LONDON FIRE AND EMERGENCY PLANNING AUTHORITY

Statement of Accounts 2015/2016

1866–2016 150

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London Fire and Emergency Planning Authority

The London Fire and Emergency Planning Authority (LFEPA) is part of a unique government arrangement of organisations operating under the umbrella of the Greater London Authority (GLA), which includes this Authority, the core GLA, the Mayor's Office for Policing and Crime, the Metropolitan Police Service and Transport for London.

The London Fire Brigade (LFB) is run by LFEPA. The Mayor appoints all LFEPA's 17 Members and chooses one of them to be the Chairman of the Authority. Eight are nominated from the London Assembly, seven from the London Boroughs and two Mayoral appointees. The Authority sets the strategy and policies for the provision of fire and rescue services in London and it has adopted structures and processes to ensure that it is regularly able to scrutinise performance against its strategies and priorities.

The Mayor has the power to give LFEPA directions and guidance, including the manner in which the Authority is to perform any of its duties or to conduct any legal proceedings. However, any direction or guidance given by the Mayor must be consistent with the Fire and Rescue National Framework and fire safety enforcement guidance. The Mayor and Assembly are responsible for setting the Authority's budget requirement.

We provide services across the whole of the Greater London area serving London's 8.2 million residents as well as those who work in, or visit the city. We cover 33 unitary authorities, all with specific political, social and geographic conditions, and are the only regional fire and rescue service in the country.

We have 102 land fire stations and one river station. We operate a two shift; four watch system. In 2015/16 we handled just over 171,000 emergency (999) calls and attended 99,537 incidents in London. These included 20,775 fires, 30,066 special services and 48,696 false alarms.

The Authority's core aims and objectives are set out in its London Safety Plan, which is then cascaded to Departmental service plans. The Authority's risk policy statement is included within the Plan, together with the key corporate risks. The fifth Plan originally covered the period 2013 to 2016 and addressed budgetary requirements for the financial years to 2015/16. On the 2nd December 2015 the Authority agreed to extend the current Plan until such time as the Sixth London Safety Plan is approved by the Authority, with a target that it is in place for April 2017. The fifth plan can be accessed on the London Fire Brigade website - http://www.london-fire.gov.uk/lsp5.asp

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150 years celebration

The London Fire Brigade is celebrating its 150th year with several commemorative sponsored events and open days. The Brigade was formed in 1866 following the introduction of the Metropolitan Fire Brigade Act of 1865. The history of the Brigade and details of celebrations to be held throughout 2016 can be found on the LFB website.

Fire services move to Home Office

On Tuesday, 5 January 2016, the government formally confirmed that responsibility for Fire and Rescue Policy for England transferred from the Department for Communities and Local Government (DCLG) to the Home Office. From Friday, 1 April 2016 the group of staff working on the national fire policy function transferred to the Home Office. This group comprises Fire Policy Division, National Resilience and Fire Programmes Division, the Chief Fire and Rescue Advisor's Team and staff working on firefighter pensions.

Future of the Authority

The government has published the Policing and Crime Bill, which includes legislation to bring fire and rescue services in London under the direct responsibility of the Mayor of London by abolishing the London Fire and Emergency Planning Authority (LFEPA). It will also put in place the role of the London Fire Commissioner on a statutory footing. LFEPA members recommended this change during a consultation about closer working between the emergency services, as did the Mayor of London, London Councils and the London Assembly.

Fire responsibilities will be incorporated within the existing Greater London Authority structures, including creating a Deputy Mayor for Fire, a statutory London Fire Commissioner and a new Committee of the London Assembly that will provide scrutiny and oversight.

The new legislation will also see changes that will affect other fire and rescue services. Further information about these changes and the full report on the outcome of the consultation can be found at:
www.gov.uk/government/consultations/enabling-closer-working-between-the-emergency-services

Property Services Review

A contract has been awarded to Kellogg Brown & Root (KBR) to procure and manage various 'integrator' services on behalf of the Brigade. In summary, an integrator service is where there is a single organisation that sits between the client and a series of specialist suppliers. The client, therefore, has one relationship with the integrating organisation, who in turn manages the supply chain. Services provided under the contract include the procurement, management and auditing of the facilities management supply chain on behalf of the Brigade. Work is now underway to move to the new service, expected to be fully in place by August 2016.

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Local Pension Board

The introduction of the 2015 Firefighters' Pension Scheme brought with it new governance arrangements for all three firefighter pension schemes, including the establishment of local pension boards. At its March 2015 meeting, the Authority established a Local Pension Board, whose purpose is to assist the Authority to secure compliance with relevant legislation, and to ensure effective administration of all schemes.

