



**Unaudited
Annual Financial Statements**
for the year ending 31 March 2026



**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 2026. 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 taxpayers.

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/>

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 2025/26: 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 2026 was £16.941m (as at 31 March 2025 was £14.908m);
- 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 2025/26 was £5.749m (2024/25 was a deficit of £6.848m);
- 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 decrease in cash and cash equivalents during the year 2025/26 was £2.066m (net increase of £0.225m 2024/25). 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 2026 and is structured as below:

- An Introduction to Buckinghamshire and Milton Keynes Fire Authority
- Key Facts about the Authority
- Financial Performance in 2025/26
- Corporate Risks

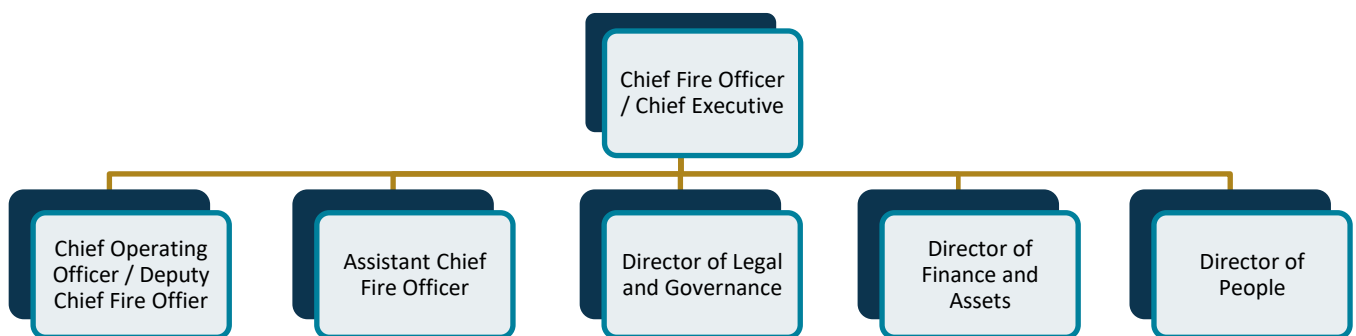
An Introduction to Buckinghamshire and Milton Keynes Fire Authority

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. As at June 2026, the Fire Authority, 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.

2025-2030 Community Risk Management Plan

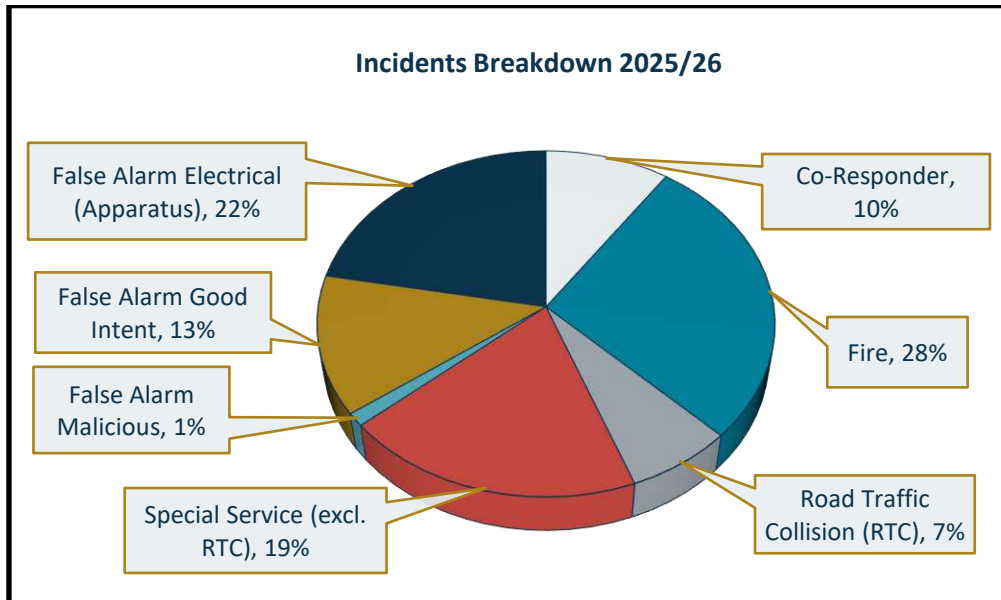
This Community Risk Management Plan (CRMP) sets out Buckinghamshire and Milton Keynes Fire Authority's strategy for the provision of fire and rescue services for the five-year period April 2025 to March 2030. The Plan has been developed using integrated risk management planning methods and is designed to conform to the Government's guidance in relation to the preparation of integrated risk management plans. The CRMP 2025 – 2030 can be viewed here:

<https://bucksfire.gov.uk/public-plans/community-risk-management-plan/>

Key Facts about the Authority

Incidents by type

During 2025/26 the Service responded to 7231 recorded incidents. Fire (28%), false alarm electrical (22%), and special service (19%) accounts for a large proportion of incidents recorded followed by, false alarm good intent (13%), co-responder (10%), road traffic collisions (7%) and false alarms malicious (1%).



In addition to attending incidents, fire-fighters and prevention staff carried out 5272 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

During 2025/26, the Authority had 19 stations located across the Buckinghamshire and Milton Keynes area. Each station contained strategically placed operational assets. They were 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.

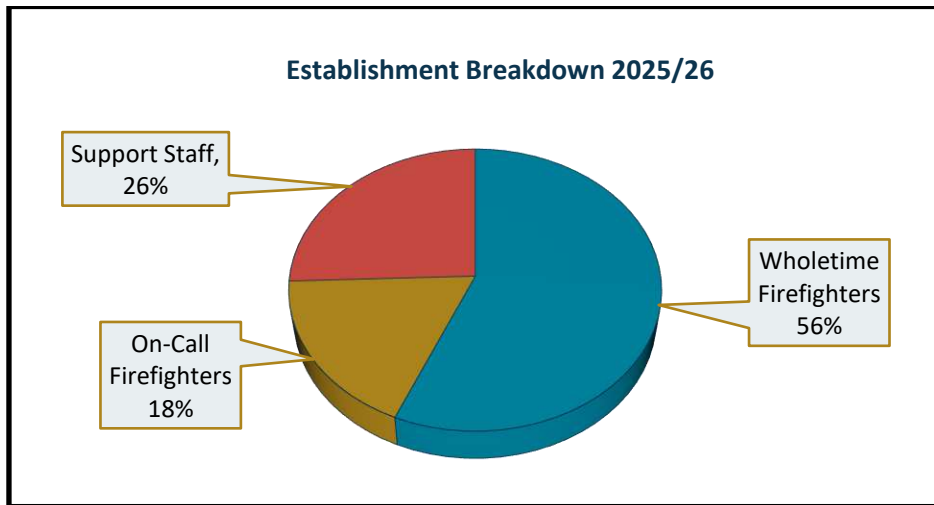
Our **Whole-time** stations provide full-time emergency response cover 24/7, every day of the year. These stations also have additional capacity offered by ‘on-call’ firefighters available on various turn-out time.

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 2025/26

Budget Setting 2025/26

Budget Setting and Council Tax Changes

The budget for 2025/26 was agreed at a full Authority meeting in February 2025. The figures were based on the final Local Government Finance Settlement for 2025/26. For 2025/26, the Government set the referendum threshold at a £5 increase.

As a result, the Fire Authority approved a £5 increase in Council Tax for 2025/26. This increased the Band D charge from £79.46 to £84.46 per year, representing an increase of approximately 10p per week.

Changes in Government Grants

The Revenue Support Grant (RSG), which now included the previous pension grant of £1.206m, increased in line with the Consumer Price Index (CPI) based on September 2024 inflation. The Firelink grant had been expected to continue into 2025/26; however, the Service was informed after the budget had been set that the funding had ceased one year earlier than anticipated, with no allocation received in 2025/26.

The Services Grant, which had seen a significant reduction of 84% in the previous year, was removed entirely for 2025/26. In addition, the Minimum Funding Guarantee grant introduced in 2024/25 (£0.598m for Buckinghamshire Fire and Rescue) also ceased.

Further financial pressure arose from changes announced in the Autumn Budget 2024, including increases in employer National Insurance Contributions from 13.8% to 15%. Funding of £0.253m was provided to offset some of the increased costs. Overall, the Service’s core spending power increased by 4% in cash terms.

The remainder of the Service’s funding continued to be met through a combination of Government grants, business rates, and other income sources, including specific grants such as those supporting Urban Search and Rescue capabilities.

Revenue Outturn

The revenue budget for 2025/26 was £42,989m. This budget was set at the full Fire Authority meeting held in February 2025. The table below shows the revenue outturn position for the year.

