has with other parties. It also provided direct financial support in 2023/24 to the Authority.

### Other Public Bodies

Buckinghamshire Council provides Internal Audit Services, LGPS Pensions administration Services and SAP legacy access. The Authority provides accommodation to the South Central Ambulance Service and Thames Valley Police.

The Authority has entered into local public service agreements with all six councils within its geographic boundaries. The Authority is using these agreements to build capacity within its Community Fire Safety department so that it can contribute along with its partners to the shared vision of creating a safer Buckinghamshire and Milton Keynes.

A Memorandum of Understanding (MOU) was agreed with Royal Berkshire and Oxfordshire Fire & Rescue Service which set out a formal arrangement for collaborating with the neighbouring Thames Valley Fire and Rescue Services.

A MOU has been established for a number of years with Hampshire Fire & Rescue Service and provides a cost-effective way for the Authority to deliver a notable element of an USAR mobilisation that complies with the national requirements.

### Members of the Authority

Members have direct control over the Authority's financial and operational policies. However, any contracts entered into are in full compliance with the Authority's standing orders and any decisions are made with proper consideration of declarations of interest. Details of any material interests are recorded in the Register of Members' Interests, which is open to public inspection. All Members have been asked to declare any related party transactions. From the replies provided there are no such transactions to be declared.

### Senior Officers of the Authority

Senior Officers have control over the day-to-day management of the Authority. All Senior Officers have been asked to declare any related party transactions. From the replies provided there are no such transactions to be declared.

### Assisted Organisations

The Authority provides funding to the Safety Centre Milton Keynes of £0.025m per annum. The Authority is one of a number of funders. The Authority does not have a significant influence over the running of the centre.

### Companies and Joint Ventures

The Authority does not have any interests in companies outside of its normal contractual arrangement.

### Blue Light Hub

The Authority are leading on this partnership with South Central Ambulance Service and Thames Valley Police and this will see all three services working together in one purpose-built site.

## 10 - Funding

The Authority's net revenue expenditure is funded by local authority precepts, general government grants and non-domestic rates redistribution from the national pool.

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>	<b>Funding</b>	<b>£000</b>
(7,373)	Milton Keynes Council	(7,781)
(17,959)	Buckinghamshire Council	(18,406)
<b>(25,332)</b>	<b>Total Precepts</b>	<b>(26,187)</b>
(2,652)	Revenue Support Grant	(2,691)
(2,644)	Other Revenue Grants (Note 8)	(4,476)
<b>(5,296)</b>	<b>Total Government Grants</b>	<b>(7,167)</b>
(10,144)	Non Domestic Rates Redistribution	(7,756)
-	NNDR Pooling	-
<b>(10,144)</b>	<b>Total Non Domestic Rates redistribution</b>	<b>(7,756)</b>
<b>(40,772)</b>	<b>Total</b>	<b>(41,110)</b>

## 11 - Non Current Assets

### a) Movement of Property, Plant and Equipment

<b>2024/25</b>	<b>Land and Buildings</b>	<b>Total Land and Buildings</b>	<b>Vehicles, Plant and Equipment</b>	<b>Assets Under Construction</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Gross Book Value as at 1 April 2024</b>	<b>53,039</b>	<b>53,039</b>	<b>16,584</b>	<b>10</b>	<b>69,633</b>
Additions	431	431	1,762	-	2,193
Disposals and write offs	(395)	(395)	(679)	-	(1,074)
Reclassifications	10	10	-	(10)	-
Revaluation increase/decrease (-) recognised in Revaluation Reserve	172	172	-	-	172
Revaluation increase/decrease (-) recognised in surplus/deficit on provision of service	(393)	(393)	-	-	(393)
<b>Gross Book Value as at 31 March 2025</b>	<b>52,864</b>	<b>52,864</b>	<b>17,667</b>	<b>-</b>	<b>70,531</b>
<b>Accumulated depreciation and impairment as at 1 April 2024</b>	<b>-</b>	<b>-</b>	<b>(9,535)</b>	<b>-</b>	<b>(9,535)</b>
Depreciation for the year	(1,978)	(1,978)	(1,151)	-	(3,129)
Depreciation on disposal	197	197	654	-	851
Depreciation written out to Revaluation Reserve	1,429	1,429	-	-	1,429
Depreciation written out to surplus/deficit (-) on provision of service	352	352	-	-	352
<b>Depreciation c/f</b>	<b>-</b>	<b>-</b>	<b>(10,032)</b>	<b>-</b>	<b>(10,032)</b>
<b>Net Book Value as at 31 March 2025</b>	<b>52,864</b>	<b>52,864</b>	<b>7,635</b>	<b>-</b>	<b>60,499</b>



Comparative figures for 2023/24:

<b>2023/24</b>	<b>Land and Buildings £000</b>	<b>Leased Land and Buildings £000</b>	<b>Total Land and Buildings £000</b>	<b>Vehicles, Plant and Equipment £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
<b>Gross Book Value as at 1 April 2023</b>	<b>43,201</b>	<b>2,080</b>	<b>45,281</b>	<b>17,070</b>	<b>85</b>	<b>62,436</b>
Additions	390	-	390	2,026	10	2,426
Disposals and write offs	-	-	-	(2,597)	-	(2,597)
Reclassifications	-	-	-	85	(85)	-
Revaluation increase/decrease (-) recognised in Revaluation Reserve	7,459	117	7,576	-	-	7,576
Revaluation increase/decrease (-) recognised in surplus/deficit on provision of service	1,989	-	1,989	-	-	1,989
<b>Gross Book Value as at 31 March 2024</b>	<b>53,039</b>	<b>2,197</b>	<b>55,236</b>	<b>16,584</b>	<b>10</b>	<b>71,830</b>
<b>Accumulated depreciation and impairment as at 1 April 2023</b>	-	-	-	<b>(11,057)</b>	-	<b>(11,057)</b>
Depreciation for the year	(2,216)	(78)	(2,294)	(1,056)	-	(3,350)
Depreciation on disposal	-	-	-	2,578	-	2,578
Depreciation written out to Revaluation Reserve	1,832	78	1,910	-	-	1,910
Depreciation written out to surplus/deficit (-) on provision of service	384	-	384	-	-	384
<b>Depreciation c/f</b>	-	-	-	<b>(9,535)</b>	-	<b>(9,535)</b>
<b>Net Book Value as at 31 March 2024</b>	<b>53,039</b>	<b>2,197</b>	<b>55,236</b>	<b>7,049</b>	<b>10</b>	<b>62,295</b>

Land and Buildings – Gross book value as at 1 April 2023 includes an Asset Held for Sale. As there is only one Asset Held for Sale this will not be separately disclosed in the Financial Statements. This asset was sold during 2023/24.

#### b) Basis of Valuation

All land and buildings were initially revalued during the year with an effective revaluation date of 1 April 2025. The valuations were updated as at 31 March 2025 to ensure the balance sheet accurately reflected the end of year values. Valuations were provided by an external valuer, Martin Wilson BSc (Hons) MRICS of Bruton Knowles. All valuations were prepared in accordance with the RICS Appraisal Valuation Manual and International Financial Reporting Standards. The basis of valuation adopted is Existing Use Value (EUV). For specialised properties the Depreciated Replacement Cost method was used to arrive at the EUV whilst non-specialised properties have been valued using the Comparable Method of valuation to arrive at the EUV.

The following significant assumptions were applied in arriving at the fair values:

- The Authority owns the freehold, which is not subject to any unusual or onerous restrictions;
- Properties are unaffected by any matters that would be revealed by a local search;
- All parts are assumed to be in good repair and condition and all properties are free from hazardous materials; and
- Where the remaining useful life of a property is at least 20 years it is on the assumption that it will be maintained reasonably.