The Board has no executive powers; these remain with the Authority. Terms of reference for the Local Pension Board, were agreed at the Authority Annual General Meeting (AGM) in June 2015. The purpose of the Board is to assist the Authority to secure compliance with relevant legislation and to ensure the effective administration of all schemes. The Board is required to have an equal number of employer representatives and employee representatives, and the AGM agreed these would be Authority members and trade union nominees respectively.

It was agreed that the employee side would be made up of three nominees from the Fire Brigades Union, one from the Fire Officers' Association and one from Prospect. Therefore there will be five LFEPA members who will represent the employer side, three from Labour and two from Conservative.

Exercise Unified Response

Exercise Unified Response (EUR), the biggest multi agency training exercise in the Brigade's history and the biggest of its sort ever to take place in Europe, took place over four days from Monday 29 February to Thursday 3 March 2016. The exercise was grant funded by the European Union and involved Fire Service colleagues from Hungary, Italy and Cyprus. The Police, Ambulance and NHS services also played a role in the exercise

EUR tested London's emergency services ability to work effectively with each other as well as with other key agencies such as local authorities, Transport for London and the utilities sector. It was also used as an opportunity to validate arrangements for integrating assistance from specialist teams - such as those responsible for urban search and rescue - that are based elsewhere in the UK and from other countries in the European Union.

Firefighter industrial action

During the financial year firefighters in the Fire Brigades Union (FBU) continued their dispute over the Government's reforms to the Firefighters' Pension Scheme and declared action short of strike until further notice. Following the FBU's commitment to not take any further strike action in the pensions dispute until the outcome of a legal challenge in relation to age discrimination in transitional protection is known, and with the subsequent agreement of members, officers made arrangements to stand down contingency arrangements, whilst the FBU's commitment is in place.

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The periods during the year when firefighters may have taken strike action saw the provision of fire cover by the Authority's retained contractor Securitas. The cost to the Authority relating to business continuity during 2015/16 was £1.18m. The net cost to the Authority of industrial action to date is £9.7m (£3.22m in 2013/14, £5.30m in 2014/15 and £1.18m in 2015/16).

Property PFI Scheme

The Authority has a PFI agreement with Blue3 (London) Ltd to design, build, finance and maintain nine new fire stations. The PFI project will see the Brigade receive £51.5m over a 25 year period, from central government, to replace and build new fire stations at Dagenham, Dockhead, Leytonstone, Mitcham, Old Kent Road, Orpington, Plaistow, Purley and Shadwell. The £51.5m is the agreed grant funding as at 1st August 2013 (the date of the signed agreement) which is indexed linked to cover for inflation.

PFI provides a way of funding major capital investments, without the public purse having to find all the cost up front. This £51.5m is extra money for the Brigade. Eight of the stations are being completely re-built on their existing sites and one station, Mitcham, has been built on a new site. The stations at Mitcham and Old Kent Road were completed in 2014/15 and during 2015/16 Orpington, Plaistow, Dagenham, Leytonstone, Purley and Shadwell were completed. The last station, Dockhead, was completed and became operational in April 2016.

Fifth London Safety Plan (LSP5)

Following the implementation of LSP5, ten fire stations were closed and the sites have been marketed to be sold. The sale of the former fire stations at Bow, Silvertown and Woolwich completed in 2014/15. During 2015/16 the sale of the former fire stations at Downham, Knightsbridge, Belsize and Kingsland were completed. The disposal of the remaining stations closed under LSP5 is ongoing and it is expected that these sales will complete in 2016/17.

Review of Top Management Structure

The Authority approved a new top management structure at their meeting on 26 March 2015. The new structure will produce savings of £486k in a full year with savings of £350k being achieved in 2015/16 before rising to the full amount in 2016/17.

The new structure resulted in the establishment of three Directorates and a number of functions that report directly to the Commissioner. The three Directorates are the Directorate of Finance and Contractual Services with a Directorate of Operations and a Directorate of Safety and Assurance. The former posts of Deputy Commissioner, Strategic Advisor to the Commissioner and the Head of Human Resources and Development were deleted with effect from 1 April 2015.

Full details of the top management review can be found on the Authority's website, http://moderngov.london-fire.gov.uk/mgChooseDocPack.aspx?ID=339

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London Fire Brigade Enterprises Ltd

Following a decision taken by the Authority on 26 June 2014 (FEP 2254), to establish a LFEPA trading company, the Authority registered a company, on 23 January 2015, called London Fire Brigade Enterprises Ltd.

