DORSET & WILTSHIRE FIRE AND RESCUE AUTHORITY

Item 26/21

MEETING	Finance & Audit Committee
DATE OF MEETING	22 July 2026
SUBJECT OF THE REPORT	Draft Statement of Accounts, Annual Governance Statement and Financial Outturn 2025-26
STATUS OF REPORT	For open publication
PURPOSE OF REPORT	For comment and approval
EXECUTIVE SUMMARY	The Accounts and Audit (Amendment) Regulations 2015 require that the annual Statement of Accounts be approved by 31 July each year. The Accounts and Audit (Amendment) Regulations 2024 extended this deadline to 31 January 2027 for the 2025-26 Statement of Accounts, with the draft Statements published by 30 June 2026. The Regulations also require an Annual Governance Statement (AGS) to accompany the accounts, which also requires approval. The Authority's Draft Statement of Accounts for 2025-26 have been produced and were published on 29 June 2026. They include the draft AGS which is shown on pages 104 - 115 of the Financial Statements. Bishop Fleming will be commencing their audit fieldwork in August 2026. Members will receive a further update from the Treasurer and external auditor at the September meeting, with the presentation of the audit completion report and the auditor's annual report to those charged with governance scheduled for the December meeting. This report also provides an analysis of the outturn financial performance for the year, a summary of which is also included in the accounts.

	The final revenue outturn position shows a positive net revenue expenditure variance of £0.011m, with a total of £0.324m contributed to reserves. Capital expenditure for the year totalled £6.474m.
RISK ASSESSMENT	Financial sustainability remains a key focus as a strategic risk, and as such, the monitoring of the financial position is a critically important factor in financial planning and decision making for the Authority.
COMMUNITY IMPACT ASSESSMENT	None for the purposes of this report
ENVIRONMENTAL IMPACT ASSESSMENT	None for the purposes of this report
BUDGET IMPLICATIONS	Section 6.7 of the report outlines two requested amendments to the capital programme for 2026-27. An increase to reflect the carry forward of funding for specific projects and then a reduction to reflect revised timescales for two key projects.
RECOMMENDATIONS	Members are asked to: 1. note and comment on the Draft Statement of Accounts 2025-26, including the Annual Governance Statement 2. approve the 2025-26 budget outturn positions: £0.011m positive variance for revenue and capital expenditure which totalled £6.474m 3. approve the carry forward of £2.033m for capital projects not completed in 2025-26 4. approve the amendment to re-profile the planned spend for two projects and reduce the capital programme for 2026-27 by £3.568m 5. note the final reserves and treasury management position for 2025-26
BACKGROUND PAPERS	Medium Term Finance Plan 2025-26 to 2028-29 – Fire Authority, February 2025.
APPENDICES	Appendix A - Draft Statement of Accounts 2025-26

	Appendix B - Revenue Monitoring Statement 2025-26 Appendix C - Reserves & Unused Grants Statement 2025-26 Appendix D - Capital Monitoring Summary 2025-26 Appendix E – Treasury Management Prudential Indicators 2025-26 Appendix F – Treasury Management Statement 2025-26
REPORT ORIGINATOR AND CONTACT	Name: Ryan Maslen, Director of Financial Services and Treasurer to the Fire and Rescue Authority Email: ryan.maslen@dwfire.org.uk Tel no: 07500 669442

Introduction

1.1 The Authority must prepare its annual accounts in accordance with proper practice. This means complying with the current Accounts and Audit Regulations and presenting the accounts in the form prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21 (the Code). The Statement of Significant Accounting Policies included in the accounts, along with supporting information in the various Notes to the Accounts, detail how the Authority conforms with the Code.

1.2 The Accounts and Audit (England) Regulations 2024, issued in September 2024, amended the deadline for the Authority’s draft accounts to be certified by the Treasurer and submitted for external audit to 30 June 2026. The deadline for final approval has been extended in the same regulations to 31 January 2027.

