Statement of Accounts 2023/2024

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WRITTEN STATEMENTS AND NARRATIVE REPORT

Director for Corporate Services' Narrative Report

THE LONDON FIRE BRIGADE

The London Fire Brigade (LFB) is the busiest fire and rescue service in the country. It is also one of the largest firefighting and rescue organisations in the world, protecting people and property from fire within the 1,587 square kilometres of Greater London.

LFB is run by the London Fire Commissioner (LFC), a corporation sole and the fire and rescue authority for London.

Our strategy is aligned with our organisational purpose, "trusted to serve and protect London" and our long-term vision, "we will be a dynamic, forward-looking organisation of fully engaged people at the centre of the communities we serve, adapting to the needs of London".

A number of internal and external factors influence how the Brigade will meet the challenges of making London a safer place to live, work and visit.

HOW THAT WORKS IN PRACTICE

The Brigade's Community Risk Management Plan (CRMP) – called *Your London Fire Brigade* - launched in January 2023. It sets out how we will deliver and transform our service over the period 2023-2029, so that we achieve our vision to be trusted to serve and protect London. *Your London Fire Brigade* includes **four pillars and eight commitments**, which address the public directly and explain to them how and why we are changing. The eight commitments form the basis of our eight transformation programmes.

The CRMP is based on extensive engagement with and feedback from the communities we serve and informed by the views of our staff. One of the most important things the CRMP does is operarationalise our Assessment of Risk in London and what we plan to do to help reduce and respond to those risks.

THE MAYOR OF LONDON

The London Fire Commissioner is a corporation sole and the fire and rescue authority for London. It is a functional body of the Greater London Authority. The Mayor of London sets its budget, approves the CRMP and has the power to direct the LFC but must act reasonably and must not cut across responsibilities of the LFC.

HOW THE LONDON FIRE BRIGADE IS GOVERNED

All formal decisions about the LFB are approved by the LFC. Some decisions must also be approved by the Mayor or Deputy Mayor of London. This includes approval of the Brigade's annual budget, and the CRMP, which sets out the Brigade's plan for protecting London.

The Deputy Mayor covering fire responsibilities also holds the LFC to account for the delivery of fire and rescue services in London, and is consulted on a variety of topics as part of the Brigade's formal decision-making processes.

HOW THE LONDON FIRE COMMISSIONER IS SCRUTINISED

The London Assembly

The London Assembly provides scrutiny of the services provided to London by the Brigade. It does this through the Fire Committee (previously the Fire, Rescue and Emergency Planning Committee before the May 2024 local elections). The Fire Committee reviews the priorities of the London Fire Commissioner, and scrutinises and questions decisions made by the Commissioner and the Deputy Mayor for Planning, Regeneration and the Fire Service (previously the Deputy Mayor for Fire and Resilience).

His Majesty's Inspectorate of Constabulary and Fire & Rescue

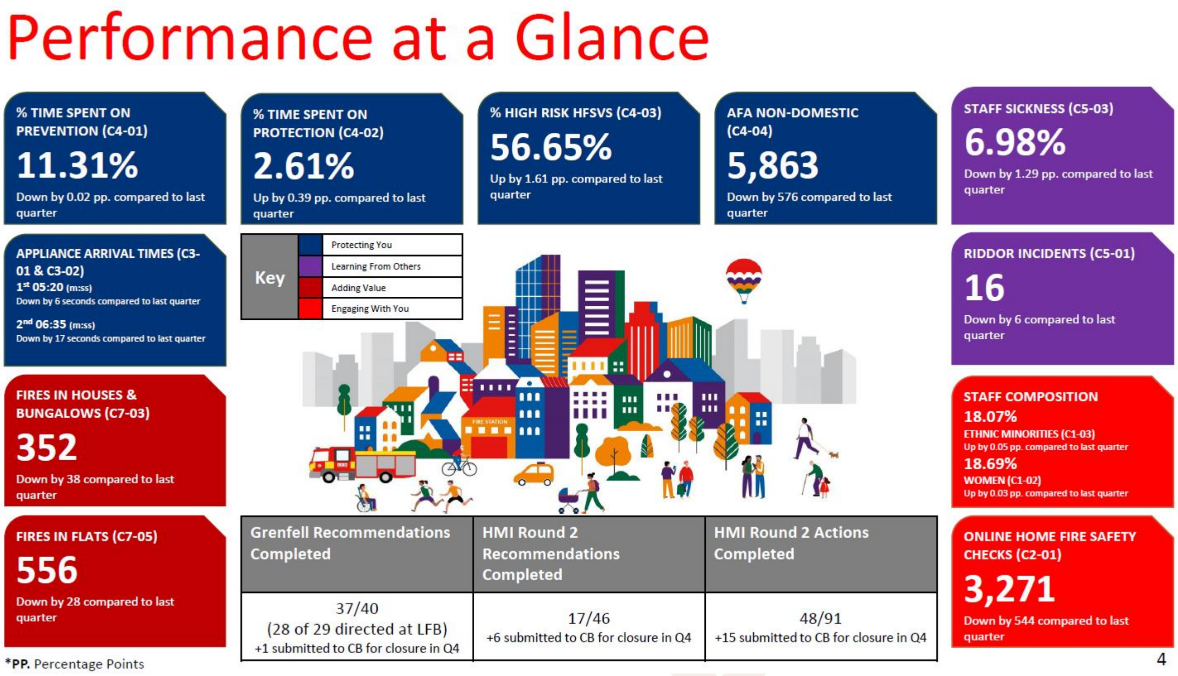
Scrutiny is also provided by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). The HMICFRS regularly inspects the Brigade, makes judgments on the services provided to Londoners, and identifies areas of improvement for the LFC to act upon.

THE BRIGADE'S PERFORMANCE ACHIEVEMENTS 2023/24

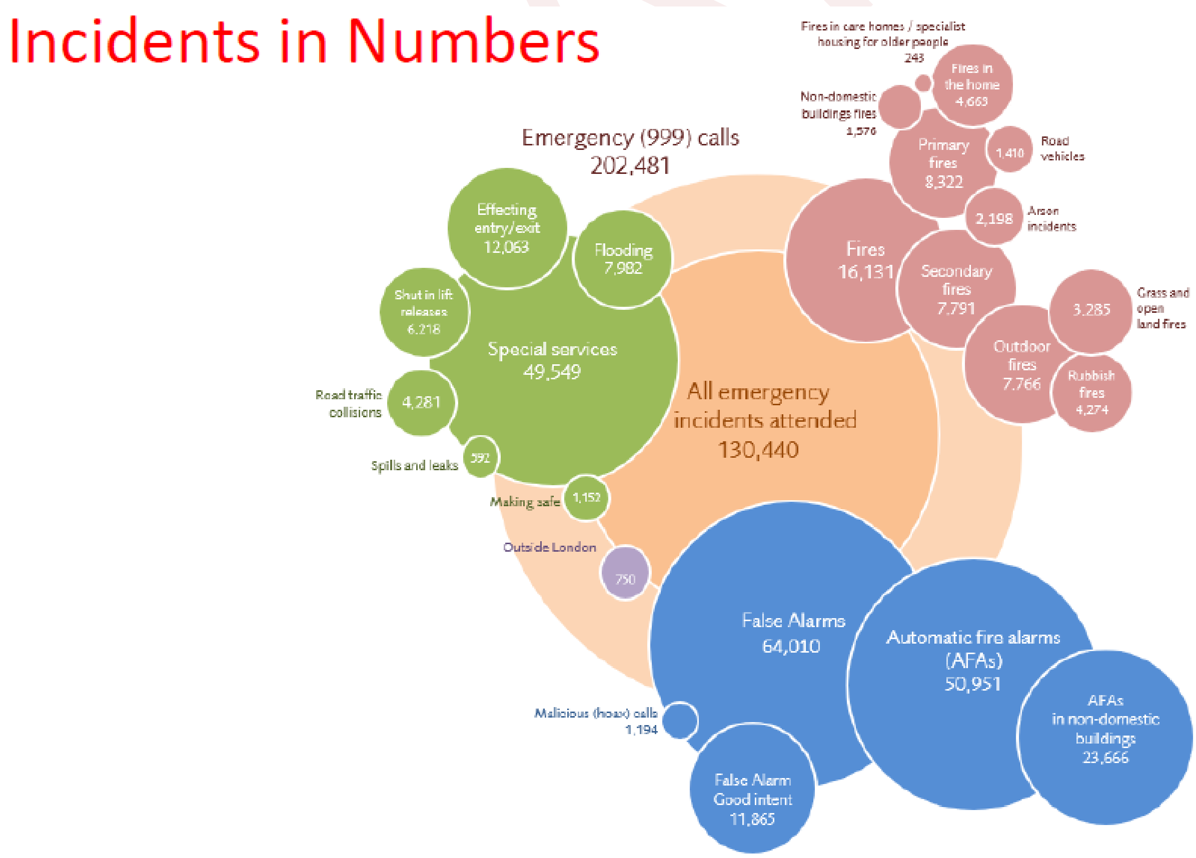
The full performance report can be found on the London Data Store at the below link:

https://data.london.gov.uk/dataset/lfb-financial-and-performance-reporting-2023-24

Highlights of the LFC's performance as at the 31 March 2024 include:



Incidents in Numbers for the 2023/24 Financial Year



12 month rolling data ending 31 March 2024

The Brigade has developed a set of key performance indicators (KPIs) to monitor progress against the pillars and commitments contained in the Community Risk Management Plan. The new KPIs, effective from April 2023, are scrutinised internally on a monthly basis at the Performance, Risk and Assurance Board, and quarterly at the Commissioner's Board, the Deputy Mayor for London's Fire Board (previously the Deputy Mayor's Fire and Resilience Board), LFC Audit Committee and the London Assembly's Fire Committee.

IMPROVING OUR WORKPLACE CULTURE

We want everyone in the Brigade to feel valued, safe and accepted in their workplace and to put public service at the heart of what we do. We're working hard to achieve that and have made significant progress.

We're listening and talking as we improve

- Our senior leaders are visiting every Watch and team to discuss our new values and what they mean. Our leaders also visited our people to discuss our culture after the publication of the review.
- We run online all staff briefings every month, focussing on important topics including culture.
- Our Commissioner speaks at four in-person briefings at Headquarters every year, and also joins department meetings, joint training sessions and fire stations.
- Last February our staff conference, Your LFB Live, focused on culture change; hearing and responding to the experiences of those with protected characteristics.
- We introduced a briefing for staff – Your LFB Update – which is sent every eight days and gives regular information about culture-related and other changes in the Brigade.

The effectiveness of the work carried out so far was recognised in a letter to the London Fire Commissioner written by Nazir Afzal OBE in December 2023. Nazir is the author of the Independent Culture Review published in November 2022. You can read his letter commending the progress made at the below link.

https://www.london-fire.gov.uk/media/8535/nazir-afzal-letter-to-commissioner-lfb-05-12-2023.pdf

We're moving forward

We're focusing our work to improve our workplace culture in five areas:

Build a leadership model of trust

- We've had conversations about culture with all frontline managers and leaders. These conversations have helped build understanding and a commitment to change.
- Our leaders are meeting more staff through a new programme and are sharing their learnings with their peers. This gives leaders more insight into the daily working lives of our staff.
- 130 of our leaders have completed inclusive leadership training.

Work with communities

- We know that if we can better understand what matters to the people we serve, we can work with them to create better solutions together. That's why our new community engagement strategy sets out how we will work with communities to shape services that meet their needs. This includes annual engagement about our Assessment of Risk.

- We've created Borough Risk Management Plans which are focused on the specific local risks and needs of each area. This focus on a local level means our plans are more closely aligned to the needs of local communities and help us to increase trust.
- Our new Community Forum meets each month and makes important contributions by providing insight directly from the people we serve.

Create a workplace where everyone is treated with dignity

- We've made it clear that we don't tolerate bullying, harassment and discrimination. In a first for a fire and rescue service, we have launched a Professional Standards Unit (PSU), supported by an independent complaints service. This unit sets, monitors and upholds professional standards across the Brigade and reports when these standards are not met. New grievance and disciplinary policies have been launched to underpin the new PSU.
- 57 cases have been independently reviewed as part of our Historic Case Review.
- We've introduced independent training for managers to help improve the handling of complaint hearings and appeals.
- Work is underway to introduce individual restrooms, with specified male, female and gender neutral toilet and shower facilities, as part of our Privacy for All programme. This is a long-term initiative with significant financial and resource investment.
- We've improved maternity pay provision to be among the best in the fire and rescue sector. Mothers receive 39 weeks at full pay and 15 weeks at half pay.
- We've set up a clothing board to improve uniform for all staff. As part of the improvements we're rolling out blue shirts for all our uniformed staff, and are working to improve our undress uniform and the Personal Protective Equipment (PPE) worn by our firefighters.
- Our new People Dashboard provides leaders with better access to information about their teams. That includes data on sickness, staff turnover, transfer requests and more, which can be used to identify potential areas of poor workplace culture.
- We've worked with hundreds of staff and community groups to develop and launch new values for the Brigade. These values give us a shared understanding of what London Fire Brigade stands for. The six values are: service, integrity, teamwork, equity, courage and learning.

Improve wellbeing

- Additional support is being provided to trainee firefighters when they're exposed to traumatic incidents. This includes counselling from our counselling and trauma service.
- Mental health training is being rolled out to 800 leaders, to better raise awareness of stress, anxiety and depression, so that they can confidently recognise and offer support to their staff and peers.
- We've commissioned detailed analysis to improve our wellbeing data, helping us identify mental health red flags and provide support earlier.
- Peer-to-peer support has also been increased as we continue to train Mental Health First Aiders (323 have been trained to date) and have introduced peer trauma support training.
- We've been working with Samaritans to improve our understanding of suicide and plan to introduce a suicide 'postvention' toolkit, created by the Samaritans, who have been talking to people across the Brigade about their own experiences.

Transform People Services

- Our People Services department has been transformed. Phase 1 focused on the transactional HR services and is complete while Phase 2 focuses on Organisational Development and completes by end June. The new HR service and associated processes are being communicated to staff.
- The Professional Standards Unit has received over 100 contacts since its launch in January 2024.
- We launched a new procedure for promotion which makes the process more transparent and consistent. We will continue to develop this in order to build trust with our staff.
- We are reviewing all our People Services policies, starting with disciplinary, grievance and promotion policies.

What we're doing next

We're confident that improving our culture, and in particular our new values, now run through all our transformation work and will continue to be a consideration in all the changes we're making.

Here is what's coming up next:

- A conference for leaders from Black, Asian and ethnic minority backgrounds.
- Expanding our mental health support for staff through our Mental Health First Aiders programme.
- Transforming People Services (our Human Resources department) is one of the biggest projects within our culture change programme so there will be more improvements in this area that will support everything we are doing.
- There will be further improvements to uniform, working environments and training and we'll continue to seek feedback from staff and communities throughout.
- Changing how we vet current and future staff, using new powers provided by the government.

MAJOR EVENTS AND CAMPAIGNS

King's Coronation

On the 6th of May 2023 the London Fire Brigade joined the world to celebrate the Coronation of His Majesty The King and Her Majesty The Queen Consort.

London Fire Commissioner Andy Roe, said: "London Fire Brigade staff have worked hard to make sure those attending can celebrate safely. We have been working with our blue light partners to support the preparations to protect Londoners and tourists attending the event. Thousands of fire risk assessments and inspections have been carried out at premises across London. This includes transport hubs that many will travel into, as well as shops, restaurants, businesses and key venues that support delivery of the event."

Holey Hoses

Following a review, London Fire Brigade unveiled brand new firefighting equipment to tackle the increasing risk of wildfires following the record-breaking extreme weather in July 2022.

The LFB saw the devastating impact grass fires and wildfires had on our open spaces and communities. The grass fires were an example of how firefighters are increasingly being challenged by new extremes of weather as the climate changes.

As an example, the Holey Hose is a new tool the Brigade hopes will help restrict the amount of damage caused by these fires. It is a type of fire service hose which has pre-prepared holes that create a curtain of water reaching up to two metres high. When a fire is spreading across land, the hose will be deployed to protect life and property. This hose can be called upon in addition to existing equipment such as traditional firefighting hose and beaters.

The Holey Hoses can be rolled out by all our firefighters, who have been undergoing enhanced wildfire response training in preparation for what could be another challenging summer.

ChargeSafe Campaign

Fires involving e-bike and e-scooter batteries are London's fastest growing fire trend and on average there was a fire every two days in 2023. Throughout the year, the Brigade continued to raise awareness of the risk of these fires and public polling shows the proportion of Londoners aware of e-bike and e-scooter fires has increased by a third since the LFB's campaign began to almost six in ten people (58%) by September 2023.

In 2024, the LFB will continue its campaign and push for regulatory changes to better protect Londoners, working with the Home Office, Electrical Safety First, the Office for Product Safety and Standards, as well as Amazon and Deliveroo and other users of lithium-ion batteries.

RESPONDING TO MAJOR REVIEWS

Improving for London

The LFB has been making improvements throughout the services it provides, including in response to the Independent Culture Review and our review of the summer 2022 heatwave, both of which are mentioned above.

London Fire Brigade has been evolving and improving to better support the communities we serve. 2024 will see us continue this journey with energy and passion so that we can be trusted to serve and protect our capital.

Grenfell Tower Inquiry

On 13 March 2024 the LFB announced that it had completed all 29 of the recommendations from Phase 1 of the Grenfell Tower Inquiry. Improvements include changes to firefighter training, refreshed processes for managing major incidents and the introduction of innovative technology to support firefighting.

Specific examples include:

New equipment

London Fire Brigade has replaced the entire fleet of high-reach vehicles and introduced new 64 metre Turntable Ladders, the tallest ladders in service across Europe. New command units equipped with technology to improve incident commanders' ability to respond at the incident ground entered service at the end of 2023.

Over 200 people have been rescued using escape hoods since their introduction in 2018. London's firefighters are amongst the first in the UK to carry them and they offer the public protection from toxic smoke.

Improved communication

The latest upgrades and new fire ground radios allow firefighters wearing helmets and breathing apparatus (BA) sets to communicate effectively with their teams and entry control officers when inside buildings.

Drones are also used to transmit information about incidents. The drones provide live images and thermal imagery to better allow incident commanders to develop tactics to tackle fires. The drones can also act as a loudspeaker to provide instructions or reassurance and provide light in dark conditions.

Better processes

Changes have been implemented across the Brigade, enabling LFB to respond to the most challenging emergencies. This includes control officers benefitting from improved training on providing fire survival guidance, as well as software that allows members of the public to provide control officers with a video feed from an incident.

His Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS)

Following an inspection in August 2023, HMICFRS closed the cause of concern for prevention in relation to how LFB prioritised Home Fire Safety Visits (HFSVs). The decision recognised the progress LFB had made in rolling out a new approach to HFSVs. This included the development of a prevention strategy; creation of an effective system for assessing levels of risk and prioritising HFSVs; and development of a plan to address a backlog of HFSVs. Our Home Fire Safety Checker is available for everyone, providing bespoke advice for individual homes, and has been used by more people during 2023/24 than in 2022/23.

HMICFRS continuously monitors the performance of all fire and rescue services in England. The monitoring process consists of two stages: Scan and Engage. All fire and rescue services are in routine monitoring under the Scan stage by default, but may be escalated to enhanced monitoring under the Engage stage if they are not effectively addressing the inspectorate's concerns.

London Fire Brigade was moved into Engage in December 2022 linked to the cause of concern regarding culture.

In March 2024 HMICFRS took the decision to remove LFB from enhanced monitoring (Engage). This decision follows an inspection carried out by HMICFRS between 19 -22 February 2024 in relation to the cause of concern regarding culture. The Inspectorate recognised that LFB has made several improvements, including:

- clear involvement of staff in developing values, with significant work to communicate values to staff;
- most staff felt senior leaders displayed brigade values;
- clear commitment to improve leadership skills among managers through an ongoing programme of leadership training;
- clear progress in the Brigade's ongoing plan to improve its human resources function;
- improved processes to deal with behaviours such as bullying and discrimination, including establishing a Professional Standards Unit;
- a comprehensive plan in place to improve vetting of brigade staff; and
- assurance in the sustainability of the Brigade's plans to change its culture.

His Majesty's Chief Inspector of Fire & Rescue Services Andy Cooke said:

"I am pleased with the progress that London Fire Brigade has made so far. Whilst there is still more to do, I have decided to remove the brigade from our enhanced level of monitoring, known as Engage, and return it to routine monitoring.

"I am reassured by the plans London Fire Brigade has in place to continue making improvements. The brigade will be inspected again this summer, when we will assess its progress to make sure the people of London are getting the service they deserve from their fire and rescue service."

London Fire Commissioner Andy Roe said:

"The Inspectorate's decision recognises the significant amount of work that has been undertaken over the last 15 months since the Independent Culture Review. I want to take the opportunity to thank the whole Brigade. This is important recognition for so many of our staff that go about their work professionally every day. I am proud that our core values are rooted in our incredible history which shows our staff's courage and commitment to London."

"There is still more to do. As Commissioner, I have always been clear that the work to ensure that we have a safe and dignified workplace culture can never stop. I look forward to the Inspectorate, our staff and Londoners continuing to hold us to account."

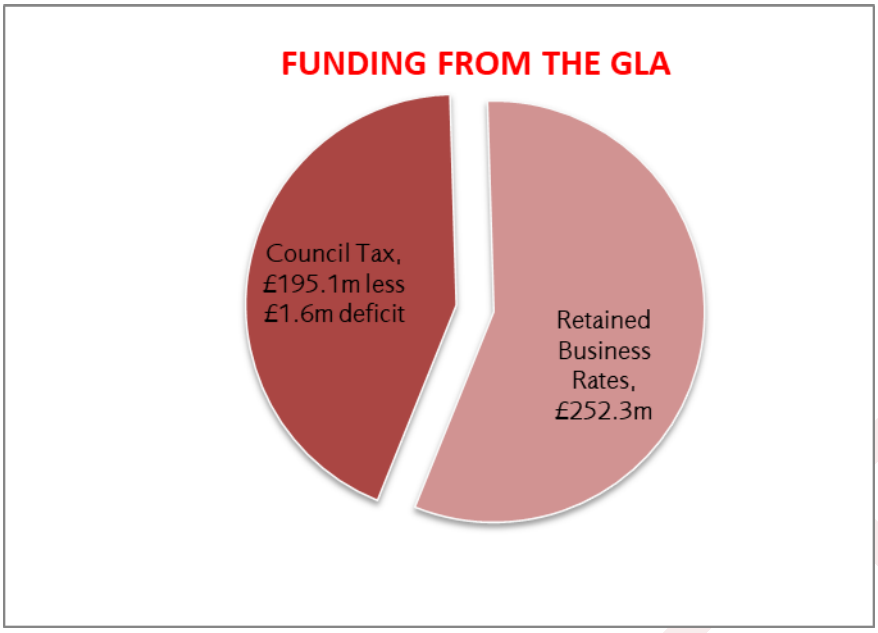
We look forward to our next full inspection in June 2024.

FINANCIAL PERFORMANCE

CORE FUNDING

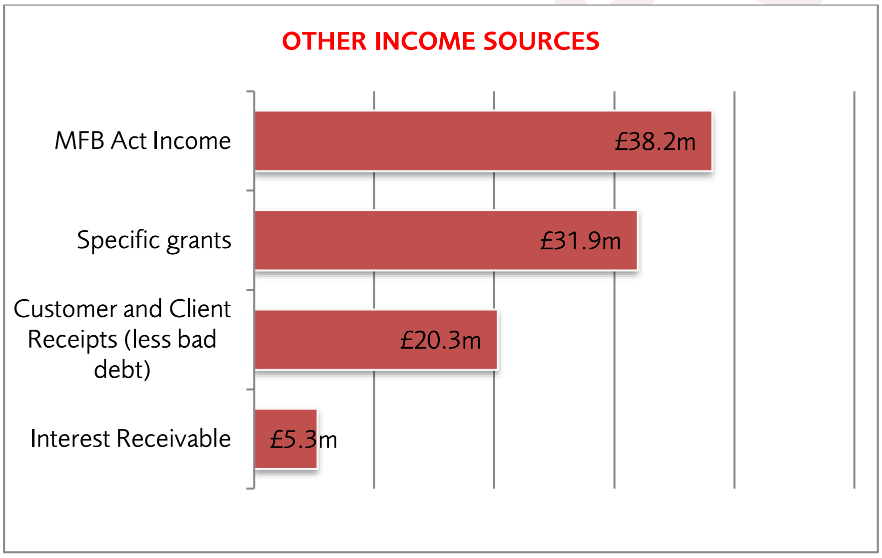
As one of the Greater London Authority's functional bodies the LFC's core funding is set and provided by the Mayor of London. This funding is provided through a mix of council tax, retained business rates and government grants which provided funding of £445.8m in 2023/24 (£421.8m in 2022/23). The GLA also required the LFC to use £1.6m of reserves as part of its core funding in 2023/24 from savings identified in 2020/21 to meet the council tax collection fund deficit.

For a Band D council taxpayer, the LFB's element of their council tax bill was £62.48 in 2022/23, or £1.20 a week (£58.80 in 2022/23, or £1.13).



Income

The LFC also received additional income through a range of items, including income under the Metropolitan Fire Brigade (MFB) Act and grants from central government. This additional income totals £95.7m after a £1.3m reduction for bad debt. (£92.4m in 2022/23).



REVENUE EXPENDITURE

This combination of core funding from the GLA and other income provided total funds of £541.5m in 2023/24 (£514.2m in 2022/23). After including a net draw from reserves of £18.7m this provided for expenditure of £560.2m.

