Statement of Accounts

2024/25

The 2024/25 pre-audit Statement of Accounts for the Kent and Medway Towns Fire Authority are certified by the Director of Finance as presenting a true and fair view of the Authority's income and expenditure for 2024/25 and financial position at 31 March 2025.

Barrie Fullbrook

Director of Finance

Date: 30 June 2025

Contents

Narrative Report

Introduction

The purpose of this report is to provide the reader with:

- An understanding of the Statement of Accounts.

- A review of the Authority's revenue and capital budget outturn for 2024/25.

- An explanation of the Authority's financial position at the end of the financial year.

- An overview of developments which may have an impact on the Authority both now and in the future.

- A commentary on the Authority's financial performance and economy, efficiency and effectiveness in its use of resources in the year which includes:

  - An analysis of the development and the performance of the Authority in the year and its position at the end of the year.

  - Details of the most relevant financial and non-financial performance indicators.

Accounting Statements

The format of the Accounts for Fire and Rescue Authorities is prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA) in their Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code is updated annually and is based on International Financial Reporting Standards (IFRS).

The information contained within this Narrative Report is intended to be fair, balanced and concise. The Accounts and the Narrative Report are published on the Authority's website at: www.kent.fire-uk.org

To provide further detail and more clarity for the reader, each of the primary statements are supported by a number of notes. The primary statements within the Accounts are described below.

The primary statements in these Accounts comprise:

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

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

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

Narrative Report

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

The Firefighters' Pension Fund Account: Details income and expenditure for the 1992, 2006, 2006 Modified and the 2015 Firefighters' Pension Schemes.

A glossary of the main terms used in the Statements is provided on pages 80-83.

Revenue Budget and Expenditure

The Authority's revenue budget is funded by income from Council Tax, Non-Domestic (Business) Rates and various government grants. To ensure that the revenue budget is sustainable over the medium-term, the Authority agreed to increase the Council Tax charge by 2.99% for 2024/25, resulting in an annual increase of £2.61 for a Band D property. The Band D Council Tax charge was therefore increased to £89.91, providing additional funding of £1.753m for 2024/25. The Council Tax base (the number of Band D equivalent properties in Kent) increased by 1.66% which provided additional funding of £957k. Retained Business Rates and associated government grants in relation to Business Rates increased funding by a net £1.469m for 2024/25.

The Revenue Support Grant was uplifted by September 2023 CPI, providing an additional £486k of funding and the Government continued to provide a Services Grant, albeit the amount was reduced by £499k. However, the Government provided a new one-off Minimum Funding Guarantee Grant (£1.527m) which ensured the Authority had at least a 4% increase in Core Spending Power, excluding changes from increases to Council Tax levels. The existing Fire Pension Grant (£3.536m), which had previously been provided outside of the core funding settlement, was rolled into the Revenue Support Grant for 2024/25. There was a Collection Fund surplus of £481k for 2023/24 (£289k for 2022/23) which resulted in £192k additional funding for 2024/25. The Authority's net revenue budget was therefore £94.713m for 2024/25.

Pressures faced by the Authority on areas such as pay awards, inflationary prices growth and other commitments totalled £7.598m for 2024/25. One-off adjustments to General Reserves and Earmarked Reserves increased the budget requirement by £1.082m, meaning savings of £2.795m were required to balance the 2024/25 revenue budget.

The revenue budget outturn for 2024/25 was an underspend of £762k. The summary of the revenue budget and the final outturn is shown in the table below:

Revenue Budget Outturn 2024/25

All figures are in £'000	**Original Budget**	**Revised Budget**	**Outturn**	**Variance**
Service Costs	93,177	91,675	85,227	-6,448
Direct Pension Costs	2,222	2,222	2,766	544
Capital Financing Costs	3,687	3,955	3,041	-914
Transfers from(-) / to Reserves	-4,373	-3,139	2,917	6,056
Total	**94,713**	**94,713**	**93,951**	
Net Revenue Budget surplus for the year				**-762**

Narrative Report

Funded From:	£’000
Revenue Support Grant	11,352
Non-Domestic (Business) Rates	21,189
Council Tax	60,541
Services Grant	104
4% Minimum Funding Guarantee Grant	1,527
Total	**94,713**

Revenue Budget Outturn 2024/25

A summary of the most significant budget variances is detailed in the following table:

Revenue Budget Variances	£’000
Net underspend on employee costs (pay, pensions, training etc.)	-728
Premises repairs and maintenance	-289
Other net non-pay variances	399
Additional investment income	-1,444
Reserve transfer agreed at October Authority meeting	1,300
Net Revenue Budget Underspend	**-762**

At the end of the year £1.603m was transferred to the Rolling Budget Reserve to fund commitments made in 2024/25, but where the associated costs will not be incurred, or recognised (stock adjustments), until after 31 March 2025. During the year £566k was transferred from this reserve to fund expenditure committed in 2023/24 but not incurred until 2024/25, making the 2024/25 net movement on the Rolling Budget Reserve £1.037m.

Grant Income

In 2024/25 the Authority recognised £11.403m of revenue grants that are provided to the Authority outside of the core Settlement Funding Assessment (SFA). Details of these grants are provided in Note 20 to the Accounts.

As in previous years the grants recognised in 2024/25 included Government funding towards; employer costs in relation to increased Firefighter Pension Scheme contributions (£2.757m) and increased pensions administration due to Matthews and McCloud remedies (£194k); business rate reliefs and business rate levy account surplus distribution (£4.665m); National Resilience and Maritime Emergency Response related work (£1.028m); Services Grant (£104k); 4% Minimum Funding Guarantee Grant (£1.527m); additional work in Prevention and Protection (£333k); FireLink (radio communications) (£236k); a grant towards costs incurred due to requirements of the Building Safety Regulator (£109k); training costs for apprentices (£22k); increased costs due to additional audit requirements (£14k); costs incurred to ensure compliance with the Transparency Code (£8k); and compensation payments for the McCloud pensions case (£406k).

The Authority also recognised a capital contribution provided by the Police through the lease arrangement for the Control Centre based at Coldharbour (£150k) and a further contribution for two vehicles donated to the Authority in relation to National Resilience activities (£607k).

Narrative Report

Provisions

The Authority continues to make provision for insurance with regard to claims notified but not yet settled and general provisions, which total £494k, but also for the Authority's share of amounts provided by Kent billing authorities for Non-Domestic (Business) Rates appeals of £758k.

During the preliminary investigations in preparation for a Live Fire development at Ashford it was found that the land to be developed had some historic ground contamination due to its previous use, consequently we have worked with the Environment Agency to agree the level of remediation work that is needed. Work in relation to the ground contamination commenced during 2024/25 and is due to finish in the first quarter of 2025/26. A sum to the value of £550k for the estimated costs of remediation work for the ground contamination was set aside last financial year but now that work has commenced on site, and actual costs have been incurred, this estimate has been revised to £697k and the provision increased. Works undertaken thus far total £310k and have been drawn down against the provision.

Revenue Reserves

At the February 2024 meeting of the Authority, Members agreed to maintain the target level of General Fund balances (also known as the General Reserve) to a level approximately equivalent to 5% of the base revenue budget. In line with this requirement, the General Reserve position at 31 March 2025 has increased by £420k to £4.680m.

In addition to the General Reserve, the Authority also holds a number of other reserves, earmarked for specific purposes, details of which can be found in Note 15 in the Statement of Accounts. At 31 March 2025, Earmarked Reserves had increased by £3.259m. The majority of funds held in Earmarked Reserves are within the Infrastructure Reserve, a significant part of which is planned to be used to fund investment in station and premises improvements and the purchase of light and heavy fleet vehicles in future years. It is therefore expected that the funds held within this reserve will diminish over the medium term, as and when capital spend is incurred.

Capital Budget and Expenditure

Capital expenditure is defined as the purchase, improvement or enhancement of an asset, where the benefit of the expenditure will last beyond the year in which it was incurred. Capital expenditure for 2024/25 was £5.852m against a revised budget of £7.712m.

The station development programme reflects some major improvement works on the Live Fire rig at Ashford; the forecast represented a back-to-back programme for the enabling and main building works. However, the contract award was delayed until January 2025, so the main building works started later than expected resulting in slippage of £1.599m of construction expenditure into 2025/26. The lease rental for the vehicle maintenance workshop was budgeted for at £202k but a rental review meant this increased to £239k. Premises works included replacement boilers, generators and roofs but roofing replacements at Faversham and Ashford fire stations has slipped into 2025/26 (£165k) and the budget for boiler replacement was not fully required resulting in the saving being returned to the Infrastructure Reserve (£52k). Planned expenditure for cyclical estate changes and development has been less than expected so has resulted in an underspend that will be returned to the Infrastructure Reserve (£307k). Although the implementation of the Mobile Data Terminals (MDTs), companion devices and software on all operational pump appliances was completed in 2023/24 some expenditure on the project was slipped to 2024/25 (£95k) as there had been delays in installing the MDTs on the Aerial Ladder Platforms (ALPs) and the new MDT software on the training pumps. This work has now been completed so the unspent project budget will be returned to Infrastructure Reserve (£45k). Delivery of numerous vehicles and specialist equipment was undertaken during the year, including 5 new fire engines, 6 boats, 3 vehicles for the premises cleaning team, 3 vans and the

Narrative Report

new firefighting robot. Delays in the delivery of some vehicles has meant that there is some slippage into 2025/26 in relation to fire launch boats (£29k) and 4 Can-AM traxters (£174k). The Animal Rescue Unit (£95k) is currently in the process of being converted to meet our operational requirements and so the budget has also slipped into 2025/26. During the year the Authority was donated two new specialist vehicles from Merseyside Fire and Rescue Service as the lead for the Fire and Rescue National Resilience programme. In order to recognise the right to use the assets they have been recognised on the Balance Sheet. This has required an accounting adjustment that has recognised the value of the assets showing an overspend (£607k) offset by the recognition of a notional capital grant for the same value. A combination of various small over and under spends has resulted in a further £37k being returned to the Infrastructure Reserve.

The table below gives a breakdown of the net £1.860m variance compared to the revised budget.

Capital Budget Outturn 2024/25

All figures are in £'000	**Original Budget**	**Revised Budget**	**Outturn**	**Variance**
Estate Development	11,184	6,072	4,203	-1,869
Other Premises	210	471	254	-217
Information and Communication Systems	-	95	50	-45
Vehicles and Equipment	1,358	1,074	1,345	271
Total	**12,752**	**7,712**	**5,852**	
Net Capital Budget Variance				**-1,860**

Details of the financing of the capital expenditure can be found in Note 22.

Borrowing and Capital Reserves

The Authority did not plan to fund any capital expenditure from external borrowing in 2024/25. In line with previous years, the Authority continues to use surplus cash balances instead of borrowing from external sources to fund unfinanced capital expenditure from earlier years. A loan of £400k matured during 2024/25 so was repaid, resulting the Authority having no outstanding external debt as at 31 March 2025.

The Authority received £93k of capital receipts, net of selling costs, during the year from the sale of old vehicles. No capital receipts were utilised to fund capital expenditure in 2024/25 so the Capital Receipts Reserve increased to £8.647m which is the closing balance that will be carried forward as at 31 March 2025.

Treasury Activity

In February 2024, Members agreed the Treasury Management and Investment Strategy for the forthcoming year. The Authority continues to invest in money market funds to ensure the maximisation of interest earned whilst still maintaining security and liquidity. The Bank of England's Monetary Policy Committee cut interest rates at three meetings during the 2024/25 financial year, starting with a 0.25% cut to the base rate in August, bringing it down to 5%, a 0.25% cut in November and the most recent coming in February 2025, resulting in a base rate of 4.50%. This meant that although returns on investments have remained high, the Authority has seen the interest rates available on deposits gradually falling throughout the year. During the year the Authority earned £3.052m of interest on cash deposits equating to an average interest rate earned of 4.99%.

Narrative Report

Treasury Management is undertaken in-house which enables the Authority to respond to bank rate changes immediately and develop our own relationships with banking and investment counterparties, although the Authority continues to use the services of an external Treasury Advisor for independent treasury advice.

Pension Assets and Liabilities

The presentation of pension assets and liabilities within the accounts is a requirement of the legislation governing the preparation of these accounts. The overall impact of recognising the Authority's firefighters' pension liability of £615.082m on the Balance Sheet has led to an overall negative balance of £466.577m.

Movements on the pension liability can be quite volatile and are not only dependent on the assumptions used but also there is an impact depending on whether it is a full or roll-forward valuation. The Actuary for the firefighter pension schemes has carried out a full valuation for 2024/25. Changes to the financial assumptions include an increase in the discount rate and a minor decrease to RPI inflation but the same assumptions have been used for pension increases (CPI), and salary increases, resulting in a change in the value of the defined benefit obligation. The reassessment of the net defined benefit liability has had a significant impact on the Comprehensive Income and Expenditure Statement resulting in a revised remeasurement of (£26.373m) in 2024/25 compared to (£7.898m) in 2023/24.

Full details of the pension fund assets and liabilities can be seen at Note 25.

Financial Climate and Impact on Services

Financial Settlement and Budget for 2025/26 – The Chancellor of the Exchequer delivered the Autumn Statement on 30 October 2024 alongside publication of the Office for Budget Responsibility's (OBR's) updated economic and fiscal forecasts. The Autumn Statement made no specific reference to Fire and Rescue Services, but it was confirmed that Local Authorities Core Spending Power would increase in real terms by around 3.2% (including Council Tax and additional funding for social care). It was therefore anticipated that the Fire Authority's funding settlement would be uplifted on a similar basis. The Budget also confirmed that the main rate of employer national insurance contributions would increase to 15% and that a lower starting threshold for payments (£5k) would also be implemented from April 2025. However, an allowance had been made in the Chancellor's Budget to fund the increased cost impact on public sector organisations. Unfortunately, it was later confirmed that the Fire Authority's additional costs (c. £1.119m) would not be fully funded by the grant (£647k).

On 28 November, the Government released a Policy Statement stating its key funding intentions ahead of the release of the Provisional Local Government Finance Settlement for 2025/26. This Statement confirmed that all Fire and Rescue Authorities (FRAs) could raise Council Tax by up to £5 (on a Band D property) without having to hold a referendum.

The final Settlement was broadly in line with expectations following announcements in the Autumn Statement 2024 and the Policy Statement issued in November, with core funding increasing in line with September CPI of 1.7%. As expected, the Authority's Minimum Funding Guarantee grant (£1.527m for 2024/25) and Services grant (£104k) will not be paid to the Authority in 2025/26.

The Authority does still receive other government grants outside of the core settlement, such as the FireLink grant, New Dimensions grant and Protection Uplift grant, so there remains some uncertainty over the future of these grants as they are subject to annual ministerial approval as they sit outside of the Core Funding Settlement. The FireLink grant was due to be phased out over a 5-year period and was due to finish at the end of 2025/26, but the government have chosen to end the grant a year earlier resulting in an unexpected loss of grant income of £118k for 2025/26.

Narrative Report

As no new capital grants from the Government have been announced, the Authority is currently planning to fund the 2025/26 and later years' capital plan through a combination of revenue funding, reserves, capital receipts and borrowing.

The Authority has an outline four-year Medium Term Financial Plan (MTFP) contained within the Budget Book approved at the Authority meeting in February 2025. The MTFP was developed in conjunction with the proposals contained within the Community Risk Management Plan and associated enabling plans to ensure that future plans are funded and sustainable.

Community Risk Management Plan - The Fire and Rescue National Framework for England requires every fire and rescue authority to assess all foreseeable fire and rescue related risks that could affect their communities, whether they are local, cross-border, multi-authority and/or national, and prepare an 'Integrated Risk Management Plan', or as it is now referred to within the sector, a 'Community Risk Management Plan' (CRMP).

In Kent the process starts with a ten-year horizon scan of emerging risks and issues in Kent, the UK and globally. The next stage is analysing the risks and issues to get more detailed risk information for planning. We use a network of sources such as the National Risk Register, the Kent Community Risk Register, incident data and local area risk profiles, amongst other data sets. We then clarify and consult on current and emerging risks which will affect the communities we serve for the next few years.

In July 2024, our 'Creating a Safer Future – Together: Delivery Plan 2025-29' was agreed following an earlier consultation with our customers in our 'Creating a Safer Future - Together: Risk Assessment' which saw more than 1,850 people respond with more than 90% agreeing with our risk assessment and areas of focus set out in the document.

The areas of focus are grouped under the following seven themes: -

- Climate change and environment
- Health and society
- Rescues
- Major Industry
- Buildings and places
- Transport
- Utilities, fuel and power

Our actions are integrated across our Building Safety, Prevention, Operational Response, Resilience and internal Customer Services teams.

To assist delivery of our customer facing strategic priorities, internal enabling plans have been created for each team within KFRS, which details their roles in delivering against the main priorities and measures to allow for clear alignment of activities and our Medium-Term Financial Plan. The enabling plans are structured into four areas – People, Digital and Data, Transformation and Customer. These are underpinned by three key Delivery Plans, for Estates, Digital and Data and Fleet and Equipment from which we set our financial Capital Investment Strategy. Every team at KFRS then has an Annual Plan which delivers against these strategic priorities. Our Medium-Term Financial Plan is aligned to ensure our finances are prioritised to deliver the Community Risk Management Plan.

The Authority works very closely with its partners to ensure Kent and Medway continues to be one of the safest areas to live and work in England. Careful planning and the ability to adapt and respond to change ensures the Authority can face the challenges ahead efficiently and effectively. As a result,

Narrative Report

performance has remained strong, and the Authority continues to be one of the best performing authorities in the country.