The company started trading in 2015/16 in order to provide consultancy services, training and other services associated with our expertise in fire. A dividend will be paid to the shareholder - The Authority - who will use it to fund projects or as part of the annual budget cycle.

The Company employs no staff directly; it operates using staff seconded by the Authority and engaging third parties. Group accounts have not been produced for the combined entities as the net expenditure, income, assets and liabilities of the company do not have a material impact on the results published. The company made a small profit (£6k) for the year end 31 March 2016.

Authority's Key Strategic Aims and performance

Overall, performance for 2015/16 remains good, with the majority of indicators showing achievement and a number achieving/exceeding the performance target. In some cases, the performance targets do mask a small rise in some incident types. For example, secondary fires increased by 6.9 per cent (due to warmer drier summer weather in 2015) and there were increased numbers of shut in lift releases (up 3.8 per cent) and automatic fire alarms (AFAs) in non-residential buildings (up 2.5 per cent) attended (due to fewer callers being challenged/filtered). However, primary (more serious) fires continued to fall in 2015/16 compared to earlier years, as did fires in dwellings, which are the focus of the Brigade's community safety work. The performance highlights are:

- The total number of **fire fatalities** as at the end of March 2016 based on the 10 year rolling average (LI1i) was 46. The longer term trend remains one of substantial improvement with fire fatalities over 24 per cent lower (based on the 10 year average) compared to the highest point of the last five years (61 – October 2011); there were 36 fire deaths in 2015/16 which is over a 20 per cent reduction on the yearly figure five years ago, although the number is slightly higher than the 2014/15 (30). Deaths in accidental dwelling fires (the main focus of the Brigade's community safety work) continued to fall; deaths in deliberate fires were up compared with 2014/15.
- The number of **Injuries arising from primary fires** (571) shows an improvement over the same period for 2014/15. Performance over the past six months continues to represent an improvement with a 36 per cent improvement from the high point of the past five years (891 – 12 months to end of April 2011); and the current normal and stretch targets are being achieved.
- The number of **dwelling fires** continues to reduce (5,702) over the long term and performance over the past six months is meeting the current normal and stretch targets.

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- **Time spent on community safety (CS) activity by fire station staff** is at 13.9 per cent as at the end of March 2016. This represents continual improvement, maintaining the high level of performance which continues to be above the target.
- The indicator for **primary fires in non-domestic properties** (LI 8) was amended for 2013/14 to focus just on those property types covered by the Regulatory Reform (Fire Safety) Order 2005 (RRO). The figure of 2,052 as at the end of March 2016 is a slight increase over the end of year position for 2014/15 (2,050) but performance remains within target.
- The **speed of attendance to incidents** by both first and second fire pumping appliances continues to remain well within the performance targets (6 minutes and 8 minutes, on average, respectively). On average, a first appliance arrived at an incident in 5 minutes 36 seconds and a second appliance in 6 minutes 56 seconds.
- The number of unwanted calls to **false alarms caused by automatic fire alarms (AFAs) in non-domestic buildings** has increased; however, the figure of 21,160 as at the end of March 2016 still represents a reduction of 20 per cent over the last five years.
- **Invoice payments** for all undisputed invoices continues to represent excellent performance, and has achieved the annual target (99.9 per cent paid within 30 days; target 98 per cent). Payment of undisputed invoices received from Small and Medium Enterprises (SMEs), has also shown significant improvement, with annual performance now exceeding the 95 per cent target (at 99 per cent).
- **Sickness absence** amongst operational staff was 5.18 per cent, compared to the target of 3.65 per cent. Sickness for non-operational (FRS) staff was 3.86 per cent against a target of 2.48 per cent. Control staff sickness was 6.23 per cent against a target of 4.70 per cent.
- The number of **road traffic accidents involving fire brigade vehicles** continues to improve over the long term. The figure of 490 accidents for the 12 months to end March 2016 represents a slight decrease against the same period in 2014/15 (482) although is still within the target of 509. A detailed report about health and safety, including performance against targets, is presented to the Committee annually.
- **Safety events reported under RIDDOR** are those more serious events and/or those which happen to result in sickness absence over seven days required to be reported to the Health and Safety Executive (HSE), under the Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations (RIDDOR) 2013. The definition of events reportable under these Regulations are listed for reference, in Appendix 2. The figure of 93 RIDDOR reportable injuries for the 12 months to end March 2016 represents an improvement over the number of incidents reported during the same period in 2014/15 (133).