Total expenditure net of reserve funding in 2023/24 was £566.3m, £6.1m more than budgeted. This will be covered by the Budget Flexibility Reserve. The breakdown of that expenditure, shown below, was largely on staff costs – Operational staff (£315.6m) and Other Staff (£73.3m). Expenditure increased from 2022/23 levels because of inflation and pay awards.

The largest variance in 2023/24 relates to Operational staff with this largely being driven by the impact of operational overtime in Fire Stations (albeit at a much reduced level compared to 2022/23. In 2022/23, there was an overspend on operational overtime of around £12.5m (excluding National Insurance), the largest component of which was due to Pre- Arranged Overtime (PAO); following a range of actions the outturn overspend for 2023/24 is £6.8m, a reduction of £5.7m.

2022/23 Budget £'000	2022/23 Outturn £'000	2022/23 Variance £'000	LFC Revenue	2023/24 Budget £'000	2023/24 Outturn £'000	2023/24 Variance £'000
282,257	302,698	20,441	Operational staff	307,937	315,612	7,676
73,012	70,736	(2,277)	Other staff	73,093	73,342	249
27,323	26,693	(630)	Employee related	34,539	36,051	1,511
21,772	21,532	(240)	Pensions	20,773	23,005	2,232
47,343	39,905	(7,437)	Premises	48,266	48,073	(194)
17,342	18,457	1,115	Transport	18,820	19,919	1,099
31,968	31,460	(508)	Supplies and services	36,811	37,878	1,067
1,694	1,299	(395)	Third party payments	1,333	1,854	521
9,624	9,733	109	Capital financing costs	11,524	10,585	(939)
3,883	0	(3,883)	Central contingency against inflation	(49)	0	49
516,218	**522,513**	**6,296**	**Total revenue expenditure**	**553,047**	**(63,736)**	**(5,789)**
(48,019)	(54,582)	(6,563)	Other income	(57,947)	0	0
468,198	**467,931**	**(267)**	**Net revenue expenditure**	**495,100**	**502,582**	**7,482**
(7,601)	(7,601)	-	Use of reserves	(16,672)	(18,724)	(2,052)
460,597	**460,330**	**(267)**	**Financing Requirement**	**478,428**	**483,858**	**5,431**
			Financed by:			
(38,797)	(37,847)	950	Specific grants	(32,628)	(31,945)	682
(421,800)	(421,800)	0	GLA funding	(445,800)	(445,800)	0
0	**683**	**683**	**Net Financial Position**	**0**	**6,113**	**6,113**

CAPITAL EXPENDITURE

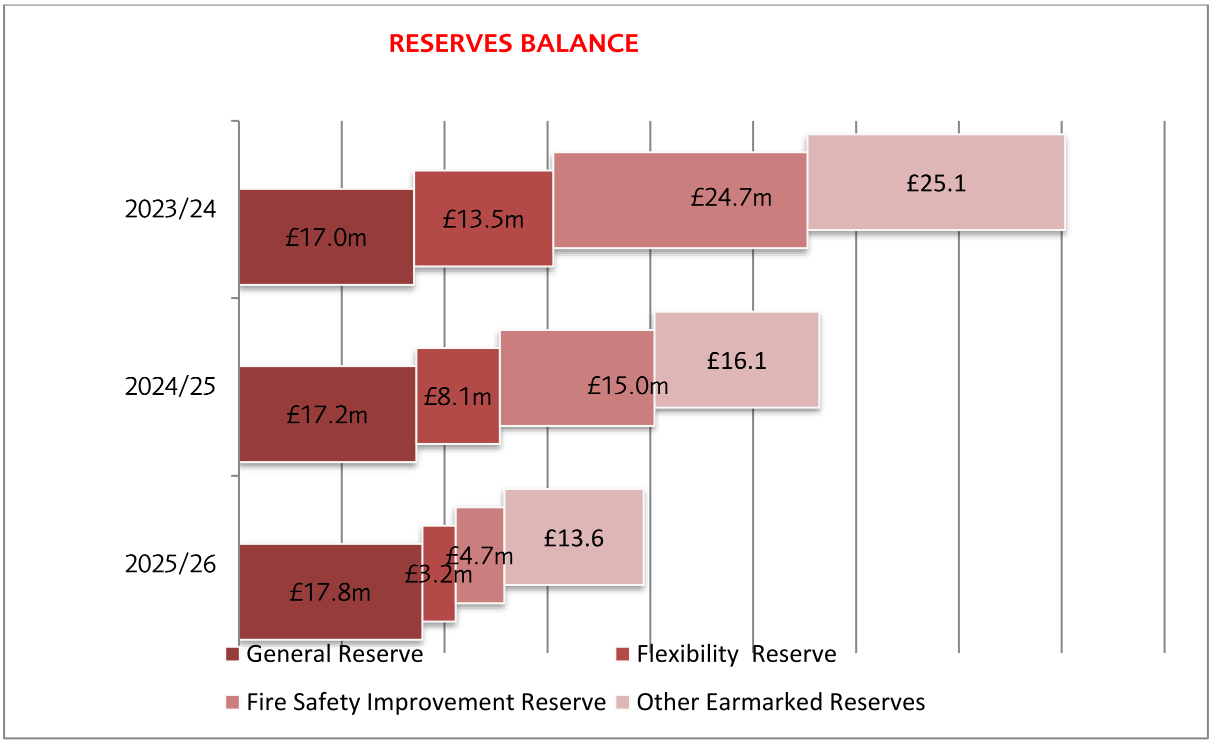
Total capital expenditure in the year was £28.4m, of which £250k was funded by reserves, £332k was from capital receipts, £1,027k from grants, with the remainder being funded by borrowing (£26.9m).

The were two main areas of spend, i.e. Property (62%) and Operational Policy Equipment (20%).

Outturn 2022/23 £'000	LFC Capital	Outturn 2023/24 £'000
194	ICT Projects	2,588
12,219	Property Projects	17,618
6,739	Fleet and Equipment Projects	2,585
0.0	Operational Policy Equipment	5,668
19,152	**Total capital expenditure**	**28,459**
	Financed by:	
0.0	Reserves	250
64	Capital Receipts	332
0	Grants /Contributions	1,027
19,088	Use of existing reserves / Borrowing	26,850
19,152	**Total**	**28,459**

RESERVES

The LFC had total reserves of £80.3m as at 31 March 2024, comprising £17.0m in general reserves and £63.5m in earmarked reserves. The chart shows how earmarked reserves are expected to be consumed over the next two years.



Director for Corporate Services' Narrative Report (continued)

The general reserve is maintained at a minimum of 3.5% of the net revenue expenditure (£495.1m in 2023/24) of £17.0m, with the surplus above this being transferred to earmarked reserves to support the budget in future years as to be agreed as part of the financial outturn reporting. As a result of the outturn position for the 2023/24 financial year, including transfers into earmarked reserves, the general reserve was supplemented by a transfer from the Budget Flexibility Reserve to return it to the minimum level. The use of reserves in future years are as per the approved published Budget Report for 2023/24.

PLANNED EXPENDITURE FOR FUTURE YEARS

The LFC has set out revenue and capital plans for its expenditure over the next three financial years, as shown in the below tables.

Revenue

	2024/25	**2025/26**	**2026/27**
	£m	**£m**	**£m**
Operational Staff	340.3	346.7	351.9
Other Staff	79.7	81.3	82.9
Staff Related	32.8	33	37.2
Firefighter Pension Scheme	20.8	20.8	20.8
Premises	48.2	48.8	49.4
Transport	19.6	19.6	19.6
Supplies and Services	37.1	39.1	41.6
Third Party	1.3	1.3	1.3
Financing	16	19.8	23.2
Income	(50)	(50.5)	(51.0)
Surplus (+) / Savings (-) still to be achieved	0	(1.9)	(16.2)
Net Revenue Expenditure Total	**545.8**	**558**	**560.7**
Funding			
Reserves (excl. BFR)	18.5	12.2	0
Budget Flexibility Reserve (BFR)	5.4	4.9	0
Total – Reserves	**23.9**	**17.1**	**0**
Specific Grants	26.8	26.8	26.8
Budget – Mayoral Funding	**495.1**	**514.1**	**533.9**

Capital

Project	**2024/25**	**2025/26**	**2026/27**
	£m	**£m**	**£m**
Capital Schemes			
Properties	25.5	39.2	28.0
Fleet Replacement Plan	2.0	7.3	4.0
ICT Projects	3.8	3.3	5.1
Communications Project	0.1	0.3	0.3
Operational Policy Equipment	1.1	0.0	0.0
Assumed 10% Optimism Bias	-3.2	-5.0	-3.7
Total Expenditure	**29.3**	**45.1**	**33.7**
Funded by:			
Reserve	0.5	0	0
Capital Receipts	0.0	11.3	0.0
Borrowing	28.8	33.8	33.7
Total Funded Financing	**29.3**	**45.1**	**33.7**

The plans show a balanced revenue budget in 2024/25, a budget gap of £1.9m in 2025/26 and a budget gap of £16.2m in 2026/27 (largely due to substantial investment in modern firefighting / training, for which discussions have started with local and national government regarding sustainable funding sources). These figures are as per the approved published Budget Report for 2024/25 (LFC–24-027).

FINANCIAL CHALLENGE

The final Local Government Finance Settlement for 2024/25 was published on the 5 February 2024. There remains considerable uncertainty in the medium term regarding future funding levels, including any revision of the fire formula as part of the fair funding review.

The budget estimates for 2024/25 to 2026/27 include assumptions for pay and inflation. Actual inflation rates now being observed continue to be above previous estimates and are resulting in increased financial pressures over the planning period, albeit they have been falling recently.

This position will continue to be reviewed as part of budget setting for future years, which will be done alongside work to deliver the new Community Risk Management Plan.

RISK MANAGEMENT

The Brigade's internal risk management framework has been in operation since May 2021 and enables the organisation to identify and manage significant risks. The framework is applied across directorates and departments where risks are evaluated for their likelihood and impact and which places them in the framework at either the corporate, directorate or departmental level, whereby they can be monitored, managed, and scrutinised effectively. Risks and risk management action at corporate and directorate level have been reviewed at appropriate monthly board meetings, and at Commissioner's Board at least quarterly. The Annual Governance Statement sets out the steps we are taking to continuously improve our approach to risk management.

The Brigade has a 5x5 matrix approach to risk scoring in line with good practice. The matrix allows for greater granularity in risk assessment and enables the Brigade to compare its risks to other organisations (including our GLA partners) to spot common threats as well as providing clarity on unique risks to the Brigade. The approach is supported by risk registers across the organisation at the departmental, directorate and corporate level. Risk identification and creation occurs largely at the departmental level. However, the rating of the risk informs where the risk is managed in the organisation as follows:

Principal risk themes	Assessments of assurance against key risk themes
Corporate risks (Risk score of 20 and above)	Owned by Director Scrutinised by LFC and Audit Committee
Directorate risks (Risk score of 10 to 16)	Owned by Head of Service Scrutinised by Director
Departmental risks (high) (Risk score of 4 to 9)	Owned by Lead Officer Scrutinised by Head of Service
Departmental risks (low) (Risk score of 1 to 3)	Owned by Lead Officer Scrutinised by Head of Service

CORPORATE RISKS

The highest rated corporate risks below are shown with their current scores (with controls applied) and RAG-ratings. The risks are Red-rated but for each one there are a suite of actions in place aimed at ultimately reducing the likelihood of the risks transpiring (i.e. becoming issues) and/or any consequential impacts.

Ref	Risk description	L	I	Score
ICT19	Supply chain attack against an LFB supplier that compromises the confidentiality, integrity, and availability of LFB data held within the third-party system; has potential to cause severe impact to services if critical systems and data are affected	5	4	**20**
OP7	In an emergent and unregulated alternative fuels market, the Brigade is unable to keep pace with new fire and rescue responses to alternative fuel technology applications, complex fire dynamics and commercial uptake which potentially exposes the safety of our staff and the public at incidents.	4	5	**20**
ORC18	Increasing geo-political tensions lead to protracted and/or violent demonstrations in London (including terrorist activity) placing significant increased demand on services and the safety of our staff, impacting the Brigade's resilience and potentially resulting in a degradation of service	5	4	**20**
P2	Lack of training assurance means we do not know / have evidence to support whether or not our people are competent or safe to effectively undertake their day-to-day activities	4	5	**20**
P3	The culture of LFB does not provide a safe, modern workplace where everyone is treated with dignity and respect negatively impacting on staff wellbeing and retention, damaging stakeholder trust and engagement, and preventing the LFB from delivering sustainable positive change	4	5	**20**
PS13	Ineffective workforce planning processes (including lead in times for specialist skills) results in a resource and skills gap across all staff groups that negatively impacts our service delivery	4	5	**20**

ACCOUNTING STATEMENTS

The following LFC's accounting statements have been prepared using the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. The Code is based on International Financial Reporting Standards (IFRS), except where interpretations or adaptations have been made to fit the Public Sector as detailed in the Code. Accounting policy changes arising out of the adoption of the IFRS-based Code are accounted for retrospectively unless the Code requires an alternative treatment. The accounts are supported by the Statement of Accounting Policies and by various notes to the accounts.

The following accounting statements comprise:

• THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

This sets out the respective responsibilities of the LFC and the Director for Corporate Services for the accounts.

The core accounting statements:

THE MOVEMENT IN RESERVES STATEMENT

This shows the movement in year on the different reserves held by the LFC, analysed into `usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus/ (Deficit) on the Provision of Services line shows the true economic cost of providing services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The net increase/decrease before transfers to the earmarked reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves.

THE COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

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

THE BALANCE SHEET

This shows the value as at the Balance Sheet date of the assets and liabilities recognised by the LFC. The net assets (assets less liabilities) are matched by the reserves held by the LFC. Reserves are reported in two categories.

The first category is usable reserves, i.e. those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves is for those that cannot be used to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line `Adjustments between accounting basis and funding basis under regulations'.

THE CASH FLOW STATEMENT

This shows the changes in cash and cash equivalents of the LFC during the year. The statement shows how the LFC generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flow arising from operating activities is a key indicator of the extent to which the operations are funded by way of taxation and grant income or from the recipients of services provided. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to 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 LFC.

The Statement of Accounts also includes the following Accounting Statements;

THE FIREFIGHTERS' PENSION SCHEMES FUND ACCOUNT

This shows transactions on the Fund account determined by regulation for the Firefighters' Pension Scheme for England. The Fund is unfunded but the LFC pays an employer's pension contribution based on a percentage of pay into the Pension Fund. The LFC is required by legislation to operate a Pension Fund and the amounts that must be paid in and out of the Fund are specified by regulation. The transaction with the Fund is balanced to nil at the year end by either a payment of the excess or receiving a top up grant to meet a deficit from the Home Office.

THE EXPENDITURE AND FUNDING ANALYSIS

This shows how annual expenditure is used and funded from resources by the LFC in comparison with those resources in accordance with generally accepted accounting practices.

THE ANNUAL GOVERNANCE STATEMENT (AGS)

This is also published in conjunction with the Statement of Accounts. In England, the preparation and publication of the Statement is in accordance with the CIPFA/SOLACE publication `Delivering good governance in Local Government framework' and is necessary to meet the statutory requirement set out in Regulation 6 of The Accounts and Audit Regulations 2015 and does not form part of the annual financial statements.

CAPITAL EXPENDITURE

The Local Government Act 2003 provides a prudential framework for capital finance. As part of these arrangements a Prudential Code for Capital Finance in Local Authorities, developed by CIPFA, provides a professional code of practice to support local authorities in taking decisions on capital management. The key objectives of the prudential code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent, and sustainable.

In 2023/24, total spending on the capital programme for tangible and intangible assets was £28.4m. Spend included the rebuilding and modernising of fire stations and other buildings (£17.6m), upgrading ICT equipment (£2.6m), providing Respiratory Protective Equipment (£5.7m) and the purchase of fleet vehicles and equipment (£2.6m). Capital expenditure on assets (£28.4m) is to be financed in accordance with the Prudential Code, funded by capital receipts (£332k), borrowing (£26.9m), grants (£1.0m) and reserves (£250k).

The LFC took no new external borrowing during the year. Settlement of maturing principal debt during 2023/24 totalled £2.000m. As a result, as at 31 March 2024, the level of outstanding principal debt totalled £46.725m. The average interest payable on outstanding loans as at 31 March 2024 was 4.71% (4.71% at 1 April 2023).

INCOME AND EXPENDITURE FOR THE YEAR

The income and expenditure relate to monies collected and spent on the day to day running of the LFC's services, such as employees, premises, supplies and services costs, and income from levies and services we supply. The balance of expenditure that exceeds our income is funded by grant from the Greater London Authority (£445.8m) made up of the following elements: Retained Business Rates (£252.3m), Council Tax (£195.1m), offset by a £1.6m draw from reserves to meet the Collection Fund Deficit.

Before accounting adjustments required by the Code of Practice on Local Authority Accounting in the UK (that provides for the inclusion of accounting adjustments for pensions liabilities under International Accounting Standard 19 (IAS19) Retirement Benefits (see core statement note 28), depreciation, impairment and revaluation charges), the figure for net service expenditure for 2023/24 was £566.3m against a budgeted net expenditure sum of £560.2 including £21.4m in agreed use of reserves. The outturn position after application of reserves and grants was £6.1m more than the approved LFC budget.

Following movements between the LFC's general fund and reserves, the general fund balance increased by £3.3m from £13.7m as at 1 April 2023 to £17.0m as at 31 March 2024 and the LFC's earmarked reserves decreased by £28.4m from £91.7m as at 1 April 2023 to £63.3m as at 31 March 2024.

The £6.1m overspend in year was a combination of under and overspends as set out in the table on page 12 which provides a summary comparison of the actual and budgeted figures for the year. The figures exclude charges made in the main accounts for depreciation and pension liabilities as these costs are purely technical accounting adjustments and do not impact on the LFC's funding requirements through GLA grant.

ASSET VALUATIONS

Since 31 March 2020 specialist assets have been valued using the Modern Equivalent Asset (MEA) depreciated replacement cost methodology in accordance with the CIPFA code.

Land valuations were also reviewed as at 31 March 2020.

PENSION FUND

The LFC participates in four pension schemes that meet the needs of groups of employees. There are three firefighter pension schemes known as the 1992 Firefighters' Pension Scheme, the 2006 Firefighters' Pension scheme, and the 2015 Firefighters' Pension Scheme, for which only operational firefighters are eligible. The other scheme is the Local Government Pension Scheme, which all other employees may join. The schemes provide members with defined benefits related to pay and service.

The net pensions obligation, recorded in the Balance Sheet, for both the Local Government Pension Scheme (LGPS) and the Firefighters' Pension Schemes, as at 31 March 2024, is £5.531bn (31 March 2023 £5.503bn). This is the sum of the LFC's liabilities in both schemes arising from pension benefits accrued by employees, less the assets of the LGPS. Although this is a significant amount, it represents the future cost of pension benefits earned by employees rather than the in-year cost to the LFC.

The movement in the pension liability between years, a decrease of £0.028bn relates mainly to the long-term liability for the firefighter schemes, as assessed by the LFC's actuary. The decrease relates to a re-measurement of the schemes net defined liability considering the changes in demographic and financial assumptions (including interest rates).

FURTHER INFORMATION

Further information concerning the accounts is available from:

Director for Corporate Services, London Fire Brigade Headquarters, 169 Union Street, London SE1 0LL.

M. Ahmed

Mostaque Ahmed FCA
Director for Corporate Services and Chief Financial Officer
31 May 2024

Statement of Responsibilities for the Statement of Accounts

THE LONDON FIRE COMMISSIONER – RESPONSIBILITIES

The London Fire Commissioner (LFC) 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 for Corporate Services;
- to manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

DIRECTOR FOR CORPORATE SERVICES – RESPONSIBILITIES

The Director for Corporate Services is responsible for the preparation of the LFC's Statement of Accounts in accordance with proper practices, as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

In preparing this Statement of Accounts, the Director for Corporate Services has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- prepared the going concern
- complied with the Local Authority Code.

The Director for Corporate Services has also:

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

CERTIFICATION OF THE DIRECTOR FOR CORPORATE SERVICES

I hereby certify that the Statement of Accounts on pages 22 to 129 gives a 'true and fair view' of the financial position of the LFC at the reporting date and of its expenditure and income for the year ended 31 March 2024.

Mostaque Ahmed FCA
Director for Corporate Services

Dated 31 May 2024

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Statement of Accounting Policies

ACCOUNTING POLICIES

Individual specific accounting policies are included within the relevant financial note to the accounts.

GENERAL PRINCIPLES

The Statement of Accounts summarises the LFC's transactions for the financial year and its position at the year-end of 31 March 2024. The financial statements provide information about the LFC's financial performance, financial position and cash flow, which is useful to a wide range of users for assessing the stewardship of the LFC's management and for making economic decisions. The LFC has been required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and the Service reporting Code of Practice (SeRCOP), supported by International Financial Reporting Standards (IFRS) and other statutory guidance.

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

ACCRUALS OF INCOME AND EXPENDITURE

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

- Revenue from the sale of goods is recognised when the LFC transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the LFC.
- Revenue from the provision of services is recognised when the LFC can measure reliably the percentage completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the LFC.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Accruals are recognised where the value exceeds £5,000 per transaction.
- MFB Income Recognition –

Metropolitan Fire Brigade (MFB) Act 1865 is legislation whereby insurance companies pay a yearly levy to London Fire. An Annual Return request is issued to insurance companies who insure building against fire within the city of London. Insurance companies submit their return which details the gross valuation of buildings insured against fire. The levy charge due is calculated at the rate of £35 per £1 million of the gross sum Insured.

The return requests are issued to those insurance companies on the address database at the end of March each year with the returns statutorily due by 1 June of the same year.

MFB income is recognised when a signed attestation is received from insurer. There is a 25%:75% split which relates to MFB being a calendar year process (January to December). This means that 25% of an invoice is charged to current year and 75% is recognised as a receipt in advance and the income is therefore recognised in the following year.

CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Services and support services are debited with the following amounts to record the cost of holding non-current assets during the year:

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

The LFC is not required to raise funding for depreciation, revaluation and impairment losses or amortisations. However, it is required to make annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the LFC in accordance with statutory guidance).

Depreciation, revaluation, impairment losses and amortisations are therefore replaced by the contribution in the General Fund balance (Minimum Revenue Provision, or 'MRP'), by way of an adjusting transaction with the Capital Adjustment Account in the Movement of Reserves statement for the difference between the two.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

PRIOR PERIOD ADJUSTMENT

Material adjustments applicable to prior years arising from changes in accounting policies or standards will be reflected retrospectively in the Statement of Accounts when required by proper accounting practice, by restating both the opening balances and the comparable figures for the prior year, together with a disclosure note detailing the reasons for such restatement. Material errors in prior period figures are also corrected retrospectively in the same way.

FAIR VALUE MEASUREMENTS

Fair values of financial instruments measured at amortised cost are disclosed in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or;
- In the absence of a principal market, in the most advantageous market for the asset or liability

The LFC must be able to access the principal or the most advantageous market at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The LFC uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole:

- Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the LFC determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

CASH ACCOUNTING POLICY

Under the treasury management shared service arrangement with the Greater London Authority (GLA), GLA group treasury officers carry out the LFC's day to day treasury management function, managing the LFC's investment and borrowing activities. LFC officers provide the GLA with details of the LFC's daily cash flow requirements and monies are only transferred between the Authorities as and when required to match LFC need.

This way, surplus funds over and above daily need are continuously held with the London Treasury Liquidity Fund (LTLF), an investment partnership between six local authorities structured as a register Alternative Investment Fund (AIF), used by the Authority to maximise liquidity and investment return.

The GLA has delegated GIS investment decisions to London Treasury Limited (LTL) a wholly GLA owned entity which is Financial Conduct Authority ('FCA') authorised and regulated. In practice, the GLA's Chief Investment Officer (CIO) is still the individual approving the current discretions, in his capacity as LTL's Managing Director.

The LFC has delegated responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Commissioner's Board and for the execution and administration of treasury management decisions to the Section 127 Officer *cum* Director for Corporate Services, who will act in accordance with the LFC's Treasury Policy Statement and Treasury Management Practices (TMP).

LFC has instant access to our funds subject to GIS drawdown procedure, therefore, GIS is treated like a bank account, but the funds themselves are invested on our behalf by the Syndicate on a pooled basis and in that sense are invested funds attracting a return

FOREIGN CURRENCY TRANSLATION

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

VALUE ADDED TAX

Income and expenditure exclude any amounts related to Value Added Tax, as all VAT collected on income is payable to HM Revenue and Customs (HMRC) and all but very few items of VAT paid on expenditure is recoverable from it. Where VAT is not recoverable from HMRC it is charged to the appropriate area of expense.

Accounting Standards Issued But Not Yet Adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- IFRS 16 Leases (issued in January 2016) will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS 16 for local government to 1 April 2024 following the impact of the COVID-19. Local authorities can adopt IFRS16 earlier than this if an authority considers that it is able to do so. Local authorities are also advised to reflect, in their financial statements for 2023/24, an estimate of the impact this change is likely to have – and therefore these accounts reflect this recommendation in the required section.
- classification of liabilities as current or non-current (amendments to IAS 1) issued in January 2020
- lease liability in a sale and leaseback (amendments to IFRS 16) issued in September 2022
- non-current liabilities with covenants (amendments to IAS 1) issued in October 2022
- international tax reform: Pillar Two model rules (amendments to IAS 12) issued in May 2023
- supplier finance arrangements (amendments to IAS 7 and IFRS 7) issued in May 2023

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CORE ACCOUNTING STATEMENTS

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost.