The Authority continues to look at ways to operate more efficiently, for example by streamlining processes and making them leaner. The Authority has, for a number of years, made average savings of £2m per annum, some of which facilitates the funding of increased cost pressures, but other savings are re-invested back into the service to fund improved areas of activity or investment. But the Authority is clear that the requirement to generate savings each year will continue for some time to come.

Pay awards in 2024/25 were higher than budgeted and this therefore has an impact on funding requirements in future years. This alongside other commitments such as the cost impact of actuarial valuations on the pension funds for example, results in the need to drive efficiencies and cash savings going forward. Consequently, it is likely that significant savings will need to be achieved in future years to meet these commitments. Savings are currently planned in the MTFP to the value of at least £3m over the next four years, but more is likely to be needed to address future pressures. The challenge is to make sure the Authority can achieve these savings and still maintain or enhance the services delivered to the public. The Authority will continue to keep the safety of local people, businesses and firefighters as its priority when responding to these challenges.

Future Issues - The Home Secretary published the long-awaited Fire Reform White paper on 18 May 2022, which included plans to introduce reforms to fire safety across England and put the majority of the Grenfell Inquiry recommendations into law. The White Paper also includes the potential establishment of a College of Fire and Rescue as well as proposing the transfer of fire governance to a single elected individual. It promises an independent review into the current pay negotiation process to consider if it is fit for a modern emergency service. These plans were consulted upon with a deadline for responses of 26 July 2022, to which the Authority responded. The consultation outcome has since been published.

From the 1 April 2025, Ministerial responsibility for all fire functions transferred from the Home Office to the Ministry of Housing, Communities and Local Government (MHCLG). The rationale being that bringing responsibilities together for fire and building safety will strengthen co-ordination, improve policy implementation and reinforce the government's commitment to making homes, buildings and communities safer. The change is a key recommendation from the Grenfell Tower inquiry's phase 2 report, which advised that fire and building safety should be overseen by a single department.

The Government is committed to continuing with the resetting of the business rates retention system, to ensure that the distribution of resource is realigned with need. It has been over a decade since the Business Rate Retention Scheme was introduced and reviewed. In the Autumn Budget 2024, the Government announced changes to the way business rates taxation will operate from 2026-27. Most significantly, the Government intends to introduce two permanently lower multipliers for qualifying retail, hospitality and leisure with a rateable value (RV) below £500k. The intention is to fund these lower multipliers thorough a higher multiplier for all properties with a RV of £500k and above. This would mean a total of five multipliers from 2026-27. The consultation on resetting the Business Rates Retention system closed on 2 June 2025.

On 16 December 2024 the Secretary of State for Housing, Communities and Local Government presented to Parliament the English Devolution White Paper. This set out the direction of travel for the Government to reset the relationships with local and regional government and reform public services. The Minister of State for Local Government and English Devolution wrote to the Leader of the Kent Authorities inviting them to develop proposals for re-organisation, which they duly did. Leaders of Kent were later notified that on this occasion Kent had not been selected to be part of the Devolution Priority Programme but were invited to work together in order to submit proposals for Local Government Re-organisation. Since then, the Local Authorities of Kent have provided an

Narrative Report

options paper to their members for consideration. Whilst not directly affected at this stage, the Fire Authority continues to engage with the local councils of Kent and Medway to understand what the implications of such a substantial change would mean to the Fire Authority. In particular, the impact on the billing and collection arrangements for Council Tax which is currently undertaken by the District Councils and Medway Council (Billing Authorities).

Cost of Living Crisis - The constant elevated level of inflation not only triggered a wave of high pay demands to compensate workers for the loss of spending power, but it also has the potential to impact on the collection rates of Council Tax and Business Rates by the Billing Authorities. Whilst we have seen a slight fall in interest rates, they continue to remain higher than anticipated which has resulted in the Authority achieving an extra £1.358m on interest earned on its treasury deposits for 2024/25 which has helped offset the inflation increases we have seen on our purchases. However, as interest rates begin to fall it is anticipated that the Authority will see a reduction in investment income, so this has been taken into account within our Medium-Term Financial Plan.

Electronic Communications Code Consultation - The Electronic Communications Code regulates the rights of telecommunications operations to install and maintain their apparatus on public and private land. A consultation on proposed changes to the Code was issued in 2021, with the objective of introducing primary legislation that would make changes to the Code ensuring that the UK has sufficiently robust electronic communications networks to deliver the coverage and connectivity consumers and businesses need. However, provisions under the new proposals have the potential risk to impact on training capability, access to and use of sites, land disposal and financial income. The Authority responded to the consultation. We still have masts at Service Headquarters and Sevenoaks, Southborough, Swanscombe and Cranbrook fire stations that many be impacted by the new legislation.

The Product Security and Telecommunications Infrastructure Act 2022 was subsequently introduced bringing in several changes to the Code, including the introduction of a “sharing” right, a new power to fly lines from apparatus, including poles and related rights to upgrade or share such apparatus and rights to share apparatus underground.

As mobile operators look to increase their 5G infrastructure coverage across Kent they are regularly reviewing the availability of public land to facilitate this in line with the new Act. This has resulted in our property team having to spend an increasing amount of time to highlight the detrimental impact that any new mast building on or next to our stations will have on Kent Fire operations.

Procurement Act 2023 - Following the government’s delay in implementation from October 2024 to February 2025, the key focus for the Procurement team is the implementation of the new UK Public Procurement regulations 2024 and associated National Procurement Policy Statement (NPPS), brought about by the Procurement Act 2023. This new legislation puts in place the new post Brexit Public Procurement framework of regulations that all Public Bodies must adhere to in Procurement. It provides greater flexibility to the Authority to design its own procurement processes but also provides greater responsibility on being transparent with the markets and notifying them of upcoming projects. The Authority’s Procurement team are finalising the development and delivery of providing the necessary training to all relevant colleagues in the new regulations over the course of the year.

Channel Tunnel Contract - The Authority had a contract to provide fire-fighting services to the Channel Tunnel, but in February 2024 notice was served by the Authority to end this contract. The Authority ceased providing this service from 18 February 2025.

Water Hydrants - Water companies are under pressure from the public and the Regulator (Ofwat) to reduce leakage. This is carried out in a variety of ways with the most common being the installation of Pressure Reduction Valves (PRVs). The installation of PRVs means that we may be unable to provide adequate water for firefighting in some areas (this is a national issue), therefore Kent Fire and

Narrative Report

Rescue Service (KFRS) are looking to utilise alternative water sources. KFRS are working with the National Fire Chiefs Council (NFCC), Water UK and developers to understand the extent of the issues and put in place mitigation to reduce this risk. However; this is something that involves the changing/introduction of guidance at national level and therefore an internal project is in place to look at what can be done locally whilst the national work progresses.

In addition to the pressure issues, KFRS are working with other Fire and Rescue Services (FRSs) to ensure fire hydrant repairs are undertaken in line with guidance. This has resulted in an increase in repairs being undertaken, adding a pressure to the Resilience team budget for 2025/26. Section 57 (paragraph 2) of the Water Industry Act 1991 states that a Water Undertaker, at the request of the Fire Authority concerned shall fix fire hydrants when requested, with the cost (paragraph 5) being borne by the local Fire Authority. This is becoming problematic as Water Undertakers are increasing their prices above inflation, something we are challenging on every occasion. A recent challenge has resulted in updated Ofwat guidance that Water Undertakers must be transparent in what they are charging for repairs, this is set out within their expectations, assurance, and information requirements for water company charges document for 2025-26. This document also covers work being carried out by INSET companies and New Appointment and Variations (NAV), who are companies that have been given a licence to provide wholesale water and/or sewage by Ofwat.

In summary the document states (2.4) that for fire hydrant charges, water companies have a duty to provide and maintain fire hydrants for use by fire and rescue services. Section 57 of the Water Industry Act of 1991 (WIA91) requires water companies to recover the costs incurred in fulfilling this duty from the relevant fire and rescue authority. As a result of this duty, charges to fire and rescue services relating to the provision and maintenance of fire hydrants should be set such that they recover the full costs incurred in meeting this duty and only these costs. Water Services will continue to monitor this situation at a local and national level, ensuring costs are proportionate for the work being undertaken and in line with national pricing (considering local differences). We will continue to work with the five Water Undertakers (and INSET companies) within Kent and Medway to ensure the safety of our operational colleagues whilst delivering value for money for our customers.

Narrative Report

The Development and Performance of the Authority in 2024/25 and Financial Position at 31 March 2025.

Budget Strategy

The Authority's budget for 2024/25 supported delivery of the initiatives detailed in the Customer Safety Plan 2021-2031 (and supporting strategies) up to 5 July 2025, after which the new Community Risk Management Plan was adopted. The Authority has a prudent approach to budget development ensuring that expenditure plans are fully resourced and that savings proposed are achievable.

A high proportion of the Authority's revenue budget is spent on employee costs, so these are monitored closely. Posts that become vacant are reviewed by senior management to determine whether they need to be replaced. This ensures that the post is still necessary and that opportunities are not lost to make further efficiency savings.

Operational excellence was one of a number of key themes within the budget strategy for 2024/25, ensuring that people's needs are at the centre of our response, starting with the call-handling team and ending with post-incident care, advice, support and learning from incidents. Alongside this was a drive to demonstrate that we are a professional organisation supported by initiatives such as membership of the Institute of Fire Engineers and access to online learning for operational and support colleagues.

The 2024/25 budget also included significant investment in the Authority's assets such as, replacement fire engines and other vehicles, improving live fire training facilities and other estate redevelopments and upgrading of IT software and core IT infrastructure including the procurement of a new call handling system in collaboration with our Networked Fire Services Partners.

Reserves

In these financially challenging and uncertain times General and Earmarked Reserves are an important tool to help mitigate against the risk of budget overspend and shortfalls in funding. The use of Earmarked Reserves is limited to smoothing the impact on revenue of expenditure that falls in peaks and troughs across different financial years, for funding one-off expenditure or to temporarily plug a budget gap whilst savings plans are delivered.

The amount set aside in the Authority's General Reserve is subject to an annual assessment to ensure that the balance should cover the costs of a significant emergency or unforeseen event. The Authority has £4.680m in General Reserves as at the 31 March 2025, which equates to approximately 5% of the base revenue budget.

At 31 March 2025 the Authority's Earmarked Reserves are healthy, with a balance of £36.655m. Details of the balances in each reserve and a breakdown of government grants to be carried forward are provided in Note 15. Resources have been set aside in the Infrastructure Reserve to fund the station development programme, replacement fire appliances, vehicles, operational and IT equipment. As the revenue budget comes under greater pressure opportunities to replenish these balances will diminish as the current cycle of planned works and purchases are completed.

Cashflows

The Cash Flow Statement in the Accounts details the cashflows for the year and shows that the Authority's cash balances have increased by £15.296m over the year. The Authority uses its temporary surplus cash balances to fund its capital financing requirement (in lieu of borrowing) with the remainder placed in interest bearing deposit accounts or money market funds. At 31 March 2025

Narrative Report

cash, deposits and investments totalled £66.376m. This comprises of £41.335m which represents the money set aside in General and Earmarked Reserves, £8.647m of unused capital receipts plus £16.394m being the net of other assets and liabilities at the end of the financial year.

The Authority paid off the only remaining outstanding external loan of £400k using reserves and currently has no external borrowing. Over half of the Authority's reserves are planned to be used for the Infrastructure Programme and other expenditure commitments, cash balances are expected to reduce over this timeframe.

The Authority's Financial and Non-Financial Performance Indicators

Financial Performance

Every year External Audit assesses the Authority's financial statements. The External Auditor's (Grant Thornton) initial Findings Report for 2023/24 was reported to the Audit and Governance Committee meeting on 6 November 2024, at that time their work was substantially complete, however there still remained a few areas that had yet to be concluded. The Auditors concluded an unqualified opinion on 11 December 2024 on the Authority's 2023/24 financial statements having been signed by the Chair of Audit and Governance and the Director of Finance and Corporate Services as presenting a true and fair view of the financial position of the Authority.

As part of the annual audit of the Financial Statements Auditors are required to give a separate opinion on Value for Money which focuses on the Financial Sustainability, Governance and that the Authority has made proper arrangements for improving economy, efficiency, and effectiveness in its use of resources. The Auditors Annual Audit letter was presented to Members at the Authority meeting on 18 February 2025. The report confirmed that the Authority has no areas of significant weakness following its review. It was noted that the governance arrangements and communication within the Authority are strong and garner effective processes and decision-making. The financial sustainability of the Authority is aligned to its key priorities and supporting strategies, and regular financial reporting allows for identification of financial risk to the set budget in terms of probability and impact and details mitigating steps taken by the Authority. There were three recommendations for improvement and one outstanding from the previous financial year and that was that the Authority must continue the development of a robust savings plan to support its long-term financial sustainability. The three recommendations were; to ensure that performance data is published on the public website in a timely manner, to develop performance reports to enable readers to have a better understanding of key issues and how they are being addressed and, that procurement policy documents should be consistent and regularly reviewed. The latter has been work in progress following the significant changes to Public Procurement regulations. A management response to all recommendations has been made with details of actions that will be taken.

The Public Sector must pay suppliers within 30 days under the Public Contract Regulations 2015, however during Covid the Government encouraged the Public Sector to accelerate payment to suppliers as a matter of urgency to support their survival over the coming months. This Authority was able to reduce its supplier payment timeframe down to 12 days from receipt of invoice and continues to maintain this to ensure the cashflow of its suppliers is sustained to support their survival during these economically difficult times.

Governance Assurance Statement

The Authority is required to undertake an annual review of its governance processes and to publish a statement setting out the results of the review. The statement, which is available on the Authority's website, shows how the Authority demonstrates good governance in its actions.

Narrative Report

The Authority is also required to publish how we deliver the requirements of the National Framework for Fire and Rescue Services and how we obtain assurance that these are both effective and appropriate.

Transparency

The Authority publishes extensive performance and financial information on its website including transparency data on all spending over £250, all expenditure incurred on purchasing cards, a register of contracts and the pay of senior managers on the Corporate Management Board. This allows the public to see how well the Authority is performing and provides evidence of value for money.

Inspection

In July 2017 Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) extended its remit to include inspections of England's fire and rescue services. The inspection focuses on how well the Service prevents, protects against and responds to fires and other emergencies, and also reviews how well the service looks after its employees.

The 2022 inspection was undertaken over a six-week period running from July to August. The results were published by HMICFRS in January 2023. This rated Kent Fire and Rescue Service as :-

- 'good' at effectively keeping people safe and secure from fire and other risks.
- 'outstanding' for efficiently keeping people safe and secure from fire and other risks and
- 'good' at looking after its people.

Within the underlying categories of the Efficiency pillar, KFRS was also deemed 'outstanding' within the categories of 'Making best use of resources' and 'Making the fire service affordable now and in the future'. Among the findings presented by HMICFRS is that KFRS is judged to be 'Outstanding in the way it uses it resources and manages its budgets to provide an efficient fire and rescue service for the public'.

Kent Fire and Rescue were one of ten fire and rescue services to take part in a thematic inspection of how misconduct processes, procedures and practice operate. The inspection was for two weeks during 15 to 26 January 2024 and examined the following: -

- the extent to which services are identifying and investigating misconduct.
- the effectiveness of misconduct processes and how consistently they are applied.
- how confident fire and rescue service staff are in raising concerns and in misconduct processes; and
- the role of fire and rescue authorities and other organisations in handling misconduct.

The findings were published on 1 August 2024 as a fire sector report as opposed to an individual report on the Kent Fire and Rescue Service titled Standards of Behaviour: The handling of misconduct in fire and rescue services.

HMICFRS began its third-round inspection of KFRS in February 2025, the inspection lasted nine weeks and was based around three pillars: Effectiveness, Efficiency and People, within each pillar there are various assessment criteria. The results from Inspection are expected to be published in August 2025.

Narrative Report

Non-Financial Performance

Environmental Improvement and Asset and Fleet Strategy

The Estates, Fleet and Equipment and Digital and Data delivery plans support capital and revenue investment required to deliver the Community Risk Management Plan.

The Estates Delivery Plan sets out how the Authority aims to protect the environment of Kent and Medway in terms of its buildings that are used in delivering the service. Environmental improvements have been made across the estate, including the installation of new energy efficient boilers and heating systems, as well as photovoltaic (PV) panels on 37 buildings including Headquarters. Other improvements to buildings have been made through better insulation, double-glazing, heating controls and retrofitting motion sensors to control lighting have also contributed to the reduction in energy use and improved efficiencies.

New buildings have been designed to meet current standards for energy efficiency and include building management systems and controls, insulation, LED lighting, and natural ventilation rather than using air conditioning. In addition, there is an ongoing programme to re-roof buildings and replace windows, all of which will improve insulation.

Our Ashford Live Fire facility is currently under construction, by working with our building contractor and our supply chain partner to change the piling method and the type of concrete used for piling from Portland cement to GGBS concrete (a byproduct from iron making), we have been able to achieve a carbon saving on this activity alone of 79 tonnes of CO_2e, the equivalent of heating 29 homes for a year.

We continue to review our estate requirements, where land and buildings are identified as surplus to our current requirements they are sold at auction and the receipt from these sales re-invested into our ten-year Capital programme for the redevelopment and enhancement of stations and purchase of new vehicles.