1.3 Bishop Fleming have presented their audit plan for 2025-26 at this meeting and plan to start their audit fieldwork in August 2026. The Finance team will be working in partnership with them to ensure a smooth audit process.

2. The Draft Statement of Accounts

2.1 The Draft Statement of Accounts for 2025-26 are set out in Appendix A. They were published on DWFRS website on 29 June 2026.

2.2 Producing the accounts in the format required as described in section 1 above makes them a very technical document. Wherever possible the financial information and accompanying notes look to make the accounts as understandable as possible for any reader.

2.3 The Narrative Report at the start of the accounts provides a guide to the Statements that follow, contains summaries of the primary financial statements, describes any changes in accounting policies and presentation, and explains any material items within the accounts. It also sets the accounts in the context of the ongoing plans of the Service.

2.4 Part 3 of the Narrative Report looks at a comparison of revenue outturn compared to the approved budget. This shows an overall positive net revenue expenditure variation of £0.011m. Section 4 of this report provides a more in-depth analysis of revenue variations.

3. The Annual Governance Statement

3.1 The Accounts and Audit (England) Regulations 2015 specify that the Authority must review its systems of internal control each year, and publish an Annual Governance Statement, along with the Statement of Accounts.

3.2 The Annual Governance Statement is incorporated into the main Statement of Accounts document (see pages 104 - 115).

4. Major Variations from Revenue Budget

4.1 Employee Costs (note 1)

4.1.1 The total overspend for Employee Costs was £0.746m, which represents 1.20% of the employee budgeted amount. The employee budget for the year included provision for a 2% pay awards for all staffing groups. This aligned to historical financial principles; inflation targets set by central Government and ultimately reflected what the Service could afford based on its wider financial position. The national pay award subsequently agreed for both staffing groups was 3.2%, creating a forecast £0.670m budget pressure in 2025-26. Once this was confirmed, the Service set itself the target of absorbing this in-year overspend across all budget lines. The outturn position, and the bottom-line underspend of £0.011m, confirms this has been achieved.

4.1.2 Across our staffing groups, the most significant overspend (£0.384m) occurred via our on-call staffing resources. In addition to the impact of the pay award, this was largely driven by the major incident declared by the Service in August 2025, which resulted in a significant and prolonged operational response. The nature of this staffing model means that such incidents do incur significant additional costs, and the subsequent Bellwin scheme claim submitted to central Government for emergency financial assistance (further details below) included an estimated £0.291m of direct crewing and staffing costs for this Service alone.

4.1.3 On-call activity levels in Q4 2025-26 were consistent with the equivalent period in 2024-25, with only a small increase experienced.

On-call Attendance	Jan – Mar 2025	Jan – Mar 2026	Difference
Fires	372	338	-9.14%
Non-Fire Incidents	449	441	-1.78%
False Alarms	667	729	9.30%
Total Incidents attended	**1,488**	**1,508**	**1.34%**

4.1.4 However, the annual comparison of the two full financial years highlights an increase of 9.35%. This was largely due to the increase in incidents, particularly heath fires, in the first half of 2025-26.

On-call Attendance	Apr 24 – March 25	Apr 25 – Mar 26	Difference
Fires	1,593	2,000	25.55%
Non-Fire Incidents	1,777	1,770	-0.39%
False Alarms	2,802	2,979	6.32%
Total Incidents attended	**6,172**	**6,749**	**9.35%**

4.1.5 In our other staffing groups, overspends of £0.153m. for wholetime staff, £0.061m for control staff and an underspend of £0.028m for corporate staff show how the Service manged the budget pressure caused by the pay awards. The corporate underspend was achieved via the careful management of staffing vacancies, recruitment and the associated time periods. These temporary vacancies do add additional workload pressures to existing teams and can't be maintained on a permanent basis but do provide some financial benefit via reduced costs for a short-term period.

4.2 Other non-pay related costs (notes 2-6)

4.2.1 The premises costs outturn position shows a small underspend of £0.109m. Members have previously been updated on the one-off business rate refunds received for our stations in Hamworthy and Swindon. Further small underspends were also achieved on utility bills and waste management.