#### c) Valuation Information

The following statement shows the progress of the Authority's programme for the revaluation of assets.

<b>Year of Valuation</b>	<b>Land and Buildings £000</b>	<b>Vehicles, Plant and Equipment £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
2024/25	52,864	-	-	52,864
Valued at Historic Cost	-	7,635	-	7,635
<b>Total</b>	<b>52,864</b>	<b>7,635</b>	<b>-</b>	<b>60,499</b>

d) Depreciation Lives

The Authority policy of depreciating assets is on a straight-line basis over their remaining useful lives as below:

- Red Fleet Vehicles - 1 to 15 years
- White Fleet Vehicles – 1 to 6 years
- Plant and Equipment - 1 to 24 years
- Buildings - 6 to 60 years
- Intangibles - 2 to 7 years

e) Commitments under Capital Contracts

At 31 March 2025, the Authority has entered into a number of contracts for the acquisition or enhancement of Property, Plant and Equipment or Intangible Assets. The major commitments are:

Amount Outstanding as at 31 March 2024	Commitments under Capital Contracts		Amount Outstanding as at 31 March 2025
£0	Capital Contract	Contractor	£000
-	Red Fleet Appliances	Emergency One	558
-	White Fleet Appliances	Vertu Mercedes-Benz Vans	107
60	Breathing Apparatus Equipment	Interspiro Ltd	-
52	White Fleet Vehicles	Ford Motor Company Ltd	-
<b>112</b>	<b>Total</b>		<b>665</b>

All commitments expected to be honoured during 2025/26.

**12 - Investment Property**

The note below shows the value of Investment Property as at 31 March 2025.

2023/24		2024/25
£000	Investment Property	£000
<b>1,016</b>	<b>Opening Balance</b>	<b>1,016</b>
-	Asset under construction	-
<b>1,016</b>	<b>Closing Balance</b>	<b>1,016</b>

**13 - Movement of Intangible Fixed Assets**

Intangible Assets are recognised as non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights. These represent the purchase of computer software and licences and other software systems and are amortised to the Comprehensive Income and Expenditure Statement based on the cost and estimated useful life. No assets were internally generated. All assets have finite useful lives and are amortised on a straight-line basis between 2 to 7 years.

2023/24		2024/25
£000	Movement of Intangible Assets	£000
865	Gross Book Value	865
(865)	Accumulated Amortisation	(865)
<b>-</b>	<b>Total</b>	<b>-</b>

**14 - Short Term Investments**

The Authority holds a number of short-term investments in order to manage liquidity, the figures are based on investments and accrued interest.

2023/24		2024/25
£000	Short Term Investments	£000
16,178	Short Term Investments	24,605
<b>16,178</b>	<b>Total</b>	<b>24,605</b>

## **15 – Inventories**

All inventories are purchased at cost. No inventory items are purchased on deferred settlement terms or acquired by an exchange of goods and services. Inventories are distributed at cost or cost plus and do not use LIFO as a cost formula. All inventory items of a similar nature and similar use to the Authority use the same cost formula.

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>	<b>Inventories</b>	<b>£000</b>
31	Fuel	65
153	Stores	202
56	Workshops	31
<b>240</b>	<b>Total</b>	<b>298</b>

## **16 - Short Term Debtors**

The note below shows the value of debtors as at 31 March 2025.

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>	<b>Short Term Debtors</b>	<b>£000</b>
1,248	Central Government Bodies	413
1,376	Other Local Authorities	2,258
70	Other Entities and Individuals	157
1,633	Payments in Advance	1,093
(24)	Provision for Doubtful Debts	-
<b>4,303</b>	<b>Total</b>	<b>3,921</b>

## **17 - Cash and Cash Equivalents**

Cash and cash equivalents are short-term highly liquid investments.

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>	<b>Cash and cash equivalents</b>	<b>£000</b>
1,891	Cash at bank	2,116
<b>1,891</b>	<b>Total</b>	<b>2,116</b>

## **18 - Short Term Borrowing and Creditors**

The interest owing and shown as short term borrowing represents the Public Works Loan Board (PWLb) interest accrued to the 31 March 2025 in accordance with the Code.

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>	<b>Short Term Borrowing and Creditors</b>	<b>£000</b>
<b>(65)</b>	<b>Short Term Borrowing</b>	<b>(65)</b>
	<u>Short Term Creditors</u>	
(603)	Central Government Bodies	(6,519)
(1,313)	Other Local Authorities	(1,539)
(1,674)	Other Entities and Individuals	(1,318)
(255)	Receipts in Advance	(197)
<b>(3,845)</b>	<b>Total</b>	<b>(9,573)</b>

## 19 - Provisions

The following table shows the movements on the Authority's provisions.

	<b>Accumulated Absences</b>	<b>Other Provisions</b>	<b>NNDR Appeals Provisions</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance as at 1st April 2024</b>	(309)	(667)	368	<b>(608)</b>
Additional provisions made in 2024/25	(355)	(453)	195	<b>(613)</b>
Amounts used in 2024/25	309	-	(368)	<b>(59)</b>
<b>Balance as at 31 March 2025</b>	<b>(355)</b>	<b>(1,120)</b>	<b>195</b>	<b>(1,280)</b>

### Accumulated Absences Account

This provision shows the value of the outstanding leave entitlement held by employees of the Authority as at the balance sheet date. Any increase or decrease in the provision is offset by the Accumulated Absences Account (see Note 24a) so that this accounting adjustment does not impact on the level of usable reserves.

### Other Provisions

This provision relates to potential ill health retirements, along with a range of events that may impact upon the Authority in subsequent years.

### NNDR Appeals Provision

This provision shows the Authority's share of the provision for appeals relating to income from business rates. Due to statutory accounting adjustments, this amount does not impact on the level of the General Fund balance.

## 20 - Long Term Borrowing

The Authority undertakes long-term borrowing, principally as a means of financing expenditure on fixed assets. No additional principal was borrowed during 2024/25. The interest owing and shown as short-term borrowing in Note 18 represents the Public Works Loan Board (PWL) interest accrued to the 31 March 2025 and loans due to be repaid within one year in accordance with the Code.

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>	<b>Source of Loan</b>	<b>£000</b>
(4,550)	PWL	(4,550)
<b>(4,550)</b>	<b>Total</b>	<b>(4,550)</b>

The interest rates applicable as at 31 March 2025 were between 3.90% and 5.32%.

Long-term external borrowing by repayment dates is shown in the table below:

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>	<b>Repayments Dates</b>	<b>£000</b>
(1,000)	Maturing in less than 5 years	(1,000)
(1,376)	Maturing in 5 to 10 years	(1,376)
(2,174)	Maturing in over 25 years	(2,174)
<b>(4,550)</b>	<b>Total</b>	<b>(4,550)</b>

## **21 - Grants Received in Advance**

The Authority has received funding in relation to the ESMCP project. In addition, following the Grenfell enquiry, Central Government have allocated funds specifically for the Fire Sector Protection teams to carry out a review of all high-rise buildings and support initial improvements in local protection capability.