Currently Fleet and Equipment services operate from two sites in Maidstone, a workshop in Parkwood Industrial estate and fleet administration with stores from our Distribution Centre on Loose Road. We are currently exploring options for a new purpose-built premises on one site to deliver an improved service to operational KFRS colleagues and reduce costs and improve efficiency.

Fleet has the largest carbon footprint of any business area within Kent Fire. We introduced 50 hybrid vehicles into our diverse fleet. All of these vehicles are pool cars, and their hybrid system combines the use of a petrol engine and an electric motor, improving fuel efficiency and reducing exhaust emissions. Being conscious of the environmental impact caused by cars, these hybrid pool vehicles allow us to make our journeys more sustainably. A further 239 vehicles use AD blue to reduce the tailpipe emissions of noxious gases. The renewal of older fleet will by default introduce more fuel-efficient vehicles. We continue to explore options to further reduce our carbon footprint in this area.

We have installed CCTV in all of our fire engines and blue light response vehicles alongside telematics in the majority of our vehicles. This has resulted in a number of benefits, including an insurance premium discount. Better management information is now being obtained to be able to defend against motor insurance claims made against us and to improve driving styles.

In our CRMP we identified the increasing number of water rescues that we are being called to undertake, particularly in the river Medway around Rochester and Chatham. We have a boat capability in place at this location but are exploring what more can be done to improve our speed of response and help with reducing the number of times our colleagues are having to enter the water to

Narrative Report

attempt to conduct a rescue. We are now looking to purchase a new “personal watercraft”, which is able to operate with fewer firefighters at a greater speed and with a high degree of safety.

As part of a nationally co-ordinated activity to provide support to the Ukraine we have worked with Fire Aid and the National Fire Chiefs Council (NFCC). Our surplus equipment and fire engines were donated to the cause, to be part of a larger convoy with vehicles and equipment donated from other fire services across the country that left the UK from our Whitstable fire station.

Service Performance

The Authority has a comprehensive set of performance indicators some of which are considered to be strategic due to their importance in monitoring the performance of the Authority. Members are provided with regular reports to keep them updated of performance against these indicators.

The Authority attended 3,919 fires in 2024/25 which was slightly higher than the performance in the previous year where the Authority attended 3,853 fires. The small increase in the number of fires can be attributed to an increase in accidental fires in the home and deliberate non-domestic fires. The increase in deliberate non-domestic fires is due to an increase in fires within prisons over the last year. Incidents of this nature can increase due to external factors outside of the control of this Authority.

Accidental dwelling fires (ADFs) accounted for 23% of all the accidental fires attended in 2024/25. The Authority has performed very well in this area and has been amongst the top performers nationally for more than ten consecutive years. Last year we reported the lowest number of accidental fires in the home recorded. In 2024/25 this has increased by 13% to a total of 556 incidents attended. Despite this increase, overall the number of fires in the home remains low and reducing these fires remains a priority of the Authority.

Reducing the number of road traffic collisions (RTCs) across Kent and Medway and the number of people killed or seriously injured (KSI) as a result, continues to be a priority for the Authority. In 2024/25 the Authority attended 1,116 RTCs which is marginally lower than in 2023/24 (1,153). The Authority continues to work with its partners to promote road safety across the county.

A number of on-call stations and some officers respond to immediately life-threatening medical emergency calls, such as suspected heart attacks, in support of the ambulance service. Under this arrangement, the Authority’s staff are sent to a medical incident as the quickest resource and are always backed up by the ambulance service. During 2024/25 the Authority attended 787 of these incidents which is lower than the amount attended in the previous year (1,277). The Authority also assists our ambulance and police partners with gaining entry to properties where there is a concern for welfare and for complex rescues and in 2024/25 the Authority attended these sorts of incidents on 3,111 occasions.

The Authority’s response times to life-threatening incidents has declined compared to previous years. In 2024/25 65.8% of life-threatening incidents were reached within 10 minutes and 76.2% within 12 minutes. Overall performance is lower than the targets set for these indicators; 71% and 82% respectively. There are numerous factors that can affect our performance on response times such as the number of fire engines available immediately to respond, the time the crews take to turn out, the traffic encountered en-route to an incident, the presence of 20mph speed limits, roadworks and road closures as well as the quality of the address information provided. The Authority consulted to changes on how response times are measured in October 2024 and the changes to this indicator come into effect from 1 April 2025. The changes to these indicators are to measure response times to emergency incidents in rural and urban areas. The new response targets are:

- Emergency incidents in urban areas attended within 9 minutes on 75% of occasions.

Narrative Report

- Emergency incidents in rural areas attended within 15 minutes on 75% of occasions.
- Non-emergency incidents in any area attended within 30 minutes.

In addition to responding to emergency calls, the Authority carries out a number of activities to support our customers and businesses safety. In 2024/25, the Authority's Customer Safety teams have delivered 12,204 Safe and Well Visits to customers across the County. In addition to these visits, crews and the taskforce team have delivered 15,296 home safety visits. Our business safety teams carried out 1,024 building inspections as part of our risk-based inspection programme in 2024/25. In addition, the Authority has carried out 2,228 building regulation consultations in the last year.

The detail of the progress against all of the Authority's key performance indicators is reported annually to Members of the Authority, and a copy of the report is available on the Authority's website.

Customer Service

The Authority became the first emergency service in the country to receive the Pride in Care Quality standard for our commitment to equality, diversity and inclusion (EDI). Awarded by the national charity Opening Doors, the fire service underwent a comprehensive accreditation process to receive the accolade, including staff surveys and evidence gathering, which highlighted the dedication that runs through the organisation to embrace difference.

Use of Resources Summary

The Authority has continued to make changes to the way that frontline and corporate services are delivered. Investment continues to be made in electronic systems to reduce administration and simplify internal processes. Working closely with partners is still important to the Authority, so we continue to look for efficiencies, wherever possible to do so, through joint procurement or joint working.

Last year the Authority delivered £2.795m of base revenue budget savings as set out in the budget for 2024/25. The current Medium-Term Financial Plans shows that over the next four years the Authority has the challenge to make at least £5m of further savings which need to be both sustainable and deliverable so that a high quality and effective service can continue to be delivered. There are a significant number of unknowns in terms of potential changes to the Authority's future funding allocations and uncontrollable cost pressures so these will be monitored closely so that the Authority can take appropriate action should further savings be required to balance the budget.

The Authority remains in a strong financial position and plans to invest in its infrastructure will continue, by utilising its Earmarked Reserves and capital receipts. As always longer-term sustainable planning continues to be a prerequisite going forward.

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;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Director of Finance Responsibilities

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

In preparing this Statement of Accounts, the Director of Finance, has:-

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

The Director of Finance has also:-

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

In my view, the accounts which follow give a true and fair view of the financial position of the Kent and Medway Towns Fire Authority at the accounting date and its income and expenditure for the year ended 31 March 2025.

Vince Maple
Chair of the Audit and Governance Committee
Kent and Medway Towns Fire Authority

Barrie Fullbrook
Director of Finance
Kent and Medway Towns Fire Authority

DD MMMM YYYY

Report of the Auditors to the Members of Kent and Medway Towns Fire Authority

Page Intentionally Left Blank

Report of the Auditors to the Members of Kent and Medway Towns Fire Authority

Page Intentionally Left Blank

Report of the Auditors to the Members of Kent and Medway Towns Fire Authority

Page Intentionally Left Blank

Report of the Auditors to the Members of Kent and Medway Towns Fire Authority

Page Intentionally Left Blank

Report of the Auditors to the Members of Kent and Medway Towns Fire Authority

Page Intentionally Left Blank

Report of the Auditors to the Members of Kent and Medway Towns Fire Authority

Page Intentionally Left Blank

Comprehensive Income and Expenditure Statement

This Statement shows the accounting cost in the year for providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from Council Tax. The Authority raises Council Tax to fund expenditure in accordance with regulations, and this may be different from the accounting cost basis. The Council Tax position is shown in the Movement in Reserves Statement.

All figures are in £'000	2023/24				2024/25		
Gross Exp.	**Gross Income**	**Net**		Note	**Gross Exp.**	**Gross Income**	**Net**
58,008	-7,194	50,814	Operational Response and Resilience		63,818	-6,403	57,415
7,889	-633	7,256	Prevention and Protection*		8,245	-643	7,602
23,571	-843	22,728	Customer Services		24,672	-1,096	23,576
2,692	-	2,692	Pensions, Financing and Other Costs		7,934	-	7,934
92,160	**-8,670**	**83,490**	**Cost of Services**	7	**104,669**	**-8,142**	**96,527**
			Other Operating Expenditure				
80	-	80	Gain(-) / Loss on disposal of non-current assets		39		39
			Financing & Investment Income & Expenditure				
20	-	20	Interest payable and similar charges	7	27	-	27
30,076	-	30,076	Net interest on the defined benefit liability		30,496	-	30,496
-	-2,472	-2,472	Interest and Investment income	7		-3,052	-3,052
-	41	41	Gain(-) / Loss on financial instruments carried at fair value through profit or loss	7		-86	-86
			Taxation and Non-Specific Grant Income				
-	-57,546	-57,546	Council Tax income	7		-60,765	-60,765
-	-15,728	-15,728	Non-domestic rates and top-up grant	7		-16,283	-16,283
-	-	-	Capital Grants and Contributions	20		-757	-757
-	-12,087	-12,087	Non ring-fenced grants	7,20		-17,656	-17,656
-	-16,476	-16,476	Government grant payable to pension fund	28		-25,467	-25,467
		9,398	**Deficit on Provision of Services**				**3,023**
		495	Surplus(-) / Deficit on revaluation of property, plant and equipment	8			9,968
		-7,898	Re-measurements of the net defined benefit liability	16,25			-26,373
		-7,403	**Other Comprehensive Income and Expenditure**				**-16,405**
		1,995	**Total Comprehensive Income and Expenditure**				**-13,382**

*Renamed from Customer Safety, Building Safety and Engagement

Movement in Reserves Statement

The Movement in Reserves Statement which follows, shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those reserves that can be applied to fund expenditure or reduce the requirement for future Council Tax) and other reserves. The Code requires the previous year's figures to be disclosed in this Statement, hence both years are shown below. The note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that adjustments are made against.

General Fund Balance

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

Earmarked Reserves

The Authority holds a number of discretionary Earmarked Reserves to fund future expenditure or to meet potential future budget pressures. If an Earmarked Reserve is no longer required for its designated purpose the funds will be returned to the General Fund.

Capital Receipts Reserve

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

Unapplied Capital Grants Reserve

The Capital Grant Unapplied Account (reserve) holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet capital expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place. The Authority does not currently hold any unapplied capital grants.

Movement in Reserves Statement

The Net Increase/Decrease before the Transfers to Earmarked Reserves line in the table below shows the statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves are undertaken by the Authority. The 2024/25 Movement in Reserves Statement follows on from the 2023/24 Statement below:

2023/24 All figures are in £'000	Notes	**General Fund Balance**	**Earmarked Reserves**	**Capital Receipts Reserve**	**Total Usable Reserves**	**Unusable Reserves**	**Total Reserves**
Balance at 31 March 2023 brought forward		**-3,970**	**-31,833**	**-9,856**	**-45,659**	**525,753**	**480,094**
Movement in reserves during 2023/24:							
Deficit on the provision of services	6	9,398	-	-	9,398	-	9,398
Other Comprehensive Income and Expenditure							
Re-measurements of the net defined benefit liability	25	-	-	-	-	-7,745	-7,745
Changes to injury scheme	25	-	-	-	-	-153	-153
Revaluation gains charged to the revaluation reserve	16	-	-	-	-	-3,131	-3,131
Revaluation losses charged to revaluation reserve		-	-	-	-	3,626	3,626
Total Comprehensive Income and Expenditure		**9,398**	**-**	**-**	**9,398**	**-7,403**	**1,995**
Adjustments between accounting basis and funding basis under regulations							
Adjustments to revenue resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:							
Pension costs transferred to or from the Pensions Reserve:							
Net retirement benefits as per IAS19	25	-38,213	-	-	-38,213	38,213	-
Gain in relation to Government grant payable to the pension fund	28	16,476	-	-	16,476	-16,476	-
Employer's contribution to pension schemes	16	14,077	-	-	14,077	-14,077	-
Council Tax and non-domestic rate income (transfers to or from collection fund adjustment account)	16	-143	-	-	-143	143	-
Accrued annual leave (tfr'd to the accumulated absences reserve)	16	-23	-	-	-23	23	-

Movement in Reserves Statement

2023/24 continued All figures are in £'000	Notes	**General Fund Balance**	**Earmarked Reserves**	**Capital Receipts Reserve**	**Total Usable Reserves**	**Unusable Reserves**	**Total Reserves**
Reversal of entries included in the surplus or deficit on the Provision of Services, in relation to Capital Expenditure(these items are charged to the capital adjustment account)							
Depreciation and impairment of non-current assets	8	-5,816	-	-	-5,816	5,816	-
Revaluation gains/losses on property, plant and equipment	16	-682	-	-	-682	682	-
Revaluation gains/losses on assets held for sale	16	-	-	-	-	-	-
Derecognition of non-current assets and non-current assets held for sale		-108	-	-	-108	108	-
Total adjustments to revenue resources		**-14,432**	**-**	**-**	**-14,432**	**14,432**	**-**
Adjustments between revenue and capital resources							
Transfer of cash sale proceeds as part of the gain/(loss) on disposal		29	-	-29	-	-	-
Administrative costs of non-current asset disposals		-1	-	1	-	-	-
Statutory provision for the repayment of debt	16,22	59	-	-	59	-59	-
Voluntary provision for the repayment of debt	16,22	514	-	-	514	-514	-
Capital expenditure funded from revenue contribution	16,22	2,592	-	-	2,592	-2,592	-
Revenue Expenditure Funded from Capital Under Statute	16,22	-12	-	-	-12	12	-
Total adjustments between revenue and capital resources		**3,181**	**-**	**-28**	**3,153**	**-3,153**	**-**
Adjustment to capital resources							
Use of capital receipts reserve to finance capital expenditure	22	-	-	1,330	1,330	-1,330	-
Total adjustments to capital resources		**-**	**-**	**1,330**	**1,330**	**-1,330**	**-**
Net (increase)/decrease before transfer to Earmarked Reserves	15	**-1,853**	**-**	**1,302**	**-551**	**2,498**	**1,947**
Transfers to/from Earmarked Reserves		1,563	-1,563				
(Increase)/Decrease in 2023/24	15,16	-290	-1,563	1,302	-551	2,498	1,947
Balance at 31 March 2024		**-4,260**	**-33,396**	**-8,554**	**-46,210**	**528,299**	**482,089**
Amounts held for revenue purposes		-4,260	-10,091		-14,351	643,039	628,688
Amounts held for capital purposes		-	-23,305	-8,554	-31,859	-114,740	-146,599

Movement in Reserves Statement

2024/25

All figures are in £'000	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
Balance at 31 March 2024 brought forward		**-4,260**	**-33,396**	**-8,554**	**-46,210**	**528,299**	**482,089**
Movement in reserves during 2024/25:							
Surplus on the provision of services	6	3,023	-	-	3,023	-	3,023
Other Comprehensive Income and Expenditure							
Re-measurements of the net defined benefit liability	25	-	-	-	-	-23,927	-23,927
Changes to injury scheme	25	-	-	-	-	-2,446	-2,446
Revaluation gains charged to revaluation reserve	16	-	-	-	-	-2,267	-2,267
Revaluation losses charged to revaluation reserve	16	-	-	-	-	12,235	12,235
Total Comprehensive Income and Expenditure		**3,023**	**-**	**-**	**3,023**	**-16,405**	**-13,382**
Adjustments between accounting basis and funding basis under regulations							
Adjustments to revenue resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:							
Pension costs transferred to or from the Pensions Reserve:							
Net retirement benefits as per IAS19	25	-44,034	-	-	-44,034	41,904	-2,130
Gain in relation to Government grant payable to the pension fund	28	25,467	-	-	25,467	-25,467	-
Employer's contribution to pension schemes	16	17,908	-	-	17,908	-17,908	-
Council Tax and non-domestic rate income (transfers to or from collection fund adjustment account)	16	-166	-	-	-166	166	-
Accrued annual leave (tfr'd to the accumulated absences reserve)	16	-89	-	-	-89	89	-

Movement in Reserves Statement

2024/25 continued All figures are in £'000	Notes	**General Fund Balance**	**Earmarked Reserves**	**Capital Receipts Reserve**	**Total Usable Reserves**	**Unusable Reserves**	**Total Reserves**
Reversal of entries included in the surplus or deficit on the Provision of Services, in relation to Capital Expenditure(these items are charged to the capital adjustment account)							
Depreciation and impairment of non-current assets	8	-6,276	-	-	-6,276	6,276	-
Revaluation gains/losses on property, plant and equipment	16	-3,245	-	-	-3,245	3,245	-
Revaluation gains/losses on assets held for sale	16	-	-	-	-	-	-
Assets sold written out as part of the gain/(loss) on disposal		-131	-	-	-131	131	-
Total adjustments to revenue resources		**-10,566**	**-**	**-**	**-10,566**	**8,436**	**-2,130**
Adjustments between revenue and capital resources							
Transfer of non-current asset sale proceeds as part of the gain/(loss) on disposal		94	-	-94	-	-	-
Administrative costs of non-current asset disposals		-1	-	1	-	-	-
Statutory provision for the repayment of debt	16,22	104	-	-	104	-104	-
Voluntary provision for the repayment of debt	16,22	1,191	-	-	1,191	-1,191	-
Capital expenditure funded from revenue contribution	16,22	1,719	-	-	1,719	-1,719	-
Revenue Expenditure Funded from Capital Under Statute	16,22	-	-	-	-	-	-
Total adjustments between revenue and capital resources		**3,107**	**-**	**-93**	**3,014**	**-3,014**	**-**
Adjustment to capital resources							
Use of capital receipts reserve to finance capital expenditure	22	-	-	-	-	-	-
Capital Grant and contributions applied		150	-	-	150	-150	-
Donated Asset Contribution		607	-	-	607	-607	-
Total adjustments to capital resources		**757**	**-**	**-**	**757**	**-757**	**-**
Net (increase)/decrease before transfer to Earmarked Reserves	15	**-3,679**	**-**	**-93**	**-3,772**	**-11,740**	**-15,512**
Transfers to/from Earmarked Reserves		3,259	-3,259				
(Increase)/Decrease in 2024/25	15, 16	-420	-3,259	-93	-3,772	-11,740	-15,512
Balance at 31 March 2025		**-4,680**	**-36,655**	**-8,647**	**-49,982**	**516,559**	**466,577**
Amounts held for revenue purposes		-4,680	-11,456	-	-16,136	615,449	599,313
Amounts held for capital purposes		-	-25,199	-8,647	-33,846	-98,890	-132,736

Balance Sheet

The Balance Sheet shows the value as at 31 March of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories: usable and unusable reserves. Only the usable reserves represent resources available to the Authority to spend on services, the purchase of assets or to repay debt. Unusable reserves cannot be used by the Authority.