4.2.2 Transport costs slightly exceeded the budgeted position by £0.057m, largely due to the increased fuel prices experienced globally in the last quarter of the financial year.

4.2.3 Supplies and services costs were lower than budgeted by £0.226m. Underspends occurred on scrap car provision, which are used for planned training exercises, and equipment purchases. The quarter one budget update provided to this Committee outlined the reduction in expected Airwave system charges, which totalled just over £0.100m. In addition to this, the SDWAN infrastructure upgrade project was expected to bring increased line rental costs from September 2025. However, these costs have only been incurred once the full installation has been completed across all sites, generating a saving prior to this of £0.160m.

4.2.4 The agency service cost outturn position shows an overspend of £0.215m. Costs totalling £0.255m were incurred commissioning other Fire and Rescue Services to support the response to the major incident last Summer. These also formed part of the Bellwin scheme claim made.

4.2.5 Capital financing and leasing costs were £0.196m lower than budgeted. The Service had to fund some of its capital expenditure in-year via borrowing but was able to avoid actually borrowing during the year as it had sufficient cashflow available. It therefore avoided immediate interest costs which had been estimated as £0.075m. Other year-end accounting adjustments linked to lease and PFI arrangements were also achieved.

4.3 Interest on deposits (note 7)

4.3.1 Our investment income performance has continued to be a real positive throughout 2025-26, with the Service taking advantage of the higher yields available to maximise return. £0.494m of income was generated, £0.094m more than the budgeted position which assumed interest rates would decrease at a quicker rate during the year.

4.4 Grants & Contributions (note 8)

4.4.1 Additional grant and contributions income of £0.249m was generated during the year. This was influenced by two factors. Firstly, the positive outcome of the Bellwin scheme claim to central Government that Members of this Committee were updated on in February 2026. The final claim submitted outlined total additional costs to the Service of £0.625m that were deemed eligible under the scheme for reimbursement. The Service was required to absorb £0.153m of these, which is 0.2% of the annual revenue budget for 2025-26. The net income therefore received from the scheme was £0.472m.

4.4.2 However, that increased income was partly offset by the reduction in grants confirmed by the Home Office after the budget for 2025-26 had been approved by Fire Authority in February 2025. The budget was based on the assumption that the pension grant of £2.118m received in 2024-25 to support additional pension costs would be maintained at the same level, but it was reduced by £0.149m to £1.969m. Additionally, the Service has received a Firelink grant for a number of years and confirmation had been provided historically that this would be £0.110m in 2025-26. This was not honoured, and the funding was removed completely.

4.5 Funding (note 9)

4.5.1 The final allocations and confirmed income the Service receives from business rates via the Local Authorities across the Service area and central Government is not formally confirmed until after the budget is set and is also revised at year-end to reflect actual performance. This, and some associated grant funding can be subject to small variations, and an additional £0.135m was received during the year.

5. Reserves and Balances (note 10 and Appendix C)

5.1 Appendix C shows the year end position for reserves and balances.

5.2 Risk assessed general balances totalled £3.157m on 1 April 2025 and have been increased to £3.212m at 31 March 2026, in line with the risk-based approach outlined in the Reserves Strategy.

5.3 Earmarked reserves totalled £19.125m on 1 April 2025 and show a net decrease of £0.160m for the year, down to £18.965m. This includes £0.011m from the net revenue expenditure variation.

5.4 The other movements in earmarked reserves are due to various factors. Budgets totalling £0.420m carried forward from 2024-25 for specific ongoing projects were released. Similar project carry forwards into 2026-27 totalling £0.447k were also made. Ill health and insurance related recharges required £0.183m to be utilised in total from their respective reserves. The control system replacement project is subject to staged payments based on progression and these totalled £0.081m during the year. The remaining funding being held in reserves totalling £0.071m for the lease of accommodation in Five Rivers was also released. This reflected the end of the initial ten-year lease that the Service entered at the point of combination.