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>	<b>Grants Received in Advance</b>	<b>£000</b>
(223)	ESMCP Funding (Revenue)	(96)
(260)	Protection Funding	(176)
<b>(483)</b>	<b>Total</b>	<b>(272)</b>

## **22 – Lease Liability**

In 2003/04 the Authority entered into a sale and leaseback agreement with Opus Housing Association (now London Quadrant) in respect of the Gerrards Cross Houses for a period of 50 years. The initial cost of the lease is matched by an increase in the value of land and buildings within fixed assets. The rentals payable under this arrangement in 2024/25 were £0.173m charged as £0.126m to the Income and Expenditure account finance costs and £0.047m write down of obligation to the lessor. In addition, the Authority recognises the lease liability relating to Vehicles, Plant and Equipment within this disclosure note. The below table shows the future lease payments due.

<b>2023/24</b>		<b>2024/25</b>		
<b>Total</b>	<b>Lease Liability</b>	<b>Land and Buildings</b>	<b>Vehicles Plant and Equipment</b>	<b>Total</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
(47)	Payable in less than one year	(47)	(154)	(201)
(235)	Payable in one to five years	(235)	(197)	(432)
(1,121)	Payable later than five years	(1,074)	-	(1,074)
<b>(1,403)</b>	<b>Total</b>	<b>(1,356)</b>	<b>(351)</b>	<b>(1,707)</b>

## 23 - Usable Reserves

### Adjustments under Regulations

2023/24			2024/25		
General Fund Balance	Usable Capital Receipts Reserve	Unusable Reserves	General Fund Balance	Usable Capital Receipts Reserve	Unusable Reserves
£000	£000	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account</b>					
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>					
(3,350)	-	3,350	(3,383)	-	3,383
2,373	-	(2,373)	(41)	-	41
119	-	(119)	1,114	-	(1,114)
(539)	-	539	(223)	-	223
-	-	-	160	0	(160)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>					
47	-	(47)	47	-	(47)
<b>Adjustments primarily involving the Capital Receipts Reserve</b>					
3,342	(3,342)	-	45	(45)	-
-	2,307	(2,307)	-	1,080	(1,080)
<b>Adjustments primarily involving the Pension Reserve</b>					
(13,364)	-	13,364	(13,716)	-	13,716
4,344	-	(4,344)	5,976	-	(5,976)
<b>Adjustments primarily involving the Collection Fund Adjustment Account</b>					
1,582	-	(1,582)	416	-	(416)
<b>Adjustments primarily involving the Accumulated Absences Account</b>					
(79)	-	79	(46)	-	46
<b>(5,525)</b>	<b>(1,035)</b>	<b>6,560</b>	<b>(9,651)</b>	<b>1,035</b>	<b>8,616</b>

Transfers To/From Reserves

<b>Usable Reserves</b>	<b>Note</b>	<b>Balance at 31 March 2023 £000</b>	<b>Transfers (In)/Out 2023/24 £000</b>	<b>Balance at 31 March 2024 £000</b>	<b>Transfers (In)/Out 2024/25 £000</b>	<b>Balance at 31 March 2025 £000</b>
General Fund Balance	A	(1,625)	-	(1,625)	(415)	(2,040)
<b>Sub Total Non Earmarked General Fund Balance</b>		<b>(1,625)</b>	<b>-</b>	<b>(1,625)</b>	<b>(415)</b>	<b>(2,040)</b>
Workforce Planning Reserve	B	(500)	(382)	(882)	(293)	(1,175)
Control Room Reserve	C	(617)	32	(585)	106	(479)
USAR Reserve	D	-	-	-	(817)	(817)
Future Funding Reserve	E	-	-	-	(205)	(205)
Transformation Reserve	F	(820)	(2,478)	(3,298)	-	(3,298)
<b>Sub Total Earmarked Reserves - Revenue</b>		<b>(1,937)</b>	<b>(2,828)</b>	<b>(4,765)</b>	<b>(1,209)</b>	<b>(5,974)</b>
Usable Capital Receipts Reserve	G	-	(1,035)	(1,035)	1,035	-
Revenue Contribution to Capital	H	(3,359)	(2,356)	(5,715)	(1,179)	(6,894)
<b>Sub Total Earmarked Reserves - Capital</b>		<b>(3,359)</b>	<b>(3,391)</b>	<b>(6,750)</b>	<b>(144)</b>	<b>(6,894)</b>
<b>Total Usable Reserves</b>		<b>(6,921)</b>	<b>(6,219)</b>	<b>(13,140)</b>	<b>(1,768)</b>	<b>(14,908)</b>

**A – General Fund Balance**

This is a non-earmarked reserve and is kept at a prudent level in order to cover unforeseen eventualities and liabilities.

**B – Workforce Planning Reserve**

Previously known as Apprentice Reserve, this reserve is held to fund the operational establishment. The reserve will be utilised to balance the operational establishment budget when over established, likewise will be topped up when below the operational establishment levels.

**C – Control Room Reserve (Revenue)**

This reserve contains the renewals fund used to replenish the Joint control room assets.

**D – USAR Reserve**

This reserve has been created to cover any future costs relating to Urban Search and Rescue capabilities.

**E – Future Funding Reserve**

This reserve is held to fund future known expenditure.

**F – Transformation Reserve**

Previously known as the Future Funding Reserve, this reserve is held to meet known funding requirements within the medium-term financial plan and to fund projects from underspends in the previous year. Given the improved financial outlook, it is now envisaged that this can be used to fund transformative improvement projects to be identified as part of the upcoming Community Risk Management Plan (CRMP) 2025-2030, rather than being used to balance future funding shortfalls (except to smooth out some minor year-on-year variations).

**G – Usable Capital Receipts Reserve**

The purpose of the reserve is to hold capital receipts to be utilised to fund future capital expenditure or set aside to reduce the Authority's underlying need to borrow.

**H – Revenue Contribution to Capital**

This reserve represents funding set aside to contribute towards future capital expenditure to mitigate the need to fund the expenditure through additional borrowing.

## **24 - Unusable Reserve**

### a) Accumulated Absences Account

The Accumulated Absences Account mitigates any effect on the General Fund of having to include a provision for any outstanding leave owed to employees at the end of each financial year. There is a requirement that authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to this account until the benefits are used. The carrying balance is relatively high as the authority operates a January to December leave year.

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>	<b>Accumulated Absences Account</b>	<b>£000</b>
<b>230</b>	<b>Opening Balance</b>	<b>309</b>
(230)	Reversal of provision for accumulated absences for previous year	(309)
309	Accumulated absences for the year	355
<b>309</b>	<b>Closing Balance</b>	<b>355</b>

### b) Capital Adjustment Account

It is a statutory requirement to have a Capital Adjustment Account. The balance on this account provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls system.

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>	<b>Capital Adjustment Account</b>	<b>£000</b>
<b>(36,623)</b>	<b>Opening Balance</b>	<b>(38,989)</b>
3,350	Depreciation	3,383
(1,404)	Depreciation variance Historic to Current	(1,174)
(47)	Minimum Revenue Provision	(47)
(2,373)	Impairments / Revaluation (gains) & losses	41
(5)	Asset Disposal/Write-Off	(193)
539	Accumulated gains on assets sold or scrapped	223
	Value of Right-of-Use Asset credited to CIES	(160)
(119)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,114)
(2,307)	Capital receipts credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,080)
<b>(38,989)</b>	<b>Closing Balance</b>	<b>(39,110)</b>

### c) Collection Fund Adjustment Account

It is a statutory requirement to have a Collection Fund Adjustment Account. The balance on this account represents the timing differences between statutory accounting requirements and full accruals accounting for council tax.

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>	<b>Collection Fund Adjustment Account</b>	<b>£000</b>
<b>1,350</b>	<b>Opening Balance</b>	<b>(232)</b>
(59)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	76
(1,523)	Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements.	(492)
<b>(232)</b>	<b>Closing Balance</b>	<b>(648)</b>



d) Pensions Reserve

It is a statutory requirement to have a Pensions Reserve. This reserve represents a balancing figure, reported by the actuary, to allow for the liabilities of both the Local Government Pension Scheme and the Firefighter's Pension Fund, as required under IAS 19.