Details of the Authority's performance can be found on the Authority's website at the following link. http://www.london-fire.gov.uk/OurPerformance.asp

For more updates and information about the brigade you can follow us on social media or visit our website **www.london-fire.gov.uk**

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Accounting Statements

The Authority's accounting statements that follow have been prepared using the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, this 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 accounting statements that follow comprise:

- **The Statement of Responsibilities for the Statement of Accounts** which sets out the respective responsibilities of the Authority and its Director of Finance and Contractual Services for the accounts.

The following Core Accounting statements:

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

- **The Comprehensive Income and Expenditure Account**, which 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**, which shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use 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 those that the Authority is not able to use 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**, which shows the changes in cash and cash equivalents of the Authority during the year. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

The Statement of Accounts also includes the following Accounting Statement;

- **The Firefighters' Pension Schemes Fund Account**, which shows transactions on the fund account determined by regulation for the Firefighters' scheme for England. The Fund is unfunded but is no longer on a pay as you go basis as far as Fire Authorities are concerned. The Authority no longer meets the pension outgoings directly: instead it pays an employer's pension contribution based on a percentage of pay into the Pension Fund. The Authority is required by legislation to operate a Pension Fund and the amounts that must be paid in and out of the Fund are specified by regulation. The fund is balanced to nil at year end by either payment of the excess to, or receiving a top up grant to meet a deficit from, the Department for Communities and Local Government (CLG).

The Annual Governance Statement (AGS) 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 code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable.

In 2015/16, total spending on the capital programme for tangible and intangible assets was £43.9m, of which £9.2m was capital expenditure incurred by the Authority and £34.7m under the PFI arrangement. The spend included the rebuilding and modernising of fire stations and other buildings (£41.1m), upgrading equipment (£2.6m) and the purchase of fleet vehicles (£0.2m). Capital expenditure on Authority assets (£43.9m) is to be financed in accordance with the Prudential Code, Government capital grant (£0.7m), Capital receipts (£8.5m) and finance lease borrowing (£34.7m).

The Authority took no external borrowing during the year. Settlement of maturing principal debt during 2015/16 totalled £6m. As a result, as at 31 March 2016, the level of outstanding principal debt totalled £92.725m. The average interest payable on outstanding loans as at 31 March 2016 was 4.34% (4.36% 31 March 2015).

Disposal of property during the year resulted in £30.8m of capital receipts.

Income and Expenditure for the year

The income and expenditure relates to monies we collect and spend on the day to day running of the Authority'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 (£382.4m) made up of the following elements; Revenue Support Grant (£129.4m), Retained Business Rates (£114.8m) and Council Tax (£138.2m).

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 31), depreciation, impairment and revaluation charges), the figure for net service expenditure for 2015/16, shown in the table below, was £382.1m against a budgeted net expenditure sum of £394.5m. The outturn position after application of reserves and grants was £11.4m less than the approved Authority budget.

After the net movement from general fund to reserves (£7.1m), the Authority's General fund balance increased by £6.8m from £12.7m as at 31 March 2015 to £19.4m as at 31 March 2016 and the Authority's earmarked reserves increased from £6.5m as at 31 March 2015 to £13.6m as at 31 March 2016.

The £11.4m underspend in year was a combination of under and overspends as set out in the table below. Business Continuity costs incurred during the year were unbudgeted and relate to the cost of the provision of fire cover should strike action take place whilst firefighters were in dispute. No strike action took place during 2015/16.

Set out in the table below is a summary comparison of the actual and budgeted figures for the year. The figures exclude charges made in the Authority's main accounts for depreciation and pension liabilities as these costs are purely technical accounting adjustments and do not impact on the Authority's funding requirements through GLA grant.

Service Expenditure and Income 2015/16

Service Expenditure	2015/16		
	Annual Budget	Outturn	Outturn variance
	£000	£000	£000
Operational Staff	241,574	234,092	(7,482)
Other Staff	48,571	48,376	(195)
Employee Related	23,337	23,906	569
Pensions	21,601	20,681	(920)
Premises	33,301	31,831	(1,470)
Transport	17,302	16,237	(1,065)
Supplies and Services	26,422	25,825	(597)
Third Party Payments	1,969	2,136	167
Capital Financing Costs	9,978	10,011	33
Central Contingency	1,439	555	(884)
Business Continuity	0	1,153	1,153
Revenue Service Expenditure	425,494	414,803	(10,691)
Income	(31,038)	(32,701)	(1,663)
Net Service Expenditure	394,456	382,102	(12,354)
Transfer to General Reserves	1,238	1,238	0
Transfer to Earmarked Reserves	245	1,199	954
Financing Requirement	395,939	384,539	(11,400)
Financed by			
Specific grants	(13,539)	(13,547)	(8)
GLA funding	(382,400)	(382,400)	0
Total Net Expenditure	**0**	**(11,408)**	**(11,408)**

What we own, money we owe and money owed to us

Our Balance Sheet below shows the value of what the Authority owns, is owed, and what it owes to others as at 31 March 2016.