31 March 2024	All figures are in £'000	Notes		31 March 2025
	Property, Plant and Equipment:			
98,074	Land and buildings	8	81,567	
13,775	Vehicles, plant and equipment	8	14,916	
4,741	Assets under construction	8	5,817	
-	Surplus assets not held for sale	8	-	
-	Leased Assets	23	336	
116,590	**Long Term Assets**			**102,636**
35,099	Short Term Investments	9	42,865	
30	Assets Held for Sale	12	216	
330	Inventories		316	
14,460	Short term Debtors	10	12,389	
8,215	Cash and Cash Equivalents	9,11	23,511	
58,134	**Current Assets**			**79,297**
-400	Short Term Borrowing	9	-	
-11,811	Short Term Creditors	13	-31,965	
-	Short Term Creditors - Leases		-41	
-1,676	Provisions	14	-1,252	
-13,887	**Current Liabilities**			**-33,258**
	Other Long Term Liabilities:			
-	Long Term Creditors - Leases		-170	
-642,926	Firefighters' pension liability	25	-615,082	
-642,926	**Long Term Liabilities**			**-615,252**
-482,089	**Net Assets**			**-466,577**
	Usable Reserves:			
-4,260	General reserves	15	-4,680	
-33,396	Earmarked reserves	15	-36,655	
-8,554	Usable capital receipts		-8,647	
528,299	Unusable Reserves	16	516,559	
482,089	**Total Reserves**			**466,577**

Cash Flow Statement

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

31 March 2024	All figures are in £'000	Notes	31 March 2025
	Operating Activities		
	Cash Outflows		
72,007	Cash paid to and on behalf of employees		66,466
26	Interest paid		30
19,417	Cash paid to suppliers of goods and services		21,622
91,450	**Cash outflows generated from operating activities**		**88,118**
	Cash inflows		
-58,043	Precepts received		-60,541
-603	Other Local Govt Finance Settlement Grants		-1,631
-7,330	Revenue support grant		-11,352
-10,836	Business Rates		-12,306
-	Capital grants received		-815
-8,480	Business Rate top-up grant		-8,886
-4,070	Other revenue grants		-14,820
-2,446	Cash received for goods and services		-2,253
-2,337	Interest received		-2,776
-634	Other operating cash receipts		-1,469
-94,779	**Cash inflows generated from operating activities**		**-116,849**
-3,329	**Net cash inflow from operating activity**		**-28,731**
	Investing Activities		
5,375	Purchase of property, plant and equipment		5,410
-28	Proceeds from sale of property, plant and equipment		-93
-655	Temporary investments		7,679
4,692	**Net cash flows generated from investing activity**		**12,996**
	Financing Activities		
301	Repayment of amounts borrowed	9	400
-	Lease Payment		39
301	**Net cash flows from financing activities**		**439**
1,664	**Net increase in cash and cash equivalents**		**-15,296**
9,879	Cash and cash equivalents at 1 April	11	8,215
-1,664	**Movement in year**		**15,296**
8,215	Cash and cash equivalents at 31 March	11	23,511

Notes to the Statement of Accounts

1. Accounting policies

Detailed below are the general accounting policies of the Authority. Other policies which refer to specific financial statement lines are detailed with the relevant note to the accounts. The policy is shown shaded in the relevant note.

General Principles

The accounts of the Fire and Rescue Authority have been compiled in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK 2024/25 (the Code) supported by International Financial Reporting Standards (IFRS) and other approved accounting standards. The accounts have been prepared with the objective of providing financial information that is useful to a wide range of users in making decisions about providing resources to the Authority and assessing the stewardship of the Authority's management.

Accounting policies are the principles, bases, and practices applied when preparing accounts, that specify how the effects of transactions and other events are to be reflected in the Statement of Accounts through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses and changes in reserves. When selecting and applying accounting policies the qualitative characteristics of financial information such as relevance, materiality and a faithful representation are taken into account.

1.1 Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention modified to account for the revaluation of property, plant and equipment. They are prepared on a going concern basis.

The particular policies adopted by the Authority are shown below. They have been applied consistently in dealing with items considered material in relation to the accounts.

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 for the sale of goods or provision of services is recognised in the financial year when the goods are sold or when the services are provided in accordance with the performance obligations of the contract.

Revenue relating to Council Tax and Non-Domestic Rates (NDR) shall be measured at the full amount receivable (net of any impairment losses). A debtor/creditor position between billing authorities and Kent Fire and Rescue as the precepting body is required to be recognised for the cash collected by the billing Council from Council Tax and Non-Domestic Rates debtors that belongs proportionately to the billing council and preceptors such as Kent Fire, Police and Kent County Council. The effect of any bad debts written off or adjustment in provisions are also shared proportionately.

Expenditure on goods and services (including services provided by employees) are recorded as expenditure in the financial year that they are received. Adjustments are made at the end of the financial year if a significant portion of goods received will not be used until the following year, i.e. fuel stock.

Interest receivable on deposits and payable on loans is accounted for as income and expenditure respectively, on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by contracts.

Notes to the Statement of Accounts

Where income or expenditure has been recognised but the cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. The balance on debtors may be written down by a provision to reflect an estimate of the amount of any debts that may not be recovered.

1.2 Critical accounting, judgements and key sources of estimation uncertainty

In the application of the Authority's accounting policies, officers are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates, but the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision, and future periods, if the revision affects both current and future periods.

1.2.1 Critical judgements in applying accounting policies

The Authority is required to disclose any critical judgements, apart from those involving estimations that officers have made in the process of applying the Authority's accounting policies. See Note 3 for details.

1.3 Other expenses

Other operating expenses, such as for goods and services, are recognised in the accounts in the financial year in which the goods are delivered or the services received. The exception to this is for utility bills where the accounts may include a twelve-month charge for certain utilities, but the charge is not necessarily adjusted to match the financial year as it is not considered material nor always practical to do so, but, where appropriate, it does represent a charge for a twelve-month period. Any material change with regard to utility accounts will be monitored through the Authority's budget monitoring report and adjusted in the event of a material change at the end of the financial year to ensure costs are reflected in the correct financial year.

1.4 Income

Income is accounted for in the financial year that services are provided in accordance with the performance obligations of the contract. Income includes contract income for the provision of firefighting services in the Channel Tunnel, contributions from third parties towards joint-funded projects, insurance recoveries and income from the sale of obsolete vehicles and equipment. Debtors are shown net of any provision made for bad or doubtful debts.

1.5 Government Grants and Contributions

Where the condition of a grant or contribution has been satisfied for any grant or contribution received or where there is reasonable assurance it will be received, the amount of the grant or contribution will be included in the Comprehensive Income and Expenditure Statement. Conditions are defined as stipulations that specify the terms under which a grant or contribution is to be used.

If the conditions have not yet been met, then any grant or contribution received would be shown in the Balance Sheet as a receipt in advance within creditors. When conditions for a grant or contribution have been satisfied, the grant or contribution is credited to the relevant service line (within gross income) or as Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Notes to the Statement of Accounts

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

1.6 Revenue expenditure funded from capital under statute

This is expenditure which qualifies as capital for control purposes, but which does not result in the acquisition, creation or enhancement of a property, plant or equipment asset. These costs are charged direct to revenue expenditure and any related capital grant will also be credited to revenue income.

1.7 Treatment of Value Added Tax

VAT paid and received is accounted for separately and is not included as income or expenditure of the Authority, except where it is not recoverable.

1.8 Redemption of Debt

The Authority is required to set aside an amount each year for the redemption of debt. There is a statutory requirement for the Authority to charge the Council Tax payer with a minimum revenue provision (MRP) which represents 4% of the outstanding borrowing liability for historic debt. In addition, the Authority makes additional voluntary provisions which aligns the charge to the Council Tax payer with the life of the asset. All new debt has a minimum revenue provision (MRP) set aside calculated on the asset life.

1.9 Prior Period Adjustments

These adjustments are only made when there are changes in accounting policies required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions or other events and conditions on the Authority's financial position. Where a prior year adjustment is made it adjusts the opening balances and comparative amounts for the period as if the new policy had always been applied.

2. Accounting Standards that have been issued but have not yet been adopted

The Authority has considered the impact of accounting changes that will be required by any new accounting standards that have been issued but not yet adopted by the Code for 2025/26. These changes relate to accounting amendments, IAS 21 Effects of Changes in Foreign Exchange Rate, IFRS 17 Insurance Contracts. These changes are not expected to have a material impact on the Authority's Accounts. The changes to the measurement of non-investment assets within the 2025/26 Code includes adaptions and interpretations of IAS16 Property, Plant and Equipment and IAS38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historic cost approach. As our large value assets are revalued each year, we would not expect this to have a material impact this will however be dependent on arrangements in place at that time.

3. Critical Judgements in Applying Accounting Policies

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

Notes to the Statement of Accounts

critical judgements made in the Statement of Accounts are:

- There is a certain amount of uncertainty about future levels of Government funding. However, the Authority has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision and therefore is unlikely to impact on Note 8 with regard to property, plant and equipment.

- There is uncertainty about the level of ground contamination in the land surrounding our Fire stations. The Authority commissioned a high-level environmental sensitivity review of all fire stations across Kent, given that land contamination had been identified at both Medway prior to sale and Ashford land prior to development. The primary focus was PFOS which was part of a group of compounds used for firefighting foam between 1964 and 2011. Our previous valuers used the estimated cost of land remediation at the Ashford site as a basis to estimate the costs to be deducted from the land value for those sites identified as part of the sensitivity review. Since then, the actual costs for land remediation at Ashford have been incurred and have proven to be higher than the initial estimate. We have since commissioned our existing Quantity Surveyors for Ashford who have worked on a number of our sites to undertake a review of the existing high-level environmental sensitivity review data held and provide an estimate for the remediation costs for suspected key contaminants on each site. They have identified key hot spots on each site and the likelihood of a range of contaminates based on historic and current use which our valuers have used in determining our land valuations. There are two fire stations that have been identified as being near to a water course and in the event that ground contamination is confirmed in the future it is likely that we will require further detailed investigations to be undertaken with the Environment Agency which could require a permeable reactive barrier to be installed. Should it be established that contamination does exist, or the property is affected by other environmental factors, this might reduce the value further to that now reported in Note 8.

4. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future 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 assumptions and estimates. The items in the Authority's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment

The effect of any over or under estimation on the revaluation of property plant and equipment cannot be quantified until the asset is disposed of. The carrying amount of Land and Buildings at the end of the reporting period is £81.567m and therefore a reduction of 1% in the value would reduce the balance sheet by £816k.

Assets are depreciated over their useful lives and are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the Authority had to make cuts to its spending and was unable to sustain its current spending on repairs and maintenance, it could bring into doubt the useful lives assigned to assets.

The carrying value of depreciating assets at 31 March 2025 is £68m. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for property plant and equipment assets would increase by £578k for every year that useful lives had to be reduced.

Notes to the Statement of Accounts

Pension Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. The carrying amount of the defined benefit obligation on all Pension Schemes at 31 March 2025 is £693.945m (Note 25).

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 1-year increase in the life expectancy assumption would result in an increase in the Pension Scheme liabilities of £24.714m.

The table on page 73 provides further details on the assumptions used and their financial impact.

However, by applying IAS 19 and the asset ceiling provision to the LGPS plan, the Authority has recognised a pension plan asset of nil. This is on the basis of the actuary's assumptions that are set out in Note 25.

Impairment of Debtors

The debtors figure included in the accounts for Council Tax and Business Rates (NNDR) includes an estimation for those debts that may not be recovered. The bad debt calculation is completed by each billing authority (12 Districts and 1 Unitary) and returned to us as the precepting authority to enable us to account for our share. An impairment allowance of £3.858m has been set aside in relation to Council Tax debts that may not be received and £290k in relation to Business Rates debts that may not be received. A provision of £744k has been set aside for business rate appeals that have yet to be determined. Any variation in actual recovery of Council Tax or Business Rates would affect the final collection fund surplus/deficit position, in particular the financial impact on the cost-of-living crisis may affect residents' ability to pay. This in turn would impact on future year's budgets when recognised in line with statutory requirements.

5. Events after the reporting Period

There are no events to report.

Notes to the Statement of Accounts

6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis note shows how annual expenditure is used and funded from resources (Government grants, Council Tax and Business Rates) in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision-making between the Authority's Directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

All figures are in £'000 — **2023/24**

	Outturn as reported to Authority	**Adjustments**	**Net Expenditure Chargeable to the General Fund**	**Adjustments between the Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
				See Note 6a	
Operational Response and Resilience	50,595	-45	50,550	264	50,814
Customer Safety, Building Safety and Engagement*	7,473	-162	7,311	-55	7,256
Customer Services	22,476	29	22,505	223	22,728
Pensions, Financing and Other Costs	1,826	705	2,531	161	2,692
Net Cost of Services	**82,370**	**527**	**82,897**	**593**	**83,490**
Other Income and Expenditure			-84,750	10,658	-74,092
Surplus (-) or Deficit			**-1,853**	**11,251**	**9,398**

*Renamed to Prevention and Protection for 2024/25

Opening General and Earmarked Reserves Balance	35,803
Less Deficit on General Fund in the year	1,853
Closing General and Earmarked Reserves Balance	**37,656**

Notes to the Statement of Accounts

All figures are in £'000					2024/25
	Outturn as reported to Authority	**Adjustments**	**Net Expenditure Chargeable to the General Fund**	**Adjustments between the Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
				See Note 6a	
Operational Response and Resilience	57,291	-486	56,805	610	57,415
Prevention and Protection*	7,767	163	7,930	-328	7,602
Customer Services	25,372	-1,719	23,653	-77	23,576
Pensions, Financing and Other Costs	3,521	-622	2,899	5,035	7,934
Net Cost of Services	**93,951**	**-2,664**	**91,287**	**5,240**	**96,527**
Other Income and Expenditure			-94,966	1,462	-93,504
Surplus (-) or Deficit			**-3,679**	**6,702**	**3,023**

*Renamed from Customer Safety, Building Safety and Engagement

Opening General and Earmarked Reserves Balance	37,656
Plus surplus on General Fund in the year	3,679
Closing General and Earmarked Reserves Balance	**41,335**

Notes to the Statement of Accounts

6a Expenditure and Funding Analysis – Adjustments Between Funding and Accounting Basis

For internal reporting and budget monitoring purposes, the revenue budget is in a different format from the presentation required by the CIPFA Code for the Comprehensive Income and Expenditure Statement. The table below provides a reconciliation of the final revenue budget underspend on services compared to the deficit shown on the Comprehensive Income and Expenditure Statement.

			2023/24					**2024/25**
Adjustment for Capital Purposes	**Net Change for the Pensions Adjustment**	**Other Differences**	**Total Adjustments**	All figures are in £'000	**Adjustment for Capital Purposes**	**Net Change for the Pensions Adjustment**	**Other Differences**	**Total Adjustments**
5,959	-5,719	24	264	Operational Response and Resilience	8,986	-8,427	51	610
112	-168	1	-55	Prevention and Protection*	43	-398	27	-328
428	-203	-2	223	Corporate Teams	492	-580	11	-77
11	150	-	161	Pensions, Financing and Other Costs	-	5,035	-	5,035
6,510	**-5,940**	**23**	**593**	**Net Cost of Services**	**9,521**	**-4,370**	**89**	**5,240**
-3,085	**13,600**	**143**	**10,658**	**Other Income and Expenditure from the Funding Analysis**	**-3,733**	**5,029**	**166**	**1,462**
3,425	7,660	166	11,251	Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus	5,788	659	255	6,702

*Renamed from Customer Safety, Building Safety and Engagement

Notes to the Statement of Accounts

7. Expenditure and Income Analysed by Nature

The following table provides a breakdown of expenditure and income by type that is included in the calculation of the deficit on the provision of services. These costs include notional charges which are reversed when identifying the amount to be charged to taxation.