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>	<b>Pensions Reserve</b>	<b>£000</b>
<b>221,647</b>	<b>Opening Balance</b>	<b>223,213</b>
9,020	Appropriations to and from (-) revenue	7,740
(7,454)	Actuarial gains (-) / losses relating to pensions	(25,273)
<b>223,213</b>	<b>Closing Balance</b>	<b>205,680</b>

e) Revaluation Reserve

It is a statutory requirement to have a Revaluation Reserve. This reserve records unrealised revaluation gains arising since the 1 April 2007 from the holding of fixed assets. As and when assets are revalued or revaluations are reversed then adjustments are made to this account. The revaluation reserve is also written down to the capital adjustment account over the remaining useful lives of the assets with revaluation reserve balances.

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>	<b>Revaluation Reserve</b>	<b>£000</b>
<b>(14,840)</b>	<b>Opening Balance</b>	<b>(22,917)</b>
(10,200)	Upward Asset revaluations	(3,034)
714	Downward Asset revaluations	1,226
5	Asset Disposal	193
1,404	Depreciation difference - historic cost to current value	1,174
<b>(22,917)</b>	<b>Closing Balance</b>	<b>(23,358)</b>

**25 - Donated Assets Account**

In 2015/16 the Authority recognised on the Balance Sheet the value of the Thames Valley Control Room made available to it by Royal Berkshire Fire Authority. The fair value of the assets was recognised within Vehicles, Plant and Equipment and a credit was recognised in the Comprehensive Income Expenditure Statement.

**26 - Contingent Assets**

As at 31 March 2025, the Authority does not have any contingent assets.

**27 - Contingent Liabilities**

As at 31 March 2025, the Authority does not have any contingent liabilities.

**28 – Pension Schemes**

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 the payments that need to be disclosed at the time that employees earn their future entitlement.

The Authority participates in five pension schemes:

- The Local Government Pension Scheme (LGPS) for non-firefighter staff administered locally by Buckinghamshire Council is a funded defined benefit final salary scheme. The Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. It is contracted out of the State Second Pension;
- All the Fire-Fighter Pension Schemes (FPS) for uniformed fire fighters is an unfunded defined benefit statutory schemes. These are administered by West Yorkshire Pension Fund. There are no investment assets held to back the liabilities of the scheme and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Authority receives two IAS19 reports from an independent actuaries' firm, Barnett Waddingham. These are for FPS and LGPS, based on the latest valuations. The actuaries value the pension liabilities and provide all relevant pensions disclosures included in the Statement of Accounts.

Under the Firefighters' Pension Fund Regulations 2006 if the amounts receivable by the pension fund are less than amounts payable, the Authority must annually transfer an amount required to meet the deficit to the Pension Fund. Subject to scrutiny and approval by Ministry of Housing, Communities & Local Government up to 100% of this cost is met by top-grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Fire Authority, which must then repay the amount to central government. These arrangements effectively minimise short-term cashflow volatility for the Authority.

Firefighters' Pension Scheme contributions are set every four years based on a combined actuarial valuation. The latest valuation, as at 31 March 2020, established contributions for 1 April 2024 to 31 March 2027, with the next valuation due as at 31 March 2024. Whereas the LGPS contribution requirements are based on the 31 March 2022 triennial valuation, which sets primary and secondary rates for the period from 1 April 2023 onwards.

**McCloud / Sargent**

The prospective remedy was implemented through the Police and Firefighters' Pension Schemes (Amendment) Regulations 2022, which came into effect on 1 April 2022. The second stage involves the delivery of the retrospective remedy, which commenced on 1 October 2023.

The Authority has already allowed for the impact of the McCloud/Sargeant judgment in previous accounting periods and accordingly, the cost is reflected in the liability as at 31 March 2025. From 1 April 2022, members of final salary schemes moved into CARE schemes, with benefits accrued during the remedy period (1 April 2015 to 31 March 2022) rolled back to legacy schemes. Eligible members will choose at retirement between legacy and CARE benefits for the remedy period. It is assumed that members will take the more valuable option and, as this is consistent with previous assumptions, no additional explicit allowance for the McCloud remedy is required.

**Matthews / O'Brien**

The Government has committed to providing further remedy to individuals who were employed as retained firefighters between 7 April 2000 and 5 April 2006 (inclusive) by granting access to the modified section of the Firefighters' Pension Scheme 2006 (the "modified scheme"). Regulations came into force on 1 October 2023, and the Authority has begun work to implement the remedy.

# Buckinghamshire & Milton Keynes Fire Authority – Statement of Accounts 2024/25

## a) Transactions relating to retirement benefits

The Authority recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement.

2023/24			Comprehensive Income and Expenditure Statement	2024/25		
LGPS £000	Firefighters £000	Total £000		LGPS £000	Firefighters £000	Total £000
794	2,149	2,943	<u>Cost of Service</u>	827	2,343	3,170
<b>794</b>	<b>2,149</b>	<b>2,943</b>	Current Service Cost	<b>827</b>	<b>2,343</b>	<b>3,170</b>
			<b>Cost of Service Total</b>			
			<u>Financing and Investment Income and Expenditure</u>			
(41)	10,462	10,421	Net Interest on the defined liability (asset)	(190)	10,736	10,546
<b>(41)</b>	<b>10,462</b>	<b>10,421</b>	<b>Financing and Investment Total</b>	<b>(190)</b>	<b>10,736</b>	<b>10,546</b>
			<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>			
<b>753</b>	<b>12,611</b>	<b>13,364</b>		<b>637</b>	<b>13,079</b>	<b>13,716</b>
(2,916)	(8,050)	(10,966)	Actuarial (gains)/losses on assets	(3,751)	(25,497)	(29,248)
<b>(2,163)</b>	<b>4,561</b>	<b>2,398</b>	<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(3,114)</b>	<b>(12,418)</b>	<b>(15,532)</b>
			<b>Movement in Reserves Statement</b>			
(753)	(12,611)	(13,364)	Reversal of net charges made to the surplus or deficit for post employment benefits in accordance with the code:	(637)	(13,079)	(13,716)
			Amount actually charged against the General Fund Balance for pensions in the year for:			
772	3,333	4,105	Employers contribution	861	4,860	5,721
9	230	239	Retirement benefit payable to pensioners	9	246	255

## b) Assets and liabilities in relation to retirement benefits

### Reconciliation of present value of the scheme liabilities 2024/25

2023/24			Reconciliation of present value of the scheme liabilities	2024/25		
LGPS £000	Firefighters £000	Total £000		LGPS £000	Firefighters £000	Total £000
(31,347)	(222,114)	(253,461)	Present Value of scheme liabilities as at 1 April	(31,878)	(223,112)	(254,990)
(794)	(2,149)	(2,943)	Current Service Cost	(827)	(2,343)	(3,170)
(1,490)	(10,462)	(11,952)	Interest Cost	(1,551)	(10,736)	(12,287)
834	3,833	4,667	Change in financial assumptions	4,147	29,399	33,546
399	(108)	291	Change in demographic assumptions	73	269	342
(113)	(531)	(644)	Experience loss/(gain) on defined benefit obligation	62	(7,168)	(7,106)
981	9,830	10,811	Estimated benefits paid net of transfers in	1,438	9,640	11,078
(357)	(1,641)	(1,998)	Contribution by Scheme participants	(348)	(1,783)	(2,131)
9	230	239	Unfunded pension payments	9	246	255
<b>(31,878)</b>	<b>(223,112)</b>	<b>(254,990)</b>	<b>Present Value of scheme liabilities as at 31 March</b>	<b>(28,875)</b>	<b>(205,588)</b>	<b>(234,463)</b>