5.5 There has been a net decrease of £0.219m in the level of unused grants held, with the balance reducing from £0.745m to £0.526m. This was expected, as departments across the Service utilise the grant funding remaining in their respective areas, and the trend is expected to continue over future financial years.

6. Capital Programme

6.1 Appendix D details the capital outturn for 2025-26 and shows a total spend for the year of £6.474m. The variance to budget and carry forward requirements are analysed below.

6.2 Estates (note 11)

6.2.1 Training Centre projects – With the projects due to span multiple financial years, the initial budget allocation for spend in 2025-26 was £2.685m. The financial payments for such payments are made at staged intervals and typically in arrears on completion. Minimal actual spend has therefore occurred in 2025-26 and the budget was previously identified as one that would need to be carried forward into 2026-27.

6.2.2 Cyclical refurbishment – Works were completed during the year at Gillingham, Charmouth, Calne and Bowerhill. The exact timing and completion of works dictate whether costs can be recognised in 2025-26 or 2026-27 and the carry forward sections below outlines some project budgets that need to be carried forward to the new financial year to reflect their completion dates. Officers continually review requirements for each respective project to minimise work and costs wherever possible. This has resulted in underspends totalling £0.195m at the sites listed above.

6.2.3 Environmental enhancements – an annual budget for environmental enhancements is approved for each financial year and is then utilised as part of wider projects that are planned and active. It is also accounted for from a budget and project management perspective as part of the wider project, hence why the budgets are transferred and actual spend on this line is shown as nil.

6.2.4 Plant & Equipment and Other projects – Work across various sites has been completed including significant refurbishment work at Westlea Fire Station, gutter replacements and works associated with national power outage requirements.

6.3 Fleet (note 12)

6.3.1 Our fleet replacement programme progressed as planned during the year, with sixteen pumping appliances ordered historically. Eight of these were delivered to the Service in 2025-26.The the last four vehicles are due to be delivered by Summer 2027.

6.3.2 Several other vehicles were also delivered during the year, including large fleet vans, response cars and support vans. A number of efficiencies were achieved as part of the ordering process, with wider review work also identifying the option to delay or in some cases cease planned expenditure. The specification for three command vehicles, which were delivered and become operational during the year, was reviewed after the original budget was approved and significantly reduced, saving £0.150m.

6.4 Equipment (note 13)

6.4.1 Budget for projects such as PPE fire helmet replacement, gas monitors and radiation devices were identified as ones that needed to be carried forward into 2026-27 earlier in the financial year and therefore formed part of the capital programme for approved by Fire Authority in February 2026.

6.4.2 Spend that was incurred during the year was for equipment requirements linked to new fleet vehicles, including the new pumping appliances, and replacement automated external defibrillator (AED) devices in Dorset.

6.5 ICT (note 14)

6.5.1 Various ICT hardware replacement projects were completed during the year including scheduled laptop replacements and Windows 11 upgrades. Back-up system replacement and Office 365 back-up systems work was also completed and generated in-year underspends.

6.5.2 The command and control system budget requirement for 2025-26 was amended earlier in the financial year to reflect the updated schedule for payments that was confirmed after the budget was approved in February 2025. Spend totalling £0.082m was incurred during 2025-26.

6.5.3 Other system budget allocations were for the planned replacement of the health and safety system, Authority website and operational effective database (OED) system. The budget for all of these will be carried forwards to 2026-27 to reflect completion dates and when the costs will be incurred, but an underspend of £0.11m has been released in 2025-26 as some of the expenditure does not meet the criteria to be recognised as capital expenditure and has been charged to the revenue budget.

6.6 Operational Communications (note 15)

6.6.1 Expenditure in this area is largely linked to the provision of replacement vehicles and ensuring they have the required functionality. Spend during the year reflected this and the vehicles received. The largest project completed during the year was the appliance mobilising device (AMD) hardware refresh and replacement which cost £0.561m. Small underspends were achieved on a variety of these projects, resulting in the reported variance.

6.6.2 The expenditure within the control system was for a screen mirror system for utilisation to assist with vehicle mobilisation. The requirement was significantly cheaper than expected at the point of budget setting and generated a saving of £0.044m.