Directorate	Total Budget £	Actual Year to Date £	Projected Year End Variance £
Corporate Core	1,610,710	902,061	-708,649
Finance & Assets	6,642,030	6,200,963	-441,067
People Services	3,650,240	3,732,189	81,949
Service Delivery	28,010,320	28,040,329	30,009
Statutory Acc. & Contingency	3,075,830	3,009,852	-65,978
Total Expenditure	42,989,130	41,885,394	-1,103,736
Total Funding	-42,989,130	-42,378,730	610,400
Net Position	0	-493,336	-493,336

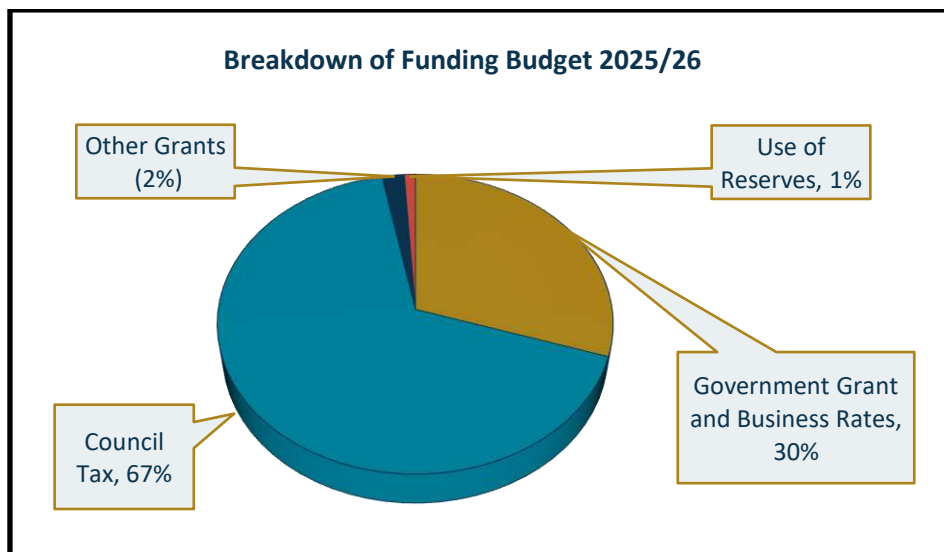
The provisional outturn position for the year is a net underspend of £0.493m. This comprises an underspend on income and expenditure of £1.104m, partially offset by a funding variance of £0.610m. The favourable expenditure variance is largely attributable to vacancies across support roles, reduced on-call costs, and lower Airwave charges, although this has been partly offset by pressures within wholetime staffing and the use of agency cover to maintain service continuity. The position also reflects the release of provisions totalling £0.340m at year end, where amounts were either lower than initially anticipated or, following audit review, no longer required.

In addition, higher-than-budgeted investment income has positively contributed to the outturn, with treasury performance exceeding expectations by £0.724m due to stable market conditions and higher cash balances utilised for short term investing. This also removed the need to draw £0.501m from reserves as originally planned.

The funding position includes a shortfall of £0.109m, primarily driven by reductions in central government grants, including the withdrawal of the Airwave grant and a reduction in pension grant funding, partly offset by additional income from business rates reconciliation at year end.

Breakdown of Funding Budget 2025/26

The total funding allocation for 2025/26 was £42.989m and a breakdown of this is show in the graph below:



Capital Programme

The Authority mainly funds its capital projects using money from its revenue 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.

The table below summarises the capital programme for 2025/26 to 2030/31. 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 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
Property	6,516	2,360	6,219	250	250	250
Total Property Portfolio	6,516	2,360	6,219	250	250	250
Operational Red Fleet Vehicles	-	-	326	680	356	740
Operational Red Fleet Vehicles (Specials)	350	-	-	-	1,000	1,000
Operational White Fleet Vehicles	78	-	-	-	-	-
Total Fleet Vehicles	428	-	326	680	1,356	1,740
Hydraulic Equipment	54	59	64	69	74	79
ICT Equipment	105	92	99	106	113	120
Operational Equipment	100	105	110	115	120	125
Total Equipment	259	256	273	290	307	324
Slippage (Approved July 2025 Executive Committee)	1,598	-	-	-	-	-
In Year Movements	43	-	-	-	-	-
Current Year Slippage Forecast	(7,480)	7,480	-	-	-	-
Projected Yearend Variance	(28)	-	-	-	-	-
Total Other Movements	(5,867)	7,480	-	-	-	-
Total Capital Expenditure	1,336	10,096	6,818	1,220	1,913	2,314
Funding carried forward	(6,894)	(13,805)	(5,638)	(3,262)	(2,042)	(972)
In-year Funding	(8,247)	(1,929)	(4,442)	-	(843)	(1,967)
Total Funding (Available) / Deficit	(13,805)	(5,638)	(3,262)	(2,042)	(972)	(625)

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 2025/26 was £8.844m, including £1.598m from 2024/25 carry forward capital projects and £0.043m in-year movements.

The table below shows the final capital position at the end of 2025/26 for each capital programme.

Capital Programme	Total budget £000	Actuals £000	Slippage £000	Year End Variance £000
Property	7,408	462	6,946	-
Fleet Vehicles	1,042	705	338	-
Equipment	393	169	196	(28)
Total Capital Spend	8,843	1,336	7,480	(28)

In 2025/26, the Service managed a combined capital programme covering Property, Fleet Vehicles and Equipment. Key Property works included refurbishments and emergency repairs, with £0.462m spent and £6.946m of projects continuing into 2026/27. Fleet Vehicles saw £0.705m in spending on specialist vehicles, with £0.338m carried forward into 2026/27, due to delivery delays. Equipment covered both operational and ICT purchases, including rescue equipment and investments focused on ICT hardware, with a total spend of £0.169m, along with £0.196 slipped due to delays in projects and £0.028m identified savings.

The Authority's loans are borrowed from the Public Works Loan Board (PWLB) and during 2025/26 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.

Reserves Balances

The level of reserves held by the Authority as at 31 March 2026 are shown in the table below:

31 March 2025 £000	Reserve Balances	31 March 2026 £000
(2,040)	General Fund Balance	(2,040)
(2,040)	Sub Total Non-Earmarked General Fund Balance	(2,040)
(1,175)	Workforce Planning Reserve	(240)
(479)	Control Room Reserve	(501)
(817)	USAR Reserve	-
(205)	Future Funding Reserve	(355)
(3,298)	Transformation Reserve	-
(5,974)	Sub Total Earmarked Reserves - Revenue	(1,096)
(6,894)	Revenue Contribution to Capital	(13,805)
(6,894)	Sub Total Earmarked Reserves - Capital	(13,805)
(14,908)	Total Usable Reserves	(16,941)

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 2025/26, the Authority's share of the five Pension Fund's net liabilities decreases by £2.022m to £203.658m (for 2024/25 the net liability was £205.680m).

Effectively, the Pension Funds are in deficit by £203.658m 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 No	CR1.0	Risk	Workforce Availability / Stability					
Lead Member	Lead Member for Service Delivery, Protection & Collaboration	Strategic Owner	Deputy Chief Fire Officer	Delivery Group:	People Delivery			
Risk Description Inc impact	<ul style="list-style-type: none"> Staff inability or reduced ability to work due to disruption caused by factors such as Pandemic Flu, fuel supply issues, industrial action etc. 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. Simultaneous loss of Principal Officers / Strategic Leadership Team members. <p>This is a composite risk more detailed evaluations of individual risk components are contained in Directorate Risk Registers.</p>							
Risk Scores Pxl	Untreated	4x4=12	Current	3x4=12	Target	3x2=6	Direction	No Change
Risk Mitigation in place <i>How do these link back to mitigate the risk description??</i>	<ul style="list-style-type: none"> Business continuity plans in place & uploaded to Resilience Direct. Succession Plans in place for key leadership and management personnel. Contingency arrangements in place to mitigate risks to Principal Officer operational rota capacity. Peer review of the business continuity arrangements 							

Risk No	CR2.0	Risk	Industrial Action					
Lead Member	Lead Member for Service Delivery, Protection & Collaboration	Strategic Owner	Deputy Chief Fire Officer	Delivery Group:	Service Delivery			
Risk Description Inc impact	<p>Disruption to key Service functions due to industrial action (including third party industrial action) potentially leading to reduced staff availability and / or diversion of resources to help partner services maintain continuity of service. Impact:</p> <ul style="list-style-type: none"> Detrimental effects on service delivery to the community and the Service’s reputation. Increased risk to the public (including life and property), economy and the environment due to inadequate or insufficient response to emergency incidents. Failure to discharge statutory target duties. Disruption to service delivery and support functions due to loss of capacity. Delay to implementation of Service plans and projects due to loss of capacity 							
Risk Scores Pxl	Untreated	3 x 5 = 15	Current	3 x 4 = 12	Target	3 x 3 = 12	Direction	Up
Risk Mitigation in place <i>How do these link back to mitigate the risk description??</i>	<ul style="list-style-type: none"> Business continuity plans in place & uploaded to Resilience Direct. Regular communication with staff, rep bodies and, where appropriate, third party organisations. Thames Valley Resilience contracts now in place for Fire Control and operational response, in the event of Industrial Action. Further work required to understand and plan for deployments and then manage these events. Use of staff not engaging in industrial action 							