2022/23 Gross expenditure £'000	2022/23 Gross income £'000	2022/23 Net expenditure £'000	Comprehensive Income and Expenditure Statement	2023/24 Gross expenditure £'000	2023/24 Gross income £'000	2023/24 Net expenditure £'000	Note
440,208	(85,430)	354,778	Firefighting and rescue operations, community fire safety, emergency planning and civil defence	399,589	(86,672)	312,917	
		354,778	Cost of services			**312,917**	
19,039	(64)	**18,975**	Other operating expenditure and income	(2,283)	(1,378)	(3,661)	3
5,248	-		Interest payable and similar charges	4,846	-		10
-	(3,491)		Interest and investment income	-	(5,278)		10
180,820	-		Firefighter pensions net Interest on the net defined benefit liability	229,990	-		28
4,974			Support staff pension net interest on the net defined benefit liability	-			28
191,042	**(3,491)**	**187,551**	Financing and investment income and expenditure	**234,836**	**(5,278)**	**229,558**	
-	(421,800)		GLA grant		(445,800)		22
-	(3,739)		PFI grant		(3,732)		22
-	-		Capital grant		-		22
-	**(425,539)**	**(425,539)**	Taxation and non-specific grant income	**-**	**(449,532)**	**(449,532)**	
		135,765	(Surplus)/Deficit on provision of services			**89,282**	18
		(38,605)	(Surplus)/Deficit on revaluation of non-current assets			53	4
		-	Impairment losses on non-current assets charged to revaluation reserve			-	4
		(2,123,242)	Re-measurement of the net defined benefit liability			(63,925)	4
		(2,161,847)	Other comprehensive income and expenditure			**(63,872)**	
		(2,026,082)	**Total comprehensive income and expenditure**			**25,410**	

Movement in Reserves Statement (MiRS)

This statement shows the movement in the year on the different reserves held by the LFC, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'surplus/(deficit) on the provision of services' line shows the true economic cost of providing the LFC's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund balance for grant funding purposes. The 'net increase/decrease before transfers to earmarked reserves' line shows the statutory General Fund balance before any discretionary transfer to or from earmarked reserves undertaken by the LFC.

Movement in Reserves Statement	General Fund	Earmarked Reserves	Capital Grants Unapplied	Capital Receipts Reserves	Total Usable Reserves	Unusable Reserves	Total Reserves	Notes
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance as at 01/04/23	**(13,872)**	**(91,745)**	**(205)**	**-**	**(105,821)**	**4,664,563**	**4,558,742**	
(Surplus) or deficit on provision of services (accounting basis)	89,282	-	-	-	**89,282**		89,282	
Other comprehensive income & expenditure		-	-	-		(63,872)	(63,872)	4
Total comprehensive income and expenditure	**89,282**	**-**	**-**	**-**	**89,282**	**(63,872)**	**25,410**	
Adjustments between accounting basis & funding basis under regulations	**(65,490)**	**-**	**-**	**-**	**(65,490)**	**65,490**	-	6
Net increase/(decrease) before transfers to earmarked reserves	**23,792**	**-**	**-**	**-**	**23,792**	**1,618**	**25,410**	
Transfers (to)/from earmarked reserves	(28,436)	28,436	-	-	-	-	-	7
(Increase)/Decrease in year	**(4,644)**	**28,436**	**-**	**-**	**23,792**	**1,618**	**25,410**	
Balance as at 31/03/24	**(18,516)**	**(63,309)**	**(205)**	**-**	**(82,029)**	**4,666,181**	**4,584,152**	

Movement in Reserves Statement (MiRS) (continued)

The following table provides comparative figures for 2022/23:

Movement in Reserves Statement	General Fund £'000	Earmarked Reserves £'000	Capital Grants Applied £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000	Notes
Balance as at 01/04/22	**(11,750)**	**(101,626)**	**(205)**	**-**	**(113,581)**	**6,698,405**	**6,584,824**	
(Surplus) or deficit on provision of services (accounting basis)	135,765	-	-	-	**135,765**	-	**135,765**	
Other comprehensive income & expenditure	-	-	-	-	-	(2,161,846)	(2,161,846)	4
Total comprehensive income and expenditure	**135,765**	**-**	**-**	**-**	**135,765**	**(2,161,846)**	**(2,026,081)**	
Adjustments between accounting basis & funding basis under regulations	**(128,005)**	**-**	**-**	**-**	**(128,005)**	**128,005**	-	*6*
Net increase/(decrease) before transfers to earmarked reserves	**7,760**	**-**	**-**	**-**	**7,760**	**(2,033,841)**	**(2,026,081)**	
Transfers (to)/from earmarked reserves	(9,881)	9,881	-	-	-	-	-	7
Increase/(Decrease) in year	**(2,121)**	**9,881**	**-**	**-**	**7,760**	**(2,033,841)**	**(2,026,081)**	
Balance as at 31/03/23	**(13,871)**	**(91,745)**	**(205)**	**-**	**(105,821)**	**4,664,564**	**4,558,742**	

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the LFC at the Balance Sheet date. The net assets of the LFC (assets less liabilities) are matched by the reserves held by the LFC. Reserves are reported in two categories.

The first category of reserves is usable reserves, i.e. those reserves that the LFC may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the capital receipts reserve that may only be used to fund capital expenditure or repay debt.)

The second category of reserves are those that the LFC is not able to use to provide services. These reserves include reserves that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

31 March 2023 £'000	31 March 2023 £'000	Balance Sheet	31 March 2024 £'000	31 March 2024 £'000	Note
		Property, plant & equipment			
242,852		Land	236,559		
197,096		Buildings	195,776		
50,652		Vehicles, plant and equipment	66,554		
15,805		Non operational assets – surplus	20,070		
19,478		Non operational assets – other	19,143		
1,432		Heritage assets	1,432		
	527,315			**539,534**	9
721	**721**	Intangible assets	446	**446**	9
66	**66**	Long-term debtors	247	**247**	
	528,102	**Long-term assets**		**540,227**	
-		Assets held For sale	-		
640		Inventories	1,264		
-		Short-term investments	-		
43,235		Short-term debtors	64,882		12
88,586		Cash and cash equivalents	23,221		13
	132,461	**Current assets**		**89,367**	
(2,058)		Short-term borrowing	(3,520)		10
(59,573)		Short-term creditors	(61,913)		14
(4,787)		Short-term provisions	(10,521)		15
(1,557)		Short-term liabilities	(1,583)		
	(67,975)	**Current liabilities**		**(77,537)**	
(14,760)		Long-term provisions	(9,838)		15
(47,114)		Long-term borrowing	(43,594)		11
(5,089,456)		Other long-term liabilities	**(5,082,777)**		25
	(5,151,330)	**Long-term liabilities**		**(5,136,209)**	
	(4,558,742)	**Net assets**		(4,584,152)	
	(105,821)	Usable reserves		**(82,029)**	16
	4,664,563	Unusable reserves		**4,666,181**	17
	4,558,742	**Total reserves**		**4,584,152**	

Balance Sheet (Continued)

I certify that the Balance Sheet gives a true and fair view of the financial position of the authority at 31 March 2024.

Mostaque Ahmed *FCA*
Director for Corporate Services

Date 31 May 2024

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the LFC during the reporting period. The statement shows how the LFC 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 LFC are funded by way of grant income or from recipients of services provided by the LFC.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the LFC'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 LFC.

2022/23 £'000	Cash Flow Statement	2023/24 £'000	Notes
97,160	**Net (surplus) or deficit on the provision of services**	**89,335**	
(111,048)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	(55,974)	32
-	Adjustments for items in the net (surplus) or deficit on the provision of services that are investing or financing activities	(1,083)	
(13,888)	**Net cash flows from operating activities**	**32,278**	
19,152	Investing activities	29,472	34
22,578	Financing activities	3,615	34
27,842	**Net (increase) or decrease in cash and cash equivalents**	**65,365**	
116,427	Cash and cash equivalents at the beginning of the period	88,586	13
88,586	**Cash and cash equivalents at the end of the period**	**23,221**	

NOTES TO CORE

ACCOUNTING STATEMENTS

Note 1 Critical Judgements in Applying Accounting Policies

In applying the accounting policies, the LFC has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are as follows:

FORMER BRIGADE HQ 8 ALBERT EMBANKMENT

The LFC has entered into an agreement to develop the former Brigade HQ at Albert Embankment. The new development will include the re-provision of the existing fire station together with the new LFB Museum. In January 2017, LFB entered into a lease with the developer for the centre block at the site, to enable the developer to operate from in order to secure a planning consent for the redevelopment of the whole site in accordance with the Development Agreement. The Development Agreement provides for a disposal of all three sites that make up 8 Albert Embankment with the required public works (LFB fire station and museum) subject to a lease back agreement. Since the planning consent for the redevelopment has been refused by the Secretary of State and judicial review on the opportunity to appeal the Secretary of State's decision was confirmed unsuccessful in November 2021, LFC has been in negotiations with the current developer to understand whether a revised scheme can be considered a viable way forward.

PROVISION – GRENFELL TOWER CLAIMS

The LFC had previously made a provision for Public Liability and Employer Liability claims in relation to the Grenfell incident. The Employer liability claims have now settled so a provision for these is no longer required.

Public liability claims provision - The LFC, together with other relevant authorities, has received a number of claims in relation to public liability at the Grenfell incident. The majority of damages claims have now settled but approximately 100 remain and associated costs still need to be resolved.

These provisions are measured at the LFC's best estimate of the liability as at the date of authorisation of these accounts. These estimates involve a number of critical judgements including the estimated value of the settlements and the share for which the LFC may be liable. The level of the LFC's provision is set out in note 15.

Note 2 Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing substantial adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Item	**Uncertainties**	**Effect if actual results differ from assumptions**
Property, plant and equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current carrying value of non-current assets (excluding Assets held for sale) as at 31st March 2024 is £520.4m (£507.8m at 31 March 2023). A full valuation of all Fire Stations was carried out as at 31 March 2024. The following issues result in heightened estimation uncertainty: • Use of existing assets rather than Modern Equivalent Asset (MEA) to determine existing use value using a depreciated replacement cost methodology. • Use of estimated disposal proceeds as a proxy for fair value as defined by IFRS 13.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that if land and building costs increased by an additional 5%, the land and building valuations would increase by £11.8m and £7.8m respectively.
Pension Liability	Estimation of the net liability to pay pensions depend 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. Two firms of consulting actuaries are engaged (one for the Local Government Pension Scheme and another for the Firefighters' scheme) to provide the LFC with expert advice about the assumptions to be applied. The current carrying value of the pension liability as at 31st March 2024 is £5,040m (£5,045m at 31 March 2023).	The effects of the net pensions' liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption for the combined fire fighter pension scheme would result in an approximate 7.0% increase in the pension liability, in the region of £354m. However, the assumptions interact in complex ways. An increase or decrease in liability due to estimates being corrected because of experience can be offset by a decrease or increase attributable to updating of the assumptions. A sensitivity analysis is included in Note 28.

<table>
<tr>
<td>Public Liability Provision</td>
<td>
The LFC has made a provision for public liability costs in relation to the Grenfell incident. This provision is estimated based on a number of complex assumptions relating to the estimated value of the settlements and other relevant costs as well as the share for which the LFC is liable. The current carrying value of the provision based on the above assumptions is £5,825k.
The LFC ,together with other Defendants, has participated in two successful confidential alternative dispute resolution (ADR) processes, which have resolved the employers' liability claims and most of the damages claims from members of the public (PL), in particular most claims from the bereaved survivors and residents. The associated costs for the PL claims are still to be resolved. LFC is not directly involved in any ADR processes for the remaining PL claims but will be making a contribution to any settlements, which it is expected will be achieved without litigation. Therefore uncertainty remains over the amounts which will be required to settle these claims (including costs) and the extent of LFC's potential liability.
LFC anticipate that the remaining claims will be settled and damages paid this financial year (24/25) with costs paid by the end of the next financial year unless they have to be resolved by a costs judge.
</td>
<td>
Significant changes in any of the estimated inputs would result in a significantly lower or higher settlement value for the claims.
The effects of changes in individual assumptions can be measured.
A 10% increase in the settlement value due to claims outside of the ADR process would result in an approximate £225k increase in the public liability provision. No provision has currently been made for these claims which represents the lower end of the range and current estimate in the table below.
A 10% increase or decrease in the legal costs of the public liability will increase or decrease the total provision by £403k.
<table>
<tr><th></th><th>Best case scenario</th><th>Current scenario</th><th>Worst case scenario</th></tr>
<tr><td>10% changes in settlement value for claims outside of ADR</td><td>£5,600</td><td>£5,825</td><td>£6,050</td></tr>
<tr><td>10% changes in legal cost</td><td>£5,421</td><td>£5,825</td><td>£6,228</td></tr>
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Note 3 Other operating expenditure

Material items of income and expenditure

The LFC collected £38.2m (£35.4 in 2022/23) in the form of a levy placed on the insurance industry under the Metropolitan Fire Brigade (MFB) Act 1865. This is included as income in the net cost of services against 'community fire safety and firefighting and rescue operations'. This is an ongoing item and is LFB's most significant source of income outside the Mayoral grant.

The material "one-off" items affecting the comprehensive income and expenditure statement are summarised in the table below.

2022/23 £'000	Other operating income and expenditure	2023/24 £'000
(64)	Proceeds from disposal of non-current assets in year	(1,378)
-	Non-current assets disposed in year	-
19,039	Impairment of fixed assets	(2,283)
18,975	**Total other comprehensive income and expenditure**	**(3,661)**

Note 4 Other comprehensive income and expenditure

The sum shown in the Movement in Reserves Statement for other income and expenditure is shown in the table:

2022/23 £'000	2022/23 £'000	Surplus or deficit on revaluation of non-current assets and actuarial (gains)/losses on pension assets/liabilities	2023/24 £'000	2023/24 £'000
(38,605)		Gain on the revaluation of property assets	53	
		Loss on the revaluation of property assets		
	(38,605)	**Surplus on revaluation of non current assets**		**53**
(1,926,090)		Actuarial (gains)/losses on firefighter pension liabilities	(28,290)	
(197,152)		Actuarial (gains)/losses on LGPS pension assets/liabilities	(35,635)	
	(2,123,242)	**Actuarial (gains)/losses on pension assets/liabilities**		**(63,925)**
	(2,161,847)	**Total other comprehensive income and expenditure**		**(63,872)**

Note 5 Events After the Balance Sheet Date

The Statement of Accounts are due to be authorised for issue by Mostaque Ahmed, Director for Corporate Services, on 31 May 2024. Events taking place after this date are not currently reflected in the financial statements or notes. Where it subsequently becomes clear that events taking place before this date provide information about conditions existing at 31 March 2024, the figures in the financial statements and notes will be adjusted in all material respects to reflect the impact of this information.

Note 6 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the LFC in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the LFC to meet future capital and revenue expenditure.

2023/24 - Adjustments between accounting basis and funding basis under regulations	**General Fund** £'000	**Capital grants unapplied** £'000	**Capital receipts unapplied** £'000	**Total usable reserves** £'000	**Total unusable reserves** £'000
Depreciation, amortisation, and impairment of fixed assets	18,637	-	-	18,637	(18,637)
Transfer of cash sale proceeds credits as part of the gain/loss on disposal to the CIES and use of the Capital Receipts Reserve to finance new capital	(1,378)	-	-	(1,378)	1,378
MRP for capital financing not debited to the Comprehensive Income and Expenditure account	(10,043)	-	-	(10,043)	10,043
Amounts of non current assets written off on disposal as part of the gain/loss on disposal to CIES	(2,283)	-	-	(2,283)	2,283
Amount by which pension costs calculated in accordance with Code are different from contributions due under the pension scheme regulations	58,829	-	-	58,829	(58,829)
Application of capital grants and contributions to capital financing transferred to the Capital Adjustment Account	1,083	-	-	1,083	(1,083)
Adjustment due to accumulated absences, reversal of prior year charge	(5,644)	-	-	(5,644)	5,644
Adjustment due to accumulated absences, current year charge	6,289	-	-	6,289	(6,289)
Total adjustments	**65,490**	**-**	**-**	**65,490**	**(65,490)**

Note 6 Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

The following table provides comparative figures for 2022/23:

2022/23 - Adjustments between Accounting Basis and Funding Basis under Regulations	**General Fund £'000**	**Capital grants unapplied £'000**	**Capital receipts unapplied £'000**	**Total usable reserves £'000**	**Total unusable reserves £'000**
Depreciation, amortisation, and impairment of fixed assets	18,714	-	-	18,714	**(18,714)**
Transfer of cash sale proceeds credits as part of the gain/loss on disposal to the CIES and use of the Capital Receipts Reserve to finance new capital	(64)	-	-	(64)	**64**
MRP for capital financing not debited to the Comprehensive Income and Expenditure account	(8,772)	-	-	(8,772)	**8,772**
Amounts of non current assets written off on disposal as part of the gain/loss on disposal to CIES	19,039	-	-	19,039	**(19,039)**
Amount by which pension costs calculated in accordance with Code are different from contributions due under the pension scheme regulations	100,729	-	-	100,729	**(100,729)**
Application of capital grants and contributions to capital financing transferred to the Capital Adjustment Account	-	-	-	-	**-**
Adjustment due to accumulated absences, reversal of prior year charge	(7,285)	-	-	(7,285)	**7,285**
Adjustment due to accumulated absences, current year charge	5,644			5,644	**(5,644)**
Total Adjustments	**128,005**			**128,005**	**(128,005)**

Note 7 Transfers to/from Earmarked Reserves

Earmarked reserves	Balance as at 31/03/2022 £'000	Transfers out £'000	Transfers in £'000	Balance as at 31/03/2023 £'000	Transfers out £'000	Transfers in £'000	Balance as at 31/03/2024 £'000
Vehicle Fleet Reserve	2,352	(193)	-	2,159	(371)	570	2,358
London Resilience	771	-	-	771	-	570	1,341
Sustainability Reserve	179	(8)	-	171	-	-	171
Hydrants	246	(127)	-	119	(119)	-	-
Compensation	1,000	(75)	-	925	(176)	-	749
Pension Early Release	845	(281)	1,000	1,564	(5)	-	1,559
LSP 2017 Implementation	2,644	(71)	-	2,573	(900)	3,015	4,688
Emergency Services Mobile Communication Programme	1,013	(125)	-	888	-	-	888
Emergency Medical Response	294	-	-	294	(294)	-	-
ICT Development Reserve	1,586	177	900	2,663	(32)	-	2,631
Recruitment/Outreach	-	-	-	-	-	1,342	1,342
Fire Safety and Youth Engagement	6,612	1,577	-	8,189	(1,612)	-	6,577
Additional Resilience Requirements	-	-	-	-	-	-	-
Budget Flexibility	30,533	(5,764)	-	24,769	(21,372)	10,146	13,543
Capital Receipt - GLA	11,745	(4,700)	-	7,045	(7,045)	-	-
LFC Control Centre	729	-	-	729	(729)	-	-
Organisational Reviews	150	-	-	150	(150)	-	-
National Operational Guidance Project	328	-	-	328	(328)	-	-
Transformation Reserve	3,281	(266)	-	3,015	(3,015)	-	-
In-Year Savings Reserve	3,600	-	-	3,600	(3,600)	-	-
Grenfell Infrastructure Reserve	749	(676)	430	503	(288)	-	215
Covid	3,092	(3,092)	-	-	-	-	-
Fire Safety Improvement Reserve	29,680	-	-	29,680	(4,969)	-	24,711
Leadership Reserve	-	-	350	350	(223)	-	127
Marauding Terrorist Attack	-	(222)	1,219	997	(711)	-	286
Communication Reserve	-	-	83	83	(87)	114	110
Legal Reserve	-	(302)	302	-	-	-	-
Finance Reserve	-	-	-	-	-	15	15
HR Reserve	-	-	-	-	-	107	107
Building Safety Regulator	-	-	-	-	-	1,711	1,711
LFB Museum Project	197	(17)	-	180	-	-	180
Total	**101,624**	**(14,163)**	**4,284**	**91,745**	**(46,026)**	**17,590**	**63,309**

Note 8 Minimum Revenue Provision

The LFC is required by statute to set aside a minimum revenue provision, that it considers prudent, for the repayment of external debt and notional interest on credit arrangements, principally leases. The total amount set aside to the Capital Adjustment Account in 2023/24 was **£10.043m** (in 2022/23 it was **£8.772m**), being assessed by the LFC as being prudent.

Note 9 Property Plant and Equipment

ACCOUNTING POLICIES

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

RECOGNITION

Expenditure on the acquisition, creation or enhancement of Property, Plant or Equipment is capitalised on an accruals basis, provided that it is probable that future economic benefits or service potential associated with the item will flow to the LFC and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

MEASUREMENT

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The LFC does not capitalise borrowing costs incurred whilst assets are under construction. A *de minimis* limit of £20,000 is in place for the capitalisation of expenditure.

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the 'taxation and non-specific grant income' line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account.

Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

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

Note 9 Property, Plant and Equipment (continued)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

With non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified they are accounted for in the following way:

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

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

IMPAIRMENT

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

Where impairment losses are identified, they are accounted for in the following way:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is an insufficient balance in the revaluation reserve, the revaluation reserve is written down to nil and the remaining amount of the decrease in value is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

DEPRECIATION

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and heritage assets) and

Note 9 Property, Plant and Equipment (continued)

assets that are not yet available for use (i.e. assets under construction), surplus assets and assets held for sale.

Depreciation is calculated on the following bases:

- Dwellings and other buildings - straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, furniture and equipment - straight-line allocation over the useful life

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account. Depreciation is charged the year after a new asset becomes operational and a full year's deprecation is charged in the year of disposal.

COMPONENT ACCOUNTING

For assets, where the value is classed as material to the LFC (£5m and above), component accounting is applied. Componentisation is applicable to any significant enhancement and/or acquisition expenditure incurred and revaluations carried out as from 1st April 2010. During 2023/24, the non-current tangible assets of the LFC were revalued and this included a re-consideration of the components. Component accounting requirements affects the depreciation charge levied in subsequent financial years. Componentisation does not apply to land assets and it only applies where an item of property, plant and equipment has major components where the cost of these is significant (20% or above) in relation to the total cost of the asset. Where this occurs, the components are recognised and depreciated separately according to their useful lives.

Category	**Depreciation Rate**
Heritage assets	Not depreciated
Surplus assets	Not depreciated
Assets held for sale	Not depreciated
Buildings – structure, roof, plant and services	Estimated life between 10 to 60 years
Vehicles	5 to 25 years
Plant and equipment	5 to 10 years

Note 9 Property, Plant and Equipment (continued)

SURPLUS ASSETS

Surplus assets are those assets that are not being used to deliver services but do not meet the criteria to be classified as either investment properties or non-current assets held for sale. The asset is revalued immediately before reclassification from operational non-current assets to surplus assets under the existing use value. Once the asset is reclassified to surplus assets, the asset is revalued under the IFRS 13 fair value measurement methodology. Any revaluation gains or losses are accounted for under the general measurement of non-current assets. Depreciation is not charged on surplus assets.

DISPOSALS AND NON-CURRENT ASSETS HELD FOR SALE

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment, or assets held for sale) is written off to the 'other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Only amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the LFC's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund balance in the Movement in Reserves Statement.

A loss on disposals is not a charge against LFC revenue funding, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

PRIVATE FINANCE INITIATIVE (PFI) AND SIMILAR CONTRACTS

PFI and similar contracts are agreements to receive services, where the responsibility for making available the non-current assets needed to provide the service passes to the PFI contractor. As the LFC is deemed to control the services that are provided under its vehicle PFI scheme, the LFC carries the assets used under the contract on its Balance Sheet as part of property, plant and equipment.

The original recognition of these vehicles is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets.

Note 9 Property, Plant and Equipment (continued)

Non-current assets recognised on the Balance Sheet are depreciated in the same way as property, plant and equipment owned by the LFC.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the 'financing and investment income and expenditure' line in the Comprehensive Income and Expenditure Statement
- Contingent rent – increases in the amount to be paid for vehicles arising during the contract, debited to the 'financing and investment income and expenditure' line in the Comprehensive Income and Expenditure Statement
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- Life cycle replacement costs – recognised as additions to property, plant and equipment when vehicles are purchased.