All figures are in £'000		2023/24		2024/25
Employee expenses	73,969		81,134	
Other operating expenses	17,610		18,295	
Depreciation	5,816		6,276	
Revaluation gains (-) / losses on property, plant and equipment	682		3,245	
IAS19 adjustment	-5,940		-4,370	
Employee leave accrual adjustment	23		89	
Expenditure charged to Cost of Services		**92,160**		**104,669**
Government grants and contributions	-5,571		-5,099	
Fees, charges and other service income	-3,099		-3,043	
Income credited to Cost of Services		**-8,670**		**-8,142**
Net expenditure charged to Cost of Services		**83,490**		**96,527**
Interest payments	20		27	
Pensions interest cost	34,290		34,933	
Expected return on pensions assets	-4,292		-4,523	
LGPS administration expenses	78		86	
Gain (-) / Loss on disposal of assets	80		39	
Expenditure charged to Provision of Services		**30,176**		**30,562**
Pension fund top-up grant	-16,476		-25,467	
Interest and investment income	-2,472		-3,052	
Gain (-) / Loss on financial instruments carried at fair value through profit or loss	41		-86	
Income from Council Tax	-57,546		-60,765	
Income from Business Rates and top-up grant	-15,728		-16,283	
Capital Grants and Contributions			-757	
Non ring-fenced Government grants	-12,087		-17,656	
Income credited to Provision of Services		**-104,268**		**-124,066**
Expenditure and Income charged to Provision of Services		**-74,092**		**-93,504**
Deficit on Provision of Services		**9,398**		**3,023**

Notes to the Statement of Accounts

7a. Revenue from Contracts with Service Recipients

Policy:

The Authority recognises revenue from contracts with service recipients in accordance with the provisions of IFRS 15 Revenue from Contracts with Customers, as reflected in the Code of Practice. Revenue is recognised in the financial year that services are provided in accordance with the performance obligations of the contract.

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with Service recipients:

All figures are in £'000	2023/24	2024/25
Revenue from contracts with service recipients:		
Operational Response and Resilience – provision of fire cover	2,440	2,262
Total included in Comprehensive Income and Expenditure Statement	**2,440**	**2,262**

Amounts included in the Balance Sheet for contracts with service recipients:

All figures are in £'000	2023/24	2024/25
Receivables, which are included in debtors net of VAT (Note 10)	615	-
Total included in Net Assets	**615**	**-**

The value of revenue that is expected to be recognised in the future related to performance obligations (as set out in the contract) that are unsatisfied at the end of the year is:

All figures are in £'000	2023/24	2024/25
Not later than one year	2,258	-
Later than one year and not later than five years	-	-
Amounts of transaction price fully unsatisfied	**2,258**	**-**

Revenue relates to the recovery of staffing costs. The performance obligations of the contract are met when services are rendered. An invoice is raised for a fixed amount each month for services provided in the preceding month.

Notes to the Statement of Accounts

8. Property, Plant and Equipment

Policy:

Valuation - Where Property, Plant and Equipment has physical substance and they are held for the production or the supply of goods and services or administrative purposes and are expected to provide a benefit for more than one year, they are classified as capital assets. Expenditure in relation to these assets is recognised on an accruals basis and all expenditure on vehicles and building components that complies with the criteria set in statute within the Local Government Act 2003 is capitalised. There is a de-minimis limit of £10k for all other individual items of capital expenditure. Items that form part of the initial equipping of a new operational vehicle or in the setting up of a new building are capitalised as part of that project irrespective of their individual cost.

Assets that are undergoing work which results in them not being completed or becoming operational at the year-end results in the asset being carried forward in “assets under construction”. Expenditure incurred during the year that is capital under statutory provisions but that does not result in the creation of a non-current asset is charged to the Comprehensive Income and Expenditure Statement in the year that it occurs and then reversed out through the Movement in Reserves Statement to ensure there is no impact on the Council Tax payer.

Assets are initially measured at cost and then carried on the Balance Sheet using the following measurement bases:

- Fire stations and other specialised buildings – Current value estimated using a depreciated replacement cost methodology utilising the concept of the modern equivalent asset.
- Houses and other non-specialised buildings – Current value based on existing use.
- Vehicles and equipment – Current value estimated using depreciated historic cost.
- Assets under construction – Actual cost.
- Surplus assets – Fair value based on the price that would be received on the sale of the asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Authority reviews the revaluing of its land and building portfolio every year using the services of an External Valuer. A component valuation approach is used for specialised assets such as Fire Stations, with the most significant elements of a building being separately valued and the remaining useful life assessed for each element. On appointment the Valuer carried out a physical inspection of all property for the valuation prepared at 31 March 2025. The highest value fire stations and service headquarters have a full physical inspection and valuation each year, as does 25% of the remaining estate on a four-year rolling basis. For the rest of the estate values are reviewed and an adjustment made for any impairment or increase in valuation as appropriate, to reflect any significant changes in values during the year. Material additions to the premises estate are valued at the date of acquisition or when the capital works to the property are completed and the property brought into use. It is planned that all property will be subject to a full physical inspection again in 2029/30.

Valuations are updated for specific properties where significant improvements or modifications are made. Other minor replacements or works below £100k are included within additions at actual cost unless the actual value is expected to be materially different.

Revaluation gains are taken to the Revaluation Reserve and revaluation losses are written off against any balance on the Revaluation Reserve for that asset or to the Comprehensive Income and Expenditure Statement if the balance on the Revaluation Reserve is less than the loss.

Depreciation - The charge for depreciation is calculated on a straight-line basis over the estimated useful life of the asset taking into account the residual value of the asset. Estimated useful lives and residual

Notes to the Statement of Accounts

values for property and plant are reviewed periodically, whereas the life and residual values of vehicles are reviewed annually. Depreciation is charged to the relevant service line in the Comprehensive Income and Expenditure Statement from the date that the asset is completed. Where a large asset, such as a fire station, includes a number of components which have significantly different asset lives and are of a material value, the components are treated as separate assets and depreciated over their own useful economic life. Property, plant, vehicles and equipment under construction are not depreciated.

At the end of the financial year a review is undertaken to see whether any asset has suffered an impairment loss. When impairment losses are identified, they are charged to the Revaluation Reserve up to the amount of the accumulated gain. Where there is no balance or an insufficient balance on the Revaluation Reserve the loss is charged to the relevant service line in the Comprehensive Income and Expenditure Statement. When an impairment loss subsequently reverses, the relevant service line is credited with the reversal up to the amount of the original loss, adjusted for the depreciation that would have been charged if a loss had not been recognised.

At the 31 March 2025 the Authority had capital commitments of £10.5m in relation to the Ashford Life Fire build, new vehicle purchases and some premises expenditure (£0.587m at 31 March 2024).

This is the range of useful asset lives used in the calculation of depreciation for each class of asset.

Class Of Asset	Asset life for depreciation purposes		
Buildings	10	to	65
Roofs	5	to	50
Drill towers	10	to	45
Bay doors	10	to	20
Generators	10	to	25
Fire appliances	13	to	15
Cars and vans	5	to	7
Other operational vehicles	5	to	20
IT Equipment	3	to	10

In addition to land and buildings the Authority has a fleet of fire appliances, specialist vehicles and cars. This table provides an analysis of property assets at 31 March 2025.

	Operational	Surplus	Held for sale
Fire Stations	56	-	-
Headquarters	1	-	-
Residential houses	19	-	1
Technical Rescue Centre	1	-	-
Training Centre	1	-	-
Other	1	-	-

Notes to the Statement of Accounts

Revaluations

The Authority's External Valuers, Cluttons LLP, carried out a full valuation of the Authority's entire land and building portfolio at 31 March 2025. The highest value fire stations and service headquarters have a full physical inspection and valuation each year, as does 25% of the remaining estate on a four-year rolling basis. For the rest of the estate values are reviewed and an adjustment made for any impairment or increase in valuation as appropriate, to reflect any significant changes in values during the year. The valuations have been carried out in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The valuations are in accordance with International Valuation Standards (IVS) and the requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards 2025 (the Red Book).

The majority of the properties are classified as property, plant and equipment. The Authority's fire stations, Technical Rescue Centre, Equipment Store and training facilities are specialised operational properties and as such are valued at current value using the depreciated replacement cost method with a consideration of the assumed modern equivalent asset. The Authority's houses, which are occupied for operational purposes, and the Headquarters building are valued at their current value in existing use, and assets held for sale are valued at fair value.

Vehicle, plant and equipment assets are initially included at historical cost as a proxy for current value. The value and remaining life of fire appliances are subject to an annual review by the Fleet and Equipment Services Team.

The accounting policy allows for a full inspection and valuation each year for those properties that are material in value to the financial statements and thereby provide more reliable estimations on their value and also reduce the possibility of not identifying significant changes in value to the property portfolio. By undertaking a full inspection and valuation on the remaining 25% of properties across the Kent portfolio it allows for the Valuers to gain assurance and evidence for the assumptions applied across the remaining estate, thereby providing more reliable estimates and a better understanding of the condition and maintenance regime of our current properties.

Notes to the Statement of Accounts

2023/24

All figures are in £'000	Land and Buildings	Vehicles, Plant and Equipment	Assets under Construction	Surplus Assets	Total Property, Plant and Equipment
Cost or Valuation at 1 April 2023	**102,177**	**34,594**	**3,145**	**30**	**139,946**
Additions	642	1,306	2,759	-	4,707
Revaluation increases / decreases (-) recognised in the revaluation reserve	-509	12	-	2	-495
Revaluation increases / decreases (-) recognised in the deficit on the provision of services	-693	10	-	1	-682
De-recognition – disposals	-4	-955	-	-	-959
Assets reclassified	-	-	-	-30	-30
Assets under construction completed in year	303	860	-1,163	-	-
Other movements in cost or valuation	-3,842	-172	-	-3	-4,017
Cost or Valuation at 31 March 2024	**98,074**	**35,655**	**4,741**	**-**	**138,470**
Accumulated Depreciation and Impairment at 1 April 2023	-	-20,931	-	-	-20,931
Depreciation/impairment charge	-3,843	-1,970	-	-3	-5,816
Assets Reclassified	-	-	-	-	-
De-recognition – disposals	1	849	-	-	850
Other movements in depreciation and impairment	3,842	172	-	3	4,017
Accumulated Depreciation and Impairment at 31 March 2024	**-**	**-21,880**	**-**	**-**	**-21,880**
Net Book Value at 31 March 2024	**98,074**	**13,775**	**4,741**	**-**	**116,590**
Net Book Value at 31 March 2023	102,177	13,663	3,145	30	119,015

Notes to the Statement of Accounts

2024/25

All figures are in £'000	Land and Buildings	Vehicles, Plant and Equipment	Right of Use-Leases	Assets under Construction	Surplus Assets	Total Property, Plant and Equipment
Cost or Valuation at 1 April 2024	**98,074**	**35,655**	**-**	**4,741**	**-**	**138,470**
Additions	78	908	447	3,708	-	5,141
Revaluation increases / decreases (-) recognised in the revaluation reserve	-10,048	156	-47	-	-29	-9,968
Revaluation increases / decreases (-) recognised in the deficit on the provision of services	-3,233	-12	-	-	-	-3,245
De-recognition – disposals	-	-1,090	-	-	-	-1,090
Assets reclassified	-250	-	-	-	34	-216
Assets under construction completed in year	789	2,554	-	-2,632	-	711
Other movements in cost or valuation	-3,843	-155	-	-	-5	-4,003
Cost or Valuation at 31 March 2025	**81,567**	**38,016**	**400**	**5,817**	**-**	**125,800**
Accumulated Depreciation and Impairment at 1 April 2024	-	-21,880	-	-	-	-21,880
Depreciation/impairment charge	-3,843	-2,364	-64	-	-5	6,276
Assets Reclassified	-	-	-	-	-	-
De-recognition – disposals	-	989	-	-	-	989
Other movements in depreciation and impairment	3,843	155	-	-	5	4,003
Accumulated Depreciation and Impairment at 31 March 2025	**-**	**-23,100**	**-64**	**-**	**-**	**-23,164**
Net Book Value at 31 March 2025	**81,567**	**14,916**	**336**	**5,817**	**-**	**102,636**
Net Book Value at 31 March 2024	98,074	13,775	-	4,741	-	116,590

Notes to the Statement of Accounts

9. Financial Instruments

Policy:

Financial assets

Financial assets are recognised within the Statement of Accounts when the Authority becomes party to the contractual provisions of the instrument or, in the case of debtors, when the contract obligations have been met. Financial assets are classified into three types; each type based on the business model for holding the instruments and the expected cashflow characteristics of them:

- Amortised Cost – These represent instruments held to collect contractual cashflows, e.g. fixed term bank deposits and loans where repayments of interest and principal take place on set dates and at specified amounts.
- Fair Value Through Other Comprehensive Income – These represent instruments held that are measured at Fair Value and held to both collect contractual cash flows and sell the financial asset on specified dates.
- Fair Value through Profit or Loss – These represent Instruments held whose objectives are all other combinations of business model and contractual cash flows.

Financial assets are de-recognised when the contractual rights have expired, or the asset has been transferred.

The Authority reviews its financial assets annually. Expected losses are calculated annually for assets that have a significant credit risk using a provision matrix based on historic write off of debt, whilst expected credit losses for investments are calculated based on the historic risk of default for each counterparty provided by the Authority's Treasury advisors, Debtors in the Balance Sheet are reduced by the impairment allowance. The subsequent impairment/loss allowance (if material) is then treated according to the Asset class:

- Assets valued at Amortised cost are reduced by the value of the expected losses (impairment) and reflected in their carrying amount.
- Assets carried at Fair Value through Other Comprehensive Income have the movements in their fair value reflected in the Financial Instruments Revaluation Reserve.
- Assets carried at Fair Value through Profit or Loss have their loss allowance recognised in the Surplus or Deficit on Provision of Services.

Financial liabilities

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

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

The Authority has liabilities in relation to loans borrowed from the Public Works Loans Board and non-Public Works Loans Board creditors all of which are recognised at amortised cost.

Notes to the Statement of Accounts

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

Fair Value Hierarchy

Valuation techniques used to measure fair value are categorised into Levels 1, 2 and 3 where:
- Level 1 has an active market with quoted prices for similar instruments.
- Level 2 has some directly observable market information other than Level 1 inputs.
- Level 3 has no market information and valuation requires significant judgement by management.

Categories of Financial Instruments

The categories of financial instruments that are carried in the Balance Sheet are shown in the table that follows:

All figures are in £'000	Long Term 31 March 2025	Long Term 31 March 2024	Short Term 31 March 2025	Short Term 31 March 2024
Investments				
Current Investments[1]	-	-	11,865	3,099
Short term investments[2]	-	-	31,000	32,000
Cash and cash equivalents[2]	-	-	23,511	8,215
Debtors				
Short term debtors[2]	-	-	1,186	1,742
Borrowings				
Short term borrowing[2]	-	-	-	-400
Creditors				
Short term creditors[2]	-	-	-3,934	-4,204

[1] at fair value through profit and loss using a Level 1 valuation technique.
[2] carried at amortised cost.

The Authority has no outstanding loans as at 31 March 2025.

10. Debtors

All figures are in £'000	31 March 2025	31 March 2024
Central government bodies[1]	563	525
Other local authorities[1]	284	402
Collection Fund	5,397	5,480
Pension Fund	-	5,562
Other entities and individuals[1]	6,145	2,491
Total Debtors	**12,389**	**14,460**

[1] Part is included in the amount shown as short-term debtors in Note 9.

Collection Fund debtors at 31 March 2025 are shown net of provisions for bad and doubtful debts £4.148m (£3.776m at 31 March 2024).

Notes to the Statement of Accounts

11. Cash and Cash Equivalents

Policy:

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

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.

All figures are in £'000	31 March 2025	31 March 2024
Bank current accounts and cash held by the Authority	56	80
Short term deposits	23,455	8,135
Total Cash and Cash Equivalents	**23,511**	**8,215**

12. Assets Held for Sale

Policy:

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, and they meet the criteria contained in the Code. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value, less disposal costs. Fair value is the open market value including alternative uses.

The profit or loss arising on the disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Comprehensive Income and Expenditure Statement as a gain or loss on disposal. Where a non-current asset is sold for £10k or more the amount is credited to income and then transferred to usable capital receipts in the Balance Sheet where it is available to fund new capital expenditure.

Non-current assets that are to be scrapped or demolished do not qualify for recognition as held for sale. They are retained as property, plant and equipment or surplus assets and their economic life will be adjusted accordingly. Depreciation is not charged on assets held for sale.

Assets Held for Sale (continued)

All figures are in £'000	2024/25	2023/24
Balance at start of year	30	-
Assets newly classified as held for sale	216	30
Assets sold in year	-30	-
Total Assets Held For Sale	**216**	**30**

Notes to the Statement of Accounts

13. Creditors

All figures are in £'000	31 March 2025	2024
Central government bodies[1]	6,951	3,829
Collection fund receipts in advance	1,754	1,434
Collection Fund creditor	2,575	2,667
Other local authorities ,[2]	960	828
Pension Fund	2,706	-
Other entities and individuals[1,2]	17,230	3,053
Total Creditors	**32,176**	**11,811**

[1] Includes part of the amount shown as short term creditors in Note 9.
[2] Includes part of capital creditors totalling £638.6k (£407k at 31 March 2024).

14. Provisions

Policy:

It is the policy of the Authority to make provisions in the accounts where there is an obligation to make a payment but where the amount or timing is uncertain. Provisions are charged to expenditure when the Authority becomes aware of the obligation based on the best estimate of the likely settlement. When payments are eventually made, they are charged direct to the provision.
The level of the provision is kept under review and if the provision is not required it is reversed and credited back to expenditure in that financial year.