Risk No	CR3.0	Risk	Financial Stability					
Lead Member	Lead Member for Finance and Assets, Information Security & IT		Strategic Owner	IT & Director Finance & Assets	Delivery Group:	Finance & Assets		
Risk Description Inc impact	<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.</p> <p>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 re-think of service provision would be required.</p>							
Risk Scores Pxl	Untreated	5x4=20	Current	4x3=12	Target	4x3=12	Direction	Down
Risk Mitigation in place <i>How do these link back to mitigate the risk description??</i>	<p>Proactive management of the MTFP is in force and is very closely aligned to workforce planning.</p> <p>As part of the budget setting process, Officers will seek to identify savings opportunities to address potential future cost pressures.</p> <p>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.</p>							

Risk No	CR4.0	Risk	Information Management					
Lead Member	Lead Member for Finance and Assets, Information Security & IT		Strategic Owner	Director Legal & Governance	Delivery Group:	N/A		
Risk Description Inc impact	<p>Information Management* / Security failure to -</p> <p>a) comply with statutory or regulatory requirements</p> <p>b) manage technology</p> <p>c) manage organisational resources</p> <p>Deliberate: unauthorised access and theft or encryption of data. Accidental: loss, damage or destruction of data</p>							
Risk Scores Pxl	Untreated	5x5 =25	Current	3x4=12	Target	3x3	Direction	No Change
Risk Mitigation in place <i>How do these link back to mitigate the risk description??</i>	<p>1. Appropriate roles:</p> <p>SIRO has overall responsibility for the management of risk. Data Protection Officer statutory role to advise on UK GDPR.</p> <p>Information and information systems assigned to relevant Information Asset Owners (IAOs)</p> <p>'Stewards' assigned by IAO's with day-to-day responsibility for relevant information.</p> <p>2. Virus detection/avoidance:</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>3. Policies / procedure:</p> <p>Comprehensive review and amendment of the retention and disposal schedules / Information Asset Registers,</p> <ul style="list-style-type: none"> - employee training/education - tested data/systems protection clauses in contracts and data-sharing agreements - Integrated Impact Assessments (IIA) - disincentives to unauthorised access e.g. disciplinary action <p>4. Premises security:</p> <ul style="list-style-type: none"> - Preventative maintenance schedule - Frequent audits at Stations and inventory aligned to asset management system. <p>5. Training:</p> <p>The annual "Responsible for Information" training supplemented by the National Cyber Security Centre's e-learning package 'Top Tips for Staff' which has been built into the Heat training platform as a mandatory annual package.</p>							

Risk No	CR5.0	Risk	McCloud/Sargeant					
Lead Member	Lead Member for Finance and Assets		Strategic Owner	Information Security & IT & Director Finance	Delivery Group:	Finance & Assets		
Risk Description Inc impact	Court of Appeal ruling on the McCloud / Sargeant cases: potential impact on staff retirement profile, resourcing to implement required changes and financial impacts thereof. <ul style="list-style-type: none"> • Failure to discharge statutory duties. • Failure to comply with legal requirements. • Unknown / unquantified budgetary impacts. 							
Risk Scores Pxl	Untreated	4x4=16	Current	4x3=12	Target	4x2=8	Direction	No Change
Risk Mitigation in place <i>How do these link back to mitigate the risk description??</i>	<ul style="list-style-type: none"> • Potential impacts on costs are factored into future Medium-Term Financial Planning process. • Recruitment of dedicated specialist resource to evaluate requirements arising from the Court of Appeal ruling and implement necessary administrative changes. • Individuals can request up to two estimates per annum which will provide them with a more accurate pension benefit. 							

Risk No	CR6.0	Risk	Climate Change					
Lead Member	Lead Member for Finance and Assets, Information Security & IT		Strategic Owner	Director Finance & Assets	Delivery Group:	Finance & Assets, Service Delivery		
Risk Description Inc impact	Increased risk of wildfires, flooding, gales and altered hydrology due to effects of climate change, leading to: <ul style="list-style-type: none"> • Failure to protect people from the risks associated with climate change including potential damage • Inability to effectively respond during extreme weather events. 							
Risk Scores Pxl	Untreated	4X4 = 16	Current	4X3= 12	Target	3X3=9	Direction	No Change
Risk Mitigation in place <i>How do these link back to mitigate the risk description?</i>	<ul style="list-style-type: none"> • 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. • 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) • Access to and provision of specialist tactical advisors through national resilience framework. • Urban Search and Rescue team in-service equipped to deal with major building/infrastructure collapse. • 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. • 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. • 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). • Back-up power generators to protect emergency response sites from power outages. Regular building surveys from facilities team. Fleet replacement programme ongoing. • Bunkered fuel stocks and establishing fleet of alternative fuel vehicles where appropriate to mitigate risk of fuel disruption. • Engaged with NFCC to identify and prepare for longer term “fit for the future” considerations. • Engaged in local resilience groups for flood management. • Isotonic supplements and cool boxes added to appliance inventories. • Wildfire response capability developed 							

Risk No	CR7.0	Risk	Misconduct/behaviours at odds with Service Values					
Lead Member	Lead Member for Service Delivery, Protection & Collaboration		Strategic Owner	Chief Fire Officer	Delivery Group:	People		
Risk Description Inc impact	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, leading to: <ul style="list-style-type: none"> Harm to members of the public and / or Service personnel. Potential exposure to litigation and financial loss Reputational damage resulting in negative publicity locally / nationally leading to public loss of confidence in the Authority / Service. Staff / member loss of confidence in Authority and / or Service leadership / management. 							
Risk Scores Pxl	Untreated	4X4=16	Current	4x3=12	Target	3X3=9	Direction	No Change
Risk Mitigation in place <i>How do these link back to mitigate the risk description??</i>	<ul style="list-style-type: none"> Promise, Values and Behaviours in place. Procedures reflect best practice – discipline, grievance, anti bullying and harassment, code of conduct, whistleblowing All employees DBS checked Support in place for staff – Safecall, Welfare Officer and Occupational Health and the allocation of a point of contact who is not part of the investigation. Procedure for the public to raise concerns / complaints and reported on annually to the Members. Annual staff survey. KPI reporting of key people related measures to People Delivery Group. Equality Impact Assessment procedure and template in place. Ongoing Training in place. Key focus when reports presented to governance meetings. Ongoing engagement with the representative bodies Analysis of feedback from staff leaver exit interviews. Analysis of grievance / complaint procedure findings to identify recurring issues that could indicate systemic origins. 							

Risk No	CR8.0	Risk	Devolution					
Lead Member	Lead Member for Service Delivery, Protection & Collaboration		Strategic Owner	Chief Fire Officer	Delivery Group:	N/A		
Risk Description Inc impact	English Devolution White Paper, December 2024 The Authority as a key stakeholder in the potential range of future scenarios for realignment is not fully considered or understood by decision making bodies, potentially jeopardising the financial stability and safe operations of the current service. Anticipated benefits from long term resource investments in Thames Valley Collaboration initiatives over the last 10 years, aligned to current PCC boundaries, are not realised							
Risk Scores Pxl	Untreated	3x5=15	Current	1x5=5	Target	1x1=1	Direction	Down
Risk Mitigation in place <i>How do these link back to mitigate the risk description??</i>	Engagement with MPs and councillors							

Buckinghamshire & Milton Keynes Fire Authority – Statement of Accounts 2025/26

Risk No	CR9.0	Risk	Local Government Reorganisation					
Lead Member	<i>Lead Member for Service Delivery, Protection & Collaboration</i>		Strategic Owner	<i>Chief Fire Officer</i>		Delivery Group:	N/A	
Risk Description Inc impact	<p>Three competing final bids have been submitted to MHCLG. Options 2 and 3 will impact on Oxon FRA and Royal Berkshire FRA and TVFCS and the Inter Authority Agreement which underpins TVFCS:</p> <ol style="list-style-type: none"> 1. A single unitary council covering the current county council boundary. 2. Two unitaries. One includes all of the current districts of Vale of White Horse, South Oxfordshire and West Berkshire ('Ridgeway'). The second unitary consists of all of the current districts of West Oxfordshire and Cherwell, along with Oxford City. 3. Three unitaries. One covering Oxford City, but with expanded boundaries from the current city council. A second includes most of the current districts of Vale of White Horse, South Oxfordshire and West Berkshire ('Ridgeway'). A third council would include most of the current districts of West Oxfordshire and Cherwell. 							
Risk Scores Pxl	Untreated	3x3=9	Current	3x3 =9	Target	3x2=6	Direction	No Change
Risk Mitigation in place <i>How do these link back to mitigate the risk description??</i>	Engagement with MPs and councillors. Engagement with Fire Director MHCLG							

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 2026 and its income and expenditure for the financial year 2025/26.



Mark Hemming FCPFA

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

Date: 30 June 2026

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 2025/26 financial year and its position at the year-end of 31 March 2026. 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 2025/26, 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 2025/26.

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 active 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 Ministry of Housing, Communities and Local Government (MHCLG) 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 MHCLG 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 – 33.7%
- Royal Berkshire Fire Authority – 37.5%
- Oxfordshire Fire Authority – 28.8%

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 £0.257m, 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 CRMP for 2025-2030, 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 CRMP. For 2025/26 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 2025/26 and the Balance Sheet at 31 March 2026 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 2026, the carrying amounts of non-current assets was £65.549m. Total depreciation and amortisation for the year was £2.691m;
- 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 £2.738m upwards and £0.090m 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 £203.658m;
- Financial Assets and Liabilities – further details about the assumptions made and the potential impact can be found in Note 29;

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 2025/26.