Note 9 Property, Plant and Equipment (continued)

The table below shows the movements in the LFC's non-current assets during 2023/24:

Movement in Balances 2023/24	**Land and buildings** **£000**	**Vehicles, plant and equipment** **£000**	**Surplus assets** **£000**	**Assets under construction** **£000**	**Heritage assets** **£000**	**Assets held for sale** **£000**	**Total** **£000**
Cost or valuation							
As at 1 April 2023	**444,514**	**122,354**	**15,805**	**19,479**	**1,432**	**-**	**603,584**
Additions	865	9,712	-	17,812	-	-	28,389
Revaluation increases/(decreases) recognised in Revaluation Reserve	(4,318)	-	4,265	-	-	-	(53)
Revaluation increases/(decreases) recognised in CIES	2,283	-	-	-	-	-	2,283
Derecognition – disposals	-	(1,651)	-	-	-	-	(1,651)
Derecognition – other	-	-	-	-	-	-	-
Other movements in cost or valuation	**4,357**	**13,789**	**-**	**(18,147)**	**-**	-	(1)
As at 31 March 2024	**447,701**	**144,204**	**20,070**	**19,144**	**1,432**	**-**	**632,551**
Accumulated depreciation and impairment							
As at 1 April 2023	**(4,566)**	**(71,702)**	**-**	**(1)**	**-**	-	**(76,269)**
Depreciation charge for 2023/24	(10,800)	(7,562)	-	-	-	-	(18,362)
Derecognition – disposals	-	1,614	-	-	-	-	1,614
Write out of accumulated depreciation	-	-	-	-	-	-	-
As at 31 March 2024	**(15,366)**	**(77,650)**	**-**	**(1)**	**-**	**-**	**(93,017)**
Net book value:							
As at 31 March 2023	439,948	50,652	15,805	19,478	1,432	-	527,315
As at 31 March 2024	432,335	66,554	20,070	19,143	1,432	-	539,534

Note 9 Property, Plant and Equipment (continued)

The table below shows the comparative movements in the LFC's non-current assets during 2022/23:

Movement in Balances 2022/23	**Land and buildings £000**	**Vehicles, plant and equipment £000**	**Surplus assets £000**	**Assets under construction £000**	**Heritage assets £000**	**Assets held for sale £000**	**Total £000**
Cost or valuation							
As at 1 April 2022	**424,816**	**125,939**	**15,137**	**12,739**	**1,432**	**-**	**580,063**
Additions	10,583	1,636	-	6,739	-	-	18,958
Revaluation increases/(decreases) recognised in Revaluation Reserve	25,770	-	668	-	-	-	26,438
Revaluation increases/(decreases) recognised in the CIES	(13)	-	-	-	-	-	(13)
Derecognition – disposals	(16,643)	(5,221)	-	-	-	-	(21,864)
Derecognition – other	-	-	-	-	-	-	-
Other movements in cost or valuation	1	-	-	1	-	-	2
As at 31 March 2023	**444,514**	**122,354**	**15,805**	**19,479**	**1,432**	**-**	**603,584**
Accumulated depreciation and impairment							
As at 1 April 2022	**(2,862)**	**(69,973)**	**-**	**-**	**-**	-	**(72,835)**
Depreciation charge for 2022/23	(12,419)	(6,949)	-	(1)	-	-	(19,369)
Derecognition – disposals	1,282	5,221	-	-	-	-	6,503
Revaluation increases/(decreases) recognised in the CIES	543	(1)	-	-	-	-	542
Write out of accumulated depreciation	12,167	**-**	**-**	**-**	**-**	-	12,167
Other movements in cost or valuation	(3,277)	-	-	-	-	-	(3,277)
As at 31 March 2023	**(4,566)**	**(71,702)**	**-**	**(1)**	**-**	**-**	**(76,269)**
Net book value:							
As at 31 March 2022	421,954	55,966	15,137	12,739	1,432	-	507,228
As at 31 March 2023	439,948	50,652	15,805	19,478	1,432	-	527,315

Note 9 Property, Plant and Equipment (continued)

BASIS OF VALUATIONS

OPERATIONAL PORTFOLIO

For the whole of the LFC operational portfolio, Existing Use Value (EUV) has been adopted. For specialised operational properties, a Depreciated Replacement Cost (DRC) methodology has been used to determine EUV, as there are no market transactions for this type of asset.

In accordance with UK Valuation Standard 1.15 of the Red Book, the figures reported below using DRC methodology are subject to the prospect and viability of the continued occupation and use of the properties by the LFC.

The DRC has been assessed on the basis of the existing properties. Deductions are based on a blended approach of the age and obsolescence of the property. Where a property has physically deteriorated, the property would be revalued as and when it is known.

All fire stations are categorised into groups of similar build, structure and age for valuation purposes. Not all the properties within the LFC's estate were visited in the preceding 12 months, although a sample was assessed from each category in order to ensure that the valuations provided are satisfactory for the purposes of the financial statements.

The DRC assets are required to be assessed taking into account the 'Modern Equivalent Assets' (MEAs) valuation. We have assessed them by using the basis of existing properties and then adjusted them to include any under utilisation in the operational portfolio. An exercise was undertaken to account for any identified excess space and the DRC valuations have been reduced accordingly.

LFC believes that it has satisfied the CIPFA Code and Red Book requirements by ascertaining the 'service requirement' of the operational portfolio and addressed any over-capacity within the operational estate.

THE FORMER LFEPA HEADQUARTERS

The LFC had entered into an agreement to develop the former Brigade HQ at Albert Embankment. The new development will include the re-provision of the existing fire station, together with the LFC Museum. In addition, a meanwhile use lease has been signed with the developer for the use of the separate rear block at the site, to enable the developer to operate from the site in order to secure a planning consent for the redevelopment of the whole site in accordance with the Development Agreement. However, this development has been refused by the Secretary of State.

Previously the site has been valued as one asset but due to the above the site has been spilt into three separate assets, the former HQ and fire station and the separate centre and rear sites. The former HQ and fire station are an operational asset and as such has been valued as a specialised asset; whilst the centre and rear sites are non-operational assets and have been classified as surplus assets which have been revalued at fair value (market value) in line with IFRS 13.

SURPLUS ASSETS

Once an asset is classified to surplus assets, the asset is revalued under the IFRS 13 fair value methodology. The fair value is based on level 2 valuation techniques by reference to sales comparisons and market variables and based on advice which has been provided to the LFC by Sanderson Weatherall, in connection with the estimated Market Values (MVs).

LFC is satisfied that the MV figures provided meet the requirements of 'fair value' as deemed by the CIPFA Code of Practice for Local Authority Accounting 2023/24. On the basis of this, we are of the view that the figures referred to in our accounts are a reasonable reflection of the present values of our property interests.

Note 9 Property, Plant and Equipment (continued)

ASSETS HELD FOR SALE

Assets held for sale are valued at the lower of EUV/DRC and fair value. The methods and assumptions applied to these valuations are the same as noted above for our operational portfolio (EUV/DRC) and surplus assets (fair value). The fair value is represented by the market value of the asset, which is defined at the estimated amount for which an asset or liability should exchange on the valuation date, between a willing buyer and a willing seller, in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

FREEHOLD AND LONG LEASEHOLD INTERESTS

The freehold and long leasehold interests in the various properties which are owned by the London Fire Commissioner (LFC) were valued by External Valuers, Sanderson Weatherall LLP, Chartered Surveyors and Property Consultants, at 31st March 2024, in accordance with the current edition of the RICS Valuation – Global Standards effective from 31st January 2022, including the UK National Supplement effective from 14th January 2019 ('the Red Book').

VALUER'S REPORT

In their report, Sanderson Weatherall LLP confirmed that, for the whole of the LFC operational portfolio, EUV has been adopted. For specialised operational properties, a DRC methodology has been used. Non-specialised operational properties have been valued by reference to sales comparisons and market variables. Special assumptions have been made to disregard the leases which are linked to commercial contracts between LFC and third parties, in the case of the PFI properties (with Blue3) and Ruislip Workshops (with Babcock). Properties which are held for sale have been valued adopting market value, based on sales comparisons and market variables. The EUVs may be different to the prices which would have been obtainable in the open market for LFC's interests in the properties, if they had been declared surplus to LFC's operational requirements, at the valuation date.

Of the £439.9m net book value of property, plant and equipment (PPE) and land and buildings subject to valuation, £414.6m relates to specialised assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to the London Fire Brigade of replacing the service potential of the assets.

VEHICLES

Expenditure on vehicles is part of an ongoing and continual fleet replacement programme.

The LFC have ownership of New Dimension vehicles and equipment, which were previously the property of the Department for Communities and Local Government.

These vehicles are available for national deployment and include specialist vehicles and equipment such as high-volume pumps and mass decontamination equipment.

INTANGIBLE ASSETS

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the LFC will be able to generate future economic benefits or service potential by being able to sell or use the asset. Expenditure is capitalised

Note 9 Property, Plant and Equipment (continued)

where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the LFC can be determined by reference to an active market. If intangible assets held by the LFC fail to meet this criterion, they are carried at amortised cost.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the 'other operating expenditure' line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Intangible assets represent expenditure on computer software which has been capitalised, but which is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. All software is given a finite useful life, based on assessments of the period that the software is expected to be useful to the LFC. The useful lives assigned to the major software suites used by LFC are:

Category	Software Licences	In-house Software
7 years	Firelink radio software Wide-Area Network Command Support System	Mobile Work Systems
5 years	All other intangible assets	Not depreciated

The table below shows the movements in the LFC's intangible assets during 2023/24:

Movement in Balances 2023/24	**Operational**			**Under development (non-operational)**		
	Software licences £'000	**In-house software £'000**	**Total £'000**	**Software licences £'000**	**In-house software £'000**	**Total £'000**
Balances at 1 April 2023						
Gross carrying amounts	14,355	13,192	27,547	-	-	-
Accumulated amortisation	(14,335)	(12,491)	(26,826)	-	-	-
Net carrying amount at 1 April 2023	20	701	721	-	-	-
Reclassification	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Amortisation for the period	(10)	(265)	(275)	-	-	-
Net carrying amount at 31 March 2024	**10**	**436**	**446**	**-**	**-**	**-**
Comprising:						
Gross carrying amounts	14,355	13,192	27,547	-	-	-
Accumulated amortisation	(14,345)	(12,756)	(27,101)	-	-	-
	10	**436**	**446**	**-**	**-**	**-**

The table below shows the movements in the LFC's intangible assets during 2022/23:

Movement in Balances 2022/23		**Operational**			**Under development (non-operational)**	
	Software licences £'000	**In-house software £'000**	**Total £'000**	**Software licences £'000**	**In-house software £'000**	**Total £'000**
Balances at 1 April 2022						
Gross carrying amounts	14,355	12,998	27,352			
Accumulated amortisation	(14,325)	(12,227)	(26,550)	-	-	-
Net carrying amount at 1 April 2022	30	771	802	-	-	-
Reclassification	-	-	-	-	-	-
Additions	-	194	194	-	-	-
Amortisation for the period	(10)	(264)	(274)	-	-	-
Net carrying amount at 31 March 2023	**20**	**701**	**721**	**-**	**-**	**-**
Comprising:						
Gross carrying amounts	14,355	13,192	27,547	-	-	-
Accumulated amortisation	(14,335)	(12,491)	(26,826)	-	-	-
	20	**701**	**721**	**-**	**-**	**-**

HERITAGE ASSETS

Heritage assets are assets that are held by the LFC principally for their contribution to knowledge or culture. These assets are accounted for as a separate item on the balance sheet and are valued on an insured value basis. The Museum at Southwark closed in 2015/16: pending a move to a new site, the collection is in storage until the new site is ready. Meanwhile, some museum pieces will be placed on display at various sites. The collection can be divided across four main areas: museum exhibits, the art collection, the museum archive, and the museum library.

Note 10 Financial Instruments

ACCOUNTING POLICY

FINANCIAL LIABILITIES

Financial liabilities are recognised on the Balance Sheet when the LFC becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at amortised cost. The LFC has taken loans from the Public Works Loans Board (PWLB) at fixed rates to maturity and the associated arrangement cost of the loans is not material. In these circumstances, there is no need to carry out a formal effective interest rate calculation, as the instruments carry the same interest rate for the whole term of the instrument.

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

The LFC has not restructured its borrowing during the year, therefore there have been no gains or losses on the repurchase or early settlement of borrowing resulting from any premiums or discounts.

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:

- **Financial assets held at amortised cost**: These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.
- **Fair value through other comprehensive income (FVOCI)**: these assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of.
- **Fair value through profit and loss (FVTPL)**: These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

For most of the loans that the LFC has, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

The LFC has made a number of loans to employees at less than market rate (soft loans). However, the difference in the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal, is not material and, therefore, does not require adjustment to the Comprehensive Income and Expenditure Statement.

Note 10 Financial Instruments (continued)

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

31 March 2023		Financial liabilities and assets at amortised cost	31 March 2024	
Long-term	**Current**		**Long-term**	**Current**
£'000	**£'000**	**Borrowings**	**£'000**	**£'000**
46,725	2,000	Public Work Loan Board (PWLB) debt	43,225	3,500
389	58	PWLB accrued interest	369	20
-	**-**	Short-term borrowing	**-**	**-**
47,114	**2,058**	**Total borrowings**	**43,594**	**3,520**
39,910	1,557	PFI and finance lease liabilities	38,327	1,583
39,910	**1,557**	**Total other long-term liabilities**	**38,327**	**1,583**
-	12,127	Creditors	-	31,646
87,024	**15,742**	**TOTAL**	**81,921**	**36,749**

31 March 2023		Financial liabilities and assets at amortised cost	31 March 2024	
Long-term	**Current**		**Long-term**	**Current**
£'000	**£'000**	**Loans and receivables**	**£'000**	**£'000**
-	-	Investments	-	-
-	-	Short term investments	-	-
-	-	Accrued interest	-	-
-	**-**	**Total investments**	**-**	**-**
66	7,663	Debtors	247	48,797
-	88,586	Cash equivalents	-	23,221
66	**96,249**	**TOTAL**	**247**	**72,018**

Note 10 Financial Instruments (continued)

FINANCIAL INSTRUMENTS GAINS/(LOSSES)

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2022/23 £'000	Financial instruments income and expenditure	2023/24 £'000
5,248	Interest expense	4,846
(3,491)	Interest income	(5,278)
1,757	**Net loss/(gain) for the year**	**(432)**

2022/23 £'000	Financial instruments income and expenditure	2023/24 £'000
2,403	PWLB borrowing	2,100
2,845	PFI lease interest and contingent rentals	2,746
5,248	**Total interest expense**	**4,846**

FAIR VALUE OF ASSETS AND LIABILITIES

Financial liabilities and financial assets classed as loans and receivables and financial liabilities at amortised cost are carried in the balance sheet at amortised cost.

Their fair values can be estimated by calculating the present value of cash flows that will take place over the remaining term of the instruments. The fair values calculated are as follows:

The Code of Practice incorporates the adoption of IFRS 13 Fair Value measurement, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The valuations use the Net Present Value (NPV) approach, which provides an estimate of the value of payments in the future in today's terms. The discount rate used in the NPV calculation should be equal to the same instrument from a comparable lender. The discount rates were obtained by the LFC's treasury advisor Link Asset Services and PWLB from the market on 31 March 2024, using bid prices where applicable.

The fair value of fixed term deposits includes accrued interest as at the balance sheet date. Interest is calculated using the most common market convention, ACT/365, over the actual number of days in a calendar year. Interest is not paid/received on the start date of an instrument but is paid/received on the maturity date.

The fair value of PWLB debt is based on PWLB valuation and the local authority debt is based on a level 2 valuation which has been provided by Link Asset Services, who are an independent treasury management service provider to UK public service organisations. Link Asset Services valuation uses the new borrowing rates in their valuation assessment.

31 March 2023			**31 March 2024**	
Carrying amount	**Fair value**	**Liabilities and assets**	**Carrying amount**	**Fair value**
£'000	**£'000**		**£'000**	**£'000**
48,725	53,107	Public Work Loan Board Debt (PWLB)	46,725	49,012
-	-	Short-term borrowing	-	-
39,910	39,910	PFI and other finance leases	38,327	38,327
12,127	12,127	Trade and other creditors	31,646	31,646
100,762	**105,144**	**Total liabilities**	**116,698**	**118,985**
7,663	7,663	Trade and other debtors	48,797	48,797
66	66	Long term debtors	247	247
88,586	88,586	Cash and cash equivalents	23,221	23,221
96,315	**96,315**	**Total assets**	**72,265**	**72,265**

*The value of debtors and creditors reported in the table are solely those amounts meeting the definition of a financial instrument.

NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

KEY RISKS

The LFC's activities expose it to a variety of financial risks. The key risks are:

(i) **credit risk**: the possibility that other parties might fail to pay amounts due to the LFC

(ii) **liquidity risk**: the possibility that the LFC might not have funds available to meet its commitments to make payments

(iii) **re-financing risk**: the possibility that the LFC might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms

(iv) **market risk**: the possibility that financial loss might arise for the LFC as a result of changes in such measures as interest rate movements

OVERALL PROCEDURES FOR MANAGING RISK

The LFC's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the LFC to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the LFC to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution
- by approving annually in advance prudential and treasury indicators for the following three years, limiting:
  - the LFC's overall borrowing
  - its maximum and minimum exposures to fixed and variable rates
  - its maximum and minimum exposures to the maturity structure of its debt
  - its maximum annual exposures to investments maturing beyond a year
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance

These are required to be reported and approved before the start of the year to which they relate. These items are reported with the annual Treasury Management Strategy (TMS), which outlines the detailed approach to managing risk in relation to the LFC's financial instrument exposure. Bi-annual reports on treasury management performance are submitted to the Corporate Services Directorate Board for scrutiny, and then to the LFC.

The LFC's daily treasury management function is managed under a shared service arrangement with the GLA, who carry out borrowing, investment and reporting requirements. Investments were previously managed through a Group Investment Syndicate (GIS) but, since 30 June 2023, have been managed by the London Treasury Liquidity Fund (LTLF), an investment partnership between six local authorities structured as a register Alternative Investment Fund (AIF).

The annual TMS for 2023/24, which incorporates the prudential indicators and investment strategy, approved by LFC on 28th March 2023 and is available on the LFC website (LFC-23-028).

The key issues within the strategy were:

(i) The Authorised Borrowing Limit for 2023/24 was set at £245m with an Operational Borrowing Limit of £240m. As part of ensuring compliance with IFRS 16, the operational and authorised borrowing limits will be reviewed and increased as necessary. Updated borrowing limits will be approved separately, once a detailed data gathering exercise has been completed and the impact of IFRS 16 compliance quantified, during the 2024/25 financial year.

(ii) The maximum and minimum exposures to the maturity structure of debt are as per the table.

(iii) No principal sums to be invested for periods longer than one year, subject to review.

The LFC sets these policies and officers maintain approved written principles for overall risk management, as well as written policies (Treasury Management Practices (TMPs)) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically. Any changes are reported to the LFC for consideration.

CREDIT RISK

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the LFC's customers.

This risk is minimised through the Annual Investment Strategy (AIS), which requires that deposits are only made with financial institutions on the approved counterparty lending list. Acceptability as an authorised counterparty will be based upon credit ratings issued by credit ratings agencies, advice from the LFC's treasury advisors, Link Asset Services and other financial information sources deemed appropriate by the Director for Corporate Services in order to ensure that investments are made giving sufficient priority to security over yield in accordance with Section 15 (1) of the Local Government Act 2003.The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after these initial criteria are applied. The additional criteria for the LFC's loan portfolio (quantified at the day of lending) are set out in the LFC's investment strategy which is included as part of the TMS that was approved on 28 March 2023.

Exposure to the maturity of debt	Upper limit	Lower limit
Under 12 months	20%	0%
12-24 months	20%	0%
2-5 years	50%	0%
5-10 years	75%	0%
10 years and over	90%	25%

The LFC's annual investment strategy takes a risk-averse approach to investment that gives priority to the security of funds over the potential rates of return. As set out in the strategy statement for the current year, LFC is using the current creditworthiness service from Link Asset Services as a starting point. This method uses credit ratings from all three agencies and a scoring system that incorporates credit default swap rates. It does not give undue prevalence to any one agency's ratings.

The LFC's maximum exposure to credit risk in relation to its investments in banks and building societies 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. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all of the LFC's deposits, but there was no evidence as at the 31 March 2024 that this was likely to crystallise.

The major element of the LFC's investments were held and managed in the GLA GIS, which was jointly controlled by the GLA, and syndicate members, including LFC, through their respective chief financial officers. GIS funds were instantly accessible, as are funds held within the LTLF.

The closing investment position on the GIS, as at 29 June 2023, was £55.8m. This was then transferred to the LTLF on 30 June 2023. As at 31 March 2024 it was £21.0m (£76.2m as at 31 March 2023) with a weighted average maturity of 91 days. Including a sum held on a NatWest call account (£0.3m), the total investment position as at 31 March 2024 was £21.3m (£81.5m as at 31 March 2023). Cumulative performance for the year was 2.51% and attracted interest of £5.2m. The performance figure is net of fees.

LIQUIDITY RISK

The LFC manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The LFC has ready access to borrowings from the money markets to cover any day-to-day cash flow needed, and also has access to the PWLB, local authority and money markets for access to longer-term funds. The LFC is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All sums owing, including investments and non-statutory trade debtors, are due to be paid in less than one year. The maturity analysis of financial liabilities is as shown in the table:

31 March 2023 £'000	Maturity analysis	31 March 2024 £'000
2,000	Within 1 year	3,500
3,500	Between 1 and 2 years	5,000
10,725	Between 2 and 5 years	8,725
9,000	Between 5 and 10 years	6,000
23,500	More than 10 years	23,500
48,725	**Total**	**46,725**

* All trade and other payables are due to be paid in less than one year and are not shown in the table.

REFINANCING AND MATURITY RISK

The LFC maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the LFC relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator provides limits for the maturity structure of debt and on investments of greater than one year in duration. These are the key parameters used to address this risk. The LFC approved treasury and investment strategies address the main risks and the GLA treasury management team address the operational risks within the approved parameters.

This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the LFC's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of borrowing is as follows, with the upper and lower limits for fixed interest rates maturing in each period:

Maturity analysis of fixed rate borrowing	Approved upper limits	Approved lower limits	Actual 31/03/2023	Actual 31/03/2024
Less than 1 year	20%	0%	4%	7%
Between 1 and 2 years	20%	0%	7%	11%
Between 2 and 5 years	50%	0%	22%	19%
Between 5 and 10 years	75%	0%	19%	13%
More than 10 years	90%	25%	48%	50%

MARKET RISK

INTEREST RATE RISK

The LFC is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the LFC, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

(i) **borrowings at variable rates**: the interest expense charged to the Comprehensive Income and Expenditure Statement would rise

(ii) **borrowings at fixed rates**: the fair value of the borrowing would fall (no impact on revenue balances)

(iii) **investments at variable rates**: the interest income credited to the Comprehensive Income and Expenditure Statement would rise

(iv) **investments at fixed rates**: the fair value of the assets would fall (no impact on revenue balances)

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the 'surplus or deficit on the provision of services' or 'other comprehensive income and expenditure' lines.

Sensitivity analysis	**Best case scenario**	**Current scenario**	**Worst case scenario £'000**
Interest payable (PWLB) – %	**3.71%**	**4.71%**	**5.71%**
Interest payable (PWLB) – £'000	1,602	2,034	2,466
Interest receivable – %	**4.78%**	**5.78%**	**6.78%**
Interest receivable – £'000	(4,365)	(5,278)	(6,191)
Total – £'000	**(2,763)**	**(3,244)**	**(3,725)**

Note 11 Long Term Borrowing

31 March 2023 £'000	Long-term borrowing The sources are:	31 March 2024 £'000
46,725	Public Works Loan Board	43,225
46,725	**Total**	**43,225**
	These loans mature as follows:	
3,500	Between 1 and 2 years	5,000
10,725	Between 2 and 5 years	8,725
9,000	Between 5 and 10 years	6,000
3,000	Between 10 and 15 years	5,000
20,500	More than 15 years	18,500
46,725		**43,225**
389	Add accrued interest	369
47,114	**Total**	**43,594**

Note 12 Debtors

SHORT TERM DEBTORS

These are as illustrated in the table:

31 March 2023 £'000	Debtors	31 March 2024 £'000
29,246	Central government bodies - Home Office	7,148
2,889	Central government bodies - HMRC	5,632
-	Central government bodies – other	20
8,269	Other entities and individuals	50,753
(606)	Impairment allowance for doubtful debts	(1,956)
3,437	Payments in advance	3,285
43,235	**Total debtors**	**64,882**

Aged debt analysis	**Greater than 2 years £'000**	**1-2 years £'000**	**120-365 days £'000**	**90-120 days £'000**	**60-90 days £'000**	**30-60 days £'000**	**Total £'000**
Sundry debt (excl. MFB)	20	626	964	6	234	3,409	5,259
Third party claims	15	25	3	0	0	0	43
Metropolitan Fire Brigade (MFB) Act	6	12	5,130	0	0	4,186	9,334
Total	41	663	6,097	6	234	7,595	14,636

IMPAIRMENT ALLOWANCE

Following a review of the particular circumstances and profile of the LFC's debtors, the general provision of £606k brought forward from 2022/23 to safeguard against future losses or non-recoveries has increased by £1,650k during the year to £1,956k. The aged debt analysis shows that £14.636m (£6.117m 2022/23) of the total outstanding debt is past its due date for payment. All outstanding debt shown below has been allowed for in the LFC's assessment of bad debt provision. The third-party debts are being repaid in instalments.

Note 13 Cash and cash equivalents

Cash is represented as cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 90 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

The major element of the LFC's investments are held and managed in the London Treasury Liquidity Fund (LTLF), an investment partnership between six local authorities structured as a register Alternative Investment Fund (AIF), to which the Director for Corporate Services is a syndic and the LFC's representative. Funds held within GIS are instantly available to LFC.
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 LFC's cash management.

31 March 2023 £'000	Cash and cash equivalents	31 March 2024 £'000
10	Cash held by the authority	10
7,050	Bank current accounts	1,831
81,526	Short term deposits held on demand	21,380
-	Short term with maturity of 3 months or less	-
88,586	**Total cash and cash equivalents**	**23,221**

Note 14 Creditors

31 March 2023 £'000	Creditors	31 March 2024 £'000
14,585	Central government bodies – HMRC	(3,592)
-	Central government bodies – Home Office	(110)
1,310	Other local authorities	(373)
12,127	Other entities and individuals	31,646
5,645	Accumulated absences	6,290
25,906	Receipts in advance	28,052
59,573	**Total creditors**	**61,913**

Note 15 Provisions

PROVISIONS

Provisions are made where an event has taken place that gives the LFC a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and where a reliable estimate can be made of the amount of the obligation. For instance, the LFC may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the LFC becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required.