Insurance and General Provision

The Authority has external cover for insurance claims. At 31 March 2025 an estimate is made of the excess that could be payable for claims notified but not yet settled. A provision therefore needs to be maintained to fund these and any other potential claims. Whilst many claims are settled within a year some do take a number of years to be resolved.

Land contamination was identified as part of the ground testing in relation to the Ashford Live Fire development. Discussions have taken place with the Environment Agency to agree the work required to remediate the site, an estimated cost for the site remediation has been obtained and has been set aside to fund the cost of the environmental works required. Works have commenced on site but are not due to complete until the first quarter of 2025/26.

Non-Domestic Rate Appeals

This provision is the Authority's share of amounts provided for by Kent billing authorities for Non-Domestic Rates appeals.

Notes to the Statement of Accounts

All figures are in £'000	Insurance Provision	General Provision	Non-Domestic Rates Appeals	Total
Balance at 1 April 2024	223	550	903	1,676
Movements in 2024/25:				
Additional provisions made	37	147	758	942
Amounts used	-51	-310	-903	-1,264
Unused amounts reversed	-102	-	-	-102
Balance at 31 March 2025	**107**	**387**	**758**	**1,252**

15. Usable Reserves

Policy:

The Authority maintains a general fund balance equivalent to approximately 5% of the net revenue budget and also a number of Earmarked Reserves which are held for specific policy purposes or future expenditure. The Authority makes use of Earmarked Reserves in order to smooth the impact of peaks of expenditure and also to ensure resources are available to meet known commitments and liabilities.

Reserves are created by appropriating amounts out of the general fund balance in the Movement in Reserves Statement. When expenditure to be funded from the reserve is incurred it is charged to the appropriate service line in year. The reserve is then appropriated back into the general fund balance in the Movement in Reserves Statement so that there is no charge in that year to the Council Tax payer.

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement. The relevance and balance of each reserve is reviewed annually, the purpose of each of the Earmarked Reserves is described below.

Government Grants
This reserve contains unspent Government grants that are being rolled forward for use in future years.

Infrastructure
This reserve is used to fund expenditure on infrastructure assets (premises, environmental improvements, IT and communications equipment, as well as vehicles and operational equipment) and includes a significant programme of investment in station improvements / redevelopments and vehicle purchases over the medium term.

Insurance and Resource
This reserve is used to smooth the impact of insurance claim volatility between financial years. It also provides an additional resource, should it be needed, to meet excessive costs in any one year, arising from the new Insurance Mutual Company arrangements. Given the volatility of the financial and economic markets, this reserve is also used to resource any one-off in year increases in costs that may arise at relatively short notice, for example excessive inflationary increases.

Notes to the Statement of Accounts

Rolling Budgets
This reserve is used to fund committed expenditure where the goods or services will not be received or delivered until the following financial year.

Service Transformation and Productivity
This reserve is used as a one-off funding resource to help pump-prime new initiatives or improvements to the Service. It will also help support collaborative initiatives with other blue light services and partner agencies.

This table below sets out the amounts set aside from the General Fund in Earmarked Reserves to provide financing for future expenditure plans and the amounts transferred from Earmarked Reserves to meet General Fund expenditure in 2024/25.

All figures are in £'000	Balance at 1 April 2024	Net Reserve Transfers 2024/25	Balance at 31 March 2025
General Fund Balance	**4,260**	**420**	**4,680**
Earmarked Reserves:			
- Government Grants	904	-456	448
- Infrastructure	26,751	870	27,621
- Insurance and Resource	4,580	1,308	5,888
- Rolling Budgets	761	1,037	1,798
- Service Transformation and Productivity	400	500	900
Total Earmarked Reserves	**33,396**	**3,259**	**36,655**
Total General and Earmarked Reserves	**37,656**	**3,679**	**41,335**

Additional breakdown of Government Grant Reserve balance:

All figures are in £'000	Balance at 31 March 2025
New Dimensions and New Threats	240
Building Risk Review and Protection Uplift	85
Pensions Administration for McCloud / Sargeant Remedy	123
Total Government Grants Reserve	**448**

Notes to the Statement of Accounts

16. Unusable Reserves

Policy:

The Balance Sheet includes a number of reserves that are maintained to manage the accounting processes for non-current assets, retirement and employee benefits, available for sale financial assets and the collection fund adjustments. These reserves are not distributable and cannot be used to support spending.

This table summarises the items included within unusable reserves. Details of movements on the various reserves are in the paragraphs that follow.

All figures are in £'000	**2024/25**	**2023/24**
Revaluation Reserve	-37,794	-50,139
Accumulated Absences Account	676	587
Pensions Reserve	615,082	642,926
Collection Fund Adjustment Account	-309	-474
Capital Adjustment Account	-61,096	-64,601
Total Unusable Reserves	**516,559**	**528,299**

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

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

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

All figures are in £'000	**2024/25**	**2023/24**
Balance at 1 April	**-50,139**	**-53,179**
Upward revaluation of assets	-2,267	-3,131
Downward revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services	12,235	3,626
Difference between fair value depreciation and historical cost depreciation	2,367	2,529
Accumulated gains on assets sold or scrapped	10	16
Balance at 31 March	**-37,794**	**-50,139**

Notes to the Statement of Accounts

Accumulated Absences Account

Policy:

Salaries, wages and employment-related payments, including the value of leave earned but not yet taken, are recognised in the period that the service is received from employees. An accrual will be made for the cost of any unused leave entitlement which has been carried into the following year. The accrual is based on the amount of holiday pay that would be paid for each day owed and includes an estimate for any related on-costs that would also be payable, such as national insurance. The calculation is reviewed every three years or in the event of a known material change.

The cost of the accrual for holiday pay and overheads is charged to the Surplus or Deficit on the Provision of Services and reversed out through the Movement in Reserves Statement so that the charge has no effect on the Council Taxpayer.

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, i.e. annual leave owed. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

All figures are in £'000		**2024/25**		**2023/24**
Balance at 1 April		**587**		**564**
Settlement or cancellation of accrual made at the end of the preceding year	-587		-564	
Amounts accrued at the end of the current year	676		587	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		89		23
Balance at 31 March		**676**		**587**

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

Notes to the Statement of Accounts

(**Pensions Reserve continued**)

All figures are in £'000	2024/25	2023/24
Balance at 1 April	**642,926**	**643,164**
Re-measurements of the net defined benefit liability	-40,329	-10,471
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	16,437	21,737
Employer's pensions contributions and direct payments to pensioners payable in the year	-17,908	-14,077
Asset Ceiling Adjustment	13,956	2,573
Balance at 31 March	**615,082**	**642,926**

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

All figures are in £'000	2024/25	2023/24
Balance at 1 April	**-474**	**-617**
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income for the year in accordance with statutory requirements	-224	496
Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income for the year in accordance with statutory requirements	389	-353
Balance at 31 March	**-309**	**-474**

Notes to the Statement of Accounts

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

The Account contains gains recognised in relation to donated assets that have yet to be consumed by the Authority and revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007 when the Reserve was created to hold such gains. The Movement in Reserves Statement provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

All figures are in £'000	**2024/25**	**2023/24**
Balance at 1 April	**-64,601**	**-64,179**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	6,276	5,816
Revaluation (gains) / losses on property, plant and equipment	3,245	682
Revaluation (gains) / on assets held for sale	-	-
Revenue expenditure funded from capital under statute	-	12
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	122	92
Adjusting amounts written out of the Revaluation Reserve	-2,367	-2,529
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing		
Use of Capital Receipts Reserve to finance new capital expenditure	-	-1,330
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	-757	-
Statutory provision for the financing of capital investment charged against the General Fund	-1,295	-573
Capital expenditure charged against the General Fund Balance	-1,719	-2,592
Balance at 31 March	**-61,096**	**-64,601**

Notes to the Statement of Accounts

17. Officers' Remuneration

This table provides details of actual remuneration for 2024/25 (including employer pension contributions) for the Chief Executive and the other most senior officers employed by the Authority. Comparative information for 2023/24 is also shown below. Details of the Senior Officer structure and related salary is published on the Authority's website at http://www.kent.fire-uk.org

Post Holder Information All figures are in £'000	**Salary and Allowances**	**Pension Contributions**	**Total Remuneration inc Pension Contributions**
2024/25			
Chief Executive – A Millington	174.3	30.5	204.8
Director, Response and Resilience (left 31/12/24)	106.1	39.9	146.0
Director Response and Resilience (from 1/9/2024)	82.5	31.0	113.6
Director, Prevention, Protection, Customer Engagement & Safety	141.5	24.8	166.2
Director, Finance and Corporate Services	114.7	-	114.7
Director of Finance (from 27/01/2025)	24.4	4.3	28.7
Director HR & Culture	135.5	23.7	159.2
Assistant Director, Resilience	115.1	43.3	158.4
Assistant Director, Response (left 31/08/2024)	47.3	17.8	65.1
Assistant Director Response (from 16/07/2024)	82.5	31.0	113.5
Assistant Director, Customer & Building Safety (left 08/04/2024)	2.5	0.9	3.4
Assistant Director, Customer & Building Safety	115.1	20.1	135.2
	1,141.5	**267.3**	**1,408.8**

Notes to the Statement of Accounts

Post Holder Information All figures are in £'000	**Salary and Allowances**	**Pension Contributions**	**Total Remuneration inc Pension Contributions**
2023/24			
Chief Executive – A Millington	170.5	28.1	198.6
Director, Response and Resilience	138.4	39.9	178.3
Director, Prevention, Protection, Customer Engagement & Safety	138.4	22.9	161.3
Director, Finance and Corporate Services	112.2	-	112.2
Assistant Director, Resilience	110.4	31.8	142.2
Assistant Director, Response	110.4	31.8	142.2
Assistant Director, Customer & Building Safety (left 08/04/2024)	110.4	31.8	142.2
Assistant Director, Customer & Building Safety (from 12/12/2023)	34.1	5.6	39.7
Assistant Director, HR & Culture (left 20/02/2024)	50.5	-	50.5
Assistant Director, HR & Culture (from 20/11/2023)	38.4	6.3	44.7
	1,013.7	**198.2**	**1,211.9**

Notes to the Statement of Accounts

Officers' Remuneration (continued)

The table below shows the other employees, in addition to those senior officers detailed above, who are receiving more than £50,000 remuneration for the year (excluding employer pension contributions but including any benefits in kind):

	Number of Employees	
Remuneration Band	**2024/25**	**2023/24**
£50,000 - £54,999	110	89
£55,000 - £59,999	74	59
£60,000 - £64,999	67	52
£65,000 - £69,999	21	20
£70,000 - £74,999	23	14
£75,000 - £79,999	18	13
£80,000 - £84,999	3	2
£85,000 - £89,999	-	1
£90,000 - £94.999	5	5
£95,000 - £99,999	1	-
Total	**322**	**255**

Notes to the Statement of Accounts

18. Members' Allowances

The Authority paid the following amounts to Members of the Authority during the year. Details of allowances paid to Members are advertised in the local press and are published on the Authority's website at www.kent.fire-uk.org.

All figures are in £'000	2024/25	2023/24
Allowances	80	78
Expenses	1	1
Total	**81**	**79**

19. External Audit Costs

The following external audit costs were incurred in the year.

All figures are in £'000	2024/25	2023/24
Fees payable to the external auditor:		
External audit services carried out by the appointed auditor for the year	114	104
Additional Audit Fee Variation 2022/23	-	-2
Additional Audit Fee Variation 2023/24	-	4
Additional Audit Fee Variation 2024/25	8	5
Total	**122**	**111**

20. Grant Income

This table shows the grants and contributions credited to the Comprehensive Income and Expenditure Statement in the year.

All figures are in £'000	2024/25	2023/24
Credited to Taxation and Non-Specific Grant Income:		
Revenue Support Grant (included in Settlement Funding Assessment)	11,352	7,330
Small Business Rate Relief Grant and Compensation	4,520	3,942
4% Minimum Funding Guarantee	1,527	-
Compensation for Additional Business Rate Relief 22/23	-	-246
Compensation for Additional Business Rate Relief 23/24	-37	305
Compensation for Additional Business Rate Relief 24/25	57	-
Business Rates Levy Account Surplus	125	125
Green Plant and Machinery Business Rate Exemptions	-	19
Enterprise Zone Relief Grant	-	1
Transparency Code Set-Up Grant	8	8
Services Grant	104	603
Capital grants and contributions:		
Donated Asset	607	-
Contribution to Right of Use Asset	150	-
Credited to Cost of Services:		
Maritime MTA Emergency Response	60	16
Firefighter Employer Pension Contributions	2,757	3,536
Mcloud / Matthews Pensions Remedy - Administration	194	-
New Dimensions	968	973
New Threats	-	39
FireLink	236	355

Notes to the Statement of Accounts

Prevention and Protection Uplift and Accreditation	333	406
Apprenticeship Levy Drawdown	22	24
Redmond Review – Audit	14	14
Road Safety	-	3
Building Safety Regulator Compliance	109	113
Salix Grant – Heat Decarbonisation	-	78
McCloud Remedy – Compensation	406	13
Total	**23,512**	**17,657**

21. Related Parties

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

Central Government - Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax bills). Grants received from Government departments are detailed in Note 20 and amounts due to KFRS are detailed in Note 10 and amounts owed by KFRS are detailed in Note 13.

Senior Officers and Members - The total remuneration paid to senior officers is shown in Note 17 and details of Members' allowances paid in 2024/25 are shown in Note 18.

Members and senior officers of the Authority have direct control over its financial and operating policies and are required to disclose details of any transactions that the Authority has with any individuals with whom they may have a close relationship or any company in which they may have an interest. Members and senior officers of the Authority are required to declare whether they or any of their close family have been involved in any such related party transactions.

The Authority has an appointed Monitoring Officer and as such a contract is in place with Mid Kent Legal Service to supply these services which took effect from April 2024.

Fire and Rescue Indemnity Company (FRIC) - The Authority is one of the fourteen fire authorities that now form the hybrid discretionary mutual protection company to provide financial indemnity protection. All members have equal voting rights irrespective of size or contribution, the Director of Finance is a voting member for this Authority. During 2024/25 the Director of Prevention, Protection, Customer Engagement and Safety was invited to become a Non-Executive Director on the Board of FRIC. Expenditure relates to our share of our insurance premiums and our share of insurance claims for 2024/25 this was £684k. Further details in relation to FRIC are detailed under Note 26.

Kent County Council - The Authority contracts with the County Council for the provision of various services and the amount paid for 2024/25 was £228k (£335k in 2023/24). The services purchased include, pension administration, interpreter services, IT network services and Internal Audit.

Pensions - During the year amounts were paid to the Local Government Pension Scheme managed on behalf of the Authority by Kent County Council. Details of the amounts paid are shown in Note 25.

SECAmb – Kent Fire and Rescue Service continue to work with the Trust to provide co-responding support, which results in us attending a number of incidents and we assist with gaining access at incidents where patients are in locked or inaccessible areas. There are a number of stations where

Notes to the Statement of Accounts

SECAmb employees are able to use KFRS facilities without charge in line with the Authority's charging policy.

BlueLight Commercial – This was established in 2020 by the Home Office, to work in collaboration with blue light organisations and local/national suppliers, to help transform their commercial services. The organisation has been set up as a not for profit, private company limited by guarantee. It is owned by the Police and Crime Commissioners. The Police and Crime Commissioner for Kent is a voting member of the Fire Authority and is Chair of the BlueLight Commercial Board. Membership is open to any organisation with a purpose or interest in the delivery of efficient and effective commercial services in support of blue light services. The Authority is named as a participating organisation on a BlueLight Commercial Contract and no further orders have been placed by KFRS under that contract in 2024/25.

Networked Fire Services Partnership – The Authority is working with three other Fire Authorities (Devon and Somerset, Dorset and Wiltshire and Hampshire) in a Networked Fires Services Partnership (NFSP) project, to provide a collaborative approach to the provision of fire control services. Each Authority is responsible for paying their share of the expenditure incurred across the partnership. During 2024/25 Kent Fire re-imbursed each of the partners for its share of expenditure incurred for services provided, as detailed in the table below.

All figures are in £'000	**2024/25**
NFSP Cost Recovered:	
Devon & Somerset Fire and Rescue Service	58
Dorset & Wiltshire Fire and Rescue Service	63
Hampshire & Isle of Wight Fire & Rescue Service	314
Total	**435**

22. Capital Expenditure and Capital Financing

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

All figures are in £'000	**2024/25**	**2023/24**
Opening Capital Financing Requirement	**1,878**	**1,654**
Capital Investment		
Property, Plant and Equipment	5,852	4,707
Revenue expenditure funded from capital under statute	-	12
Sources of Finance:		
Government Grants and Contributions	-757	-
Capital Receipt	-	-1,330
Sums Set Aside from Revenue:		
Revenue Contributions towards Capital	-1,719	-2,592
Minimum Revenue Provision	-104	-59
Voluntary Revenue Provision	-1,191	-514
Closing Capital Financing Requirement	**3,959**	**1,878**

Notes to the Statement of Accounts

Explanation of movements in year:		
Increase in internal borrowing	3,376	797
Minimum and Voluntary Revenue Provision	-1,295	-573
Change in Capital Financing Requirement	**2,081**	**224**

23. Leases – Right of Use Assets

Policy:

IFRS 16 sets out the accounting principles for the recognition, measurement, presentation and disclosure of leases and replaces the previous standards IAS17. The previous standard made a distinction between finance and operating leases and did not require lessees to recognise assets and liabilities arising from operating leases and allowed for them to be accounted within revenue expenditure.