# Buckinghamshire & Milton Keynes Fire Authority – Statement of Accounts 2024/25

## Reconciliation of fair value of the scheme assets 2024/25

2023/24			Reconciliation of fair value of the scheme assets	2024/25		
LGPS £000	Firefighters £000	Total £000		LGPS £000	Firefighters £000	Total £000
31,814	-	31,814	Fair Value of scheme assets as at 1 April	35,289	-	35,289
1,531	-	1,531	Interest on Assets	1,741	-	1,741
1,828	-	1,828	Return on assets less interest	(497)	-	(497)
-	4,856	4,856	Other actuarial gains/(losses)	-	2,997	2,997
(32)	-	(32)	Administration expenses	(34)	-	(34)
781	3,563	4,344	Contributions by employer including unfunded	870	5,106	5,976
357	1,641	1,998	Contributions by Scheme participants	348	1,783	2,131
(990)	(10,060)	(11,050)	Estimated benefits paid plus unfunded net of transfers in	(1,447)	(9,886)	(11,333)
<b>35,289</b>	<b>-</b>	<b>35,289</b>	<b>Fair Value of scheme assets as at 31 March</b>	<b>36,270</b>	<b>-</b>	<b>36,270</b>

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

## Asset Ceiling

2023/24			Impact of Asset Ceiling	2024/25		
LGPS £000	Firefighters £000	Total £000		LGPS £000	Firefighters £000	Total £000
(3,512)	-	(3,512)	Opening impact of asset ceiling	(3,512)	-	(3,512)
-	-	-	Interest on Assets	(174)	-	(174)
-	-	-	Actuarial (losses) / gains	(3,801)	-	(3,801)
<b>(3,512)</b>	<b>-</b>	<b>(3,512)</b>	<b>Closing impact of Asset Ceiling</b>	<b>(7,487)</b>	<b>-</b>	<b>(7,487)</b>

The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions.

## c) Scheme history

Reconciliation of present value of the scheme liabilities	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
<u>Present Value of Liabilities</u>					
LGPS	(47,849)	(46,355)	(31,347)	(31,878)	(28,875)
Firefighters Scheme	(341,554)	(334,520)	(222,114)	(223,112)	(205,588)
<b>Present Value of scheme liabilities as at 31 March</b>	<b>(389,403)</b>	<b>(380,875)</b>	<b>(253,461)</b>	<b>(254,990)</b>	<b>(234,463)</b>
<u>Fair Value of Assets</u>					
LGPS	31,608	33,943	31,814	35,289	36,270
<b>Total Assets - BMKFA estimated allocation of LGPS assets</b>	<b>31,608</b>	<b>33,943</b>	<b>31,814</b>	<b>35,289</b>	<b>36,270</b>
<u>Asset Ceiling</u>	-	-	-	-	-
LGPS	-	-	-	(3,512)	(7,487)
<b>Total Assets Ceiling</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,512)</b>	<b>(7,487)</b>
<u>Surplus/Deficit (-) in the scheme</u>					
LGPS	(16,241)	(12,412)	467	(101)	(92)
Firefighters Scheme	(341,554)	(334,520)	(222,114)	(223,112)	(205,588)
2006 Firefighters Scheme	-	-	-	-	-
<b>Total</b>	<b>(357,795)</b>	<b>(346,932)</b>	<b>(221,647)</b>	<b>(223,213)</b>	<b>(205,680)</b>

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £234.463m has a substantial impact on the net worth of the Authority as recorded in the balance sheet, resulting in a negative overall balance of £205.680m. 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 every three years;
- Finance is only required to be raised to cover firefighter's pensions when the pensions are actually paid.

**d) Basis for estimating assets and liabilities**

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

The main assumptions used in their calculations have been:

	<b>LGPS</b>		<b>Firefighters</b>	
	<b>2023/24</b>	<b>2024/25</b>	<b>2023/24</b>	<b>2024/25</b>
<u>Mortality Assumptions</u>				
Longevity at 65 for current pensioners				
Males	20.80	20.70	20.60	20.50
Females	24.30	24.40	23.20	23.30
Longevity at 65 for future pensioners				
Males	22.00	22.00	21.90	21.90
Females	25.70	25.80	24.60	24.70
<u>Financial Assumptions</u>				
Rate of salary inflation	3.85%	3.95%	3.90%	3.90%
Rate of pensions inflation	2.85%	2.95%	2.90%	2.90%
Rate for discounting scheme liabilities	4.95%	5.85%	4.90%	5.80%

As at 31 March 2025, the weighted average duration of the defined benefit obligations for FPS is 15 years and 16 years for LGPS. This indicates that, on average, benefits are expected to fall due over a medium-to-long-term horizon. The liability profile is driven largely by benefits due to pensioners and deferred member.

The Local Government Pension Scheme's assets consist of the following categories by proportion of BMKFA's estimated allocation.

The Firefighters Pension Schemes have no assets to cover their liabilities.

<b>31 March 2024</b>			<b>31 March 2025</b>		
<b>£000</b>	<b>%</b>	<b>LGPS</b>	<b>£000</b>	<b>%</b>	
3,348	9.49%	Gilts	2,960	8.16%	
18,185	51.52%	Equities	18,184	50.14%	
4,171	11.82%	Other Bonds	4,284	11.81%	
1,894	5.37%	Property	2,049	5.65%	
486	1.38%	Cash	539	1.49%	
2,848	8.07%	Infrastructure	3,331	9.18%	
3,310	9.38%	Multi Assets	3,548	9.78%	
1,047	2.97%	Private Debt	1,375	3.79%	
<b>35,289</b>	<b>100%</b>	<b>Total</b>	<b>36,270</b>	<b>100%</b>	

e) Sensitivity Analysis

Sensitivity analysis has been carried out for both the FPS and the LGPS to illustrate how changes in key actuarial assumptions would affect the value of the defined benefit obligations. The analysis varies one assumption at a time (such as the discount rate, salary increases, pension increases (CPI), and mortality assumption) while keeping all other assumptions unchanged.

The following tables show a sensitivity analysis on the major assumptions used in the valuations:

<b>2023/24</b>				<b>2024/25</b>		
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>LGPS</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>Adjustment to discount rate</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
31,354	31,878	32,416	Present value of total obligation	28,434	28,875	29,327
805	835	866	Projected service cost	655	680	706
<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>Adjustment to long term salary increase</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
31,910	31,878	31,846	Present value of total obligation	28,901	28,875	28,849
836	835	834	Projected service cost	680	680	680
<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>Adjustment to pension increases and deferred revaluation</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
32,394	31,878	31,374	Present value of total obligation	29,313	28,875	28,448
866	835	805	Projected service cost	707	680	654
<b>+1 year</b>	<b>None</b>	<b>- 1 Year</b>	<b>Adjustment to mortality age rating assumption</b>	<b>+1 year</b>	<b>None</b>	<b>- 1 Year</b>
32,979	31,878	30,815	Present value of total obligation	29,780	28,875	28,000
867	835	803	Projected service cost	706	680	655
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>Firefighters</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>Adjustment to discount rate</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
219,257	223,112	226,794	Present value of total obligation	202,732	205,588	208,512
2,089	2,271	2,323	Projected service cost	1,248	1,339	1,434
<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>Adjustment to long term salary increase</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
223,598	223,112	222,630	Present value of total obligation	205,888	205,588	205,290
2,273	2,271	2,268	Projected service cost	1,339	1,339	1,339
<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>Adjustment to pension increases and deferred revaluation</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
226,376	223,112	219,936	Present value of total obligation	208,292	205,588	202,948
2,325	2,271	2,087	Projected service cost	1,437	1,339	1,245
<b>+1 year</b>	<b>None</b>	<b>- 1 Year</b>	<b>Adjustment to mortality age rating assumption</b>	<b>+1 year</b>	<b>None</b>	<b>- 1 Year</b>
230,753	223,112	215,736	Present value of total obligation	213,078	205,588	198,373
2,374	2,271	2,170	Projected service cost	1,419	1,339	1,261