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

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

Transitional arrangements pensions case remedy - Injury to Feelings claims provision

Following the McCloud/Sargeant judgment on the unlawful pensions transitional protection, the claimants who brought claims via the Fire Brigades Union (FBU) in 2015 will be entitled to an injury to feelings award. Following legal negotiations, the Government Legal Department (GLD) has now made an offer to settle those claims brought in England and Wales. The LFC raised a provision based on its number of claimants and the estimated value of the settlement, to make a provision of £3,630k. It is now known that funding to meet the costs of settling these claims will be provided by the Home Office; as such, the decision was taken to release this provision in the current financial year.

Employer Liability claims provision

The LFC has received a number of claims from its employees, following attendance at the Grenfell Tower incident. These claims include claims for Post-Traumatic Stress Disorder (PTSD) and similar injuries and relate to the circumstances and environment experienced at the incident and therefore entities/authorities other than LFC are likely to bear a significantly greater share of these and the related liabilities. The LFC has raised a provision for its estimated share of the total liability which is based on the number of claimants and the estimated value of any settlement. Using this information, a provision was made for £1,292k. This provision is no longer required, as the position it was assuring has been settled by another provision, with further liabilities to be met by QBE; as such, the decision was taken to release this provision in the current financial year.

Public Liability claims provision

The LFC, together with other relevant entities/authorities, has received a number of claims in relation to public liability following the Grenfell Tower incident. These claims relate to the impact of, and the circumstances and environment presented at, the incident, and therefore entities/authorities other than LFC may share the liability. The LFC has raised a provision for its share of the total liability which is based on the estimated value of the settlements and other relevant costs. Using this information, a provision was made for £10,778k. Much of this was used to settle claims in the financial year 2022/23, and at the beginning of the present year the value of the provision stood at £1,304k. A further £448k was utilised in the current financial year; and, on the basis of improved information about the nature of the claims and the potential costs involved, the value of this provision has been revised upwards by £4,969k, resulting in a revised value of £5,825k.

Remaining damages costs are expected be settled within 12 months and are therefore shown as a short-term liability. The cost of any settlement is expected to be met from amounts received from the insurer.

In addition, a provision has also been made for Restorative Justice costs at a total of £8,250k. LFC has yet to meet with the claimants' legal representatives to begin discussions which will give LFC an indication of timescales for restorative justice. However, LFC currently expects payments for this will occur through financial years 2024-25 to 2027-28.

Short Term Provisions 2023/24	Public liability	Employer liability	Immediate detriment	Legal	Property	Motor insurance	MFB refund	MMI insurance levy	Car leases	EU grant repayments	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Opening balance	1,304	-	-	3,408	-	-	75	-	-	-	4,787
Increase/(decrease) in provision during the year	4,969	2,525	-	7	-	-	-	-	855	351	8,707
Utilised during the year	(448)	(2,525)			-			-			(2,973)
Closing balance	**5,825**	**-**		**3,415**	**-**	**-**	**75**	-	**855**	**351**	**10,521**

Long Term Provisions 2023/24	Public liability	Employer liability	Immediate detriment	Legal	Property	Motor insurance	MFB refund	MMI insurance levy	Car leases	EU grant repayments	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Opening balance	8,250	1,292	3,630	-	-	931	510	147	-	-	14,760
Increase/(decrease) in provision during the year	-	(1,292)	(3,630)	-	-	-	-	-	-	-	(4,922)
Utilised during the year	-	-	-	-	-	-	-	-	-	-	-
Closing balance	**8,250**	**-**	**-**	**-**	**-**	**931**	**510**	**147**	**-**	**-**	**9,838**

Note 16 Usable Reserves

ACCOUNTING POLICY

The LFC sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund balance in the Movement in Reserves Statement on the 'provision of services' line in the Comprehensive Income and Expenditure Statement. The usable reserves consist of the LFC's General Fund (£18.516m) and a range of earmarked reserves for specific purposes, including the Budget Flexibility Reserve, of £63.309m; £0.205m is also held as a capital grant unapplied. Movements in the LFC's usable reserves are detailed in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure statement.

Note 17 Unusable Reserves

31 March 2023 *£'000*	**Unusable reserves**	**31 March 2024 *£'000***
(237,930)	Revaluation Reserve	(235,897)
(147,918)	Capital Adjustment Account	(143,882)
5,044,767	Pension Reserve	5,039,671
5,644	Accumulated absences account	6,289
4,664,563	**Total Unusable Reserves**	**4,666,181**

REVALUATION RESERVE

The Revaluation Reserve contains the gains made by the LFC arising from increases in the value of its property, plant and equipment and intangible assets.

The balance of the Revaluation Reserve 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;
- 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.

2022/23		Revaluation Reserve	2023/24	
£'000	**£'000**		**£'000**	**£'000**
	(203,451)	Balance as at 1 April		(237,930)
(38,605)		Upward revaluation of assets	**53**	
-		Downward revaluation of assets and impairment losses not charged to the surplus/deficit on 'provision of services'		
	(38,605)	Surplus or deficit on revaluation of non-current assets not posted to the surplus/deficit on 'provision of services'		**53**
		Adjustment to historical cost depreciation		**1,980**
4,126		Difference between fair value depreciation and historical cost depreciation		
		Accumulated gains on assets sold or scrapped		
	4,126	Amount written off to the Capital Adjustment Account		-
	(237,930)	**Balance at 31 March**		**(235,897)**

CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for 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 LFC as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the LFC. The Account also contains revaluation gains accumulated on Property, Plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2022/23		Capital Adjustment Account	2023/24	
£'000	**£'000**		**£'000**	**£'000**
	(172,710)	Balance at 1 April		(147,918)
37,754		Charges for depreciation and impairment of non-current and intangible assets	16,354	
-		Revaluation losses on property, plant and equipment	-	
-		Other derecognition (8 A E)	-	
-		Amounts of non current assets de-recognised or written off on the disposal or sale as part of the gain/loss on disposal to Comprehensive Income and Expenditure	-	
	37,754			**16,354**
(64)		Use of capital receipts to finance new capital expenditure	(1,378)	
-		Adjustment to historical depreciation	(1,980)	
(4,126)		Adjusting amounts written out to the Revaluation Reserve		
-		Capital grant and contributions credited to Comprehensive Income and Expenditure that have been applied to capital financing		
-		Application of grants to capital financing from capital grants unapplied	1,083	
(8,772)		Statutory provision for the financing of capital investments charged against the General Fund	(10,043)	
	(12,962)			**(12,318)**
	(147,918)	**Balance at 31 March**		**(143,882)**

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 LFC 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. However, statutory arrangements require benefits earned to be financed as the LFC makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the LFC 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.

2022/23 £'000	Pensions Reserve	2023/24 £'000
7,067,280	Balance at 1 April	5,044,767
(2,123,242)	Actuarial (gains)/losses on pensions assets and liabilities	(63,925)
294,919	Reversal of items relating to retirement benefits debited or credited to the surplus/deficit on the 'provision of services' line in the Comprehensive Income and Expenditure Statement	262,493
(194,190)	Employer's pensions contributions and direct payments to pensioners payable in the year	(203,664)
5,044,767	**Balance at 31 March**	**5,039,671**

ACCUMULATED ABSENCES ACCOUNT

Short-term accumulating compensated absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the LFC. The most significant benefit covered by this heading is holiday pay.

Employees build up entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render service that increases their entitlement to future compensated absences. As a result, the LFC is required to accrue for any annual leave earned, but not taken, at 31 March each year.

The Government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Account, which is included in unusable reserves on the Balance Sheet, until the benefits are used.

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, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the account.

2022/23		Accumulated Absences account	2023/24	
£'000	**£'000**		**£'000**	**£'000**
	7,285	Balance as at 1 April		5,644
(7,285)		Settlement or cancellation of accrual made at the end of the preceding year	(5,644)	
5,644		Amounts accrued at the end of the current year	6,289	
	(1,641)	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		645
	5,644	**Balance as at 31 March**		**6,289**

Note 18 Expenditure and Income Analysed By Nature

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by CIPFA's Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the LFC on the basis of budget reports analysed on a subjective rather than objective format, based on available funding through GLA grant. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to depreciation, revaluation and impairment losses, or amortisation. These are charged to services in the Comprehensive Income and Expenditure Statement. The reports do, however, include external financing costs, which includes debt charges such as interest costs and Minimum Revenue Provision, to reflect the cost of repaying debt;

- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year as defined by the LFC's actuaries;

- Expenditure on some support services is budgeted for centrally and not charged to directorates.

The LFC receive and approve a budget report in March for the following financial year. During the year, they receive quarterly financial and service performance monitoring reports.

2022/23 £'000	Expenditure and Income Analysed by Nature	2023/24 £'000
520,735	Employee benefits expenditure	507,484
35,536	Premises	43,769
18,526	Transport	19,955
31,190	Supplies and services	37,881
1,300	Third party payments	1,853
5,248	Interest payments	4,846
37,754	Depreciation and impairment	16,354
650,289	**Total expenditure**	**632,142**
(51,157)	Fees, charges and other service income	(58,459)
(3,491)	Interest and investment income	(5,278)
(64)	Gain on disposal of non-current assets	(1,378)
(38,012)	Government grants and contributions	(31,945)
(421,800)	GLA Funding	(445,800)
-	Insurance receipts	
(514,524)	**Total income**	**(542,860)**
135,765	**(Surplus) or deficit on provision of services**	**89,282**

The table shows the deficit on the provision of services in a subjective format as presented in end-of-year outturn management reports. Management reports are available to view on the LFC's website.

EXPENDITURE AND FUNDING ANALYSIS

The expenditure and funding analysis shows how annual expenditure is used and funded from resources by the LFC in comparison with those resources consumed or earned by the LFC, in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Expenditure and Funding Analysis	Expenditure chargeable to General Fund £'000	2023/24 Adjustments between funding and accounting basis £'000	Net expenditure in CIES £'000
Firefighting and rescue operations, community fire safety, emergency planning and civil defence	465,254	(152,603)	312,651
Cost of services	**465,254**	**(152,603)**	**312,651**
Other income and expenditure	(441,462)	217,827	(223,635)
(Surplus)/Deficit on provision of services	**23,792**	**65,224**	**89,016**
Opening General Fund balance			(13,872)
Surplus)/Deficit on provision of services			23,792
Transfers (to)/from earmarked reserves			(28,436)
Closing General Fund balance			**(18,516)**

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustment for capital purposes £'000	Net change for the pensions adjustment £'000	2023/24 Net change for other adjustments £'000	Adjustments between funding and accounting basis £'000
Firefighting and rescue operations, community fire safety, emergency planning and civil defence	18,637	(171,619)	645	(152,337)
Cost of services	**18,637**	**(171,619)**	**645**	**(152,337)**
Other income and expenditure from the expenditure and funding analysis	(13,704)	230,448	1,083	217,827
Difference between General Fund surplus/deficit and the Comprehensive Income and Expenditure Statement: surplus/deficit on the provision of services	**4,933**	**58,829**	**1,728**	**65,490**

Note 18 Expenditure and Income Analysed By Nature (continued)

The following table provides comparative figures for 2022/23:

Expenditure and Funding Analysis		**2022/23**	
	Expenditure chargeable to General Fund	**Adjustments between funding and accounting basis**	**Net expenditure in CIES**
	£'000	**£'000**	**£'000**
Firefighting and rescue operations, community fire safety, emergency planning and civil defence	422,770	(67,992)	354,778
Cost of services	**422,770**	**(67,992)**	**354,778**
Other income and expenditure	(415,010)	195,997	(219,013)
(Surplus)/Deficit on provision of services	**7,760**	**128,005**	**135,765**
Opening General Fund balance			(11,753)
Surplus)/Deficit on provision of services			**7,760**
Transfers (to)/from earmarked reserves			(9,879)
Closing General Fund balance			**(13,872)**

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts			**2022/23**	
	Adjustment for capital purposes	**Net change for the pensions adjustment**	**Net change for other adjustments**	**Adjustments between funding and accounting basis**
	£'000	**£'000**	**£'000**	**£'000**
Firefighting and rescue operations, community fire safety, emergency planning and civil defence	18,714	(85,065)	(1,641)	(67,992)
Cost of services	**18,714**	**(85,065)**	**(1,641)**	**(67,992)**
Other income and expenditure from the expenditure and funding analysis	10,203	185,794		195,997
Difference between General Fund surplus/deficit and the Comprehensive Income and Expenditure Statement: surplus/deficit on the provision of services	**28,917**	**100,729**	**(1,641)**	**128,005**

Note 19 Members' Allowances

Under the Policing and Crime Act 2017,. the London Fire Commissioner (LFC), appointed by the Mayor of London, is a corporation sole and the fire authority for Greater London, discharging the functions described by the Fire and Rescue Services Act 2004. Accordingly, London's fire authority does not have any directly paid elected members.

Under the arrangements, the Mayor has the power to give directions and guidance to the London Fire Commissioner relating to the exercise of their functions. The London Fire Commissioner's appointed statutory deputy is the Deputy Commissioner and Operational Director for Preparedness and Response. The Mayor has also appointed a Deputy Mayor for Planning, Regeneration and the Fire Service (previously Deputy Mayor for Fire and Resilience) to exercise some functions of the Mayor relating to fire and rescue. These governance arrangements came into effect on 1 April 2018.

Note 20 Officer Remuneration

SENIOR OFFICERS

Senior officers are defined by the CIPFA Code as those officers whose salary/remuneration is £150k or more, and those whose salary is £50k or more and who meet the criteria of statutory chief officers as defined by Section 2(6) of the Local Government and Housing Act 1989, as amended, and their direct reports. The remuneration paid to the LFC's senior officers (including those at Director grade or above) is as follows:

London Fire Commissioner and Corporation Sole – Office Holder – 2023/24

2023/24 Post title and name	Period	Remuneration (incl. fees and allowances) £	Prior year back-dated salary	Expense allow-ances £	Compensation on loss of office £	Other compensation payments £	Total remuneration (excluding pensions) £	Pension contributions £	Total remuneration (including pensions) £
London Fire Commissioner Office Holder and Corporation Sole: Andy Roe	01/04/23-31/03/24	218,588	6,181	-	-	-	224,769	64,733	289,502

Senior officers – 2023/24

2023/24 Post title and name	Period	Remuneration (incl. fees and allowances) £	Prior year back-dated salary	Expense allow-ances £	Compensation on loss of office £	Other compensation payments £	Total remuneration (excluding pensions) £	Pension contributions £	Total remuneration (including pensions) £
Deputy Commissioner, Operational Director for Prevention, Protection and Policy: Dom Ellis	01/04/23-31/03/24	170,587	2,361	1,679	-	-	174,628	49,566	224,194
Deputy Commissioner, Operational Director for Prevention. Protection and Policy: Charlie Pugsley	01/04/23-31/03/24	140,620	4,399	-	-	-	145,019	41,041	186,060
Deputy Commissioner, Operational Director for Preparedness and Response: Jonathan Smith	01/04/23-31/03/24	169,744	2,361	-	-	-	172,105	49,566	221,672
Director for Corporate Services: Mostaque Ahmed	01/04/23-31/03/24	169,744	3,800	466	-	-	174,210	24,672	198,682

Director for Transformation: Fiona Dolman	01/04/23-31/03/24	159,135	4,500	-	-	-	163,635	23,236	186,871
Director for People: Tim Powell	01/04/23-31/05/23	69,670	4,500	-	102,318	-	176,488	4,507	180,995
Director of Communications: Helen Coleman	01/04/23-31/01/24	163,969	2,589	-	113,381	-	279,938	18,023	297,961
General Counsel to Commissioner: Kathryn Robinson	01/04/23-31/03/24	151,174	2,824	-	-	-	153,998	21,868	175,866

N.B. Charlie Pugsley was promoted to Deputy Commissioner and Operational Director for Prevention, Protection and Policy on 18 March 2024, with a short period of overlap with Dom Ellis. The salary shown is for full year including the period when he was Assistant Commissioner.

London Fire Commissioner and Corporation Sole – Office Holder – 2022/23

2022/23 Post title and name	Period	Remuneration (including fees and allowances) £	Prior year back-dated salary	Expense allow-ances £	Compensation on loss of office £	Other compensation payments £	Total remuneration (excluding pensions) £	Pension contributions £	Total remuneration (including pensions) £
London Fire Commissioner Office Holder and Corporation Sole: Andy Roe	01/04/23-31/03/24	206,040		162	-	-	206,202	59,340	265,542

Senior officers – 2022/23

2022/23 Post title and name	Period	Remuneration (including fees and allowances) £	Prior year back-dated salary	Expense allow-ances £	Compensation on loss of office £	Other compensation payments £	Total remuneration (excluding pensions) £	Pension contributions £	Total remuneration (including pensions) £
Deputy Commissioner, Director for Operational Delivery: Richard Mills	01/04/22-31/03/23	84,787		-	-	-	84,787	24,839	109,626
Deputy Commissioner, Operational Director for Prevention. Protection and Policy: Dom Ellis	01/04/22-31/03/23	79,424		1,121	-	-	80,545	22,528	103,073
Deputy Commissioner, Operational Director for Preparedness and Response: Jonathan Smith	01/04/22-31/03/23	78,222		-	-	-	78,222	22,528	100,750
Director for Corporate Services: Mostaque Ahmed	01/06/22-31/03/23	133,333		415	-	-	133,748	20,400	154,148

Director for People: Tim Powell	01/04/22-31/03/23	153,477	-	-	-	153,477	23,482	176,959
Director for Transformation: Fiona Dolman	01/04/22-31/03/23	150,000	-	-	-	150,000	22,950	172,950

N.B. Deputy Commissioner, Operational Director for Prevention, Protection and Policy & Deputy Commissioner, Operational Director for Preparedness and Response - new posts replacing Deputy Commissioner and Director for Operational Delivery.

Mark McLaughlin was the Interim Director for Corporate Services and s.127 Officer and until 31 May 2022. Mark McLaughlin was retained by the LFC on an interim basis and paid via an arrangement and as such he was not salaried.

EMPLOYEES WHOSE REMUNERATION (EXCLUDING EMPLOYER'S PENSION CONTRIBUTIONS) WAS £50K OR HIGHER

The numbers of employees shown in each band in this table do not include those senior employees whose remuneration is shown individually in the table above:

2022/23 number	Salary range	2023/24 number
880	£50,000 - £54,999	1,016
360	£55,000 - £59,999	394
103	£60,000 - £64,999	154
70	£65,000 - £69,999	76
65	£70,000 - £74,999	83
58	£75,000 - £79,999	69
33	£80,000 - £84,999	44
25	£85,000 - £89,999	29
16	£90,000 - £94,999	35
13	£95,000 - £99,999	15
7	£100,000 - £104,999	15
1	£105,000 - £109,999	6
2	£110,000 - £114,999	6
2	£115,000 - £119,999	5
4	£120,000 - £124,999	5
2	£125,000 - £129,999	1
1	£130,000 - £134,999	3
1	£135,000 - £139,999	1
1	£140,000 - £144,999	3
-	£145,000 - £149,999	1

Note 21 Audit Fees

The LFC has incurred the following costs in relation to the audit of the Statement of Accounts and statutory inspections provided by its external auditors, Ernst and Young (EY). The £245k figure shown in the table represents a planned fee of £185k for the 2023/24 audit, and additional fees proposed by EY for increased regulatory focus and change of scope.

2022/23	Audit fees	2023/24
£'000		*£'000*
63	Fees payable to appointed auditor for external audit services	245
-	Prior year audit inspection fees	87
63	**Total**	**332**

Due largely to plans to reduce the nationwide backlog in public sector audit, the statement of accounts for the financial year 2022/23 were not audited (other than a review of the value for money arrangements), making FY2023/24 the first full audit since FY2021/22. This explains both the markedly lower spend for FY2022/23 (the Public Sector Audit Appointments (PSAA) will use its fee variation process to determine the final fee the Authority will have to pay); and, to some extent, the higher fee for the current year, as points of concern raised in FY2021/22, and the increased levels of scrutiny they have prompted, remain on the auditors' programme of work – though the main driver of increased costs is that 2023/24 is the first year of the new PSAA contract period, which has seen large increases in fees for all clients.

The proposed audit fees include a scale fee at £184,964, and then additional fees for the following (subject to approval by PSAA at date of authorisation of 2023/24 accounts):

- Lower materiality limit (£30,000)
- IFRS 16 (£10,000)
- ISA 315 (£20,000)

The first of these areas reflects the concerns raised at the last full audit. A lower materiality limit means more items fall into scope for a more forensic level of review then in the last audit, and this additional work leads to additional fees.

The charge for IFRS 16 reflects the fact that this accounting standard will take full effect in FY2024/25, and so part of the auditors' work this year will be to review LFB's preparedness for this implementation.

The last item, the revisions to ISA 315, will have an impact on the auditors' scope and approach as they evaluate the impact of IT on key processes supporting the production of the financial statements.

Given the information above, the final external audit fees for 2024/25 audit fees is likely to remain at a similar or lower level than the current year.

Note 22 Grant Income

GOVERNMENT GRANTS AND CONTRIBUTIONS ACCOUNTING POLICY

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

- the LFC will comply with the conditions attached to the payments, and
- the grants/contributions will be received.

Amounts recognised as due to the LFC are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line ('attributable revenue grants and contributions') or 'taxation and non-specific grant income' (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

The grants received by the LFC are non-ringfenced and therefore unconditional. The 2023/24 £445.8m GLA grant income (£421.8m in 2022/23) shown in the table is comprised of two elements:

2022/23 £'000	Credited to taxation and non-specific grant income	Source of funding	2023/24 £'000
(421,800)	GLA grant	Greater London Authority	(445,800)
(3,739)	PFI grant	Home Office	(3,732)
(425,539)	**Total**		**(449,532)**

£'000	Credited to services	Source of Funding	£'000
21,732	Fire pensions grant	Home Office	21,732
-	Pensions remedy funding	Home Office	-
3,458	New Dimensions & USAR grant	Home Office	3,636
-	Fire Covid 19 grant	Home Office	-
178	New Risks grant	Home Office	-
76	Innovate UK	Innovate UK (formerly Technology Strategy Board)	-
9	Spacecombat	Home Office	-
-	Fire safety grant	Home Office	-
-	Fire contingency grant	Home Office	-
2,182	Merton Regional Control	Home Office	2,182
-	Local resilience fund	Home Office	-
32	Mass fatalities regional capacity	Home Office	32
-	Building risk review	Home Office	-
3,201	Protection uplift	Home Office	-
-	Audit grant	Greater London Assembly	27
805	Fire Revenue Fire Link grant	Home Office	604
2,600	NI health and social care levy	DLUHC	-
34,273	**Total**		**28,213**

- **Grant funding in the form of retained business rates**: £252.3m (£242.7m in 2022/23)
- **GLA precepts**: £193.5m (£179.1m in 2022/23).

The LFC credited grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/24 as shown in the table.

Note 23 Related Party Transactions

MAYOR OF LONDON AND THE GREATER LONDON AUTHORITY (GLA)

The London Fire Brigade is run by the London Fire Commissioner, a corporation sole and the fire and rescue authority for London, and is one of the five GLA functional bodies.

Under The Policing and Crime Act 2017, the Mayor of London has responsibility for fire and rescue services in London. The functions sit within existing GLA structures, with a Deputy Mayor covering fire, a statutory 'London Fire Commissioner' and a Committee of the London Assembly which provides scrutiny. All assets, liabilities and resources of the former LFEPA transferred to the London Fire Commissioner (LFC) under statute on 1 April 2018.

The Mayor sets and provides the budget for LFC and provides grant funding to support it; approves the London Safety Plan; and has the power to direct the London Fire Commissioner, but must act reasonably and must not cut across responsibilities of the Fire Commissioner.

CENTRAL GOVERNMENT

The LFC has relations with, and obtains grant funding from, central government departments. In particular, the Home Office has significant influence over the general operations of the LFC – it is responsible for providing the statutory framework within which the LFC operates and provides the majority of its funding, via the GLA, in the form of various grants. As at 31 March 2024, sums due to and from central government departments are shown in notes 12 and 14. Grants received from government departments are set out in note 22.

MEMBERS/OFFICERS

The LFC has direct control over the LFC's financial and operating policies, assisted by a range of independent roles such as the members of Audit Committee, the Chair of Local Pension Board and operational advisors. Since 2018/19, no member allowances have been paid, as there have not been any paid elected members, as detailed in note 19.

A number of LFC officers were members of the London Fire Brigade Welfare Fund Executive Council. One senior officer is a Director of LFB Enterprises Ltd, a wholly-owned trading company, but received no payment during the year.

Aside from the cases detailed in the previous paragraph, all LFC officers, including senior management, have declared that, during the year, neither they nor any member of their close family or household have had any related party transactions with the London Fire Commissioner during the period 1 April 2023 to 31 March 2024.

This disclosure note has been prepared on the basis of specific declarations obtained in April 2024 in respect of related party transactions. The LFC has prepared this disclosure in accordance with its current interpretation and understanding of CIPFA's Code of Practice on Local Authority Accounting in the UK. The Code's provisions are based on International Accounting Standard 24 (IAS24).