Under the new accounting standards, a lessee is required to recognise assets and liabilities for leases with a term more than 12 months, unless the underlying asset is of low value, which for this Authority has been determined at £10k per individual item.

We are required to recognise our right of use of the asset and in determining the value to the Authority will use the present value of lease payments over the term of the lease as a basis of the value. In order to ascertain the present value of lease payments they will be discounted using an incremental borrowing rate, where there is a rate detailed within the lease this will be used. In the event of no identified rate, by default the PWLB borrowing rate at the time of the lease commencement and for the duration of the lease will be used. Where a lease is agreed at a peppercorn value or minimal market rent, the Authority's valuers will be consulted to determine a market value at the commencement of the lease. During the term of the lease the asset will be depreciated in line with the Authority's straight line depreciation policy for the term of the lease.

Lease payments to be made over the term of the lease will be accounted for as a liability within the balance sheet. Payments for the rental value of the lease will be accounted for with the interest payments being charged to the CIES and the remaining balance used as a principal repayment to reduce the outstanding liability on the balance sheet.

Where re-measurement of the asset value is required within the duration of the lease the increase will be treated as a capital addition with a contra entry to increase the liability due.

The Authority is the lessee of a number of leases, these include managed service arrangements for the provision of personal and protective equipment (PPE) for firefighters, watercoolers, lone worker devices and rental space. Most are individually low value; however our more significant leases include:-

- The lease for our control room at Coldharbour with Kent Police which commenced in December 2023 for a term of 10 years. The value of the asset as at 31 March 2025 was £144.9k

- The lease for our vehicle workshop at Heronden Road, Maidstone which commenced in April 2023 for a term of 5 years. The value of the asset as at 31 March 2025 was £191.4k

Notes to the Statement of Accounts

Right-of use assets

This table show the change in the value of right-of-use assets held under leases by the authority:

All figures are in £'000	Land and Buildings	Total
Balance at 1 April 2024	400	400
Additions	47	47
Revaluations	-47	-47
Depreciation	-64	-64
Disposals	-	-
Balance at 31 March 2025	**336**	**336**

Transactions under leases

The authority incurred the following expenses in relation to leases:

All figures are in £'000	2024/25
Comprehensive income and expenditure statement	
Interest expense on lease liabilities	11
Expense relating to exempt leases of low-value items	786
Total	**797**

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

All figures are in £'000	2024/25	2023/24
Not later than one year	933	843
Later than one year and not later than five years	2,790	2,440
Later than five years	-	-
Total	**3,723**	**3,283**

24. Termination Benefits

Exit Packages by Cost Band

	2024/25				2023/24			
Cost Band	Compulsory Redundancies		Other Departures Agreed		Compulsory Redundancies		Other Departures Agreed	
£	No.	£'000	No.	£'000	No.	£'000	No.	£'000
0k - 20k	5	60	6	41	4	32	1	14
20k - 40k	6	146	1	40	1	26	1	26
40k - 60k	-	-	-	-	-	-	-	-
60k - 80k	-	-	-	-	-	-	-	-
Total	**11**	**206**	**7**	**81**	**5**	**58**	**2**	**40**

The cost of exit packages detailed above include statutory / discretionary redundancy costs and

Notes to the Statement of Accounts

payments in lieu of notice. In addition to the above, one flexible retirement was agreed during 2024/25 with a pension strain cost of £59k and five termination benefits were paid resulting in pension strain costs totalling £405k. The total cost of the early retirements was paid out in 2024/25.

25. Defined Benefit Pension Schemes

Participation in Pension Schemes

Policy:

The Authority accounts for its pension costs in accordance with the provisions of IAS 19 – Employee Benefits, as reflected in the Code of Practice. As part of the terms and conditions of employment of its employees, the Authority offers retirement benefits. Although these are not actually payable until an employee retires, the Authority has a commitment to make the payments in the future. This commitment is accounted for in the year that the employee earns the right to receive a pension at some time in the future.

LGPS Pension strain costs arising from early retirement are met from the Authority's revenue budget.

Fire Scheme - Contributions to the pension fund in respect of non-abated pensions where pensioners are re-employed by the Authority, ill-health retirements, and any lump sum and ongoing costs in respect of injury-related pensions are also met from the Authority's revenue budget.

The Authority maintains a separate ledger account for the Firefighters' Pension Fund and any shortfall is recovered from the Government by way of a grant. The grant is recognised in the Comprehensive Income and Expenditure Statement in the year that it is receivable and reversed back out through the Movement in Reserves Statement.

As previous pension schemes have now closed to new members, the Authority now only has two employment schemes open to members, which are:

1. **Local Government Pension Scheme (LGPS) which is operated by the Kent County Council Superannuation Fund, under the regulatory framework -** The governance of the scheme is the responsibility of the Superannuation Fund Committee of Kent County Council. Policy is determined in accordance with Pension Fund Regulations. The Investment Managers of the fund are appointed by the Committee. The LGPS became a Career Average Revalued Earnings (CARE) scheme from 1 April 2014.

   The principal risks to the Authority of the Scheme are the longevity assumptions, statutory changes to the scheme, and structural changes to the Scheme (i.e. large-scale withdrawals from the Scheme), changes to inflation, bond yields and the performance of the equity investments held by the Scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policy note.

   This is a funded scheme, meaning that both the Authority and the employee pay contributions into a fund, calculated at a level estimated to balance the pension liabilities against investment assets. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. The contributions have been determined by the Fund's Actuary on a triennial basis and are set to meet 100% of the liabilities of the Pension Fund. The scheme assets and liabilities attributable to LGPS employees can be identified and are recognised in the Authority's accounts. The assets are measured at fair value and the liabilities at the present value of the future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within the cost of services. The expected gain during the year from scheme assets is recognised within financing and investment income and

Notes to the Statement of Accounts

expenditure. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs. Gains and losses from changes in assumptions during the year are recognised in the Pensions Reserve and reported as other income and expenditure in the Comprehensive Income and Expenditure Statement.

Arrangements for the award of discretionary post-retirement benefits upon early retirement for LGPS employees – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, no investment assets have been built up to meet these pensions' liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

2. **The 2015 Firefighters' Pension Scheme (2015 FPS) for which the Authority is the Scheme Manager and is therefore responsible for managing and administering the scheme -** Firefighters' employed by the Authority can join the 2015 Firefighters' Pension Scheme. Previously, some members will have built up final salary benefits in the 1992 Firefighters' Pension Scheme and/or the 2006 Firefighters' Pension Scheme, but these schemes were closed to active membership on 31 March 2022. From 1 April 2022 all active firefighter membership is in the 2015 Firefighters' Pension Scheme, which is a Career Average Revalued Earnings (CARE) scheme introduced on 1 April 2015 and is governed by the Firefighters' Pension Scheme (England) Regulations 2014.

   The 2015 Firefighters' Pension Scheme is a defined benefit scheme; however, the scheme is unfunded and MHCLG uses a methodology consistent with the SCAPE approach (Superannuation Charge Adjusted for Past Experience) as the basis for calculating the employers' contribution rate paid by fire and rescue authorities. Unfunded means that there are no investment assets built up to meet the pension liabilities and cash must be provided to meet the payments as they fall due. In 2024/25 the Authority paid £12.052m (£9.105m in 2023/24) into the Firefighters' Pension Fund in respect of firefighters' retirement benefits. The employer contribution rate was 37.6% for 2024/25. In addition, £552k was paid by the Authority into the Fund in respect of ill-health charges (£456k) and non-abated pensions (£96k).

   The Authority is responsible for the cost of any benefits awarded due to injury, including injury related lump sums and injury related annual pension payments.

   The Authority is exposed to some risks (positive or negative) in relation to the Firefighter Pension schemes. The Government Actuary determines the employer pension contribution rates and will base these on estimates of interest rates (based on market yields on high quality corporate bonds), inflationary impact on benefits paid and the longevity of scheme members.

Transactions Relating to Post-employment Benefits

The Authority recognises the cost of retirement benefits in the cost of services as they are earned by employees, not when the benefits are paid as pensions. The charge to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the General Fund in the Movement in Reserves Statement.

McCloud / Sargeant Case

The Firefighters' Pensions (Remediable Service) Regulations 2023 came into force on 1 October 2023. The regulations require the Authority to offer members who retire on or after 1 October 2023 a choice of which pension scheme membership (legacy scheme (1992 or 2006) or reformed (2015) scheme) they wish to have their pension benefits paid on for the remedy period (1 April 2015 – 31 March 2022). The regulations also require the Authority to provide the same choice to members who have retired and drawn their pension benefits during the remedy period. The majority of members

Notes to the Statement of Accounts

were provided with details of their options (including calculations) in the form of a Remedial Service Statement (RSS) by 31 March 2025. All members are due to have received a Remedial Service Statement (RSS) by the end of 2025/26.

Implications of the remedy are reflected in the Authority's pension scheme valuations as at 31 March 2025.

Matthews / O'Brien Case

The Firefighters' Pensions Schemes (England) (Amendment) Order 2023 came into force on 1 October 2023. The regulations require the Authority to offer pension scheme membership to eligible retained / on-call firefighters' who were employed between 7 April 2000 and 5 April 2006 by providing access to the modified section of the Firefighters' Pension Scheme 2006 (referred to as 'the modified scheme'). A previous exercise had been undertaken in 2014, but the updated regulations now provide the opportunity for those who are eligible to buy membership back to their start date, even if this is prior to 7 April 2000, so long as they have continuous employment up to and including this date.

As members will have the option to purchase service either as a lump sum payment or through periodic contributions over a number of years, the past service cost will be recognised as and when the relevant service is purchased and therefore accrued. This will be based on the value of contributions paid to purchase the additional pension entitlement and this approach is the same as previously adopted for service purchased under the first options exercise.

Notes to the Statement of Accounts

The Table below shows the transactions that have been made in the Comprehensive Income and Expenditure Statement and General Fund Balance via the Movement in Reserves Statement during the year.

All figures are in £'000	LG Pension Scheme		Firefighter Schemes		Firefighter Injury		Total	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Comprehensive Income and Expenditure Statement								
Service cost comprising:								
Current service cost	2,631	2,550	5,578	5,182	294	255	8,503	7,987
Past service costs	362	74	4,673	76	-	-	5,035	150
Financing and Investment Income and Expenditure:								
Net interest expense	-106	-147	29,531	29,151	1,071	1,072	30,496	30,076
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	**2,887**	**2,477**	**39,782**	**34,409**	**1,365**	**1,327**	**44,034**	**38,213**
Remeasurement of the net defined benefit liability comprising:								
Return on Plan assets (excluding the amount in net interest expense)	1,604	1,015	-	-	-	-	1,604	1,015
Actuarial gains and losses arising on changes in:								
Financial assumptions	-14,438	-2,247	-75,779	-10,206	-1,693	-275	-91,910	-12,728
Demographic assumptions	-207	-1,109	147	514	86	43	26	-552
Experience loss/gain(-) on defined benefit obligations	-197	249	50,987	1,466	-839	79	49,951	1,794
Asset ceiling adjustment	13,956	2,573	-	-	-	-	13,956	2,573
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	**3,605**	**2,958**	**15,137**	**26,183**	**-1,081**	**1,174**	**17,661**	**30,315**
Movement in Reserves Statement								
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	-2,887	-2,477	-39,782	-34,409	-1,365	-1,327	-44,034	-38,213
Actual amount charged against the General Fund Balance for pensions in the current year:								
Employer's contributions payable to scheme	3,605	2,821	12,629	9,668	-	-	16,234	12,489
Retirement benefits payable to pensioners	-	-	-	-	1,674	1,588	1,674	1,588

Notes to the Statement of Accounts

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

All figures are in £'000	2024/25	2023/24
Present value of the defined benefit obligation:		
Local Government Pension Scheme	-78,863	-88,505
Fire Pension Schemes	-615,082	-642,926
Fair value of assets in the Local Government Pension Scheme	95,522	91,078
Asset ceiling adjustment - Local Government Pension Scheme	-16,659	-2,573
Net liability arising from defined benefit obligation	**-615,082**	**-642,926**

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy because:

- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Discretionary benefits arrangements have no assets to cover their liabilities.

Asset Ceiling Adjustment

Following the LGPS pensions valuation by the Authority's actuary, Barnett Waddingham, the Authority determined that the fair value of its LGPS pension scheme assets outweighed the present value of the plan obligations as at 31 March 2025, resulting in a pension plan net asset. IAS 19 Employee Benefits requires that, where a pension plan asset exists, it is measured at the lower of:

a) The surplus in the defined benefit plan (£16.659m); and
b) The asset ceiling (Nil).

The asset ceiling is the present value of any economic benefit available to the Authority in the form of refunds or reduced future employer contributions. The Actuary's calculation of the asset ceiling has followed their interpretation of IFRIC 14. The calculations assume that:

- The Authority is a scheduled body and assumed to participate indefinitely.
- The Authority does not have a right to a refund of surplus at the level required by the accounting standard. Any recognised surplus is based on the economic benefit from a reduction in contributions.
- The requirement for the Authority to make contributions to the Fund is considered to be a Minimum Funding Requirement (MFR).

In broad terms the Actuary's analysis shows that:

- The Authority has a negative secondary contribution rate which has been included in the calculation of the MFR. The appropriate period of assessment for the present value of the negative secondary contributions is the lesser of their expected participation period and the surplus spreading period.
- The potential economic benefit from the reduction in future contributions has been calculated to be nil. Since this is less than the unadjusted net asset of £16.659m, the initial impact of the asset ceiling is £16.659m.

Notes to the Statement of Accounts

The Authority has therefore applied (b), the asset ceiling in accordance with IAS 19. The effect of this is a reduction in the pension scheme reserve, an increase in the pension scheme obligations, and an increase in the amount chargeable to the CIES.

Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets

All figures are in £'000	**2024/25**	**2023/24**
Opening fair value of scheme assets	91,078	86,560
Interest income	4,653	4,292
Re-measurement gain/(loss):		
The return on plan assets, excluding the amount in the net interest expense	-1,604	-1,015
Other actuarial gains	-	-
Administration expenses	-86	-78
Contributions from employer	3,605	2,821
Contributions from employees into the scheme	1,209	1,115
Benefits paid	-3,333	-2,617
Closing fair value of scheme assets	**95,522**	**91,078**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was £3.049m (2023/24: £3.277m).

Notes to the Statement of Accounts

Reconciliation of Present Value of the Scheme Liabilities (Defined Pension Obligation)

All figures are in £'000	Local Government Pension Scheme 2024/25	Local Government Pension Scheme 2023/24	Firefighter Pension Schemes 2024/25	Firefighter Pension Schemes 2023/24	Firefighter Injury 2024/25	Firefighter Injury 2023/24	Total 2024/25	Total 2023/24
Balance at 1 April	**-88,505**	**-86,423**	**-620,232**	**-620,193**	**-22,694**	**-23,108**	**-731,431**	**-729,724**
Current service cost	-2,631	-2,550	-5,578	-5,182	-294	-255	-8,503	-7,987
Interest cost	-4,331	-4,067	-29,531	-29,151	-1,071	-1,072	-34,933	-34,290
Contributions from scheme participants	-1,209	-1,115	-6,351	-4,225	-	-	-7,560	-5,340
Re-measurement (gains) and losses - actuarial gains/losses arising from:								
changes in financial assumptions	14,438	2,247	75,779	10,206	1,693	275	91,910	12,728
change in demographic assumptions	207	1,109	-147	-514	-86	-43	-26	552
Past service cost	-362	-74	-4,673	-76	-	-	-5,035	-150
Experience loss/(gain) on defined benefit obligation	197	-249	-50,987	-1,466	839	-79	-49,951	-1,794
Benefits paid	3,333	2,617	46,577	30,369	1,674	1,588	51,584	34,574
Unfunded pension payments	-	-	-	-	-	-	-	-
Balance at 31 March	**-78,863**	**-88,505**	**-595,143**	**-620,232**	**-19,939**	**-22,694**	**-693,945**	**-731,431**

Notes to the Statement of Accounts

Local Government Pension Scheme assets comprised:

	31 March 2025 £'000	%	31 March 2024 £'000	%
Equity Investments	54,394	57	52,984	58
Gilts	5,662	6	6,673	7
Other Bonds	14,200	15	13,114	14
Property	7,822	8	8,171	9
Cash	3,778	4	1,450	3
Absolute Return Fund	4,879	5	4,602	5
Infrastructure	4,787	5	4,084	4
Total	**95,522**	**100**	**91,078**	**100**

The table below details percentages of the total Fund held at 31 March 2025 in each class of asset (split by those that have a quoted market price in an active market and those that do not).