The Authority's property portfolio, which is located throughout the Greater London area includes 102 operational land fire stations, and one river station, 2 Leasehold Offices, 2 workshops, 1 Stores unit, 1 site under development, 3 surplus sites, 3 sites held for sale, 3 Radio mast sites and 9 interests in other property (data back up facility, car parking and telecommunication paging sites).

Money owed to us within the next year includes cash sums invested with financial institutions on a short term basis totalling £55m.

Summary Balance Sheet as at 31 March 2016	**£m**
Computer Software	10.5
Land, Buildings, Vehicles & Equipment	369.8
Assets Held for Sale	33.3
Stock	1.0
Money owed to the Authority within the next year	99.9
Money owed to the Authority after one year	0.1
Money owed by the Authority within the next year	(65.9)
Money owed by the Authority after one year	(5,773.2)
Total	(5,324.5)
Unusable Reserves	
Reserves not available for use	(236.4)
Pension Fund deficit	5,626.4
Usable Reserves	(65.5)
Total Net worth	5,324.5

Pension Funds

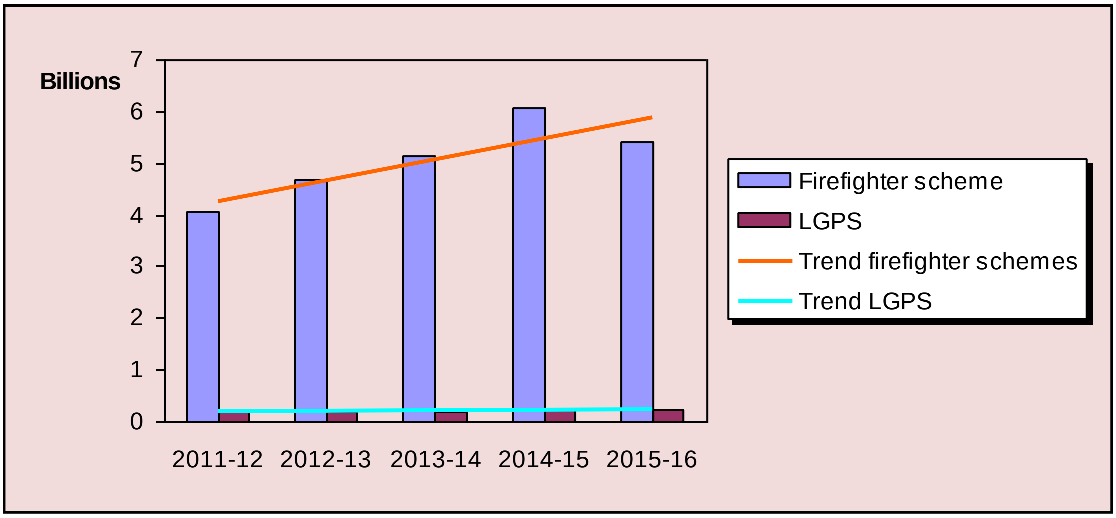
The Authority participates in four pension schemes that meet the needs of particular groups of employees. There are three firefighter pension schemes known as the 1992 Firefighters' Pension scheme, the 2006 Firefighters' Pension scheme, and the 2015 Firefighters' Pension Scheme, for which only operational 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 2016, is £5.6bn (31 March 2015 £6.3bn). This is the sum of the Authority's liabilities in both schemes arising from pension benefits earned 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 Authority. The chart below shows the movement in the level of liability in the Firefighter pension schemes and the Local Government Pension scheme (LGPS) over five years.

The movement in the pension liability between years relates to a £0.7bn reduction in the long term liability for the firefighter schemes, as assessed by the Authority's actuary. This is due mainly to the introduction of the new 2015 scheme, which operates on a Career Average basis rather than a final salary basis .

