

MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	AUDIT COMMITTEE		
DATE:	30 JUNE 2026	REPORT NO:	DFP/05/2627
PRESENTING OFFICER	DIRECTOR OF FINANCE AND PROCUREMENT, MIKE REA		
RESPONSIBLE OFFICER:	DIRECTOR OF FINANCE AND PROCUREMENT, MIKE REA	REPORT AUTHOR:	DIRECTOR OF FINANCE AND PROCUREMENT, MIKE REA
OFFICERS CONSULTED:	STRATEGIC LEADERSHIP TEAM (SLT), HEAD OF FINANCE, JAMES CAMPBELL, FINANCIAL ACCOUNTANT, NEIL BUSHELL		
TITLE OF REPORT:	CHANGES TO ACCOUNTING POLICIES 2025/26		
APPENDICES:	NONE		

Purpose of Report

1. To present to Members the accounting policy change that will apply to the 2025/26 Statement of Accounts.

Recommendation

2. It is recommended that Members approve the accounting policy amendment that will apply in the 2025/26 Statement of Accounts.

Introduction and Background

3. In preparing the annual Statement of Accounts, the Authority follows the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Local Authority Accounting in the UK (the Code). The Code is based upon International Financial Reporting Accounting Standards (IFRS) and provides guidance on how local authorities should account for all financial transactions and measure the value of assets, liabilities, and reserves held on the Balance Sheet.
4. Accounting policies are the specific principles and rules applied in the production and presentation of the Statement of Accounts. They determine how income, expenditure, assets and liabilities are recognised and measured.
5. The Director of Finance and Procurement reviews the accounting policies to assess the impact of any changes on the production of the statement of accounts. Accordingly, this report is presented to the Audit Committee in accordance with best practice principles.

6. The accounting policy change affecting the 2025/26 Statement of Accounts relates to the revaluation of assets.

Change in Accounting Policy – Revaluation of Assets

7. For 2025/26, the most significant change relates to the measurement of Property, Plant and Equipment (PPE) on the Balance Sheet. For the Authority, this applies only to land and buildings, as all other categories of assets are held at cost and are depreciated on a straight-line basis.
8. Previously the regulations required the Authority to ensure that asset valuations were undertaken frequently so that carrying values were not materially different to the current value. The Authority adopted a rolling programme whereby approximately 20% of its portfolio was subject to full revaluation each year, with remaining properties subject to a desktop revaluation.
9. Under the 2025/26 Code changes, all assets must now be revalued every five years, with annual indexation applied in the intervening years. Where no suitable index is available, a desktop valuation may be undertaken in year three instead of indexation.
10. These changes aim to simplify reporting, improve the consistency of asset valuations, and reduce the audit burden. The changes are applied prospectively and there is no requirement to restate prior year figures.

Equality and Diversity Implications

11. There are no equality and diversity implications contained within this report.

Staff Implications

12. There are no staff implications contained within this report.

Legal Implications

13. It is a requirement of the Local Government Act 2003 and the Accounts and Audit Regulations 2015 (as amended) that the Statement of Accounts is prepared in accordance with proper accounting practices. These include compliance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

Financial Implications & Value for Money

14. There are no financial implications contained within this report.

Risk Management and Health & Safety Implications

15. Failure to prepare the financial statements or obtain audit approval within statutory deadlines may adversely impact on the Authority's financial management reputation.

Environmental Implications

16. There are no environmental implications contained within this report.

Contribution to Our Vision: To be the best Fire & Rescue Service in the UK.

Our Purpose: Here to serve, Here to protect, Here to keep you safe.

17. The achievement of sound financial administration and VFM arrangements is essential if the Service is to achieve the Authority's vision.

BACKGROUND PAPERS

NONE

GLOSSARY OF TERMS

CIPFA Chartered Institute of **P**ublic **F**inance and **A**ccountancy

PPE **P**roperty, **P**lant and **E**quipment

VFM **V**alue **F**or **M**oney