Changes in Accounting Estimates

There have been no changes in existing accounting estimates during 2025/26.

Accounting standards that have been issued but not yet adopted

The standards introduced by the 2026/27 Code where disclosures are required in the 2025/26 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- a) Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- b) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- c) Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- d) Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

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

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 2025/26, the ability to maintain a balanced medium-term financial position continued to be influenced by the Fair Funding Review. Announced by the government in June 2025, the review sought to reform the allocation of funding to local authorities, including fire and rescue services, to achieve a more equitable, needs-based distribution of resources. It considered factors such as local demand, service delivery costs and available resources, with the aim of simplifying and updating the existing funding formula. While the review provides important context for future funding arrangements, its outcomes became clearer during 2025/26 and have been factored into the Authority's financial planning. As a result, the Authority has been able to set a balanced budget; however, there remain ongoing uncertainties around business rates funding, inflationary pressures and pay awards which continue to present risks to longer-term financial sustainability.

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 2025/26 to 2030/31.

Buckinghamshire & Milton Keynes Fire Authority – Statement of Accounts 2025/26

Reserves Position	31 March 2026 £000	31 March 2027 £000	31 March 2028 £000	31 March 2029 £000	31 March 2030 £000	31 March 2031 £000
General Fund Balance	-2,040	-2,040	-2,040	-1,940	-2,040	-2,040
Total Earmarked Reserves – Revenue (excludes Control Room)	-595	0	0	0	0	0
Total Earmarked Reserves - Capital	-13,805	-5,638	-3,262	-2,042	-972	-625
Total	-16,440	-7,678	-5,302	-3,982	-3,012	-2,665

During 2025/26 BMKFA agreed a £5.00 increase in its council tax, which resulted in the amount paid by a band D taxpayer rising from £79.46 a year to £84.46 a year. This equates to just under 10p a week and came into effect from 1 April 2025. Taking this into consideration the Authority’s reserves at the end of the MTFP are projected to be £2.665m, assuming precept flexibility being £5 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.

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.

Movement In Reserves Statement	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000
Balance at 31 March 2024 carried forward	(1,625)	(10,480)	(1,035)	(13,140)	161,384	148,244
<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)
Total Comprehensive Income and Expenditure	6,848	-	-	6,848	(27,081)	(20,233)
Adjustments between accounting basis & funding basis under regulations (Note 23)	(9,651)	-	1,035	(8,616)	8,616	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(2,803)	-	1,035	(1,768)	(18,465)	(20,233)
Transfers to/from Earmarked Reserves (Note 23)	2,388	(2,388)		-	-	-
(Increase) / Decrease in 2024/25	(415)	(2,388)	1,035	(1,768)	(18,465)	(20,233)
Balance at 31 March 2025 carried forward	(2,040)	(12,868)	-	(14,908)	142,919	128,011
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)

Movement in Reserves Statement Continued:

Movement In Reserves Statement	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000
Balance at 31 March 2025 carried forward	(2,040)	(12,868)	-	(14,908)	142,919	128,011
<u>Movement in reserves during 2024/25</u>						
(Surplus) or deficit on the provision of services	5,749	-	-	5,749	-	5,749
Other Comprehensive Income and Expenditure	-	-	-	-	(11,532)	(11,532)
Total Comprehensive Income and Expenditure	5,749	-	-	5,749	(11,532)	(5,783)
Adjustments between accounting basis & funding basis under regulations (Note 23)	(7,782)	-	-	(7,782)	7,782	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(2,033)	-	-	(2,033)	(3,750)	(5,783)
Transfers to/from Earmarked Reserves (Note 23)	2,033	(2,033)		-	-	-
(Increase) / Decrease in 2025/26	-	(2,033)	-	(2,033)	(3,750)	(5,783)
Balance at 31 March 2026 carried forward	(2,040)	(14,901)	-	(16,941)	139,169	122,228
Amounts held for revenue purposes	(2,040)	(1,096)	-	(3,136)	203,143	200,007
Amounts held for capital purposes	-	(13,805)	-	(13,805)	(63,974)	(77,779)

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.

2024/25			Comprehensive Income and Expenditure Statement	2025/26		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
<u>Services</u>						
1,822	(45)	1,777	Corporate Core	1,914	(41)	1,873
9,103	(1,051)	8,052	Finance & Assets	7,959	(1,062)	6,897
2,905	(66)	2,839	People Delivery	3,602	(151)	3,451
25,457	(139)	25,318	Service Delivery	26,181	(144)	26,037
254	-	254	Statutory Accounting and Contingency	393	(134)	259
39,541	(1,301)	38,240	(Surplus) or Deficit on Continuing Operations (Note 1)	40,049	(1,532)	38,517
<u>Other Operating Expenditure</u>						
179	-	179	(Gain)/losses on disposals of non-current assets	4	-	4
179	-	179	Total Other Operating Expenditure	4	-	4
<u>Financing and Investment Income and Expenditure</u>						
230	-	230	Interest payable and similar charges (Note 29)	227	-	227
-	(1,237)	(1,237)	Interest and Investment income (Note 29)	-	(1,324)	(1,324)
10,546	-	10,546	Pension interest cost (Note 28)	11,208	-	11,208
10,776	(1,237)	9,539	Total Financing and Investment Income and Expenditure	11,435	(1,324)	10,111
<u>Taxation and Non-Specific Grant Income</u>						
-	(26,187)	(26,187)	Precepts	-	(28,452)	(28,452)
-	(6,773)	(6,773)	General Government Grants	-	(6,200)	(6,200)
-	(7,756)	(7,756)	Non Domestic Rates redistribution	-	(7,971)	(7,971)
-	-	-	Non Government contributions	-	-	-
<u>Specific Grant income</u>						
-	(394)	(394)	Specific Government Grants	-	(260)	(260)
-	(41,110)	(41,110)	Total Taxation and Non-Specific Grant Income (Note 10)	-	(42,883)	(42,883)
50,496	(43,648)	6,848	(Surplus) or Deficit on Provision of Services	51,488	(45,739)	5,749
		(1,808)	(Surplus) or Deficit on revaluation of fixed assets (Note 24e)			(2,648)
		(25,273)	Remeasurement of net defined liability (Note 24d)			(8,884)
		(27,081)	Other Comprehensive Income and Expenditure			(11,532)
		(20,233)	Total Comprehensive Income and Expenditure			(5,783)

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 2025 £000	Balance Sheet	31 March 2026 £000
52,864	Land & Buildings (Note 11)	54,210
7,635	Vehicles, Plant & Equipment (Note 11)	7,001
-	Assets under construction (Note 11)	575
1,016	Investment Property (Note 12)	1,016
2,661	Right of Use Assets (Note 4)	2,747
-	Intangible Assets (Note 13)	-
64,176	Total Non-Current Assets	65,549
-	Assets Held for Sale (Note 11)	-
24,605	Short Term Investments (Note 14)	27,195
298	Inventories (Note 15)	248
3,921	Short Term Debtors (Note 16)	3,962
2,116	Cash and Cash Equivalents (Note 17)	50
30,940	Total Current Assets	31,455
95,116	Total Assets	97,004
(65)	Short Term Borrowing (Note 18)	(65)
(9,573)	Short Term Creditors (Note 18)	(8,595)
(1,280)	Provisions (Note 19)	(544)
-	Capital Grants Received in Advance (Note 21)	-
(272)	Revenue Grants Received in Advance (Note 21)	(247)
(201)	Lease Liability (Note 22)	(173)
(11,391)	Total Current Liabilities	(9,624)
(4,550)	Long Term Borrowing (Note 20)	(4,550)
(1,506)	Lease Liability (Note 22)	(1,400)
-	Donated Asset Account (Note 25)	-
(205,680)	Pension Scheme (Note 28)	(203,658)
(211,736)	Total Long-term Liabilities	(209,608)
(223,127)	Total Liabilities	(219,232)
(128,011)	Net Assets	(122,228)
(14,908)	Usable Reserves (Note 23)	(16,941)
142,919	Unusable Reserves (Note 24)	139,169
128,011	Total Reserves	122,228

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.

2024/25 £000	Cash Flow Statement	2025/26 £000
(6,848)	Net surplus or deficit on the provision of services	(5,749)
18,112	Adjust for non-cash movements	7,851
(256)	Adjust for items that are investing or financing activities	(25)
11,008	Net Cash Flow from Operating Activities	2,077
(10,736)	Total Investing Activities	(4,096)
(47)	Total Financing Activities	(47)
225	Net Increase or decrease in cash and cash equivalents	(2,066)
1,891	Cash and Cash equivalents at the beginning of the reporting period	2,116
2,116	Cash and Cash equivalents at the end of the reporting period	50

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.