## 29 - Financial Instruments

### a) Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

31 March 2024			31 March 2025		
Long Term	Current		Long Term	Current	
£000	£000	Financial Instruments Balances	£000	£000	
1,403	(1,873)	Financial liabilities at amortised cost	1,356	(1,631)	
<b>1,403</b>	<b>(1,873)</b>	<b>Total Borrowings</b>	<b>1,356</b>	<b>(1,631)</b>	
-	16,213	Loans and receivables	-	24,689	
-	<b>16,213</b>	<b>Total Investments</b>	-	<b>24,689</b>	

### b) Financial Instruments gains and losses

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

2023/24		2024/25			
Financial Liabilities and Assets		Financial Liabilities	Financial Assets		
Total	Financial Instruments Gains and Losses	Liabilities measured at amortised cost	Loans and receivables	Total	
£000		£000	£000	£000	
263	Interest expense	230	-	230	
<b>263</b>	<b>Interest payable and similar charges</b>	<b>230</b>	-	<b>230</b>	
(983)	Interest income	-	(1,237)	(1,237)	
<b>(983)</b>	<b>Interest and investment income</b>	-	<b>(1,237)</b>	<b>(1,237)</b>	
<b>(720)</b>	<b>Net gain (-)/loss for the year</b>	<b>230</b>	<b>(1,237)</b>	<b>(1,007)</b>	

A reconciliation of the net gain on Loans and Receivables to Investment Income as shown in the Comprehensive Income and Expenditure Statement is given below.

2023/24		2024/25
£000		£000
(983)	Interest on investments	(1,237)
<b>(983)</b>	<b>Total Investment income received in the CIES</b>	<b>(1,237)</b>

### c) Fair value of assets and liabilities carried at amortised cost

Financial liabilities and financial assets represented by loans, finance leases and receivables are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each balance sheet date, and include accrued interest. It should be noted that the redemption rules applying to PWLB debt changed on 1 November 2007, and are less favourable than the previous procedures.
- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be approximate to fair value;
- The fair value of trade and other receivables is taken to be invoiced or billed amounts.

The fair values calculated are as follows:

<b>31 March 2024</b>			<b>31 March 2025</b>		
<b>Carrying Amount</b>	<b>Fair Value</b>		<b>Carrying Amount</b>	<b>Fair Value</b>	
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>	
(4,550)	(4,354)	PWLB Debt at amortised cost	(4,550)	(4,110)	
(1,403)	(1,403)	Lease Liability	(1,707)	(1,707)	
(1,873)	(1,873)	Creditors	(1,631)	(1,631)	
<b>(7,826)</b>	<b>(7,630)</b>	<b>Total Financial Liabilities</b>	<b>(7,888)</b>	<b>(7,448)</b>	
16,178	16,178	Short term investments	24,605	24,605	
35	35	Debtors	84	84	
<b>16,213</b>	<b>16,213</b>	<b>Total Loans and Receivables</b>	<b>24,689</b>	<b>24,689</b>	

The differences between the carrying amount and the fair value of PWLB debt are due to the fixed rate of interest on the loans being different from the prevailing rate at 31 March 2025. All creditors, other payables, investments and debtors are due to be paid/received in less than one year, therefore the fair value is held at carrying amount.

d) Nature and extent of risk arising from financial instruments

The Authority's activities expose it to a variety of financial risks, the key risks are:

- 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;
- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or 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 movements.

e) Overall procedures for managing risk

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

- By formally adopting the requirements of the Code of Practice;
- By approving annually in advance prudential indicators for the following three years limiting;
  - i.) The Authority's overall borrowing
  - ii.) The maximum and minimum exposures to fixed and variable rates
- By approving an investment strategy for the forthcoming year setting out its criteria for investing and compliance with the Government Guidance.

These are required to be reported and approved at or before the Authority's annual council tax setting budget. These items are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk. Actual performance is also reported annually to Members. The Authority maintains written principles for overall risk management as well as the investment of surplus cash through the Treasury Management Policy approved by the Authority.



**f) Credit risk and Liquidity Risk***Investment Policy*

In accordance with guidance from the Department for Levelling Up, Housing and Communities (DLUHC) and CIPFA, and in order to minimise the risk to investments, the Authority has clearly stipulated below the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using the Link ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support has had an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied have effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.

As with previous practice, ratings will not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Authority will engage with its advisors to maintain a monitor on market pricing such as credit default swaps (CDS) and overlay that information on top of the credit ratings. This is fully integrated into the credit methodology provided by the advisors, Link in producing its colour coding which show the varying degrees of suggested creditworthiness.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

The intention of the strategy is to provide security of investment and minimisation of risk.

*Creditworthiness Policy*

This Authority applies the creditworthiness service provided by Link. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

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

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes have been used by the Authority to determine the suggested duration for investments. It is recommended that the Authority continues to use Link's colour codes plus an additional six months for UK counterparties only. It would be beneficial if the Authority could lend to existing counterparties for a longer duration. This will increase the risk slightly but will offer increased returns.

The Authority will therefore use counterparties within the following durational bands:

- Yellow - 5 years
- Purple - 2 years
- Blue - 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange - 1 year
- Red - 6 months
- Green - 3 months
- No colour - not to be used

The Link creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Authority use will be a short term rating (Fitch or equivalents) of short term rating F1, long term rating A-, viability rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly. The Authority is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- if a downgrade results in the counterparty/investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Authority will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Authority will also use market data and market information, information on government support for banks and the credit ratings of that supporting government.

#### *Country Limits*

In 2017/18, the Authority determined that it would not only use approved counterparties based within the United Kingdom but allowed any counterparty (UK or non-UK based) rated at least 'Green' by Link. Although no counterparty outside UK was used during 2024/25, these will remain on the lending list for 2025/26.

#### *Counterparty Limits*

The Authority has determined that the maximum balance that can be invested with a single counterparty at any point in time will be no more than 30% of the portfolio, up to a limit of £5.000m. The one exception to this is counterparty Lloyds Bank, as these are the Authority's primary banking provider. Up to £7.500m can be invested with Lloyds Bank, of which at least £2.500m must be instant access.

#### *Investment Security*

Investments are defined as being in one of two categories:

- Specified investments – these are investments with high security and high liquidity. All specified investments are in sterling and have a maturity of no more than one year. They will be with the UK government, a local authority, a parish council or with an investment scheme or body of "high credit quality" (as judged against the Creditworthiness Policy detailed earlier in this paper)
- Non-specified investments – any type of investment that is not a specified investment. The Authority does plan to make any non-specified investments during the year.

### *Investment Training*

Relevant training and updates will be provided to relevant staff by the external treasury management advisors. This will be supplemented by additional training from CIPFA where necessary.

### *Investment of Money Borrowed in Advance of Need*

The Authority does not currently have any money that has been borrowed in advance of need. No further borrowing is planned over the medium term.