		31 March 2025 Quoted	Unquoted
Index Linked Government Securities	UK	6%	-
Corporate Bonds	UK	4%	-
	Overseas	11%	-
Equities	UK	11%	-
	Overseas	41%	-
Property	All	-	8%
Others	Absolute return portfolio	5%	-
	Private equity	-	5%
	Infrastructure	-	5%
	Cash/temporary investments	-	4%
Total		**78%**	**22%**

Notes to the Statement of Accounts

Significant Actuarial Assumptions

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme (LGPS) and Firefighter Pension Schemes liabilities have both been assessed by Barnet Waddingham, an independent firm of Actuaries. The principal assumptions used by the Actuary have been:

	Pension Scheme			
	Local Government		Firefighter	
	2024/25	2023/24	2024/25	2023/24
Mortality assumptions:				
Longevity at 65 for current male pensioners:	20.7	20.8	20.5	20.6
Longevity at 65 for current female pensioners	23.3	23.3	23.3	23.2
Longevity at 65 for future male pensioners	22.0	22.0	21.9	21.9
Longevity at 65 for future female pensioners	24.7	24.7	24.7	24.6
Other assumptions:				
Rate of consumer price index inflation	2.85%	2.90%	2.90%	2.90%
Rate of retail price index inflation	3.10%	3.15%	3.20%	3.25%
Rate of increase in salaries	3.85%	3.90%	3.90%	3.90%
Rate of increase in pensions	2.85%	2.90%	2.90%	2.90%
Rate for discounting scheme liabilities	5.85%	4.95%	5.75%	4.90%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each relevant change that the assumption is changed whilst all other assumptions remain constant. The assumptions in longevity, for example assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit method. The methods and assumptions used in preparing the sensitivity analysis are consistent with those used in the previous period, except for an update of the Continuous Mortality Investigation Bureau (CMI) projection model.

Impact on the Defined Benefit Obligation in the Schemes

Change in assumption:	Local Government Pension Scheme		Firefighter Pension Schemes	
All figures are in £'000	Increase 0.5%	Decrease -0.5%	Increase 0.5%	Decrease -0.5%
Increase or decrease:				
Life expectancy by 1 year	2,313	-2,243	22,401	-21,575
Rate of increase in salaries	725	-695	2,577	-2,496
Rate of increase in pensions	6,569	-5,741	42,000	-37,550
Rate for discounting scheme liabilities	-6,236	7,109	-38,847	43,528

Impact on the Authority's Cash Flows

An actuarial valuation of the Authority's funding position for the LGPS was undertaken as at 31 March 2022 determining the employer contribution rates to be increased from 16.5% to 17.5% for 2024/25 and to 18.5% for 2025/26. Every 1% increase in the employer contribution rate increases the Authority's costs by around £184k per year.

On 19 December 2023 the Government's Actuary Department published the valuation results for the 31 March 2020 actuarial valuation of the Firefighters' Pension Scheme increasing the Employer contribution rate from 28.8%, to 37.6% from 1 April 2024. In 2024/25 the Government provided a grant totalling £2.757m to cover the majority of the increase in costs. In 2025/26 the same methodology was used to allocate a grant of £2.719m, but there is no guarantee that this funding will continue in future years.

The Authority expects to make the following ordinary contributions to pension schemes in the year to 31 March 2026: LGPS (18.5%) £3.543m and; 2015 Firefighter Pension Scheme (37.6%) £12.253m. The estimated Macaulay duration of the defined benefit obligation for scheme members is 14 years for the Firefighter Schemes and 18 years for LGPS (16 and 19 years respectively in 2023/24).

26. Contingent Liabilities and Assets

Policy:

A contingent liability - is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority. They may also arise in circumstances where a provision would otherwise be made but the possibility of a payment is remote, or the amount cannot be measured sufficiently reliably.

A contingent asset - arises from a past event which gives the Authority a possible asset whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority. A contingent asset is disclosed where an inflow of economic benefit is possible.

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. The Authority is required to disclose if there are possible obligations which may require payment or a transfer of economic benefit at some time in the future.

Fire and Rescue Indemnity Company (FRIC) - The Authority is one of the fourteen fire authorities that now form the hybrid discretionary mutual protection company to provide financial indemnity protection. All members have equal voting rights irrespective of size or contribution, the Director of Finance and the Head of Finance, Treasury and Pensions are voting members for this Authority. All fourteen services have been working together to reduce risk and share best practice. Protection is in place to limit each member's exposure to financial loss. Contributions are paid to the company and any surplus from operations is held by the company in their reserve. The reserve enables peaks and troughs of claims expenditure to be managed and if the current level of performance is maintained, these funds could also be used for a number of other purposes including funding for improved risk management; to increase the level of claims costs borne by FRIC (thereby reducing external insurance costs); or reducing the contributions of member FRAs. This year the Authority received a small return from the FRIC reserve of £22.9k following a review and settlement of historic claims.

Kent Pension Fund – Kent County Council the administrators of the Kent Pension Fund, is aware of the 'Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)' case and considers that there is potential for the outcome of this case to have an impact on the Kent Pension Fund. The case affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 based on meeting the reference scheme test. Where scheme rules were amended, potentially impacting benefits accrued from 6 April 1997 to 5 April 2016, schemes needed the actuary to confirm that the reference scheme test was still being met by providing written confirmation under Section 37 of the Pension Schemes Act 1993. In the Virgin Media case the judge ruled that alterations to the scheme rules were void and ineffective because of the absence of written actuarial confirmation required under Section 37 of the Pension Schemes Act 1993. The case was taken to The Court of Appeal in June 2024, and the original ruling was upheld.

As a result, there may be a further liability to the Authority's share of the Kent Pension Fund for benefits that were reduced by previous amendments, if those amendments prove invalid (i.e. were made without obtaining s37 confirmation). The Government Actuary's Department is currently undertaking a review to confirm whether such changes occurred in Local Government Pension Schemes. At this point it is not possible to estimate the potential impact, if any, on the Kent Pension Fund and thus the obligation and liability shown in the Authority's accounts

The Department for Work and Pensions (DWP) published an announcement on 5 June 2025 noting the plan to introduce new legislation in response to the Virgin Meida vs NTL Trustees ruling. The legislation will allow affected pension schemes to retrospectively obtain written actuarial confirmation that historic changes to scheme rules met the required standards. The new legislation is hoped to provide clarity to affected schemes. No further information has been provided at this time,

27. Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.
- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument at disadvantageous interest rates or terms.

Overall Procedures for Managing Risk

The Authority's overall risk management procedures focus on the considerable risk and uncertainty in the global financial markets and banking systems. They are therefore structured to ensure suitable controls are in place to minimise these risks. The Authority manages risk by:

- Adherence to the CIPFA Treasury Management Code of Practice.
- Adopting a Treasury Policy Statement and Treasury Management clauses within its financial regulations.
- Approving annually in advance prudential and treasury indicators which set limits for the Authority's overall borrowing; the maximum and minimum exposures to fixed and variable interest rates; the maximum and minimum exposures to the maturity structure of its debt; and the maximum exposure to investments maturing beyond one year.

- Approving an Investment Strategy for the forthcoming year setting out the criteria for investment and the selection of counterparties.

The annual Treasury Management and Investment Strategy for 2024/25 was approved by the Authority in February 2024 and is implemented by the Finance team. The key limits approved were:

- The authorised limit for external borrowings and long-term liabilities was set at £27.5m.

- The operational boundary, or expected level of debt and other long-term liabilities during the year, was set at £23.5m.

- The maximum amounts of fixed and variable interest rate exposure were set at 100%

- No investments would be made for a period in excess of twelve months.

Market Risk

Interest Rate Risk

The Authority is exposed to risks arising from movements in interest rates. The Treasury Management and Investment Strategy aims to mitigate these risks by setting an upper limit of 20% on external debt that can be subject to variable interest rates.

As at 31 March 2025 all borrowing was at fixed interest rates and is carried at amortised cost, therefore movements in interest rates do not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. Long-term borrowing decisions are based on interest rates prevailing at the time and there is a risk that the rate on a loan may be higher than the market rate available in the future.

Investments are also subject to interest rate risk. The Authority's current policy of holding short term fixed rate deposits and variable rate deposits increases its exposure to interest rate movements. However, this is balanced against the Authority's actions to mitigate credit risk. In-year movements in rates will impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

Interest earned on deposits and investments in 2024/25 was £3.052m which equates to an average rate of 4.99%. For every 0.1% change in interest the Comprehensive Income and Expenditure Statement would have been credited or debited with a further £66k.

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority would call upon the deposits in its call accounts as a first priority. There is no significant risk on which it will be unable to raise finance or meet its commitments under financial instruments. Instead, the risk is that the Authority will need to borrow at a time of unfavourable interest rates. The Authority when undertaking borrowing ensures that the debt is managed to ensure that there is an even maturity profile through a combination of careful planning of new loans taken out and making early repayments (should it be considered economic to do so).

Credit Risk

Credit risk arises from deposits with banks and financial institutions and from income due to the Authority for services provided. The Authority defines default as the failure of a counterparty to fulfil their obligation of money owed to the Authority. The Authority will only write-off debt where it has exhausted its opportunities for recovering monies.

This risk is minimised through the annual Treasury Management and Investment Strategy which reflected a level of uncertainty in the year ahead. The Strategy specified the counterparties, the maximum amounts that could be invested with each and the maximum duration of 12 months. Deposits are spread amongst counterparties to further minimise risk as it is unlikely that all counterparties would default at the same time.

No breaches of the Authority's counterparty criteria occurred during the reporting period and the Authority has no evidence to suggest that there will be any losses from non-performance by any of its counterparties.

The Authority's maximum exposure to credit risk in relation to its deposits in banks cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. At the 31 March 2025 the Authority had £3m deposited with the Debt Management Office and £11.734m deposited in Treasury Bills, which are secure Government backed assets. There was also £1.10m deposited in instant access accounts, £22.36m deposited in Money Markets, £12m in notice accounts and £16m in fixed term deposits.

It is considered unlikely that these entities would be unable to meet these commitments, as all of the Authority's investment counterparties are classified as low credit risk. Despite the low credit risk there remains some degree of risk of recoverability. IFRS9 requires restatement of prior year figures, based on expected losses. For the Authority investments with banks, building societies and Money Markets is calculated using historic risk of default percentages provided by the Authority's Treasury Advisors, for 12 month expected losses. All of the Authority's investments are less than 12 months. Trade Debtors always carry some degree of irrecoverability, expected losses are calculated under the simplified approach using a provision matrix with expected values based on historic default. The expected losses calculations as at 31 March 2025 resulted in a total immaterial figure. The CIPFA Code states that "accounting policies need not be applied if the effect of applying them would be immaterial" the effect of the expected losses have therefore not been shown in the accounts.

Apart from the contract to supply services to Eurotunnel which ceased in 2025, the Authority does not receive a significant amount of income for goods and services provided. The amounts outstanding from debtors at the end of the year can be analysed by age as follows:

All figures are in £'000	**31 March 2025**
Less than three months	38.5
Three to six months	0.5
Six months to one year	0.6
More than one year	0.3
Total	**39.9**

Firefighters’ Pension Fund Account

28. Firefighters’ Pension Fund Account

The Authority contracts with Local Pensions Partnership Administration (LPPA) for the day-to-day administration of firefighter pensions. A separate ledger account is maintained for the Firefighters' Pension Fund Account and as there are no investment assets the Fund is balanced to nil each year by the receipt of a top-up grant from central government.

The accounting statement does not take into account liabilities to pay ongoing pensions and other benefits beyond 31 March 2025. Details of the Authority’s long-term pension obligations are shown in Note 25 to the Statement of Accounts.

All figures are in £’000	2024/25 Matthews/ O’Brien Remedy	2024/25 Pension Fund	2024/25 Total	2023/24 Pension Fund
Contributions receivable:				
Fire Authority:				
Contributions in relation to pensionable pay	-	-12,052	-12,052	-9,105
Early retirement (ill health) contributions	-	-456	-456	-439
Interest receivable	-	-24	-24	-
Other (e.g. non-abatement of pension contributions)	-	-96	-96	-125
Firefighters’ contributions and interest	-3,874	-4,607	-8,481	-4,225
	-3,874	**-17,235**	**-21,109**	**-13,894**
Transfers in from other authorities	**-**	**-210**	**-210**	**-137**
Benefits payable:				
Pensions	5,782	27,270	33,052	24,918
Commutations and lump sum retirement benefits	3,538	7,618	11,156	5,589
Interest payable	1,647	8	1,655	-
Lump sum death benefits	31	92	123	-
	10,998	**34,988**	**45,986**	**30,507**
Payments to and on account of leavers:				
Transfers out to other authorities	**-**	**800**	**800**	**-**
Net amount payable for the year	**7,124**	**18,343**	**25,467**	**16,476**
Top- up grant receivable from government	-7,124	-18,343	-25,467	-16,476
	-	**-**	**-**	**-**

Firefighters’ Pension Fund Account

Firefighters’ Pension Fund Net Assets Statement

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

All figures are in £’000	2024/25	2023/24
Current assets:		
Contributions due from Fire Authority	43	59
Top-up grant receivable from central government	-	5,562
Other current assets[1]	13,898	-
Current liabilities:		
Unpaid pension benefits	-11,211	-361
Amount payable to central government	-2,730	-
Other current liabilities[1]	-	-5,260
	-	**-**

1 This reflects the extent to which the Pension Fund Account assets and liabilities impact on the Authority’s cash position.

Glossary of Terms

Budget

A statement defining the Authority's plans over a specified period of time, expressed in financial terms.

Billing Authority

The KMFRA is a precepting authority with Medway and Kent District and Borough Councils acting as agents on behalf of the Authority to collect Council Tax and Business Rates (Non-Domestic). These authorities are collectively referred to as billing authorities.

Capital Expenditure

This is expenditure relating to the provision and improvement of property, plant and equipment assets such as land, buildings and vehicles that have a useful life in excess of one year.

Capital Receipts

The proceeds arising from the sale of fixed assets that can be used to finance capital expenditure or repay borrowing.

Chartered Institute of Public Finance and Accountancy (CIPFA)

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

Code of Practice on Local Authority Accounting (the Code)

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

Collection Fund

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, showing the transactions of the billing authority in relation to Council Tax and Non-Domestic Rates and illustrates the way in which these have been distributed to Preceptors and the General Fund.

Component Valuation

The Authority has adopted a component valuation approach to valuing property assets. This means that for valuation purposes a building is broken down into its main constituent elements (roof, bay doors, boiler, etc.) and each element is separately valued and its remaining life estimated.

Current Value

This valuation method recognises the value of an asset for its service potential in its current use.

Depreciation

Depreciation is the charge made for fixed assets over their useful life, which represents the extent to which the asset has been consumed over the course of the year.

Glossary of Terms

Employee Expenditure

This includes the salaries and wages of employees together with national insurance, employer pension contributions and all other pay-related allowances. Training expenses and recruitment costs are also included.

ESMCP (Emergency Services Mobile Communications Programme)

The Emergency Services Mobile Communication Programme (ESMCP) set up by the Home Office, will replace the current communication service provided by Airwave. The new service will be called the Emergency Services Network (ESN). Through utilising the latest mobile technology in 4G and LTE, ESN will ensure the functionality, coverage, security and availability needs of the UK's emergency services are fully met.

Fair Value

This is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

General Fund Balance

The General Fund Balance is the description given in the Code to those reserves held by an Authority that are not earmarked for specific purposes and is more commonly described as the General Reserve.

Government Grants

Funding that is received from Government that is paid for from its own tax income. Grants may be general or provided for specific purposes.

Impairment Charge

Where there is a fall in the value of a fixed asset due to a change in economic circumstances or because an event has occurred which has had serious impact on the value of the asset. The extent to which an asset can be used (e.g. a fire) may be impacted and therefore the fall in value is regarded as an impairment and a charge is made to the Comprehensive Income and Expenditure Statement. Like depreciation charges, the impairment charge is only notional, and it does not impact on the amount to be met from Council Tax.

Infrastructure Plan

The Authority's medium term expenditure plan drawing together all revenue and capital expenditure to invest in and maintain the Authority's property, vehicle, IS/IT and operational equipment assets.

Intangible Assets

Intangible assets are assets that do not have physical substance but are identifiable and are controlled through custody or legal rights. Expenditure on software or software licences are examples of intangible assets.

International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS)

These are globally accepted accounting standards which set out the correct accounting treatment for an organisation's financial transactions.

Glossary of Terms

MHCLG

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

Minimum Revenue Provision (MRP)

The amount that the Authority must charge to the revenue account each year for repayment of debt.

Non-Domestic Rates

Commonly referred to as business rates this income is collected by the billing authorities, and a proportion is paid over to the Authority.

Net Cost of Services

Comprises all expenditure minus all income (excluding precept, capital grant, and reserve transfers).

Past Service Pension Costs

This represents the change in the present value of the defined benefit obligation for employee service in prior periods resulting from a pension scheme plan amendment or a curtailment (a significant reduction by the Authority in the number of employees covered by the plan).

Precept

A Precept is the levying of a rate by one authority which is collected by another. The Kent and Medway Towns Fire Authority precepts upon the Kent District and Medway Council collection funds for its share of Council Tax income.

Public Works Loans Board

A Government-controlled agency that provides a source of borrowing for public authorities.

Related Party Transaction

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

Revenue Expenditure

Expenditure to meet the continuing cost of services including employee expenses, premises and vehicle running expenses, purchase of materials and capital financing charges.

Revenue Expenditure Funded from Capital Under Statute

This is expenditure that would ordinarily be regarded as revenue expenditure because it does not give rise to a tangible asset or provide any ongoing benefit to the Authority. As the Government has allowed capital resources to be used to finance this expenditure it is charged to the revenue account, but any capital grant provided will be treated as revenue grant and credited to the revenue account.

Glossary of Terms

SECAmb

South East Cost Ambulance Service NHS Foundation Trust is part of the National Health Service.

Voluntary Revenue Provision

Any additional amounts charged to revenue for the repayment of debt that is in excess of the minimum revenue provision required by statute.

Index to the Notes to the Statement of Accounts