6.7 Capital budget amendments for 2026-27

6.7.1 A capital expenditure budget of £17.767m for 2026-27 was approved by Fire Authority in February 2026. This included £4.66m of carry-forward requests from 2025-26 into 2026-27, which reflected the confirmed carry forwards required at that point in time.

6.7.2 Appendix C outlines some further projects carry forwards requests, now that the achieved progression of each project within the financial year has been confirmed. These total £2.033m, and reflect that whilst these projects are progressing, they now are due to be completed in the new financial year. The split of these is analysed below.

6.7.3 Estates – cyclical refurbishment projects at Bridport (£0.198m), Devizes (£0.086m), Salisbury (£0.183m), Charminster workshops (£0.040m), Westlea (£0.030m) and Blandford (£0.395m). Plant and equipment work totalling £0.090m across various sites and a reactive project totalling £0.500m for roof repairs at Weymouth Fire Station.

6.7.4 Fleet – the delivery of six crew vans (£0.088m) was delayed into the new financial year, alongside a fleet support vehicle (£0.025m) and a hydrant van (£0.018m).

6.7.5 ICT – WAN replacement project costs (£0.036m) that will not be incurred until 2026-27 and further server upgrade and back-up system costs (£0.220m). The budget for the health and safety system, Authority website and OED system (£0.124m) to reflect the project completion timescales.

6.7.6 The adjustments above increase the overall capital budget allocation for 2026-27 by £2.033m. However, Members are also asked to approve the following budget reductions totalling £3.568m to reflect revised project spend profiles on two key projects.

6.7.7 Training centre projects – A total spend estimate of £9.560m for this project in 2026-27 was included in the total capital budget approved in February 2026. However, the latest projections suggest that this will be £6.400m during 2026-27.

6.7.8 Command and Control systems – A total spend estimate of £0.531m for this project in 2026-27 was included in the total capital budget approved in February 2026. However, the timescales for implementation have subsequently been revised and the expected spend during 2026-27 is now £0.123m.

7. Treasury Management

7.1 The Authority approved the Treasury Management Strategy for 2025-26 at its meeting in February 2025. The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and Treasury Management Code now require treasury management activity to be reported quarterly as part of the general revenue and capital monitoring updates.

7.2 The full treasury management annual report for 2025-26 was approved by Fire Authority in June 2026. The headline data is provided again, with the Prudential Indicators shown in Appendix E and the Treasury Management Statement in Appendix F, which outlines the borrowing and investment position at 31 March 2026.

8. Summary and key points

8.1 The Draft Statement of Accounts for 2025-26 have been produced and were authorised for issue on 29 June 2026. Bishop Fleming plan to commence their audit fieldwork in August 2026. The Treasurer and external auditor will provide progress updates at future meetings.

8.2 Revenue performance throughout the year has been subject to several contrasting factors during the year. Pay awards which exceeded the budget available provided a significant pressure, but the Service has been able to absorb this for 2025-26 via several temporary factors. The major incident declared in August 2025 also led to a large increase in costs, but the Service successfully applied for financial support to central Government via the Bellwin scheme and received a large proportion of the costs back. Overall, the outturn position was an underspend of £0.011m.

8.3 Total reserve balances have decreased by £0.324m to £22.703m at 31 March 2026. The Authority has a statutory requirement to maintain a general reserve balance and this is currently £3.212m. Of the remaining reserves, £14.000m is earmarked to support capital expenditure, mainly for the training centre projects.

8.4 The original Capital Programme was revised during the year, to reflect further carry forward requests and then slippage due to the changing timescales for various projects. Members are asked to approve additional carry forwards totalling £2.033m for active projects into 2026-27.

8.5 Members are also asked to approve revised capital budget allocations of £6.400m for the training centre projects in 2026-27, reduced from £9.560m, and £0.123m for the command and control system, reduced from £0.531k. This is to ensure budget allocations are reflective of the most recent spend profiles that has been confirmed for each respective project.