Firefighter schemes and Support staff (LGPS) Pension obligation 2011/12 to 2015/16



Milne v GAD Firefighter pensions back dated Lump sum payments

Following a case bought by Mr Milne against the Government Actuary Department (GAD) a determination was made by the Pensions Ombudsman that resulted in back dated lump sum payments to firefighter pensioners. The payments were based on revised commutation factors, issued by GAD in August 2015. The Authority made back dated payments totalling £15.4m in March 2016. These payments have been charged to the firefighters pension fund account and are funded by grant from the Department for Communities and Local Government (DCLG) and HM Treasury.

Further Information

Further information concerning the accounts is available from the Director of Finance and Contractual Services, London Fire Brigade Headquarters, 169 Union Street, London SE1 0LL.

Formal approval and adoption of the Accounts by the Authority

To be confirmed that these accounts were approved by the Authority's Governance, Performance and Audit Committee at the meeting held on 11 July 2016.

Signed on behalf of the London Fire and Emergency Planning Authority

Councillor Jack Hopkins
Chairman of Governance, Performance and Audit Committee

Dated 11 July 2016

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Finance and Contractual 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 of Finance and Contractual Service's Responsibilities

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

In preparing this Statement of Accounts, the Director of Finance and Contractual Services has:

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates that were reasonable and prudent;

- complied with the local authority Code.

The Director of Finance and Contractual 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 of Finance and Contractual Services

I hereby certify that the Statement of Accounts on pages 18 to 103 gives a 'true and fair view' of the financial position of the Authority at the reporting date and of its expenditure and income for the year ended 31 March 2016.

Signed

Sue Budden CPFA
Director of Finance and Contractual Services

Dated 25 July 2016

Audit Opinion and Certificate

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON FIRE AND EMERGENCY PLANNING AUTHORITY

Opinion on the Authority financial statements (draft)

We have audited the financial statements of London Fire and Emergency Planning Authority for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Movement in Reserves Statement;
- Comprehensive Income and Expenditure Statement;
- Balance Sheet;
- Cash Flow Statement and the related notes 1 to 36; and

include the firefighters' pension fund financial statements comprising the:

- Fund Account;
- Net Assets Statement and the related note 1.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of London Fire and Emergency Planning Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Finance and Contractual Services and auditor

As explained more fully in the Statement of the Director of Finance and Contractual Service's Responsibilities set out on page 14, the Director of Finance and Contractual Service is responsible for the preparation of the Authority's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance and Contractual Services; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2015/16 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:
- give a true and fair view of the financial position of London Fire and Emergency Planning Authority as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2015/16 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report if:
- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014;or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

Conclusion on London Fire and Emergency Planning Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Audit Opinion and Certificate

Auditor's responsibilities

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2015, as to whether the [name of body] had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the [name of body] put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the [name of body] had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, we are satisfied that, in all significant respects, London Fire and Emergency Planning Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

NEIL HARRIS

Neil Harris
for and on behalf of Ernst & Young LLP, Appointed Auditor
Luton
25 July 2016

Accounting Policies

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

General Principles

The Statement of Accounts summarises the Authority's transactions for the financial year and its position at the year-end of 31 March 2016. The Financial Statements provide information about the Authority's financial performance, financial position and cash flow which is useful to a wide range of users for assessing the stewardship of the Authority's management and for making economic decisions. The Authority 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 2015/16 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 Authority 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 Authority.

- Revenue from the provision of services is recognised when the Authority 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 Authority.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where 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.

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 attributable to the service

The Authority 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 Authority 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), 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 are 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 are 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.

EU Referendum

Following the majority vote to end the UK's membership of the European Union (EU) in the EU Referendum held on 23 June 2016, there is a heightened level of volatility in the financial markets and increased macroeconomic uncertainty in the UK. All three major rating agencies, (S&P, Fitch and Moody's) took action on the UK Sovereign cutting its rating from AAA to AA.

The Treasury Strategy, as outlined in note 10, means the surplus and net assets are well protected against currency fluctuations in the short to medium term and the investments have limited short-term debt maturities. There is likely to be an impact on the valuation of our defined benefit pension valuations if confidence in the wider UK property market falls.

It is too early to estimate the quantum of any impact on the financial statements, and there is likely to be significant ongoing uncertainty for a number of months while the UK renegotiates its relationships with the EU and other nations. For the purposes of these financial statements, the Referendum is considered a non-adjusting event. There have been no other events occurring after the reporting date that would have a material impact on these financial statements.

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 Authority 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 Authority 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 Authority 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.