Note 24 Capital Expenditure and Capital Financing

In 2023/24, total spending on the capital programme for tangible and intangible assets was £28.4m (£19.2m in 22/23). The spend included the rebuilding and modernising of fire stations and other buildings (£17.5m), upgrading ICT equipment (£2.6m) and the purchase of fleet vehicles and equipment (£8.3m). Capital expenditure on LFC assets (£28.4m) has been financed in accordance with the Prudential Code, using Capital receipts (£0.3m), Capital grants (£1.0m), Revenue contribution (£0.3m), and internal borrowing (£26.9m).

The table shows the movement in the LFC's Capital Financing Requirement (CFR) showing expenditure in year and sources of funding applied.

The capital programme, approved by the LFC (LFC-0679) included a total forecast capital spend of £37.9m in 2024/25, £52.4m in 2025/26 and £41.1m in 2026/27.

2022/23 £'000	**Capital Expenditure and Financing**	**2023/24 £'000**
131,463	Opening Capital Financing Requirement	141,779
12,219	Tangible operational assets	10,577
6,739	Tangible non-operational assets	17,812
194	Intangible assets	-
	Sources of finance	
(64)	Government grants and other contributions	(1,378)
-	Sums set aside from revenue to fund capital expenditure	(250)
(8,772)	Minimum Revenue Provision	(10,043)
-	Other movements	
141,779	Closing Capital Financing Requirement	158,497
	Explanation of movements in year	
10,316	Increase/(decrease) in underlying need to borrow	16,718
-	Other movements	-
10,316	**Increase/(decrease) in Capital Financing Requirement**	**16,718**

Note 25 Other Long-Term Liabilities

Other long term liabilities shown in the balance sheet comprise the long-term elements of the vehicle PFI and Merton Control finance lease, deferred credits and the pensions liability, of which details are shown in the notes that follow.

31 March 2023 £'000	**Other Long-Term Liabilities**	**31 March 2024 £'000**	**Note**
39,910	Long-term PFI properties	38,327	
1,897	Deferred credit	1,897	
2,883	Merton RCC straight line payment	2,883	
5,044,766	Pensions liability	5,039,670	28
5,089,456	**Total**	**5,082,777**	

Note 26 Service Concession Arrangements, Finance and Operating Leases

LEASES

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The rules on local government lease accounting are to change in the financial year 2024/25 as the accounting standard IFRS16 becomes applicable to the sector. This is detailed below.

THE LFC AS A LESSEE – FINANCE LEASES

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the LFC are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment, applied to write down the lease liability, and
- A finance charge (debited to the 'financing and investment income and expenditure' line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the LFC at the end of the lease period).

The LFC is not required to raise funding to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment, in accordance with statutory requirements. Depreciation, revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

PRIVATE FINANCE INITIATIVE (PFI) AND SIMILAR CONTRACTS

PROPERTY PFI SCHEME

In 2013/14, the LFC entered into a PFI agreement with Blue3 (London) Ltd to design, build, finance and maintain nine new fire stations. The first rebuilt fire station became operational in 2014/15. Eight fire stations were completely rebuilt on their existing sites at Dagenham, Dockhead, Leytonstone, Old Kent Road, Orpington, Plaistow, Purley and Shadwell; while the Mitcham fire station was built on a new site.

The PFI project will see the Brigade receive an additional £57.5m from central government (index linked to cover inflation over the contact period). PFI provides a way of funding major capital investments without the public purse having to find all the cost up front.

The LFC will carry the assets used under the contract on its Balance Sheet as part of property, plant and equipment. As non-current assets recognised on the Balance Sheet they will be depreciated in the same way as property, plant and equipment owned by the LFC.

The contract runs for a period of 25 years and, in return, the Brigade will pay a regular charge on the property, known as the unitary charge. Once the agreed repayment period ends, the fire station buildings will be returned to the Brigade in a pre-agreed and acceptable condition, although the buildings always remain the Brigade's property.

The amounts paid under the PFI finance lease in 2023/24 and 2022/23 is shown below:

Finance Lease Property PFI	**Unitary charge £'000**	**Deferred liability £'000**	**Income & expenditure account £'000**
Opening balance as at 1 Apr 2023	-	41,467	-
New finance lease liability in year	-	-	-
Principal sum paid in year	1,557	(1,557)	-
Interest	2,746	-	2,746
Contingent rentals	77	-	77
Operational expenses	1,430	-	1,430
Balance as at 31 March 2024	**5,810**	**39,910**	**4,253**
Opening balance as at 1 Apr 2022	-	42,910	-
New finance lease liability in year	-	-	-
Principal sum paid in year	1,443	(1,443)	-
Interest	2,845	-	2,845
Contingent rentals	64	-	64
Operational expenses	1,415	-	1,415
Balance as at 31 March 2023	**5,767**	**41,467**	**4,324**

Note 26 Service Concession Arrangements, Finance and Operating Leases (continued)

The tables show the forecast future payments due under the property arrangement:

PFI property future liabilities 2023/24	Within 1 year £'000	Within 2 to 5 years £'000	Within 6 to 10 years £'000	Within 11 to 15 years £'000	Within 16 to 20 years £'000
Lease rental liabilities	1,583	6,440	10,035	14,912	6,940
Operating costs	1,569	7,981	12,061	12,258	4,797
Interest costs	2,640	9,501	9,267	5,206	571
Contingent rentals	64	(18)	(313)	134	125
Total	**5,856**	**23,904**	**31,050**	**32,510**	**12,433**

Comparative figures for 2022/23:

PFI property future liabilities 2022/23	Within 1 year £'000	Within 2 to 5 years £'000	Within 6 to 10 years £'000	Within 11 to 15 years £'000	Within 16 to 20 years £'000
Lease rental liabilities	1,557	6,359	9,312	13,948	10,292
Operating costs	1,430	7,333	11,914	11,973	7,446
Interest costs	2,746	9,927	9,900	6,157	1,202
Contingent rentals	77	91	(346)	127	121
Total	**5,810**	**23,710**	**30,780**	**32,205**	**19,061**

FINANCE LEASES

The LFC holds one finance lease at 31 March 2024 for the nine fire stations provided under the PFI contract. The table below shows the future payments under the lease agreement.

Total value of minimum lease payments as at 31/03/2023	Present value of minimum lease payments as at 31/03/2023	PFI property finance lease	Total value of minimum lease payments as at 31/03/2024	Present value of minimum lease payments as at 31/03/2024
£'000	***£'000***		***£'000***	***£'000***
4,304	4,026	Not later than one year	4,223	3,696
16,286	12,960	Later than one year and no later than five years	15,941	11,864
46,446	23,512	Later than five years	46,931	20,913
67,036	**40,498**	**Total**	**67,095**	**36,473**

THE LFC AS A LESSEE – OPERATING LEASES

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent free period at the commencement of the lease).

OPERATING LEASES AND LIABILITIES

The following table shows a breakdown of the LFC's current operating leases as at 31 March 2024 with future sums committed. The future minimum lease payments payable under non-cancellable leases in future years are:

Land and buildings 31 March 2023 £'000	Vehicles, plant and equipment 31 March 2023 £'000	Operating lease payments	Land and buildings 31 March 2024 £'000	Vehicles, plant and equipment 31 March 2024 £'000
8,081	2,206	Not later than one year	8,351	2,976
26,268	5,607	Later than one year and no later than five years	16,792	4,110
22,590	-	Later than five years	17,547	-
56,940	**7,813**	**Total**	**42,690**	**7,086**

The actual expenditure incurred and charged to the CIES for Merton RCC was £3,306k.There were contingent rents in 2023/24 for Merton RCC. The contingent rent is the difference between the minimum lease payment and the actual amount paid (£364k). The Authority had no subleases.

THE LFC AS A LESSOR

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

INTRODUCTION OF ACCOUNTING STANDARD IFRS16 – ESTIMATE OF IMPACT ON THE STATEMENT OF ACCOUNTS

The rules on local government lease accounting are to change in the financial year 2024/25 as the accounting standard IFRS16 becomes applicable to the sector. This is detailed below. Under this standard, all arrangements currently treated as leases, and going forwards all arrangements having the characteristics of a lease, whether or not they have the legal status of a lease, are treated as finance leases; including those leases currently accounted for as operating leases. The only exceptions will be where the remaining life of the arrangement is less than one financial year; and/or where the value of the arrangement is immaterial in the context of the accounts.

In the current financial year, authorities are therefore encouraged to assess, quantify and show the estimated financial impact this change will have on their accounts. This assessment is summarised in the following tables, which set out what the effect would be if the IFRS16 regime was applied to the current accounting period.

Land and buildings 31 March 2023 £'000	Vehicles, plant and equipment 31 March 2023 £'000	Total impact 31 March 2023 £'000	Impact of initial recognition of operating leases under IFRS16	Land and buildings 31 March 2024 £'000	Vehicles, plant and equipment 31 March 2024 £'000	Total impact 31 March 2024
-	-	-	Recognition	42,010	6,997	49,008
-	-	-	Assets - current	(6,374)	(2,600)	(8,973)
-	-	-	Assets – non-current	(35,636)	(4,398)	(40,034)
-	**-**	**-**	**Total**	**-**	**-**	**-**

Land and buildings 31 March 2023 £'000	Vehicles, plant and equipment 31 March 2023 £'000	IFRS liabilities	Land and buildings 31 March 2024 £'000	Vehicles, plant and equipment 31 March 2024 £'000
-	-	Not later than one year	6,374	2,600
-	-	Later than one year and no later than five years	18,114	4,398
-	-	Later than five years	17,522	-
-	**-**	**Total**	**42,010**	**6,997**

Land and buildings: current treatment 31 March 2023 £'000	Land and buildings: IFRS16 31 March 2023 £'000	Difference liabilities between current treatment and treatment under IFRS16 – land and buildings	Land and buildings: current treatment 31 March 2024 £'000	Land and buildings: IFRS16 31 March 2024 £'000
8,081	-	Not later than one year	8,351	6,374
26,268	-	Later than one year and no later than five years	16,792	18,114
22,590	-	Later than five years	17,547	17,522
56,940	**-**	**Total**	**42,690**	**42,010**

Vehicles, plant and equipment: current treatment 31 March 2023 £'000	Vehicles, plant and equipment: IFRS16 31 March 2023 £'000	Difference liabilities between current treatment and treatment under IFRS16 – land and buildings	Vehicles, plant and equipment: current treatment 31 March 2024 £'000	Vehicles, plant and equipment: IFRS16 31 March 2024 £'000
2,206	-	Not later than one year	2,976	2,600
5,607	-	Later than one year and no later than five years	4,110	4,398
-	-	Later than five years	-	-
7,813	**-**	**Total**	**7,086**	**6,997**

Note 27 Termination Benefits

ACCOUNTING POLICY

Termination benefits are amounts payable as a result of a decision by the LFC to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy. They are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the LFC is demonstrably committed either to the termination of the employment of an employee or group of employees, or to making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the LFC to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

The LFC terminated the contracts of four employees in 2023/24, incurring liabilities of £0.254m.

Exit package cost band	Number of compulsory redundancies		Number of other agreed departures		Total number of exit packages		Total cost of exit packages in each band	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£'000	No.	No.	No.	No.	No.	No.	No.	No.
0 - 20	-	-	-	-	-	-	-	-
20 - 40	-	-	4	1	4	1	115	38
40 - 60	-	-	1	-	1	-	53	-
60 - 80	-	-	-	-	-	-	-	-
80 - 100	-	-	-	-	-	-	-	-
100 - 150	-	-	-	2	-	2	-	216
Over 150	-	-	-	-	-	-	-	-
Total	-	-	5	3	5	3	168	254

Note 28 Pensions

Defined Benefit Pension Schemes

POST EMPLOYMENT BENEFITS – ACCOUNTING POLICY

Post-employment benefits can include pensions, life insurance or medical care. Postemployment benefit plans are classified as either defined contribution plans or defined benefit plans. The LFC has no post-employment benefit plans other than pensions.

Pensions are provided for all full-time employees under the requirements of statutory regulations. In certain circumstances these regulations extend to cover part-time employees. The schemes in operation are:

THE 1992 FIREFIGHTERS' PENSION SCHEME, THE 2006 FIREFIGHTERS PENSION SCHEME, AND THE 2015 FIREFIGHTERS PENSION SCHEME:

These are unfunded schemes, which are administered by the LFC in accordance with regulations initially laid down by the Department for Communities and Local Government (CLG), now the responsibility of the Home Office. These schemes are administered under a shared service arrangement with the London Pension Fund Authority (LPFA), now subcontracted to the Local Pensions Partnership (LLP) on behalf of the LFC. For such schemes as there are no investment assets, IAS 19 requires recognition of the liability and pension reserve in the Balance Sheet and transactions in the Comprehensive Income and Expenditure Statement for movements in the liability and reserve. The last actuarial review for IAS 19 purposes was dated April 2024.

LOCAL PENSION GOVERNMENT PENSION SCHEME (LGPS):

This scheme is funded by employer and employee contributions to the LPFA, with administration and investment management services provided through LLP. The scheme provides members with defined benefits related to pay and service. The contribution rate is determined by the LPFA with advice from the fund's Actuary, based on triennial actuarial valuations, the last review, impacting on 2023/24, being at 31 March 2022. Under Pension Fund Regulations, contribution rates are set to meet all of the overall liabilities of the Fund. The last actuarial review for IAS 19 purposes was dated April 2020.

Post employment benefits have been included in the LFC's accounts to comply with accounting standard IAS19 - Employee Benefits. The International Accounting Standards Board (IASB) issued a new version of IAS19 in June 2011. This revised standard applies to financial years starting on or after 1 January 2013.

Consequently, the following tables and disclosures have been presented in the revised formats as required by the CIPFA Code of Practice on Local Authority Accounting 2023/24.

ACTUARIAL FIGURES ARE INCLUDED IN THE AUTHORITY'S ACCOUNTS ON THE FOLLOWING BASIS:

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on a high quality corporate bond.

The assets of the Fund (LGPS only) attributable to the LFC are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

The change in the net pension's liability is analysed into seven components, being:

- Current service cost – the increase in liabilities as a result of years of service earned this year allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Expected return on assets (LGPS only) – the annual investment return on the fund assets attributable to the LFC, based on an average of the expected long term return – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
- Gains/losses on settlements and curtailments – the result of actions to relieve the LFC of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to Pensions Reserve
- Contributions paid to the Fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

MCCLOUD/SARGEANT JUDGEMENT

Allowance has been made for the potential impact of the McCloud / Sergeant judgement.

Note 28 Pensions (continued)

TRANSACTIONS RELATING TO POST-EMPLOYMENT BENEFITS

The LFC recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the charge the LFC is required to make against council tax funding is based on the cash payable in the year, so the real cost of post-employment/ retirement benefits is reversed out of the General Fund via the MiRS. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund via the MiRS during the year.

The firefighter pension actuary figures shown in the tables are the combined figures for the 1992, 2006 and 2015 schemes.

Local Government Pension Scheme 2022/23 £'000	Firefighter's Pension Schemes 2022/23 £'000	Comprehensive Income and Expenditure Statement	Local Government Pension Scheme 2023/24 £'000	Firefighter's Pension Schemes 2023/24 £'000
		Cost of services		
20,107	88,880	Current service cost	8,727	23,180
		Past service costs/(gain)		
		Financing and investment income and expenditure		
4,974	180,820	Net Interest expense	458	229,990
138		Administrating expenses	138	
25,219	**269,700**	**Total post-employment benefit charged to the surplus or deficit on the provision of services**	**9,323**	**253,170**
		Other post-employment benefits charged to the surplus or deficit on the provision of services		
		Re-measurement of the net defined benefit liability comprising:		
5,862		• Return on plan assets (excluding the amount included in the net interest expense)	(20,620)	
	(251,270)	• Actuarial (gains) and losses arising on changes in demographic assumptions	(5,703)	0
(253,614)	(2,050,130)	• Actuarial (gains) and losses arising on changes in financial assumptions	(10,519)	(96,620)
50,600	375,310	Experience (gains) and losses on defined benefit obligation	1,207	68,330
		Other		
(171,933)	**(1,656,390)**	**Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement**	**(26,312)**	**224,880**
		Movement in Reserves Statement		
(25,219)		Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(9,323)	(253,170)
11,790	182,400	Employers' contributions payable to scheme	7,914	195,750
		Benefits paid directly to beneficiaries		
(13,429)	**182,400**	**Actual amount charged against the General Fund balance for pensions in the year.**	**(1,409)**	**(57,420)**

Note 28 Pensions (continued)

The service cost for firefighters and support staff has been allocated to the Comprehensive Income and Expenditure Statement based on individual levels of staff pensionable pay for the year. Details of the LFC's accrued liability in respect of both the firefighters' and the Local Government Pension Schemes are given below. Further information in respect of the Local Government Pension Scheme can be found in the Pension Fund's Annual Report, which is available upon request from the ***Local Pensions Partnership.***

LGPS number 2022/23	FPS number 2022/23	Membership of schemes	LGPS number 2023/24	FPS number 2023/24
983	4,297	Actives	983	4,297
734	1,318	Deferred pensioners	734	1,318
1,527	8,890	Pensioners*	1,527	8,890
265	-	Unfunded pensioners	265	-

** Includes injury pensioners*

LGPS avg age 2022/23	FPS avg age 2022/23	Membership of schemes	LGPS avg age 2023/24	FPS avg age 2023/24
47	41	Actives	47	41
52	44	Deferred pensioners	52	44
71	66	Pensioners	71	66
76	-	Unfunded pensioners	76	-
-	71	Injury pensioners	-	71

Retirement Benefits

In accordance with the requirements of IAS19, the LFC has to disclose its share of assets and liabilities related to pension schemes for its employees. As explained above the LFC participates in three firefighter schemes, which are unfunded, and the Local Government Pension Scheme for other employees, which is administered by the Local Pensions Partnership (LPP) on behalf of the LPFA. In addition, the LFC has made arrangements for the payment of added years to certain retired employees not funded by the schemes.

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

Local Government Pension Scheme As at 31 March 2023 £'000	Firefighter's Pension Schemes As at 31 March 2023 £'000	LFC pensions obligations	Local Government Pension Scheme As at 31 March 2024 £'000	Firefighter's Pension Schemes As at 31 March 2024 £'000
459,799	-	Present value of the defined benefit obligation	458,598	-
(459,156)	-	Fair value of plan assets	(491,642)	-
643	**-**	**Net**	**(33,044)**	**-**
12,854	5,031,270	Present value of the unfunded obligation	12,315	5,060,400
13,497	**5,031,270**	**Net liability arising from defined benefit obligation**	**(20,729)**	**5,060,400**

Note 28 Pensions (continued)

RECONCILIATION OF THE MOVEMENTS IN THE FAIR VALUE OF ASSETS SCHEME (PLAN)

Local Government Pension Scheme 2022/23 £'000	**London Fire Commissioner Asset Scheme**	**Local Government Pension Scheme 2023/24 £'000**
458,562	Opening fair value of scheme assets	459,156
11,855	Interest income	21,807
	Re-measurement gain/(loss)	
(5,862)	• The return on plan assets excluding the amount included in the net interest expense	20,620
	• Other	
11,790	Contributions from employer	7,914
3,639	Contributions from employees into the scheme	3,917
(20,690)	Benefits paid	(21,634)
	Settlement prices received/(paid)	
(138)	Other	(138)
459,156	**Closing fair value of scheme assets**	**491,642**

Note 28 Pensions (continued)

RECONCILIATION OF PRESENT VALUE OF THE SCHEME LIABILITIES (DEFINED BENEFIT OBLIGATION)

Funded Liabilities Local Government Pension Scheme 2022/23 £'000	Unfunded Liabilities Firefighter's Pension Schemes 2022/23 £'000		Funded Liabilities Local Government Pension Scheme 2023/24 £'000	Unfunded Liabilities Firefighter's Pension Schemes 2023/24 £'000
655,782	**6,869,430**	**Opening balance at 1 April**	**472,653**	**5,031,270**
20,107	88,880	Current service cost	8,727	23,180
16,829	180,820	Interest costs	22,265	229,990
3,639	27,760	Contributions from scheme participants	3,917	25,410
		Re-measurement (gains) and losses:		
	(251,270)	• Actuarial gains/losses arising from changes in demographic assumptions	(5,703)	-
(253,614)	(2,050,130)	• Actuarial gains/losses arising from changes in financial assumptions	(10,519)	(96,620)
50,600	375,310	• Experience loss/(gain) on defined benefit obligation	1,207	68,330
(910)		Unfunded pension payments	(910)	
		Past service cost		
(19,780)	(210,160)	Benefits paid	(20,724)	(221,160)
		Liabilities extinguished on settlements		
472,653	**5,030,640**	**Closing balance at 31 March**	**470,913**	**5,060,400**

LOCAL GOVERNMENT PENSION SCHEME ASSETS COMPRISED:

RATE OF RETURN ON FUND ASSETS

Based on the assets the LFC's share of Fund assets is approximately 6.12%.

Based on a bid value to bid value basis the actuary has estimated that the return on the LGPS fund assets for the year to 31 March 2024 to be 9.34%. The actual return on the Fund assets over the year may be different. (Note that this figure includes an allowance for the difference in the asset return used in the previous period's report and the Fund's actual asset return.)

BASIS FOR ESTIMATING ASSETS AND LIABILITIES

The Firefighter pension schemes have been valued by the Government Actuary's Department and the LGPS fund liabilities have been valued by Barnett Waddingham.

VALUATION METHOD

For both the LGPS and Firefighters' schemes, liabilities have been assessed on an actuarial basis using the projected unit credit method, i.e. an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The main assumptions used in the calculations are as per the financial assumptions that follow.

As at 31 March 2023 £'000	Fair value of Fund assets	As at 31 March 2024 £'000
270,011	Equities	297,672
85,374	Target Return Portfolio	84,814
58,097	Infrastructure	56,480
45,088	Property	44,975
586	Cash	7,701
459,156	**Total**	**491,642**

Note 28 Pensions (continued)

FINANCIAL ASSUMPTIONS

The financial assumptions used for the purposes of the IAS19 calculations are as follows:

These assumptions are set with reference to market conditions as at 31 March 2024.

Local Government Pension Scheme 31/03/2023	Firefighter Pension Scheme 31/03/2023	Assumptions as at	Local Government Pension Scheme 31/03/2024	Firefighter Pension Scheme 31/03/2024
2.95%	2.60%	CPI increases	2.90%	2.60%
3.95%	3.85%	Salary increases	3.90%	3.85%
2.95%	2.60%	Pensions increase	2.90%	2.60%
4.80%	4.65%	Discount rate	4.90%	4.75%

ACTUAL AND FUTURE EMPLOYERS CONTRIBUTION RATES

In previous years, the LFC made additional employer contribution payments to the LGPS fund to reduce the LGPS pension deficit. That payment in 2022/23 was £3.663m. Together these payments resulted in ongoing savings from against the LFC's past service deficit payments. With the 2022 valuation of the Fund, the requirement to make past service deficit payments stopped for 23/24, with only the ongoing employers contribution rates of 14.2% required.

The projected future contribution rates do not include any allowance for the impact of the McCloud/Sargeant judgement following two employment tribunal cases which were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015.

Employer contribution	**2022/23**	**2023/24**
	£'000	**£'000**
LGPS	11,790	7,914
Firefighters' schemes	48,109	55,742
Total	**59,899**	**63,656**

LOCAL GOVERNMENT PENSION SCHEME

The Administering Authority for the Fund is the LPFA. The LPFA Board oversees the management of the Fund whilst the day to day fund administration and investment management is undertaken by LPP. Where appropriate some functions are delegated to the Fund's professional advisers.

As Administering Authority to the Fund, the London Pensions Fund Authority, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These should be amended when appropriate based on the Fund's performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2025 and will set contributions for the period from 1 April 2026 to 31 March 2029. There are no minimum funding requirements in the LGPS, but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

Should the LFC as an employer decide to withdraw from the scheme on withdrawal from the plan a cessation valuation would be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which would determine the termination contribution due by the Authority, on a set of assumptions deemed appropriate by the Fund actuary.

In general, participating in a defined benefit pension scheme means that the LFC as an employer is exposed to a number of risks:

- Investment risk: The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk: The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk: All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- Longevity risk: In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the London Pension Fund Authority Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the employer i.e. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

LGPS – ACTUARIAL ASSUMPTIONS

The actuary's estimate of the employer's active (final salary)modified liability duration is 19 years.

An estimate of the employer's future cash flows is made using notional cash flows based on the estimated duration above. These estimated cash flows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cash flows, discounted at this single rate, equates to the net present value of the cash flows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the previous accounting date.

Similarly to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cash flows described above. The single inflation rate derived is that which gives the same net present value of the cash flows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30 year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40 year point. This is consistent with the approach used at the previous accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, a further assumption has been made about CPI which is that it will be 0.35% p.a. below RPI i.e. 2.90% p.a. This is a reasonable estimate for the future differences in the indices, based on the different calculation methods, recent independent forecasts and the duration of the employer's liabilities. The difference between the RPI and CPI is the same as that assumed at the previous accounting date.

Salaries are assumed to increase at 1.0% p.a. above CPI. This is the same as the salary increase assumption at the previous accounting date and has been updated in line with the most recent funding valuation.

FIREFIGHTER PENSION SCHEMES ASSUMPTIONS

The present value of liabilities has been determined using the Projected Unit Credit Method (PUCM). Under the PUCM, the actuarial liability represents the present value of future benefit payments arising in respect of service prior to the valuation date. In respect of active members, the actuarial liability includes allowance for expected future pay increases up to the assumed date of retirement or exit, and for subsequent pension increases. In respect of pensions in payment and deferred members, the actuarial liability includes allowance for future pension increases (and revaluation in deferment). The liability is calculated using the principal financial assumptions applying to the 2023/24 pension disclosures.