### *Investment Liquidity*

In consultation with external treasury advisors, the Authority will review its balance sheet position, level of reserves and cash requirements to determine the length of time for which investments can be prudently committed. Investments will be placed at a range of maturities, including having money on-call to maintain adequate liquidity.

### g) Refinancing and maturity risk

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Authority relates to managing the exposure to replacing PWLB Loans as they mature. It is possible that provisions will be made available to meet all PWLB Loans without the direct need to replace loans as they mature, therefore no risk / impairment or other adjustment is required.

A fair value debt calculation of £4.110m has been provided by the Authority's external treasury management advisors

The maturity analysis of financial liabilities is as follows:

<b>31 March 2024</b>		<b>31 March 2025</b>
<b>£000</b>		<b>£000</b>
(1,000)	Maturing within two to five years	(1,000)
(1,376)	Maturing within five to ten years	(1,376)
(2,174)	Maturing later than ten years	(2,174)
<b>(4,550)</b>	<b>Total</b>	<b>(4,550)</b>

### h) Market risk

#### *Interest rate risk*

The Authority is exposed to interest rate movements on its investments as borrowings are taken at fixed rate and are carried at amortised cost. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at fixed rates – the fair value of the borrowing liability will fall;
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise.

Borrowings are not carried at fair value on the balance sheet but are carried at amortised cost, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Account (CIES). However, changes in interest payable on fixed rate borrowings and variable rate investments will be posted to the CIES and affect the General Fund Balance. Movements in the fair value of any variable rate investments will be reflected in Other Comprehensive Income and Expenditure, unless the investments have already been designated as fair value through the CIES.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Authority's prudential indicators and its expected treasury

operations. From this Strategy, a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure.

If interest rates had been 1% higher with all other variables held constant the financial effect would be:

	<b>2024/25</b>
	<b>£000</b>
Increase in interest receivable on variable rate investments	250
<b>Impact on Comprehensive Income and Expenditure Statement</b>	<b>250</b>
<b>Total Financial Effect</b>	<b>250</b>

If rates had been 1% lower the amounts would be reversed.

*Price risk*

The Authority, excluding its share of assets in the Local Government Pension Scheme does not invest in equity shares.

*Foreign Exchange risk*

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

**30 - Events after the Balance Sheet Date**

There are no events after the balance sheet date which will materially impact the figures disclosed in the statement of accounts.

### 31 - Notes to the Cash Flow Statement

#### a) Net Cash flows from Operating Activities

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>		<b>£000</b>
<b>(341)</b>	<b>Net Surplus or (Deficit) on the Provision of Services</b>	<b>(6,848)</b>
977	Depreciation, amortisation, impairment and downward valuations	3,424
(1,804)	Net Movement in Creditors	5,729
(2,261)	Net Movement in Debtors	382
13	Net Movement in Stocks	(58)
9,020	Adjustment regarding Pension Liability	7,740
553	Contributions to/from Provisions	672
539	Carrying amount of non-current assets sold	223
<b>7,037</b>		<b>18,112</b>
(56)	Capital Grants Credited to surplus or deficit on the provision of services	(211)
(3,342)	Proceeds from the sale of assets	(45)
<b>(3,398)</b>		<b>(256)</b>
<b>3,298</b>	<b>Net Cash Flows from Operating Activities</b>	<b>11,008</b>

#### b) Net Cash flows from Operating Activities (Interest)

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>		<b>£000</b>
983	Ordinary interest received	1,237
(263)	Interest charge for year	(230)
<b>720</b>	<b>Net Cash Flows from Operating Activities (Interest)</b>	<b>1,007</b>

#### c) Cash Flows from Investment Activities

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>		<b>£000</b>
(2,426)	Property Plant and Equipment Purchased	(2,194)
(1,394)	Purchase of short or long term investments	(8,427)
-	Value of Right-of-Use Assets credited to CIES	(160)
<b>(3,820)</b>		<b>(10,781)</b>
3,342	Proceeds from the sale of Assets	45
<b>3,342</b>		<b>45</b>
<b>(478)</b>	<b>Net Cash Flows from Investing Activities</b>	<b>(10,736)</b>

#### d) Cash Flows from Financing Activities

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>		<b>£000</b>
(1,632)	Repayment of short and long term borrowing	-
(47)	Cash payments for the reduction of outstanding liabilities relating to finance leases	(47)
<b>(1,679)</b>	<b>Net Cash Flows from Financing Activities</b>	<b>(47)</b>

#### e) Make up of Cash and Cash Equivalents

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>		<b>£000</b>
1,891	Cash and bank balances	2,116
<b>1,891</b>	<b>Total</b>	<b>2,116</b>

## Firefighters' Pension Fund Account

### Firefighters' Pension Fund

2023/24		2024/25
£000	Fund Account	£000
	<b>Income to the fund</b>	
	<u>Contributions receivable (funds due to us during the year)</u>	
	From employer	
(3,563)	normal contributions	(5,106)
-	early retirements	-
(1,637)	From members	(1,795)
(8)	Other miscellaneous eligible income	-
	<u>Transfers in</u>	
(139)	Individual transfers in from other schemes	(6)
<b>(5,347)</b>	<b>Total Income to the Fund</b>	<b>(6,907)</b>
	<b>Spending by the fund</b>	
	<u>Benefits payable</u>	
8,741	Pension payments	9,357
1,346	Commutation of pensions and lump sum retirement benefits	283
	<u>Payments to and on behalf of leavers</u>	
<b>10,087</b>	<b>Total Spending by the Fund</b>	<b>9,640</b>
<b>4,740</b>	<b>Net amount payable/receivable for the year before top up grant receivable/amount payable to sponsoring department</b>	<b>2,733</b>
(4,740)	Top up grant receivable/amount payable to sponsoring department	(2,733)
<b>-</b>	<b>Net amount payable (-)/receivable for the year</b>	<b>-</b>

### Firefighters' Pension Fund Net Assets Statement

2023/24		2024/25
£000	Net Assets Statement	£000
	<b>Net Current Assets and Liabilities</b>	
(1,180)	Pensions top up grant receivable from sponsoring department	-
-	Amount due to sponsoring department	4,614
1,180	Other current assets and liabilities (other than liabilities and other benefits in the future)	(4,614)
<b>-</b>	<b>Net Assets at the End of the Year</b>	<b>-</b>

## **Notes to the Firefighters' Pension Fund Account**

### **1 - Pension Fund Arrangements**

Before 1st April 2006 the Firefighters' Pension Scheme did not have a percentage of pensionable pay contribution from employers: rather the Authority was responsible for paying the pensions of its own former employees on a pay-as-you-go basis. Under the new funding arrangements the scheme remains unfunded but will no longer be on a pay-as-you-go basis as far as the Authority is concerned. The Authority will no longer meet the pension outgoings directly: instead they will pay an employer's pension contribution based on a percentage of pay into the Pension Fund. The Authority is required by legislation to operate a Pension Fund and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation. Benefits payable are funded by contributions from employers and employees.

Employers' contribution levels are based on percentages of pensionable pay set nationally by the DLUHC and subject to triennial revaluation by the Government Actuary's Department.

Subject to scrutiny and approval by the Secretary of State and Parliament, under the new arrangements the Pension Fund will be balanced to nil at the end of the year by either paying over to the sponsoring department (DLUHC) 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 the sponsoring department equal to the amount by which the amount payable from the pension fund for the year exceeded the amount receivable.

### **2 - Pension Fund Accounting Policies**

The accounting policies followed are the same as for the main accounts of the Authority.