2024/25			Expenditure and Funding Analysis	2024/25		
Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
1,821	(44)	1,777	Corporate Core	2,006	(133)	1,873
8,065	(13)	8,052	Finance & Assets	6,962	(65)	6,897
2,984	(145)	2,839	People Delivery	3,794	(343)	3,451
27,922	(2,604)	25,318	Service Delivery	29,843	(3,806)	26,037
254	-	254	Statutory Accounting and Contingency	259	-	259
41,046	(2,806)	38,240	Net Cost of Services	42,864	(4,347)	38,517
(42,814)	11,422	(31,392)	Other Income and Expenditure	(44,897)	12,129	(32,768)
(1,768)	8,616	6,848	Surplus or Deficit	(2,033)	7,782	5,749
(13,140)			Opening Usable Reserves Balance	(14,908)		
(1,768)			Less/Plus Surplus or (Deficit) on usable reserves	(2,033)		
(14,908)			Closing Usable Reserves Balance at 31 March	(16,941)		

1a – Adjustments between Funding and Accounting Basis

2024/25			Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	2025/26		
Adjustments For Capital Purposes £000	Net Change for Pension Adjustments £000	Total Adjustments £000		Adjustments For Capital Purposes £000	Net Change for Pension Adjustments £000	Total Adjustments £000
-	(44)	(44)	Corporate Core	-	(132)	(132)
-	(13)	(13)	Finance & Assets	-	(65)	(65)
-	(2,604)	(2,604)	People Delivery	-	(3,806)	(3,806)
-	(145)	(145)	Service Delivery	-	(343)	(343)
-	-	-	Statutory Accounting and Contingency	-	-	-
-	(2,806)	(2,806)	Net Cost of Services	-	(4,346)	(4,346)
876	10,546	11,422	Other Income and Expenditure from the EFA Analysis	920	11,208	12,128
876	7,740	8,616	Differences between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	920	6,862	7,782

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:

2024/25 £000	Expenditure and Income Analysed By Nature	2025/26 £000
(1,301)	Fees, charges & other service income	(1,532)
(1,237)	Interest and investment income	(1,324)
(26,187)	Income from Council Tax	(28,452)
(14,923)	Government grants and contributions	(14,431)
(43,648)	Total Income	(45,739)
27,419	Employee Expenses	28,751
8,698	Other Operating Expenses	8,607
3,424	Depreciation, amortisation, Impairments / Revaluation (Gains) & losses	2,691
230	Interest payments	227
10,546	Pensions interest cost and return on Pension Fund assets	11,208
179	Gain or loss on disposal of non current assets	4
50,496	Total Operating Expenses	51,488
6,848	Surplus (-) or deficit on the provision of services	5,749

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.

2024/25	Remuneration Band	2025/26
48	£50,000 - £54,999	52
22	£55,000 - £59,999	39
18	£60,000 - £64,999	32
12	£65,000 - £69,999	6
8	£70,000 - £74,999	10
10	£75,000 - £79,999	8
3	£80,000 - £84,999	7
1	£85,000 - £89,999	3
4	£90,000 - £94,999	1
-	£95,000 - £99,999	2
1	£100,000 - £104,999	-
1	£105,000 - £109,999	-
1	£110,000 - £114,999	1
2	£120,000 - £124,999	4
1	£130,000 - £134,999	1
-	£150,000 - £154,999	1
1	£165,000 - £169,999	-
-	£200,000 - £204,999	1
133	Total	168

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The following table sets out the remuneration disclosures for senior officers during 2025/26. 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	Total Remuneration Excluding Pension Contributions	Pension Contributions	Total Remuneration Including Pension Contributions	Note
Chief Fire Officer and Chief Executive	175,991	-	175,991	45,519	221,510	1
Chief Operating Officer	152,350		152,350	57,284	209,634	2
Assistant Chief Fire Officer	134,491		134,491	45,971	180,462	3
Director of Finance and Assets & Chief Finance Officer	118,444	5,000	123,444	20,609	144,053	
Director of People	118,444	5,000	123,444	20,609	144,053	3
Director of Legal and Governance	118,444	1,634	120,078	20,609	140,687	
Totals	818,164	11,634	829,798	210,601	1,040,399	

Notes

- 1) The post holder is Louise Harrison, Chief Fire Officer and Chief Executive.
- 2) The post holder is Simon Tuffley, Chief Operating Officer.
- 3) Fixed term position

For comparison, the following table sets out the remuneration disclosures for senior officers during 2024/25:

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

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

Exit Packages

There were no exit package in 2025/26 (2024/25 also no exit packages).

3 - Provision for Doubtful Debt

The provision for doubtful debts is £0.000m as at 31 March 2026 (£0.000m as at 31 March 2025).

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 Paradigm Housing group, previously London Quadrant. The Authority has included the lease liability details in Note 22.

Land and Buildings £000	2024/25 Vehicles Plant and Equipment £000	Total £000	Right-of-Use Assets	Land and Buildings £000	2025/26 Vehicles Plant and Equipment £000	Total £000
-	-	-	Opening Balance	2,318	343	2,661
2,197	312	2,509	Initial Recognition as at 1 April 2024	-	-	-
-	198	198	Additions	-	85	85
121	-	121	Revaluation increase/decrease (-) recognised in Revaluation Reserve	184	-	184
(86)	(167)	(253)	Depreciation	(96)	(173)	(269)
86	-	86	Depreciation written out to Revaluation Reserve	86	-	86
2,318	343	2,661	Closing Balance	2,492	255	2,747

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

Land and Buildings £000	2024/25 Vehicles Plant and Equipment £000	Total £000	Leases	Land and Buildings £000	2025/26 Vehicles Plant and Equipment £000	Total £000
62	51	113	Expenses relating to short term or exempt leases	7	43	50
62	51	113	Total	7	43	50

5 - Capital Financing Requirement

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

2024/25 £000	Capital Financing Requirement	2025/26 £000
1,402	Opening Capital Financing Requirement	1,355
	<u>Capital Investment</u>	
2,194	Property Plant and Equipment	1,336
	<u>Sources of Finances</u>	
(1,080)	Capital Receipts	-
(1,114)	Government Grants and Contributions	(1,336)
(47)	Revenue Funding including MRP	(47)
1,355	Closing Capital Financing Requirement	1,308
	<u>Explanation of movements in year</u>	
(47)	Increase in the underlying need to borrow (supported by Government financial assistance)	(47)
(47)	Increase/(Decrease) in Capital Financing Requirement	(47)

6 - Members Allowances

Total allowances paid in 2025/26 to 22 Members amounted to £0.074m (2024/25 amounted to £0.074m and 23 Members).

7 - Audit Fees

KPMG have been appointed as the external auditors for the Authority's financial statements. £0.040m of the 2025/26 audit fees relates to audit fee variations for prior year audits agreed by the Public Sector Audit Appointments (PSAA).

2024/25 £000	Audit Fees	2025/26 £000
110	Scale fee for audit work	149
110	Total	149

8 - Revenue Grants

Section 31 grants received from 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.

2024/25 £000	Revenue Grant Applied	2025/26 £000
	<u>Non-Specific Grants</u>	
(2,452)	Pension Fire Grant	(968)
(817)	New Dimension (Urban Search and Rescue)	(817)
(598)	Minimum Funding Guarantee	-
	National Insurance	(253)
(115)	Firelink	-
(43)	Other Grant	(38)
(36)	Services Grant	-
(13)	Redmond/Levy Grant	(13)
(8)	Transparency Grant	-
(4,082)	Total Non-Specific Grants	(2,089)
	<u>Specific Grants</u>	
(162)	ESMCP	(221)
(232)	Protection Grant	(39)
(394)	Total Specific Grants	(260)
(4,476)	Total	(2,349)

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, with this grant ceased. 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 2026 is £0.257m for BMKFA.

The revenue expenditure split is based on the Joint control policy stated in the accounting estimates section. The total expenditure for 2025/26 was £2.971m from which BMKFA contributed £1.001m.

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. As at the end of 2025/26, any residual balances will be returned to MHCLG and no funds will be held by the Authority for the three services.

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.

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 both 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.

2024/25 £000	Funding	2025/26 £000
(18,406)	Buckinghamshire Council	(19,968)
(7,781)	Milton Keynes Council	(8,484)
(26,187)	Total Precepts	(28,452)
(2,691)	Revenue Support Grant	(4,111)
(4,476)	Other Revenue Grants (Note 8)	(2,349)
(7,167)	Total General Government Grants	(6,460)
(7,756)	Non Domestic Rates Redistribution	(7,971)
(7,756)	Total Non Domestic Rates redistribution	(7,971)
(41,110)	Total	(42,883)

11 - Non Current Assets

a) Movement of Property, Plant and Equipment

2025/26	Land and Buildings £000	Vehicles, Plant and Equipment £000	Assets Under Construction £000	Total £000
Gross Book Value as at 1 April 2025	52,864	17,668	-	70,532
Additions	278	483	575	1,336
Disposals and write offs	-	(34)	-	(34)
Reclassifications	-	-	-	-
Revaluation increase/decrease (-) recognised in Revaluation Reserve	233	-	-	233
Revaluation increase/decrease (-) recognised in surplus/deficit on provision of service	835	-	-	835
Gross Book Value as at 31 March 2026	54,210	18,117	575	72,902
Accumulated depreciation and impairment as at 1 April 2025	-	(10,033)	-	(10,033)
Depreciation for the year	(2,484)	(1,112)	-	(3,596)
Depreciation on disposal	-	29	-	29
Depreciation written out to Revaluation Reserve	2,145	-	-	2,145
Depreciation written out to surplus/deficit (-) on provision of service	339	-	-	339
Accumulated depreciation and impairment as at 31 March 2026	-	(11,116)	-	(11,116)
Net Book Value as at 31 March 2026	54,210	7,001	575	61,786