Foreign Currency Translation

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

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/16 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional democratic organisation.

- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as a part of Net Expenditure on Continuing Services.

VAT

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) will introduce changes in accounting policies which will be required from 1 April 2016 as detailed below.

CIPFA/LASAAC has agreed that the 2016/17 edition of this Code will adopt the measurement requirements of the CIPFA *Code of Practice on Transport Infrastructure Assets*, as amended in 2013 (or any subsequent amendments to that Code that may be issued), i.e. measurement on a Depreciated Replacement Cost basis. This will represent a change in accounting policy from 1 April 2016.

This change will not affect the Authority's accounting policies.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into `usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. 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 authority.

Movement in Reserves Statement	Usable Reserves								
	General Fund	Earmarked Reserves	Revenue grants Unapplied	Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Note
	£000	£000	£000	£000	£000	£000	£000	£000	
Balance as at 1/4/14	**(10,238)**	**(9,234)**	**(2,240)**	**(13,850)**	**0**	**(35,562)**	**5,143,890**	**5,108,328**	
(Surplus) or deficit on provision of services (accounting basis)	168,747	0	0	0	0	168,747	0	168,747	
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	778,743	778,743	4
Total Comprehensive Income and Expenditure	168,747	0	0	0	0	168,747	778,743	947,490	
Restated - Adjustments between accounting basis & funding basis under regulations	(168,478)	0	(606)	13,850	(4,522)	(159,756)	159,756	0	6
Net Increase/Decrease before Transfers to Earmarked Reserves	269	0	(606)	13,850	(4,522)	8,991	938,499	947,490	
Transfers (to)/from Earmarked Reserves	(2,686)	2,686	0	0	0	0	0	0	7
Increase/(Decrease) in Year	(2,417)	2,686	(606)	13,850	(4,522)	8,991	938,499	947,490	
Balance as at 31/3/15	**(12,655)**	**(6,548)**	**(2,846)**	**0**	**(4,522)**	**(26,571)**	**6,082,389**	**6,055,818**	
(Surplus) or deficit on provision of services (accounting basis)	87,518	0	0	0	0	87,518	0	87,518	
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	(818,845)	(818,845)	4
Total Comprehensive Income and Expenditure	87,518	0	0	0	0	87,518	(818,845)	(731,327)	
Adjustments between accounting basis & funding basis under regulations	(101,363)	0	(2,196)	(590)	(22,251)	(126,400)	126,400	0	6
Net Increase/Decrease before Transfers to Earmarked Reserves	(13,845)	0	(2,196)	(590)	(22,251)	(38,882)	(692,445)	(731,327)	
Transfers(to)/from Earmarked Reserves	7,064	(7,064)	0	0	0	0	0	0	7
Increase/(Decrease) in Year	(6,781)	(7,064)	(2,196)	(590)	(22,251)	(38,882)	(692,445)	(731,327)	
Balance as at 31/3/16	**(19,436)**	**(13,612)**	**(5,042)**	**(590)**	**(26,773)**	**(65,453)**	**5,389,944**	**5,324,491**	

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. This Authority receives grant funding from the GLA the position of which is shown in the Movement in Reserves Statement.

Comprehensive Income and Expenditure Statement							
31 March 2015			**Division of Service**	31 March 2016			
Gross Expenditure	**Gross Income**	**Net Expenditure**		**Gross Expenditure**	**Gross Income**	**Net Expenditure**	
£000	£000	£000		£000	£000	£000	Note
51,051	(5,585)	45,466	Community fire safety	45,642	(6,734)	38,908	
324,153	(33,007)	291,146	Fire fighting and rescue operations	277,929	(37,325)	240,604	
1,538	(119)	1,419	Fire service emergency planning and civil defence	1,462	(88)	1,374	
			Central Services				
1.870	0	1,870	Corporate and Democratic Core	1,595	0	1,595	
1,097	0	1,097	Non Distributed Costs	1,033	0	1,033	
379,709	**(38,711)**	**340,998**	**Cost of services**	**327,661**	**(44,147)**	**283,514**	19
13,528	(21,980)	**(8,452)**	Other operating expenditure	13,434	(30,817)	**(17,383)**	3
7,162			Interest payable and similar charges	8,635			10
	(377)		Interest and investment income		(568)		10
221,100			Firefighter pensions net Interest on the net defined benefit liability	192,700			29
7,616			Support staff pension net interest on the net defined benefit liability	7,994			29
235,878	(377)	**235,501**	**Financing and Investment Income and Expenditure**	209,329	(568)	**208,761**	
	(389,175)		GLA Grant		(382,400)		23
	(466)		PFI Grant		(3,732)		23
	(9,659)		Capital Grant		(1,242)		23
		(399,300)	**Taxation and Non-Specific Grant Income**			**(387,374)**	
		168,747	**(Surplus) or Deficit on Provision of Services**			**87,518**	
(57)			Surplus on revaluation of non-current assets	(39,010)			
497			Impairment losses on non-current assets charged to revaluation reserve	411			
778,303			Remeasurement of the net defined benefit liability	(780,246)			
		778,743	**Other Comprehensive Income and Expenditure**			(818,845)	4
		947,490	**Total Comprehensive Income and Expenditure**			**(731,327)**	