The cost of benefits accruing in the period from 1 April 2023 to 31 March 2024 was determined using the Projected Unit Credit Method with a one-year control period and based on the principal financial assumptions applying to the 2022/23 pension disclosures. This rate represents the present value of benefits accruing to active members over the year, with allowance for pay increases to the assumed date of retirement or exit, expressed as a level percentage of the expected pensionable payroll over the control period.

DISCOUNT RATE

IAS19 requires the nominal discount rate to be set by the reference to market yields on high quality corporate bonds, or where there is no deep market in such bonds then by reference to Government bonds. The currency and terms of the corporate or Government bonds need to be consistent with the scheme liabilities.

The duration of the scheme is around 19 years; this estimate is materially (to the nearest year) unchanged from last year and is greater than that of any meaningful AA corporate bond data. We believe that there is insufficient corporate bond data of a sufficiently long duration to directly extrapolate the discount rate from these. A nominal discount rate has been calculated by using gilts plus an additional spread to reflect the difference between the yields on gilts and bonds. Based on this methodology, the nominal
final discount rate at 31 March 2024 is assumed to be 4.90% a year.

PENSION INCREASES

The pension increase assumption as at 31 March 2024 is based on the Consumer Price Index (CPI) expectation of inflation which is assumed to be 2.90%.

EARNINGS INCREASES ASSUMPTIONS

It is assumed that there is a long term rate of salary growth of 1.00% above CPI.

The assumed nominal rate of salary growth is therefore 3.90% a year.

RATE OF REVALUATION FOR CARE PENSIONS

A rate of revaluation for CARE pensions of 4.75% a year has been assumed, which is equal to our assumed long term rate of salary growth. The rate of revaluation does not take into account any allowance for short-term pay restraint in the public sector as the revaluation is based on Average Weekly Earnings for the economy as a whole.

ALLOWANCE FOR INJURY PENSIONS

Under paragraph 157 of IAS 19 any obligation arising from other long-term employee benefits that depend on length of service need to be recognised when that service takes place. As injury awards under the scheme are dependent on service, we have valued the liability expected to arise due to injury awards in respect of service prior to the valuation date. Gratuity lump sum paid on injury are not dependent on service and so are recognised as a past service cost when the payments are made.

DEMOGRAPHICAL/STATISTICAL ASSUMPTIONS

2022/23		Mortality assumptions	2023/24	
LGPS	**Fire Service Pension Schemes**		**LGPS**	**Fire Service Pension Schemes**
Age 65	Age 65	**Average Future Life expectancy as at**	Age 65	Age 65
Retiring today	**Current pensioners**			
21.6 years	21.2 years	**Male**	21.3 years	21.3 years
23.7 years	21.2 years	**Female**	23.5 years	21.3 years
Retiring in 20 years	**Future Pensioners**			
22.5 years	22.9 years	**Male**	22.3 years	22.9 years
25.5 years	22.9 years	**Female**	25.3 years	22.9 years

MORTALITY ASSUMPTIONS

The post retirement mortality for the LGPS scheme is based on Club Vita analysis. These base tables are then projected using the CMI 2022 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0 an initial addition parameter of 0.0% p.a. and a 2022 weighting of 25%.

The mortality assumption for the firefighter schemes is based on the S2NMA/S2DFA tables, published by the Continuous Mortality Investigation Board (CMIB) of the actuarial profession, with future improvement in line with the population actual then ONS 2018 based principal population projection.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the tables 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 change that the assumption analysed changes while all the 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 credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

SENSITIVITY ANALYSIS

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

Local Government Pension Scheme	£'000	£'000	£'000
Adjustment to discount rate	**0.10%**	**0.00%**	**-0.10%**
Present value of total obligation	464,059	470,913	477,935
Project service cost	7,848	8,140	8,443
Adjustment to discount rate	**0.10%**	**0.00%**	**-0.10%**
Present value of total obligation	471,514	470,913	470,315
Project service cost	8,169	8,146	8,140
Adjustment to discount rate	**0.10%**	**0.00%**	**-0.10%**
Present value of total obligation	477,464	470,913	464,518
Project service cost	8,446	8,140	7,844
Adjustment to discount rate	**+1 year**	**None**	**-1 year**
Present value of total obligation	489,044	470,913	453,510
Project service cost	8,457	8,140	7,823

Note 28 Pensions (continued)

FIREFIGHTERS' PENSION SCHEMES

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out in the table.

Change in financial assumption at year ended 31/03/2024	**Approximate % increase to Employer liability**	**Approximate monetary amount (£'000)**
0.5% decrease in real discount rate	-7.00%	(354,000)
1 year increase in member life expectancy	2.50%	-127,000
0.5% increase in the salary increase rate	1.00%	51,000
0.5% increase in the salary increase rate (CPI)	6.50%	329,000

Comparative figures at year ended 31/03/2021:

Change in financial assumption at year ended 31/03/2023	**Approximate % increase to Employer liability**	**Approximate monetary amount (£'000)**
0.5% decrease in real discount rate	-7.00%	(351,000)
1 year increase in member life expectancy	2.50%	136,000
0.5% increase in the salary increase rate	1.00%	51,000
0.5% increase in the salary increase rate (CPI)	6.50%	333,000

Note 29 Contingent Liabilities and Assets

CONTINGENT LIABILITIES

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

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

Grenfell Tower Claims

The LFC, together with other Defendants and most of the bereaved survivor and resident claimants, is participating in a confidential, Alternative Dispute Resolution (ADR) process to determine a settlement. However, there are claims outside of the ADR process for which uncertainty remains on the amounts that may be required to settle any claims and how the potential liabilities may be shared across the defendants. At Note 2 we have outlined estimates of the financial impact this uncertainty could have on the provisions included within these accounts.

CONTINGENT ASSETS

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential. As at 31 March 2024 the LFC has one contingent asset, for the potential reimbursement of fire authorities for charges made by Motorola in respect of Airwave invoices. the Competition Appeal Tribunal (the Tribunal) took the decision in December 2023 to uphold the Competition and Markets Authority (CMA)'s decision to impose a charge control mechanism on Motorola in respect of the revenue Airwave can earn from its charges. Motorola has lodged an application for permission to appeal the Tribunal's decision to the Court of Appeal (CoA), but in the meantime has commenced issuing credit notes and discounting invoices to reflect the charge control impact from 1 August 2023 onwards. These credit notes have been applied to the totality of the invoice to the Home Office and apportioned to the various authorities, including all Fire and Rescue Authorities (FRA) in England. Since an appeal request has been lodged with the CoA, any credit which is currently applied and accepted may have to be repaid if subsequently it is decided to overturn the Tribunal's decision and in turn set aside CMA's charge control. Motorola have been clear in their communications that this is the basis on which the credits are being applied. If the decision is upheld, the share due to the London Fire Brigade will be £458,603.07.

Note 30 Self Insurance

The LFC generally insures against all material risks with policies to meet the cost of losses over and above predetermined limits, i.e. by policies subject to an excess or to a deductible. Significant excesses to be met from within the LFC's own resources for any one claim are:

As at 31/03/2023 Amount (£)	Category insured	As at 31/03/2024 Amount (£)
10,000	Property (all risks of physical loss or damage)	10,000
25,000	Property – terrorism	25,000
850,000	Combined liabilities	850,000
850,000	Officials' indemnity	850,000
850,000	Professional indemnity	850,000
25,000	Airside liability	25,000
250,000	Fidelity guarantee	250,000
10,000	Computer	10,000
250,000	Motor operational fleet	250,000
100	Motor leased vehicles	100
6,500	Marine hull and machinery – Lambeth River Station	6,500
1,500	Marine Hull and Machinery – vessels	20,000
500	Marine protection and indemnity	500

Note 31 Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis.
In carrying out its assessment that this basis is appropriate, made for the going concern period to the 31st March 2024. Management have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.
Our most recent forecasted balances are as follows:

Date	**General Fund**	**Total earmarked reserves**
31/03/24	£17.0m	£79.5m
31/03/25	£17.2m	£55.6m
31/03/26	£17.8m	£38.5m

The LFC's expected General Fund and Earmarked Reserve position would have a predicted balance of £17.8 million and £38.5 million as at 31 March 2026. LFC's reserves strategy is in line with good financial practice in ensuring that reserves are adequate but not excessive (building up and holding on to an unnecessarily large amount of reserves is not a good use of taxpayer funds). LFC has established earmarked reserves for specific and time-limited purposes and using these to support expenditure in line with plans, or releasing these funds if they are no longer required, is part of maintaining financial stability. The Brigade maintains a General Reserve of 3.5 per cent each year to ensure resilience against unforeseen financial risks and this is kept under review.

The LFC's detailed cashflow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, with no expectation of external borrowing, other than to support the capital programme, which is consistent with our plans and normal practice.

The agreed budget for 2024/25 includes a number of assumptions and key risks. Inflationary pressures continue to be reviewed as part of budget process, ensuring contract inflation is adequately resourced throughout the MTFS. The assumption underpinning the overall LFC budget for 2024/25 is for a pay award of 3.0 per cent across all staffing groups (although this is subject to the outcome of local and national negotiations), which then falls to an assumed 2.0 per cent pay award in future years. This is linked to the longer-term target on inflation and therefore the potential for future pay awards to fall in line with this.

On funding, whilst the Mayor has provided indicative funding levels for up to 2026/27, there is significant uncertainty about the level of funding for future years due to a number of risks on the funding available to the Mayor, through retained business rates and the council tax, as well Government decisions on funding, including the spending/fair funding reviews.

On this basis, the London Fire Commissioner has a reasonable expectation that they will have adequate resources to continue in operational existence throughout the going concern period maintaining the provision of its services without significant amendment or reductions. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.

Note 32 Cash Flow Statement Adjustments to Net Surplus or Deficit on the provision of services for non-cash movements

2022/23 £'000	Adjustments to net surplus or deficit on the provision of services for non-cash movements	2023/24 £'000
(19,369)	Depreciation of non current assets	(18,362)
35,859	Impairment, impairment reversal and revaluation of non-current assets	2,230
(15,361)	Assets de-recognised during year	(37)
(274)	Amortisation of intangible assets	(275)
98	(Increase)/Decrease in impairment for provision of bad debts	(1,350)
202	Increase/(Decrease) in inventories	624
(18,312)	Increase/(Decrease) in debtors	23,178
(4,032)	(Increase)/Decrease in creditors	(2,340)
10,870	(Increase)/Decrease in provisions	(812)
(100,729)	Pension Fund costs adjustment	(58,829)
(1)	Other non-cash items	(1)
(111,049)	**Net cash (inflow)/outflow from operating activities**	**(55,974)**

Note 33 Cash Flow Statement – Operating Activities

2022/23 £'000	Operating activities	2023/24 £'000
(3,491)	Interest received	(5,278)
2,403	Interest paid	2,100
2,845	Interest element of finance leases	2,746
1,757	**Total**	**(432)**

Note 34 Adjustments for items in the net surplus or deficit on the provision of services that are investing or financing activities

2022/23 £'000	Investing activities	2023/24 £'000
19,152	Purchase of property, plant and equipment, investment property and intangible assets	28,389
-	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-
-	Capital grants received	1,083
19,152	**Net cash flows from investing activities**	**29,472**

2022/23 £'000	Financing activities	2023/24 £'000
17,035	Cash receipts of short- and long-term borrowing	58
1,543	Cash payments for the reduction of the outstanding liabilities relating to finance leases on-balance sheet PFI contacts (principal)	1,557
4,000	Repayments of short- and long-term borrowing	2,000
22,578	**Net cash flows from financing activities**	**3,615**

FIREFIGHTERS' PENSION FUND ACCOUNT AND NOTES

Firefighters' Pension Fund Account Notes

2022/23 £000	£000	Firefighters' Pension Schemes Fund Account	2023/24 £000	£000
		Contributions receivable		
		- from employer		
(52,229)		- normal	(55,743)	
(1,596)		- early retirements	(1,662)	
(53,825)			**(57,405)**	
(23,545)		- from members	(25,194)	
	(77,370)			(82,599)
		Transfers in		
	(836)	- individual transfers in from other schemes		(294)
		Benefits payable		
164,491		- pensions	(294)	
25,511		- commutations and lump sum retirement benefits	21,704	
(257)		- overpayments recovered	(262)	
118		- lump sum death benefits	139	
	189,863			**21,287**
		Payments to and on account of leavers		
		- refunds of contributions		
		- individual transfers out to the other schemes		
		- other - interest due on back dated lump sums		
744		- interest due on back dated commutation lump sums	305	
	744			**305**
	113,146	Deficit/Surplus for the year before top up grant receivable/amount payable to central government		(61,301)
	(113,146)	Top up grant receivable from/amount payable from central government		61,301
	-	Grant received from central government for back dated commutations		-
	-	**Net amount payable/receivable for the year**		**-**

31/03/2023 £000		Net Assets Statement		31/03/2024 £000
257		- Recoverable overpayments of pensions	262	
29,247		- Top up receivable from/(payable to) Government	7,148	
(29,504)		- other current liabilities	(7,410)	
-	-		-	-

Firefighters' Pension Fund Account Notes

THE FIRE FIGHTERS' PENSION SCHEME IN ENGLAND

There are three firefighter pension schemes the 1992, 2006 and 2015 schemes. The Firefighters Pension Scheme is a defined benefit occupational pension scheme which is guaranteed and backed by law. The Scheme changed on the 1st April 2015 from a Final Salary Scheme to a Career Average Revalued Earnings Scheme (CARE). Members starting after the 1st April 2015, and members of the 1992 and 2006 Final Salary Schemes moved into the new 2015 Scheme, unless protections applied.

The funding arrangements for the Firefighters' Pension Scheme in England were introduced on 1 April 2006 by regulation under the Firefighters' Pension Scheme (Amendment) (England) Order 2006. Prior to 1 April 2006 the firefighter scheme did not have a percentage of pensionable pay type of employer's contribution, the LFC was responsible for paying pensions of its former employees on a pay-as-you-go basis.

Under new funding arrangements the schemes remain unfunded but will not be on a pay-as-you-go basis as far as the LFC is concerned. Apart from the costs of injury awards the LFC no longer meets pension outgoings directly, instead it will pay an employer's pension contribution based on a percentage of pay into the Pension Fund.

The LFC is required by legislation to operate a Pension Fund and the amounts that must be paid into and paid out of the fund are specified by regulation. The Pension Fund is managed by the LFC and the day to day administration of the scheme is provided under contract by the London Pensions Fund Authority. The supplementary fund statement does not take account of any liabilities to pay pensions or any other benefits after the year end; it purely details pension transactions for the year. Note 28 to the accounts provides details of the assessed pension liabilities and the corresponding entries in the main statements.

FIREFIGHTER PENSION BACK DATED REFUND OF CONTRIBUTIONS

It was confirmed that affected FFPS 1992 members would receive a refund of contributions following the challenge brought by the Fire Brigade Union against the Government regarding pension contributions paid by firefighters' employed before age 20 who have served for over 30 years before reaching the minimum retirement age of 50.

The Home Office issued guidance and provided funding for implementing the employee contributions holiday for members of the 1992 Scheme. The LFC made the majority of payments to eligible members by the end of March 2017.

ACCOUNTING POLICIES

The LFC's accounting policies apply to the fund and are prepared on an accruals basis, apart from transfer values which are accounted for on a cash basis. Transfer payments between English Fire Authorities were repealed by Regulation 36 of Statutory Instrument 1810/2006. Therefore any transfer payments which arise relate to firefighters transferring to/from Welsh and Scottish authorities or transferring out of the Firefighters Pension Scheme entirely.

The Pension Fund has no investment assets and is balanced to nil at the end of the financial year. This is achieved by either paying over to HO (Home Office) the amount by which the amounts receivable by the fund for the year exceeded the amounts payable, or by receiving cash in the form of pension top-up grant from HO equal to the amount by which the amounts payable from the fund exceeded the amounts receivable.

Details of the LFC's long term pension obligations can be found under notes to the core Accounting Statements Note 28.

Firefighters' Pension Fund Account Notes

CONTRIBUTIONS

Employees' and employers' contribution levels are set nationally by HM Government and are subject to triennial revaluation by the Government Actuary's Department. Under the firefighter's pension regulations the standard contribution rates as a percentage of was 24.5% for the 2015 scheme, which from 2024/25 is assessed to be 24.0%. These rates include both the employer and employee elements. Employee contributions, as a percentage of pensionable pay, depend on the level of earnings for the different schemes as shown in the tables.

Ill-health contributions, for firefighters who retired due to ill-health, were also paid into the pension fund.

2022/23			2023/24	
2006 Scheme %	**1992 Scheme %**	**Firefighters' Pension Scheme employee contributions**	**2006 Scheme %**	**1992 Scheme %**
10.4	14.2	More than £21,852 and up to and including £31,218	10.4	14.2
10.9	14.7	More than £31,218 and up to and including £41,624	10.9	14.7
11.2	15.2	More than £41,624 and up to and including £52,030	11.2	15.2
11.3	15.5	More than £52,030 and up to and including £62,436	11.3	15.5
11.7	16.0	More than £62,436 and up to and including £104,060	11.7	16.0
12.1	16.5	More than £104,060 and up to and including £124,872	12.1	16.5
12.5	17.0	More than £124,872	12.5	17.0

2022/23 2015 Scheme %	Firefighters' Pension Scheme employee contributions	2023/24 2015 Scheme %
11.0	Up to and including £27,818	11.0
12.9	More than £27,819 and up to and including £51,515	12.9
13.5	More than £51,516 and up to and including £142,500	13.5
14.5	More than £142,501	14.5

ANNUAL GOVERNANCE STATEMENT

Introduction

1. Regulations 3 and 6 (1) of the Accounts and Audit Regulations 2015 require the London Fire Commissioner (LFC) to have sound systems of internal control and to demonstrate this by publishing an Annual Governance Statement.

2. The LFC is a corporation sole that came into being on 1 April 2018, replacing the London Fire and Emergency Planning Authority (LFEPA). The Mayor of London issued a London Fire Commissioner Governance Direction 2018 in March 2018 to set out those matters requiring Mayoral consent, those requiring the Deputy Mayor for Fire and Resilience's prior approval and those on which the Deputy Mayor for Fire and Resilience needs to be consulted. It also requires the LFC to follow the Greater London Authority (GLA) practice on staff political restrictions, based on those in the Local Government and Housing Act 1989. In addition, the functions of the LFC shall be exercised by the office holder to fulfil the commitments given by the LFC as a signatory to the GLA Group Corporate Governance Framework Agreement.

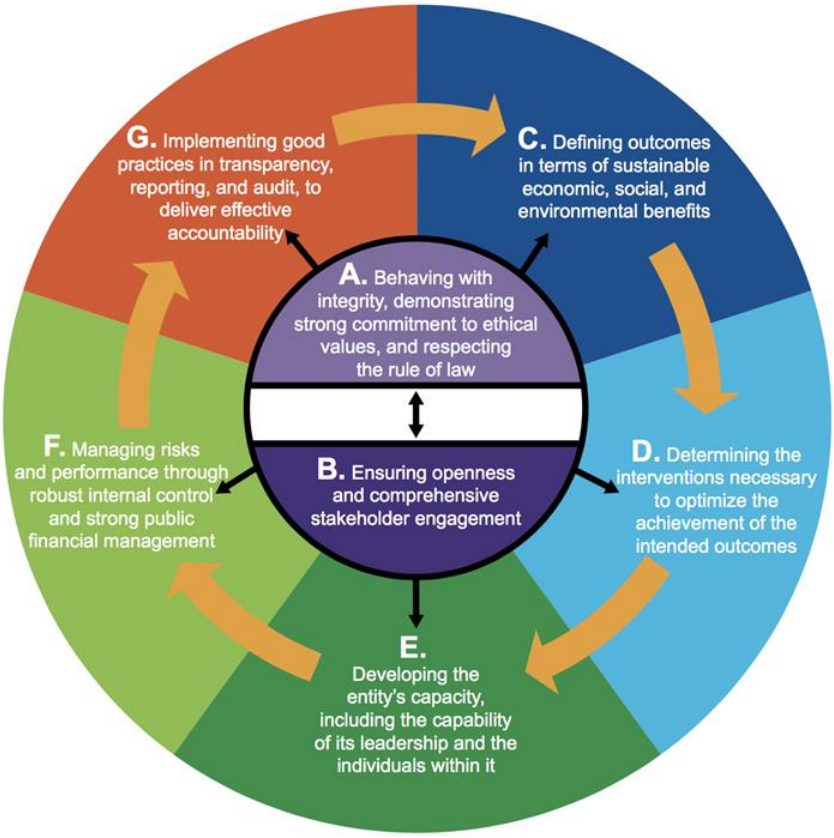
3. This Annual Governance Statement for 2023/24 reflects the governance arrangements in place under the LFC.

4. The LFC's governance framework is based on the CIPFA/SoLACE *Delivering Good Governance in Local Government Framework 2016* which requires the LFC to be responsible for ensuring that:

- business is conducted in accordance with all relevant laws and regulations
- public money is safeguarded and properly accounted for
- resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.

5. The CIPFA 2016 review promotes writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style; striking a balance between providing the right amount of information to satisfy transparency while not being too onerous for users to understand. This statement has been produced with those considerations in mind.

6. The "core principles" underpinning the CIPFA/SoLACE Framework are set out below:



7. The key elements of the LFC's governance framework at the London Fire Brigade (LFB) are set out below against these core principles.

Table 1: How the LFC meets the principles under the CIPFA framework

CIPFA Principle	How the LFC meets the principle
Principle A - Behaving with integrity, with commitment to ethical values, and respect for the rule of law	• Behaving with integrity through leadership is provided by the LFC, the Top Management Group and senior officers. • Adoption of the National Fire Chiefs Council (NFCC) 'Code of Ethics'. • LFB's Values and Behaviour framework outlines the behaviours expected of all employees in the organisation at all levels set against a set of six values (service, courage, learning, teamwork, equity and integrity). This is supported by a scheme of governance, anti-fraud measures, and whistleblowing procedures which are reviewed as and when required, and not less than every three years. • A Professional Standards Unit that monitors and upholds professional standards across all parts of the London Fire Brigade • Director for Corporate Services is the Head of Paid Service and is responsible for all LFC staff. • Director for Corporate Services is also the LFC's Section 127 Officer and is responsible for safeguarding the LFC's financial position and ensuring value for money. • General Counsel to the Commissioner is the Monitoring Officer who is responsible for ensuring legality and promoting high standards of conduct and for reporting to the LFC on cases of maladministration. • Decision-making framework and scrutiny and review arrangements (see para 8 below). • Register of Interests, Declarations of Gifts and Hospitality, politically restricted roles. • All reports presented for decision receive professional advice and input from finance and legal to ensure they comply with budget and legal requirements.

CIPFA Principle	How the LFC meets the principle
Principle B – Ensuring openness and comprehensive stakeholder engagement	• Public consultation on 'Your London Fire Brigade', the Brigade's community risk management plan detailing how the Brigade will address risk in the community • Multi-agency working arrangements on the incident ground and through day-to-day business with partners to improve community safety • A Community Engagement Strategy which sets out how LFB will work with communities to shape services that meet their needs, and improve the offer to communities before, during and after an incident. • A monthly Community Forum where Londoners act as a critical friend, providing insight, analysis and advice to how the LFB is run. • Community safety youth programmes including Education Team, Fire Cadets,) and Fire setters Intervention Scheme (FIS) and community engagement programmes working with local/emergency service partners. • Borough Commander liaison and local engagement with stakeholders • Resilience partnership working with the National Fire Chiefs Council (NFCC), London Resilience Group and the Government • Utilising online digital communication channels such as X (formerly known as 'Twitter'), Facebook, Instagram and YouTube to promote engagement with the service
Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits	• 'Your London Fire Brigade' sets out the LFC's purpose, vision and strategy. It contains key performance indicators (KPIs) which are used to assess and monitor progress against the Brigade's key deliverables • LFC's Sustainable Development Strategy that focusses on sustainability and the environment. • Delivery of Brigade services supporting London's diverse communities and distinctive neighbourhoods in improving community safety • Equality impact analyses and sustainable development impact assessment procedures

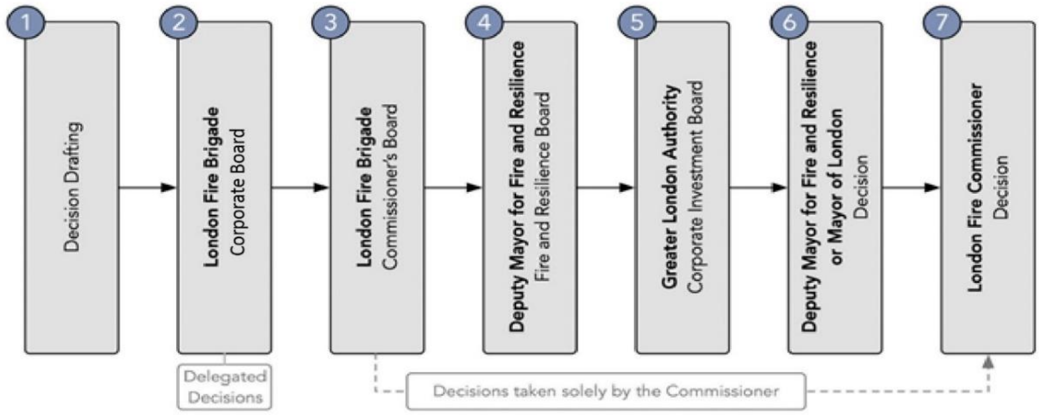
CIPFA Principle	How the LFC meets the principle
Principle D – Determining the intervention necessary to achieve intended outcomes	• Quarterly Risk and Assurance reports which provide updates on the development of organisational assurance in relation to LFB's principal risks and key controls necessary to meet strategic priorities and objectives. • Monthly corporate performance reports which track the performance of all the Brigade's activities in terms of key performance indicators and commitments against the community risk management plan. The report also highlights remedial actions being taken where slippage does occur. • Monitoring of performance against the HMICFRS and Grenfell Tower Fire action plans which combined, set a clear vision, strategy, and action plan for the Brigade's priorities. • The LFC, via the Commissioner's Board, the Deputy Mayor, and the London Assembly (formerly via the Fire Resilience and Emergency Planning Committee. now Fire Committee) ensures that the Brigade remains focussed on achieving its agreed objectives and priorities. • 'Your London Fire Brigade' sets a clear vision, strategy, and action plan for the Brigade's priorities • Borough Risk Management Plans designed to address local risks and how local communities will be made safer. • Monitoring performance of projects and initiatives via programme boards. • Assurance activities undertaken by the Independent Operational Assurance Advisor linked to Operational Learning and Improvement.