Comparative figures for 2024/25:

2024/25	Land and Buildings £000	Vehicles, Plant and Equipment £000	Assets Under Construction £000	Total £000
Gross Book Value as at 1 April 2024	53,039	16,584	10	69,633
Additions	431	1,763	-	2,194
Disposals and write offs	(395)	(679)	-	(1,074)
Reclassifications	10	-	(10)	-
Revaluation increase/decrease (-) recognised in Revaluation Reserve	172	-	-	172
Revaluation increase/decrease (-) recognised in surplus/deficit on provision of service	(393)	-	-	(393)
Gross Book Value as at 31 March 2025	52,864	17,668	-	70,532
Accumulated depreciation and impairment as at 1 April 2024	-	(9,535)	-	(9,535)
Depreciation for the year	(1,978)	(1,152)	-	(3,130)
Depreciation on disposal	197	654	-	851
Depreciation written out to Revaluation Reserve	1,429	-	-	1,429
Depreciation written out to surplus/deficit (-) on provision of service	352	-	-	352
Accumulated depreciation and impairment as at 31 March 2025	-	(10,033)	-	(10,033)
Net Book Value as at 31 March 2025	52,864	7,635	-	60,499

b) Basis of Valuation

All land and buildings were initially revalued during the year with an effective revaluation date of 1 April 2026. The valuations were updated as at 31 March 2026 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.

Year of Valuation	Land and Buildings £000	Vehicles, Plant and Equipment £000	Assets Under Construction £000	Total £000
2025/26	54,210	-	-	54,210
Valued at Historic Cost	-	7,001	575	7,576
Total	54,210	7,001	575	61,786

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 2026, 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 2025 £000	Commitments under Capital Contracts		Amount Outstanding as at 31 March 2026 £000
	Capital Contract	Contractor	
-	Building Works	Telnik Roofing Ltd	61
558	Red Fleet Vehicles	Emergency One	183
107	White Fleet Vehicles	Vertu Mercedes-Benz Vans	-
-	White Fleet Vehicles	Motus Group t/a Pentagon Derby	74
665	Total		318

All capital commitments expected to be honoured during 2026/27.

12 - Investment Property

The note below shows the value of Investment Property as at 31 March 2026. All investment properties are considered as an asset under construction.

2024/25 £000	Investment Property	2025/26 £000
1,016	Opening Balance	1,016
-	Asset under construction	-
1,016	Closing Balance	1,016

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.

2024/25 £000	Movement of Intangible Assets	2025/26 £000
865	Gross Book Value	865
(865)	Accumulated Amortisation	(865)
-	Total	-

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.

2024/25 £000	Short Term Investments	2025/26 £000
24,605	Short Term Investments	27,195
24,605	Total	27,195

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.

2024/25 £000	Inventories	2025/26 £000
65	Fuel	68
202	Stores	151
31	Workshops	29
298	Total	248

16 - Short Term Debtors

The note below shows the value of short term debtors as at 31 March 2026.

2024/25 £000	Short Term Debtors	2025/26 £000
413	Central Government Bodies	145
2,258	Other Local Authorities	1,973
157	Other Entities and Individuals	31
1,093	Payments in Advance	1,813
3,921	Total	3,962

17 - Cash and Cash Equivalents

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

2024/25 £000	Cash and cash equivalents	2025/26 £000
2,116	Cash at bank	50
-	Cash on deposit	-
2,116	Total	50

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 2026 in accordance with the Code.

2024/25 £000	Short Term Borrowing and Creditors	2025/26 £000
(65)	Total Short Term Borrowing	(65)
	<u>Short Term Creditors</u>	
(6,519)	Central Government Bodies	(5,788)
(1,539)	Other Local Authorities	(938)
(1,318)	Other Entities and Individuals	(1,708)
(197)	Receipts in Advance	(161)
(9,573)	Total Short Term Creditors	(8,595)
(9,638)	Total Short Term Borrowing and Creditors	(8,660)

19 - Provisions

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

Provisions	Accumulated Absences £000	Other Provisions £000	NNDR Appeals Provisions £000	Total £000
Balance as at 1st April 2025	(355)	(1,120)	195	(1,280)
Additional provisions made in 2025/26	(377)	(124)	346	(155)
Amounts used in 2025/26	355	731	(195)	891
Balance as at 31 March 2026	(377)	(513)	346	(544)

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 2025/26. The interest owing and shown as short-term borrowing in Note 18 represents the Public Works Loan Board (PWLB) interest accrued to the 31 March 2026 and loans due to be repaid within one year in accordance with the Code.

2024/25 £000	Source of Loan	2025/26 £000
(4,550)	PWLB	(4,550)
(4,550)	Total	(4,550)

The interest rates applicable as at 31 March 2026 were between 3.90% and 5.32%.

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

2024/25 £000	Repayments Dates	2025/26 £000
(1,000)	Maturing in less than 5 years	(1,626)
(1,376)	Maturing in 5 to 10 years	(750)
(2,174)	Maturing in over 25 years	(2,174)
(4,550)	Total	(4,550)

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.

2024/25 £000	Grants Received in Advance	2025/26 £000
(96)	ESMCP Funding (Revenue)	(27)
(176)	Protection Funding	(220)
(272)	Total	(247)

22 – Lease Liability

In 2003/04 the Authority entered into a sale and leaseback agreement with Opus Housing Association (now Paradigm Housing Group) 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 2025/26 were £0.179m charged as £0.132m 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.

Land and Buildings £000	2024/25		Lease Liability	2025/26		Total £000
	Vehicles Plant and Equipment £000	Total £000		Land and Buildings £000	Vehicles Plant and Equipment £000	
(47)	(154)	(201)	Payable in less than one year	(47)	(126)	(173)
(235)	(197)	(432)	Payable in one to five years	(235)	(138)	(373)
(1,074)	-	(1,074)	Payable later than five years	(1,027)	-	(1,027)
(1,356)	(351)	(1,707)	Total	(1,309)	(264)	(1,573)

23 - Usable Reserves
Adjustments under Regulations

2024/25			Usable Reserves	2025/26		
General Fund Balance £000	Usable Capital Receipts Reserve £000	Unusable Reserves £000		General Fund Balance £000	Usable Capital Receipts Reserve £000	Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account						
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
(3,383)	-	3,383	Depreciation Charges	(3,865)	-	3,865
(41)	-	41	Impairments / Revaluation (Gains) & losses	1,174	-	(1,174)
1,114	-	(1,114)	Capital grants and contributions applied	1,336	-	(1,336)
(223)	-	223	Amounts of non-current assets written off on disposal as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	(4)	-	4
160	-	(160)	Right-of-Use assets	170	-	(170)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
47	-	(47)	Minimum Revenue Provision	47	-	(47)
Adjustments primarily involving the Capital Receipts Reserve						
45	(45)	-	Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-
-	1,080	(1,080)	Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-
Adjustments primarily involving the Pension Reserve						
(13,716)	-	13,716	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(13,329)	-	13,329
5,976	-	(5,976)	Employer's pensions contributions and direct payments to pensioners payable in the year	6,467	-	(6,467)
Adjustments primarily involving the Collection Fund Adjustment Account						
416	-	(416)	Precept and NNDR Income	244	-	(244)
Adjustments primarily involving the Accumulated Absences Account						
(46)	-	46	Employee Absence Account	(22)	-	22
(9,651)	1,035	8,616	Total Adjustments	(7,782)	-	7,782

Transfers To/From Reserves

Usable Reserves	Note	Balance at 31 March 2024 £000	Transfers (In)/Out 2024/25 £000	Balance at 31 March 2025 £000	Transfers (In)/Out 2025/26 £000	Balance at 31 March 2026 £000
General Fund Balance	A	(1,625)	(415)	(2,040)	-	(2,040)
Sub Total Non Earmarked General Fund Balance		(1,625)	(415)	(2,040)	-	(2,040)
Workforce Planning Reserve	B	(882)	(293)	(1,175)	935	(240)
Control Room Reserve	C	(585)	106	(479)	(22)	(501)
USAR Reserve	D	-	(817)	(817)	817	-
Future Funding Reserve	E	-	(205)	(205)	(150)	(355)
Transformation Reserve	F	(3,298)	-	(3,298)	3,298	-
Sub Total Earmarked Reserves - Revenue		(4,765)	(1,209)	(5,974)	4,878	(1,096)
Usable Capital Receipts Reserve	G	(1,035)	1,035	-	-	-
Revenue Contribution to Capital	H	(5,715)	(1,179)	(6,894)	(6,911)	(13,805)
Sub Total Earmarked Reserves - Capital		(6,750)	(144)	(6,894)	(6,911)	(13,805)
Total Usable Reserves		(13,140)	(1,768)	(14,908)	(2,033)	(16,941)

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

This reserve is held to fund the operational establishment and other fixed term posts. The reserve will be utilised to balance the establishment budget when over established, likewise will be topped up when below the 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. At present, USAR funding is continuing and therefore these funds have been transferred into Revenue contribution to capital to fund transformative projects identified in the Community Risk Management Plan (CRMP) 2025-2030.