### **3 - Balancing the Pension Fund Account**

If the Pension Fund Account is not balanced to nil by pension top-up grant receivable or by the amount payable to the sponsoring department the Pension Fund should be balanced to nil by a supplementary contribution from the authority to the Pension Fund or by the Pension Fund returning contribution to the Authority.

This is shown under Short Term Debtors in Note 16 in the notes to the core financial statements.

The Net Assets Statement does not include liabilities to pay pensions and other benefits after the Balance Sheet Date.

### **4 - Pension Fund Investment Assets**

As the Scheme is unfunded there are no investment assets.

### **5 – Liabilities Shown in the Authority's Main Statements**

The liabilities relating to the Firefighters' Pension scheme can be seen in Note 28 of the main statements.

# Glossary of Term

## Amortisation / Amortise

The equivalent of depreciation when applied to intangible assets.

## Accruals

Used to describe allocating expenditure or income to the relevant financial year. Includes Debtors, Creditors and Prepayments

## BMKFA

Acronym for Buckinghamshire & Milton Keynes Fire Authority.

## Budget

A statement of the Authority's expected level of service delivery plans expressed in monetary terms and spending over a set period, usually one year.

## BC

Buckinghamshire Council. BC provide some services to the Authority under a service level agreement.

## Capitalisation

Capitalisation is the addition to the balance sheet as an asset of an amount that will benefit the Authority for more than one year.

## Capital Adjustment Account

Provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls system.

## Capital Financing Requirement

Measures the Authority's underlying need to borrow or finance by other long-term liabilities for a capital purpose. It represents the amount of capital expenditure that has not yet been resourced, whether at the point of spend or over the longer term

## Capital Receipts

Proceeds from the sale of capital assets that must be used to finance new capital expenditure or reduce the existing Capital Financing Requirement. Receipts available to finance capital expenditure in future years are held in the Usable Capital Receipts Reserve.

## Carrying Amount

The carrying amount refers to the amounts that the Authority has on its books for an asset or a liability. For example, the carrying amount of the authority's rescue pump is the cost of the rescue pump minus the accumulated depreciation on the rescue pump.

## CIES

Comprehensive Income and Expenditure Statement. This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

## CIPFA

Chartered Institute of Public Finance and Accountancy.

## The Code

The Code of Practice on Local Authority Accounting in the United Kingdom. Sets out the proper practices for producing the Statement of Accounts.

## FCPFA

Fellowship Chartered Public Finance Accountant.

## CPI (see also RPI)

Consumer Price Index, a key measure of inflation in the UK.

## Collection Fund Adjustment Account

Provides a balancing mechanism for the timing differences between statutory accounting requirements and full accruals accounting for council tax.

## Council Tax Support Scheme

Regulations introduced in April 2013 that allow councils to design their own schemes to provide incentives for people to find and stay in work.

## Creditors

Amounts owed by the Authority at the Balance Sheet date for goods received or work done.

## Curtailment

The early payment of accrued pensions upon retirement.



**Debtors**

Amounts due to the Authority but remaining unpaid at the Balance Sheet date.

**Depreciation**

The loss of value of assets due to wear and tear, age or obsolescence.

**Derecognition**

The removal of a previously recognised financial asset or liability from the balance sheet following the transfer of asset to a third party or expiry of contractual rights to an asset.

**EUV**

Existing Use Value. The price at which a property can be sold on the open market assuming that it can only be used for the existing use for the foreseeable future.

**Fair Value**

Asset – the amount at which that asset could be bought or sold in a current transaction between willing parties, other than in a liquidation.

Liability – the amount at which that liability could be incurred or settled in a current transaction between willing parties, other than in liquidation.

**Financial Instrument**

A legal agreement involving some sort of monetary value. Financial instruments can be classified generally as equity based, representing ownership of the asset, or debt based, representing a loan made by an investor to the owner of the asset

**General Fund**

The balance held by the Authority against which the council tax is raised. The balance sheet shows the accumulated surplus from previous years.

**HMRC**

Her Majesty's Revenue & Customs.

**IAS**

International Accounting Standards which have come into effect with the introduction of International Financial Reporting Standards (IFRS).

**IAS 19 (formerly FRS17)**

The accounting standard that sets out (amongst other things) the requirements and accounting treatment for retirement benefits.

**IFRS**

The International Financial Reporting Standards which became applicable from the 1<sup>st</sup> April 2010. All future accounts will be presented using these standards.

**Impairments**

A downward movement in the value of assets; the opposite to revaluation (upwards) of asset values.

**IRMP**

The Integrated Risk Management Plan covers the 3 years 2010 – 13 and explains what BMKFA is going to do to develop its services for the future.

**LIFO**

Last in First Out is one of a number of methods for calculating the carrying value of inventories.

**Loans Outstanding**

Loans raised to finance capital spending which have to be repaid.

**Local Government Pension Scheme (LGPS)**

Is the Pension Scheme provided by the Authority for employees not eligible to join the Firefighters' Pension Scheme.

**Lower of Cost and Net Realisable Value**

A method for determining an asset's value such that either the original cost or the current replacement cost, whichever is lowest, is used for financial reporting purposes

**Materiality**

Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements.

**Minimum Revenue Provision (MRP)**

The minimum amount of the Authority's outstanding debt which must be repaid by the revenue accounts in the year.

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

Also known as Business Rates, these are collected by local authorities and are the way that those who occupy non-domestic property contribute towards the cost of local services.

**NJC**

National Joint Council for Local Authority Fire and Rescue Services.

**Outturn**

The actual level of spending and income in a particular year.

**Precept**

An amount of money levied by one authority (the precepting authority) which is collected by another authority (the billing authority) as part of the council tax. BMKFA is a precepting authority and the four Buckinghamshire District Councils and Milton Keynes Council are the billing authorities.

**Prepayments**

Where the authority pays for goods or services before they have been received, any amounts paid but not received by the end of an accounting period are shown in the balance sheet as prepayments.

**Provisions**

These are sums set aside for a specific purpose, the nature of which is known but the exact amount and due date is not.

**Public Sector Audit Appointments Limited (PSAA)**

Incorporated by the Local Government Association (LGA) in August 2014. PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme.

**Public Works Loan Board (PWLB)**

A government body from which a local authority may raise long term loans.

**Realised/Unrealised Gains**

A realised gain is the capital gain that you make on an asset that you receive in the form of cash. An unrealised gain is an increase in the carrying value of an asset that has yet to be sold.

**Revaluation**

Revaluation of fixed assets is the process of increasing or decreasing their carrying value to reflect changes in fair value.

**Revaluation Reserve**

Records unrealised revaluation gains arising (since 1<sup>st</sup> April 2007) from holding fixed assets.

**Revenue Expenditure**

This is spending on the day to day running expenses of the Authority. It includes expenses such as salary and wages, heating, lighting, rent, rates and stationery.

**Reserves**

Amounts set aside in one year to fund expenditure in subsequent years

**Revenue Support Grant (RSG)**

An amount of money given by central government to local authorities each year

**RICS**

Royal Institute of Chartered Surveyors

**RPI**

Retail Price Index, a measure of inflation in the UK. CPI excludes most owner occupier housing costs while the RPI includes mortgage interest payments and house depreciation. RPI generally produces a higher inflation figure than CPI.

**Integra**

The accounting system software used at BMKFA

**SeRCOP**

Service reporting Code of Practice 2011/12 replaces the Best Value Accounting Code of Practice (BVACOP) produced by CIPFA to establish a reporting protocol to demonstrate transparency and best value in the provision of services to the community.

**Write Down**

A reduction in the book value of an asset due to depreciation or a decline in market value