CIPFA Principle	How the LFC meets the principle
Principle E – Developing capacity, including the capability of leadership and individuals within the Brigade	• An organisational learning and professional development approach that enables the Brigade to clearly identify its training needs and deliver effective learning interventions, from leadership development through to the provision of high quality realistic operational training, so that all staff are safe and equipped to serve the people of London and meet its complex risk environment. • Investment in training, Learning Management System and Big Learning (an online learning portal) • Training partnership with Babcock Training Limited • Reflective learning from operational incidents or exercises (operational staff) • A suite of leadership, coaching and mentoring programmes • Six-monthly appraisal conversations that enable staff to experience regular, meaningful and supportive conversations with their line manager and which encourage individual ownership of professional development and progression; • Maintenance of skills through development and maintenance of operational professional (DaMOP); • Operational Improvement Process (Policy 825), overseen by the Operations Professionalism Board and agreed interventions such as Ops News, new/amended policy, Big Learning training packages, DaMOP, and evaluation of training solutions; • The Brigade also works across a broad set of partnerships and collaborative arrangements to maximise capacity by delivering services in the most effective and efficient way including national arrangements such as National Interagency Liaison Officers (NILOs).

CIPFA Principle	How the LFC meets the principle
Principle F – Managing risks and performance through strong internal control and financial management	• Corporate risk register identifies strategic risks. • Performance, Risk and Assurance Board monitors risk and performance against corporate priorities, ensuring corrective actions are taken when necessary. • Scrutiny and challenge of strategic risks as part of the quarterly performance reporting cycle. • Budgetary control systems and monthly budget reporting scrutinised at Investment & Finance Board. • Scheme of delegation. • Monitoring financial spend and outcomes/profiling of departments. • Continued scrutiny by Audit Committee comprised of independent members supported by LFB staff.
Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability	• Meeting the mandatory data publication as set out in the DCLG Transparency Code (February 2015). • Senior Information Risk Officer (SIRO) and Data Protection Officer roles. • Dedicated transparency page on the Brigade here and all LFC decisions are published on the website. • Mayor's Office for Policing and Crime (MOPAC) internal audit of key governance processes, risk management and internal controls. • Held to account by Deputy Mayor for Fire and Resilience (now Deputy Mayor for Planning, Regeneration and the Fire Service). • Fire, Resilience and Emergency Planning Committee (now Fire Committee) review and scrutiny of LFC decisions and can challenge policy. • External audit of Brigade's systems of internal control. • A Culture Advisory Panel which provides support, challenge and assurance to ongoing work to create a safe and professional working environment for all LFB staff. • Assurance via appointment of independent Operational Assurance Advisor.

Decision-making framework and scrutiny

8.The London Fire Commissioner has seven distinct stages of decision-making:



9.Steps five and six are Greater London Authority (GLA) stages, required for a formal decision of the Mayor or Deputy Mayor where the London Fire Commissioner is required to consult or seek prior consent by the Mayor's London Fire Commissioner Governance Direction 2018. Step four is required by the Deputy Mayor to ensure that only approved business proceeds to the GLA for consideration. Steps 5 and 6 are not needed in matters that require prior consultation, as opposed to prior approval.

10.Scrutiny of the decision-making framework is exercised through the LFC's Commissioner's Board, the Deputy Mayor's Fire and Resilience Board (now Deputy Mayor's Fire Board), and the London Assembly via the Fire, Resilience and Emergency Planning Committee (now Fire Committee).

Review of effectiveness

11.The LFC uses a number of ways to review the effectiveness of governance arrangements. One of the key assurance statements in reviewing effectiveness, is the annual report and opinion of the external auditors. Another significant element is the internal audit function conducted on behalf of the LFC by the Mayor's Office for Policing and Crime (MOPAC). MOPAC is fully compliant with Public Sector Internal Audit Standards (PSIAS). Internal audit covers key governance processes, risk management and internal controls. The internal auditors' opinion for 2023/24 was that, based on the areas audited, the LFC's control framework remains adequate.

12. Corporate governance processes have been operating as intended throughout the year. A summary of the governance outcomes is shown below:

Issues identified	**Performance in 2023/24**
Formal reports by Section 127 or Monitoring Officer	None issued.
Issues identified by the LFC as the Fire Authority or Monitoring Officer recommendations	There were no issues to report.

Proven frauds carried out by members of staff	2 fraud cases have been identified in 2023/24 and dealt with under the LFB's disciplinary procedures. Those 2 cases concerned the falsification of recorded attendance and the falsification of evidence contained in an e-PDR. Other potential cases raised are investigated with support from internal audit as necessary. The newly-created Professional Standards Unit (PSU) leads on discipline procedures within the LFB. The PSU sets, monitors and upholds professional standards across all parts of London Fire Brigade and is responsible for the external reporting service for when standards are not met. The PSU also has an important role in upskilling the organisation and enabling all staff to understand and meet the high standards of behaviour required to represent the LFB. Additionally, there were a number of unsuccessful phishing attacks on the LFC, some of which were directed at individual members of staff. These were identified through the existing controls and reported to and dealt with by MOPAC and LFC ICT Department. The LFC has invested in new cyber security software that increases the protection against phishing attacks. The LFC has also initiated new on-line Cyber Security and Data Protection training packages that are compulsory for all staff to undertake annually.
Use of Regulation of Investigatory Powers Act	There were no applications for any RIPA authorisations in 2023/24, nor were there any previous authorisations that continued into 2023/24.
Complaints/compliments received from members of the public	A total of 115 complaints were received. These have been actioned accordingly. In addition, a total of 270 compliments were received during 2023/24.
Number of whistleblowing cases	There was 1 case which qualified as a whistleblowing item during 2023/24 regarding health and safety in the management of equipment.

SIGNIFICANT GOVERNANCE ISSUES ADDRESSED IN 2023/24

Delivering the LFC'S Community Risk Management Plan (CRMP), 'Your London Fire Brigade' – Approval and rollout of Borough Risk Management Plans, Service Strategies and the introduction of Your LFB Plan for 2024 and Station and Department Plans

13. LFB's Community Risk Management Plan, 'Your London Fire Brigade' reflects up to date risk analyses, including an assessment of all foreseeable fire and rescue related risks and demonstrates how prevention, protection and response activities will best be used to prevent fire and other incidents and mitigate the impact of identified risks on the community.

14. Being trusted to serving and protect communities who live, work and visit London is LFB's vision and is underpinned by pillars and commitments which are captured within programmes of delivery that span the life of the CRMP (2023-29). Those programmes contain the actions that will enable LFB to achieve its vision.

- Service Strategies

15. During the course of 2023/24, a suite of six service strategies (prevent, protect, respond, engage, prepare and recover) were approved to support delivery of the CRMP. They are designed to help LFB prioritise and target its services according to levels of risk, so it can place people and resources where they are needed most. They also help LFB better understand London's communities and the risks they face so trust can continue to be built. LFB continues to raise awareness among Londoners about what these services are and what they mean.

- Borough Risk Management Plans

16. A key commitment within the CRMP was to provide localised services that meet the needs of London's communities and for each borough to have its own Borough Risk Management Plan (BRMP). The BRMPs demonstrate LFB's desire to be linked to, and reflective of, the characteristics of local communities within London and their individual profiles and differing needs. They also directly address the Independent Culture Review recommendation that: "Borough Commanders should build a better understanding of and closer relationships with their local communities which should include learning from them and seeking the input of diverse staff and the communities themselves."

17. Each of the 33 Boroughs have created their BRMP with engagement from local communities and partners, using their knowledge and lived experience. In addition, individual Equality Impact Assessments have been developed to underpin them.

- Your LFB Plan for 2024

18. New for 2024 has been the introduction of an annual internal plan for LFB staff ('Your LFB Plan for 2024') which sets out how colleagues will work together to deliver the ambitions set out in the CRMP so that LFB can be trusted to serve and protect London. The 2024 Plan shows:

Where we are going – LFB's vision to be a professional and efficient organisation with communities at its heart and services prioritised by risk.

What we do - the six services we provide to London.

What is changing - the key changes LFB colleagues will delivering together in 2024, within the themes of equipment and facilities, service delivery and people and skills.

How we work (new LFB values) - Service, Integrity, Teamwork, Equity, Courage and Learning. Embedding those values as the standards LFB staff set and uphold throughout the organisation.

19. The Plan recognises that all staff across LFB play a vital role in delivering the CRMP. Every station and department created a local plan (Station and Department Plans) that shows how Your LFB Plan for 2024 will be delivered.

Assessment of Risk (AoR)

20. LFB's process for informing its Assessment of Risk (AoR) is also changing. The Brigade's AoR underpins the Community Risk Management Plan (CRMP), which describes the changes that the Brigade needs to make to achieve its vision and how it will make those changes. The CRMP also identifies the improvements to existing services and the new services that are needed to respond to risk. It does this through reference to the AoR, which sets out the LFC's understanding of risk in London.

21. For the 2024 version of the AoR, the layered structure set out below for presenting and assessing different kinds of risk information will be retained. A layered structure allows specific risk types to be highlighted separately and presented in the most appropriate way for the end user of the risk information. There will however be changes to how data is sourced, collated and applied.

- Layer 1 - Public Concerns and Public Risk Perception.
- Layer 2 - Risks relating to property, place and incident type
- Layer 3 - Extraordinary risks and risks from the London Risk Register
- Layer 4 - New and Emerging Risks

22. There will also be enhanced external scrutiny and review. The 2024 AoR will be reviewed by an external panel of academics and subject matter experts who will provide academic and subject matter expert feedback with reference to the robustness and defensibility of the approach.

23. Additionally, the AoR will be reviewed by the Brigades' Community Forum. This is a formal group created by LFB through the community engagement team, including a wide representation of communities living and working in London who share their views, life experience and opinions to inform London Fire Brigade's transformation. The feedback from this forum will be reported alongside the feedback from the academic and subject matter panel.

Embedding portfolio governance

24. The LFB has mobilised its transformational change activities into nine distinct and integrated Programmes of work, directly aligned to the Community Risk Management commitments, with delivery plans spanning 18-24 months in duration.

25. There has been significant progress in mobilising Programmes during 2023/24. This has been due, in-part, to the successful recruitment of and appointment to key posts within the Portfolio function. The majority of Programmes now have a Programme Manager, with Project Managers delivering projects with the support of Business Change Management colleagues. Programme governance has been strengthened through the appointment of Programme Senior Responsible Officers (all of whom are LFB Directors and able to use their delegated authority) who chair Programme Board meetings and provide leadership, direction and to champion programmes, with programme delivery oversight and monitoring undertaken by the Performance, Risk and Assurance Board through monthly highlight reports.

26. Five of the nine programmes are fully mobilised. Of the remaining programmes three will be mobilised early in 2024/25, with the remaining one on course for mobilisation in later transition states.

Increasing maturity to the management of risk and assurance

27. The Brigade's internal risk management framework has been in operation since May 2021 and enables the organisation to identify and manage significant risks. The framework is applied across directorates and departments where risks are evaluated for their likelihood and impact and which places them in the framework at either the corporate, directorate or departmental level, whereby they can be monitored, managed, and scrutinised effectively. Risks and risk management action at corporate and directorate level are reviewed at appropriate monthly board meetings, and at Commissioner's Board at least quarterly.

28. Work has been ongoing to develop the Brigade's maturity towards risk management, with particular interventions at a departmental level to enhance risk register content, including a decluttering exercise to rationalise and refine the number of risks and controls in the system to a more manageable level.

29. As risk intelligence-levels increased within the workforce, it provided the opportunity to introduce a risk appetite approach which would offer clarity on what the organisation is prepared (and not prepared) to do in pursuit of its strategic objectives. It will provide a useful guide to staff to put boundaries in place for acceptable risk taking, the appropriate escalation of risks that exceed appetite levels, definition of the Brigade's risk culture and ultimately, the balancing of risk taking against potential rewards.

30. Work has commenced to define the Brigade's risk appetite, including categorisation and appetite levels, with adoption of a risk appetite statement planned for the summer of 2024.

31. In respect of assurance, the Brigade's Enterprise Assurance Framework (EAF) sets out the approach for how the Brigade identifies and maps its key processes, controls and understanding of the level of assurance in place across four lines of defence. The total number of departments that have either commenced or completed an assurance mapping exercise has increased to 14.

Conclusion of Independent Operational Assurance Advisor activity

32. As part of its response to the recommendations of the Grenfell Tower Inquiry and His Majesty's Inspectorate of Constabulary & Fire and Rescue Services, the LFB commissioned the services of an Independent Operational Assurance Advisor (IOAA) to provide independent assurance on a range of operational areas.

33. Since his appointment in 2021, Alasdair Hay has made 32 recommendations across four functional areas: Learning & Professional Development, Operational Policy & Assurance, Operational Resilience and Control, People Services and the Transformational Directorate. 20 of those recommendations have been completed with 12 currently in progress.

34. In his final report, the IOAA highlighted a number of key governance improvements that have been introduced since his appointment. Firstly, the adoption of Programme Management has been essential for initiating projects, allocating resources, identifying interdependencies, tracking progress and holding people to account for delivery the delivery of the significant transformation to meet GTI and HMICFRS recommendations, where previously that would not have been possible.

35. Secondly, and importantly in the context of operational assurance, has been the creation of the Business Assurance function. The IOAA identified that LFB was an organisation that went through a cycle of identifying and addressing the same lessons repeatedly. The Business Assurance function has played and will continue to play a significant role in breaking that cycle and assuring the LFB that the necessary change/outcome has been delivered.

Continuing work to change the workplace culture at LFB and the adoption of new values

36. The formulation of the Culture Transformation programme involved bringing together initiatives from LFB's Target Operating Model alongside activities that respond to recommendations received from HMICFRS and the Independent Culture Review. A Programme Board led by Deputy Commissioner Jon Smith, the Senior Responsible Owner, has been put in place to oversee the governance of the programme and monitor progress, along with Project Boards for each of the projects within the programme.

37. A Staff Survey took place in May 2023 and received a response rate of 70%. The results of this survey were used to inform action plans and factored into the shaping of the LFB Values. The NFCC Core Code of Ethics was formally adopted in October 2023 and the new LFB values were launched in December 2023. The LFB Values were developed through analysis of 8000 comments from the staff survey, feedback from Leading Culture Conversations events and testing with over 300 staff in workshops. A values and behaviours framework provides clarity to staff about acceptable and unacceptable behaviour aligned to the values. Briefings by senior staff and workshops with all watches and teams have been taking place between December 2023 and will run through to June 2024. A comprehensive approach to embedding the values is being delivered, which includes embedding values throughout policies.

38. The Professional Standards Unit (PSU) was established in January 2024. This is a specialist unit that monitors and upholds the professional standards across all parts of LFB and investigates disciplinary matters. An external provider will manage and investigate any complex cases or those involving senior staff. The PSU has an important role in upskilling all staff and actively promoting the high standards of behaviour required.

39. In August 2023 Martin Forde KC was appointed as the independent chair of an Advisory Panel set up to support and scrutinise LFB in making the improvements. The panel consists of representatives from the Home Office, Greater London Authority (GLA), National Fire Chiefs Council, the community and trade unions. The panel held its first meeting in October 2023.

Completion of Grenfell Tower Inquiry Phase 1 recommendations

40. In March 2024, LFB completed the last of its 29 recommendations produced by the Grenfell Tower Inquiry (GTI).

41. The recommendations have resulted in significant improvements and changes to how LFB trains its firefighters, its processes for major incidents and the introduction of new equipment and technology, including:

- The replacing of all high-reach vehicles and the introduction of new 64 metre Turntable Ladders, the tallest ladders in service across Europe;

- New command units equipped with technology to improve incident commanders' ability to respond at the incident ground;

- Improved communications with new fire ground radios allowing firefighters wearing helmets and breathing apparatus sets to communicate effectively with their teams and entry control officers when inside buildings.

- New policies on high rise firefighting, rescue and fire survival guidance.

- The creation of a dedicated Community Engagement Team to support communities after an incident.

HMICFRS - Round 2 Inspection – Progress against recommendations and decision to remove LFB from enhanced monitoring

42. During 2023/24, HMICFRS removed LFB from its enhanced monitoring regime.

43. Following an inspection in August 2023, HMICFRS closed the cause of concern for prevention in relation to how LFB prioritised Home Fire Safety Visits (HFSVs). The decision recognised the progress LFB had made in rolling out a new approach to HFSVs. This included the development of a prevention strategy; creation of an effective system for assessing levels of risk and prioritising HFSVs; and development of a plan to address a backlog of HFSVs.

44. In March 2024, HMICFRS subsequently took the decision to remove LFB from enhanced monitoring ('Engage'). This decision followed an inspection carried out by HMICFRS between 19 -22 February 2024 in relation to the cause of concern regarding Culture. The cause of concern had three recommendations. The first two related to ensuring that Brigade values were communicated to all staff and that they were well understood, particularly by leaders. The Inspectorate found considerable evidence to show that LFB had achieved these two recommendations, drawing on findings from the feedback given by staff at all levels of the organisation.

45. The third recommendation concerned how LFB was improving its approach and processes for complaints, discipline and grievance, where the Inspectorate found good progress has been made. Despite removing LFB from enhanced monitoring, HMCIFRS left this third part of the Cause for Concern in place. The inspection team recognised that the new Professional Standards Unit (PSU) had only recently become operational (in January 2024) and as such more time was required to build staff trust and confidence. The inspectors were pleased to see the PSU is being underpinned by new and simple policies on discipline and grievance, building on the external reporting line introduced by LFB in 2022. While the volume of complaints already received by the PSU shows growing confidence in its function, progress will need to be sustained and demonstrated. Evidence is being accumulated within LFB to demonstrate a more consistent, faster and robust approach to discipline and grievance.

Most importantly, the PSU is beginning to build confidence on the ground and within London's communities.

46. Progress continues to address recommendations arising from the HMICFRS Round 2 inspection in December 2021. A total of 46 recommendations with 91 associated actions were included in the report for LFB to complete. At the end of 2023/24, a total of 17 recommendations and 48 actions have been completed. This increased to 33 recommendations and 78 actions completed by the end of May 2024.

Introduction of board effectiveness surveys

47. As referenced in previous annual governance statements, the LFC board structure has undergone extensive change over the past couple of years to create a high-level, strategic layer of board governance to address people, performance and risk, operational service delivery and financial oversight. Stability in 2023/24 provided an opportunity to assess the effectiveness of board operations.

48. An internal peer review undertaken in late 2023 illustrated areas of strengths with the current board arrangements which included clarity of purpose, remit, and frequency of board meetings. It also highlighted opportunities for further improvement, notably creating capacity meeting agenda to facilitate detailed discussions, memberships, upskilling of boards and ongoing training, and ensuring that boards maintain a strategic focus.

49. Steps have been taken to build on feedback from surveys, including trials at Performance, Risk and Assurance Board of a revised reporting format designed to reduce the length of reports with a targeted focus on suggested key lines of enquiry, and the inclusion of sub-board minutes at meetings of Service Delivery Board.

50. Annual board effectiveness surveys will be a core feature of board governance going forward and will be included within a defined framework for the monitoring and review of board arrangements which is to be produced in 2024/25.

Key areas of focus for 2024/25	**Planned action**
1. Further embedding recommendations from the Independent Culture Review	
2. Outcome of Grenfell Tower Inquiry Phase 2 report	• Pre-emptive action through the introduction of and investment in Tactical Ventilation
3. HMICFRS Round 3 Inspection results	• Preparation of robust self-assessment and close working with HMI pre- and post-assessment
4. Risk Management	• Adoption of a risk appetite statement and approach
5. Further steps to embed programme and project management best practice	• Implementation of a Project Categorisation and Prioritisation Framework, and a Portfolio Benefits Management Strategy
6. Board effectiveness	

Key areas of focus for 2024/25	Planned action
	• Improving board member skills and capabilities

Equalities considerations

51. The Brigade, under the leadership of the LFC, takes the Public Sector Equality Duty very seriously. The LFC's approach is embodied in its revised Inclusion Strategy which has dedicated strands which focus on 'Education', 'Elevation' and 'Evaluation' with several strategic objectives and actions directly relating to how the Brigade will advance equality of opportunity, foster good relations and eliminate discrimination. These are important deliverables in terms of how the Brigade governs itself and aligns with the Community Risk Management Plan.

52. The outputs and desired outcomes of the revised LFB Inclusion Strategy are monitored through the Transform People Service Board which meets monthly. To provide robust scrutiny and provide meaningful assurances, the delivery of the strategy will be measured against two sets of maturity models: namely the Mayor's Greater London Authority (GLA) Action Standard, and also the National Fire Chiefs Council (NFCC) EDI Maturity Model. In addition, an external accrediting body, The Race Code, will conduct an independent review of progress on an annual basis.

53. Papers presented to the LFC have direct reference to 'Equalities Consideration', explaining how the proposed activity, policy or decision complies with the Equality Act 2010, and what proactive and positive/equity action are being taken to address known institutional issues. There may be a supporting Equality Impact Assessment (EIA) providing further detail, statistical analysis and commitments to further work. Other projects, decisions and policies are also required to have approved Equalities Impact Assessments.

Equality in recruitment

54. One of LFB's key priorities is to increase the number of women and ethnically diverse members of the community joining the Brigade as trainee firefighters. LFB has an Outreach Team who are engaging with these target groups through community, partner-based activities, and digital media channels to increase attraction rates. End of year (March 2024) statistics reveal the recent intake of new firefighters remains below corporate indicator targets. 11.2% of women and 16.7% of ethnically diverse candidates were appointed. A range of measures are earmarked for 2024/25 to positively impact recruitment levels from LFB's target demographic, these include the development of an Employee Value Proposition (EVP) as well as wider work to identify possible operational changes to improve the attractiveness of roles, especially to primary child carers.

Conclusion

55. I am satisfied that this Statement describes the internal systems of control that were and are in place with regards to the LFC's governance arrangements, and that adequate processes were and are in place to ensure compliance with its Corporate Code of Governance.

Andy Roe
London Fire Commissioner

Glossary of Terms

ACCRUALS

Amounts included in the accounts to cover income and expenditure attributable to the financial year, but for which payment had not been received or made as at 31 March.

ACT/365

is a day count convention which calculates the actual days in a time period, over the actual number of days in a calendar year. Used to determine how interest accrues over time.

BUDGET

A statement defining the Authority's policies over a specified time in terms of finance.

CAPITAL EXPENDITURE

Spending on the acquisition or construction of assets. This would normally be assets of land, buildings or equipment that have a long term value to the Authority.

CAPITAL RECEIPTS

Proceeds from the disposal of land or other capital assets. Capital receipts can be used to finance new capital expenditure, but cannot be used to finance revenue expenditure.

CONTINGENCY

Sums set aside to meet the cost of unforeseen items of expenditure, or shortfalls in income.

CONTINGENT ASSET/LIABILITY

A possible source of future income (asset) or liability to future expenditure (liability) at the balance sheet date dependent upon the outcome of uncertain events.

CORPORATE AND DEMOCRATIC CORE (CDC)

The costs attributable to CDC are those costs associated with corporate policy making and member based activities.

CREDITORS

Sums owed by the Authority for goods and/or services received, but for which payment has not been made by the end of the accounting period.

DEBTORS

Sums due to the Authority but not received by the end of the accounting period.

DEPRECIATION

An accounting adjustment to reflect the loss in value of an asset due to age, wear and tear, deterioration or obsolescence. This forms a charge to service departments, for use of assets, in the Comprehensive Income and Expenditure Statement.

EARMARKED RESERVES

Amounts set aside for a specific purpose to meet future potential liabilities, for which it is not appropriate to establish a provision.

IMPAIRMENT

An accounting adjustment to reflect loss in value of a fixed asset caused either by a consumption of economic benefits or by a general fall in price. The loss is a charge to the Comprehensive Income and Expenditure Statement when a consumption of economic benefits or, if due to revaluation, where there is insufficient balance held in the Revaluation Reserve against the particular asset.

INVENTORIES

The amount of unused or unconsumed goods held for future use within one year. Stocks of goods held by the Authority are valued at the end of each financial year and carried forward to be matched to use when required.

MINIMUM REVENUE PROVISION

The minimum amount that must be set aside from the Authority's Revenue account each year for principal repayments of loans and credit liabilities.

PROVISIONS

Sums set aside to meet future expenditure. Provisions are for liabilities or losses which are likely or certain to be incurred, but for which the sum is not known.

PUBLIC WORKS LOANS BOARD

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

REVENUE EXPENDITURE

The day to day costs incurred by the Authority in providing services.