E – Future Funding Reserve

This reserve is held to fund future known expenditure which has been carried over from the previous year.

F – Transformation Reserve

This reserve was 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 CRMP 2025-2030, rather than being used to balance future funding shortfalls (except to smooth out some minor year-on-year variations). These funds have been transferred into Revenue contribution to capital to fund transformative projects identified in the Community Risk Management Plan (CRMP) 2025-2030.

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.

2024/25 £000	Accumulated Absences Account	2025/26 £000
309	Opening Balance	355
(309)	Reversal of provision for accumulated absences for previous year	(355)
355	Accumulated absences for the year	377
355	Closing Balance	377

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.

2024/25 £000	Capital Adjustment Account	2025/26 £000
(38,989)	Opening Balance	(39,110)
3,383	Depreciation	3,865
(1,174)	Depreciation variance Historic to Current	(1,618)
(47)	Minimum Revenue Provision	(47)
41	Impairments / Revaluation (gains) & losses	(1,174)
(193)	Asset Disposal/Write-Off	-
223	Accumulated gains on assets sold or scrapped	4
(160)	Value of Right-of-Use Asset credited to CIES	(170)
(1,114)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,336)
(1,080)	Capital receipts credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	-
(39,110)	Closing Balance	(39,586)

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.

2024/25 £000	Collection Fund Adjustment Account	2025/26 £000
(232)	Opening Balance	(648)
76	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	78
(492)	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.	(322)
(648)	Closing Balance	(892)

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.

2024/25 £000	Pensions Reserve	2025/26 £000
223,213	Opening Balance	205,680
7,740	Appropriations to and from (-) revenue	6,862
(25,273)	Actuarial gains (-) / losses relating to pensions	(8,884)
205,680	Closing Balance	203,658

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.

2024/25 £000	Revaluation Reserve	2025/26 £000
(22,917)	Opening Balance	(23,358)
(3,034)	Upward Asset revaluations	(2,738)
1,226	Downward Asset revaluations	90
193	Asset Disposal	-
1,174	Depreciation difference - historic cost to current value	1,618
(23,358)	Closing Balance	(24,388)

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 2026, the Authority does not have any contingent assets.

27 - Contingent Liabilities

The Authority holds two leases containing a break clause which, if exercised before the contractual end date, could give rise to liabilities such as exit costs to the lessor. No decision has been made to exercise the clause at the balance sheet date, and therefore no provision has been recognised. The obligation remains contingent on future decisions, and the financial impact cannot be reliably estimated at this stage.

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 of which there are only two active 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. While there is now a single active pension scheme for firefighters (the Firefighters' Pension Scheme 2015), members may retire and receive benefits relating to legacy schemes (FPS 1992, FPS 2006 Modified and FPS 2006 Standard). These legacy benefits are subject to the McCloud/Sargeant and Matthews remedies, which continue to impact the Authority's pension liabilities and administration.

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. This allows eligible members to access the FPS 2006 modified scheme from their date of joining, where they fall within the specified employment period. The deadline for completion of this exercise has been extended to 31 March 2027.

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.

2024/25			Comprehensive Income and Expenditure Statement	2024/25		
LGPS £000	Firefighters £000	Total £000		LGPS £000	Firefighters £000	Total £000
			Cost of Service			
827	2,343	3,170	Current Service Cost	689	1,355	2,044
-	-	-	Past Service Cost	-	77	77
827	2,343	3,170	Total Cost of Service	689	1,432	2,121
			Financing and Investment Income and Expenditure			
(190)	10,736	10,546	Net Interest on the defined liability (asset)	(460)	11,668	11,208
(190)	10,736	10,546	Total Financing and Investment	(460)	11,668	11,208
637	13,079	13,716	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	229	13,100	13,329
(3,751)	(25,497)	(29,248)	Actuarial (gains)/losses on assets	(910)	(9,536)	(10,446)
(3,114)	(12,418)	(15,532)	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(681)	3,564	2,883

2024/25			Movement in Reserves Statement	2024/25		
LGPS £000	Firefighters £000	Total £000		LGPS £000	Firefighters £000	Total £000
(637)	(13,079)	(13,716)	Reversal of net charges made to the surplus or deficit for post employment benefits in accordance with the code:	(229)	(13,100)	(13,329)
<u>Amount actually charged against the General Fund Balance for pensions in the year for:</u>						
861	4,860	5,721	Employers contribution	906	5,303	6,209
9	246	255	Retirement benefit payable to pensioners	8	250	258

b) Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

2024/25			Reconciliation of present value of the scheme liabilities	2025/26		
LGPS £000	Firefighters £000	Total £000		LGPS £000	Firefighters £000	Total £000
(31,878)	(223,112)	(254,991)	Present Value of scheme liabilities as at 1 April	(28,875)	(205,588)	(234,463)
(827)	(2,343)	(3,170)	Current Service Cost	(689)	(1,355)	(2,044)
(1,551)	(10,736)	(12,287)	Interest Cost	(1,640)	(11,668)	(13,308)
4,147	29,399	33,546	Change in financial assumptions	1,570	8,854	10,424
73	269	342	Change in demographic assumptions	(553)	(2,149)	(2,702)
62	(7,168)	(7,106)	Experience loss/(gain) on defined benefit obligation	(1,417)	(648)	(2,065)
1,438	9,640	11,078	Estimated benefits paid net of transfers in	2,046	10,910	12,956
-	-	-	Past service cost, including curailments	-	(77)	(77)
(348)	(1,783)	(2,131)	Contribution by Scheme participants	(368)	(2,128)	(2,496)
9	246	255	Unfunded pension payments	8	250	258
(28,875)	(205,588)	(234,463)	Present Value of scheme liabilities as at 31 March	(29,918)	(203,599)	(233,517)

Reconciliation of fair value of the scheme assets:

2024/25			Reconciliation of fair value of the scheme assets	2025/26		
LGPS £000	Firefighters £000	Total £000		LGPS £000	Firefighters £000	Total £000
35,289	-	35,289	Fair Value of scheme assets as at 1 April	36,270	-	36,270
1,741	-	1,741	Interest on Assets	2,100	-	2,100
(497)	-	(497)	Return on assets less interest	1,239	-	1,239
-	2,997	2,997	Other actuarial gains/(losses)	107	3,479	3,586
(34)	-	(34)	Administration expenses	(36)	-	(36)
870	5,106	5,976	Contributions by employer including unfunded	914	5,553	6,467
348	1,783	2,131	Contributions by Scheme participants	368	2,128	2,496
(1,447)	(9,886)	(11,333)	Estimated benefits paid plus unfunded net of transfers in	(2,054)	(11,160)	(13,214)
36,270	-	36,270	Fair Value of scheme assets as at 31 March	38,908	-	38,908

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.

Reconciliation of Asset Ceiling:

2024/25			Asset Ceiling	2025/26		
LGPS £000	Firefighters £000	Total £000		LGPS £000	Firefighters £000	Total £000
(3,512)	-	(3,512)	Opening impact of asset ceiling	(7,487)	-	(7,487)
(174)	-	(174)	Interest on Assets	(438)	-	(438)
(3,801)	-	(3,801)	Actuarial (losses) / gains	(1,124)	-	(1,124)
(7,487)	-	(7,487)	Closing impact of Asset Ceiling	(9,049)	-	(9,049)

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	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
<u>Present Value of Liabilities</u>					
LGPS	(46,355)	(31,347)	(31,878)	(28,875)	(29,918)
Firefighters Scheme	(334,520)	(222,114)	(223,112)	(205,588)	(203,599)
Present Value of scheme liabilities as at 31 March	(380,875)	(253,461)	(254,990)	(234,463)	(233,517)
<u>Fair Value of Assets</u>					
LGPS	33,943	31,814	35,289	36,270	38,908
Total Assets - BMKFA estimated allocation of LGPS assets	33,943	31,814	35,289	36,270	38,908
<u>Asset Ceiling</u>	-	-	-	-	-
LGPS	-	-	(3,512)	(7,487)	(9,049)
Total Assets Ceiling	-	-	(3,512)	(7,487)	(9,049)
<u>Surplus/Deficit (-) in the scheme</u>					
LGPS	(12,412)	467	(101)	(92)	(59)
Firefighters Scheme	(334,520)	(222,114)	(223,112)	(205,588)	(203,599)
Total	(346,932)	(221,647)	(223,213)	(205,680)	(203,658)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £233.517m has a substantial impact on the net worth of the Authority as recorded in the balance sheet, resulting in a negative overall balance of £203.658m. 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:

Mortality Assumptions	LGPS		Firefighters	
	2024/25 £000	2025/26 £000	2024/25 £000	2025/26 £000
<u>Longevity at 65 for current pensioners</u>				
Males	20.70	22.00	20.50	21.00
Females	24.40	24.60	23.30	23.50
<u>Longevity at 65 for future pensioners</u>				
Males	22.00	23.50	21.90	22.30
Females	25.80	26.30	24.70	24.90
<u>Financial Assumptions</u>				
Rate of salary inflation	3.95%	3.90%	3.90%	3.90%
Rate of pensions inflation	2.95%	2.90%	2.90%	2.90%
Rate for discounting scheme liabilities	5.85%	6.15%	5.80%	5.80%

As at 31 March 2026, the weighted average duration of the defined benefit obligations for FPS is 14 years and 15.5 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.

Asset Breakdown:

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.

31 March 2025		LGPS	31 March 2026	
£000	%		£000	%
2,960	8.16	Gilts	4,177	10.74
18,184	50.14	Equities	20,189	51.89
4,284	11.81	Other Bonds	4,437	11.40
2,049	5.65	Property	1,977	5.08
539	1.49	Cash	488	1.25
3,331	9.18	Infrastructure	3,535	9.09
3,548	9.78	Multi Assets	2,517	6.47
1,375	3.79	Private Debt	1,588	4.08
36,270	100	Total	38,908	100

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:

2024/25			LGPS	2025/26		
£000	£000	£000		£000	£000	£000
+0.1%	0.0%	-0.1%	Adjustment to discount rate	+0.1%	0.0%	-0.1%
28,434	28,875	29,327	Present value of total obligation	29,485	29,918	30,361
655	680	706	Projected service cost	668	692	718
+0.1%	0.0%	-0.1%	Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
28,901	28,875	28,849	Present value of total obligation	29,935	29,918	29,901
680	680	680	Projected service cost	692	692	692
+0.1%	0.0%	-0.1%	Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
29,313	28,875	28,448	Present value of total obligation	30,371	29,918	29,556
707	680	654	Projected service cost	720	692	666
+1 year	None	- 1 Year	Adjustment to mortality age rating assumption	+1 year	None	- 1 Year
29,780	28,875	28,000	Present value of total obligation	30,810	29,918	29,054
706	680	655	Projected service cost	716	692	669

2024/25			Firefighters	2025/26		
£000	£000	£000		£000	£000	£000
+0.1%	0.0%	-0.1%	Adjustment to discount rate	+0.1%	0.0%	-0.1%
202,732	205,588	208,512	Present value of total obligation	200,822	203,599	206,441
1,248	1,339	1,434	Projected service cost	1,053	1,139	1,228
+0.1%	0.0%	-0.1%	Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
205,888	205,588	205,290	Present value of total obligation	203,901	203,599	203,299
1,339	1,339	1,339	Projected service cost	1,139	1,139	1,139
+0.1%	0.0%	-0.1%	Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
208,292	205,588	202,948	Present value of total obligation	206,225	203,599	201,034
1,437	1,339	1,245	Projected service cost	1,232	1,139	1,050
+1 year	None	- 1 Year	Adjustment to mortality age rating assumption	+1 year	None	- 1 Year
213,078	205,588	198,373	Present value of total obligation	210,213	203,599	197,200
1,419	1,339	1,261	Projected service cost	1,212	1,139	1,068

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 2025		Financial Instruments Balances	31 March 2026	
Long Term £000	Current £000		Long Term £000	Current £000
1,356	(1,631)	Financial liabilities at amortised cost	(6,123)	(2,119)
1,356	(1,631)	Total Borrowings	(6,123)	(2,119)
-	24,689	Loans and receivables	-	27,307
-	24,689	Total Investments	-	27,307

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.

2024/25 Financial Liabilities and Assets Total £000	Financial Instruments Gains and Losses	2025/26		
		Financial Liabilities Liabilities measured at amortised cost £000	Financial Assets Loans and receivables £000	Total £000
230	Interest expense	227	-	227
230	Interest payable and similar charges	227	-	227
(1,237)	Interest income	-	(1,324)	(1,324)
(1,237)	Interest and investment income	-	(1,324)	(1,324)
(1,007)	Net gain (-)/loss for the year	227	(1,324)	(1,097)

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.

2024/25 £000	Investment income received in the CIES	2025/26 £000
(1,237)	Interest on investments	(1,324)
(1,237)	Total Investment income received in the CIES	(1,324)

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:

31 March 2025		Fair value of assets and liabilities carried at amortised cost	31 March 2026	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
(4,550)	(4,110)	PWLB Debt at amortised cost	(4,550)	(4,025)
(1,707)	(1,707)	Lease Liability	(1,573)	(1,573)
(1,631)	(1,631)	Creditors	(2,119)	(2,119)
(7,888)	(7,448)	Total Financial Liabilities	(8,242)	(7,717)
24,605	24,605	Short term investments	27,195	27,195
84	84	Debtors	112	112
24,689	24,689	Total Loans and Receivables	27,307	27,307

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 2026. 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 MHCLG 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 2025/26, these will remain on the lending list for 2026/27.

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 £4.025m has been provided by the Authority’s external treasury management advisors

The maturity analysis of financial liabilities is as follows:

31 March 2025 £000	The maturity analysis of PWLB Debt at amortised cost	31 March 2026 £000
-	Maturing within 2 years	(1,000)
(1,000)	Maturing within two to five years	(636)
(1,376)	Maturing within five to ten years	(750)
(2,174)	Maturing later than ten years	(2,174)
(4,550)	Total	(4,560)

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:

If interest rates had been 1% higher with all other variables held constant	2025/26 £000
Increase in interest receivable on variable rate investments	329
Impact on Comprehensive Income and Expenditure Statement	329
Total Financial Effect	329

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

2024/25 £000	Cash Flow from Operating Activities	2025/26 £000
(6,848)	Net Surplus or (Deficit) on the Provision of Services	(5,749)
3,424	Depreciation, amortisation, impairment and downward valuations	2,691
5,729	Net Movement in Creditors	(979)
382	Net Movement in Debtors	(41)
(58)	Net Movement in Stocks	50
7,740	Adjustment regarding Pension Liability	6,862
672	Contributions to/from Provisions	(736)
223	Carrying amount of non-current assets sold	4
(211)	Capital Grants Credited to surplus or deficit on the provision of services	(25)
(45)	Proceeds from the sale of assets	-
11,008	Net Cash Flows from Operating Activities	2,077

b) Net Cash flows from Operating Activities (Interest)

2024/25 £000	Cash Flow from Operating Activities (Interest)	2025/26 £000
1,237	Ordinary interest received	1,324
(230)	Interest charge for year	(227)
1,007	Net Cash Flows from Operating Activities (Interest)	1,097

c) Cash Flows from Investment Activities

2024/25 £000	Cash Flow from Investment Activities	2025/26 £000
(2,194)	Property Plant and Equipment Purchased	(1,336)
(8,427)	Purchase of short or long term investments	(2,590)
(160)	Value of Right-of-Use Assets credited to CIES	(170)
45	Proceeds from the sale of Assets	-
(10,736)	Net Cash Flows from Investing Activities	(4,096)

d) Cash Flows from Financing Activities

2024/25 £000	Cash Flows from Financing Activities	2025/26 £000
(47)	Cash payments for the reduction of outstanding liabilities relating to finance leases	(47)
(47)	Net Cash Flows from Financing Activities	(47)

e) Make up of Cash and Cash Equivalents

2024/25 £000	Cash and Cash Equivalents	2025/26 £000
2,116	Cash and bank balances	50
2,116	Total Cash and Cash Equivalents	50

Firefighters' Pension Fund Account

Firefighters' Pension Fund

2024/25 £000	Firefighters' Pension Fund	2025/26 £000
	<u>Contributions receivable (funds due to us during the year):</u>	
(5,106)	From employer	(5,553)
	<u>Other contributions</u>	
(1,795)	From members	(2,122)
-	Ill health charges	(52)
	<u>Transfers in</u>	
(6)	Individual Transfers in from Other Schemes	(1)
(6,907)	Total Income to the Fund	(7,728)
	Spending by the fund	
	<u>Benefits payable (funds paid out during the year):</u>	
9,357	Pension payments	9,556
283	Commutation of pensions and lump sum retirement benefits	998
	<u>Payments to and on behalf of leavers:</u>	
-	Individual transfers out of the scheme	357
9,640	Total Spending by the Fund	10,911
2,733	Net amount payable/receivable for the year before top up grant receivable/amount payable to sponsoring department	3,182
(2,733)	Top up grant receivable/amount payable to sponsoring department	(3,182)
-	Net amount payable (-)/receivable (+) for the year	-

Firefighters' Pension Fund Net Assets Statement

2024/25 £000	Net Assets Statement	2025/26 £000
	Net Current Assets and Liabilities	
-	Pensions top up grant receivable from sponsoring department	-
4,614	Amount due to sponsoring department	4,840
(4,614)	Other current assets and liabilities (other than liabilities and other benefits in the future)	(4,840)
-	Net Assets at the End of the Year	-

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.

Employer contribution rates are set nationally by MHCLG as a percentage of pensionable pay and are subject to triennial revaluation by the Government Actuary's Department. Updated rates, including revised contribution bandings, will take effect from 1 April 2026. Contributions are based on actual pensionable earnings rather than full-time equivalent pay for both wholetime and on-call firefighters.

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 (MHCLG) 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.

Curtailement

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

His 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 1st 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 1st 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