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use 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 those that the authority is not able to use 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'.

BALANCE SHEET					
31 March 2015			31 March 2016		Note
£000	£000		£000	£000	
		Property, Plant & Equipment			
78,780		Land	96,365		
206,811		Buildings	248,284		
23,747		Vehicles, Plant and Equipment	18,565		
644		Non Operational Assets – Surplus	2,030		
9,796		Non Operational Assets – Other	3,210		
1,198		Heritage Assets	1,346		
		Assets Held For Sale	26,507		
	320,976			**396,307**	9
	4,269	**Intangible Assets**		**10,542**	9
	63	Long Term Debtors	76	**76**	13
	325,308	**Long Term Assets**		**406,925**	
36,215		Assets Held For Sale	6,738		9
399		Inventories	983		12
25,503		Short Term Debtors	41,940		13
27,167		Cash and Cash Equivalents	58,032		14
	89,284	**Current Assets**		**107,693**	
(6,104)		Short Term Borrowing	(14,177)		10
(37,522)		Short Term Creditors	(44,954)		15
(3,661)		Provisions	(5,691)		16
(527)		Short Term Liabilities	(1,119)		27
	(47,814)	**Current Liabilities**		**(65,941)**	
(2,622)		Provisions	(1,540)		16
(93,533)		Long Term Borrowing	(79,447)		11
(6,326,441)		Other Long Term Liabilities	(5,692,181)		26
	(6,422,596)	**Long Term Liabilities**		**(5,773,168)**	
	(6,055,818)	**Net Assets**		**(5,324,491)**	
(26,571)		Usable Reserves	(65,453)		17
6,082,389		Unusable Reserves	5,389,944		18
	6,055,818	**Total Reserves**		**5,324,491**	

Cash Flow Statement

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

CASH FLOW STATEMENT	Notes	31 March 2015	31 March 2016
		£000	£000
Net (Surplus) or Deficit on the Provision of Services		**168,747**	**87,518**
Adjustments to Net (Surplus) or Deficit on the provision of Services for Non-Cash Movements	34	(186,299)	(132,125)
Adjustments for items in the Net (Surplus) or Deficit on the Provision of Services that are Investing or Financing Activities		19,156	32,060
Net cash flows from Operating Activities		**1,604**	**(12,547)**
Investing Activities	36	10,315	(24,794)
Financing Activities	36	3,012	6,476
Net (Increase) or Decrease in Cash and Cash Equivalents		**14,931**	**(30,865)**
Cash and cash equivalents at the beginning of the period	14	42,098	27,167
Cash and Cash Equivalents at the End of Period	14	27,167	58,032

Notes to Core Accounting Statements

1. Critical Judgements in Applying Accounting Policies

In applying the accounting policies, the Authority 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 Authority decided to sell its old Headquarters building based at 8 Albert Embankment, Lambeth and moved to a refurbished leased building at 169 Union Street, Southwark. The old headquarters site was remarketed and a developer appointed in March 2016. During 2015/16 the site was an operational property given its continued use as an operational fire station, and included in the balance sheet as an operational asset rather than an asset held for sale.

Property PFI project

The Authority has entered into a PFI agreement to re provide nine new fire stations over a three year period. Eight of the stations are to be re provided on existing sites with one on a new site. The agreement requires the Authority to provide access, under a lease and lease back arrangement, to the various sites as and when the building works are due to take place. The stations concerned will be non operational during the period of construction and become operational under a lease agreement once the new stations are completed. Therefore the sites concerned, whilst under construction, were reclassified in the financial accounts from operational to non-operational non current assets. The stations will revert back to Authority ownership at the end of the lease period of twenty five years. Ownership of the land at each site remains with the Authority.

The stations at Mitcham and Old Kent Road were completed and became operational in 2014/15. During 2015/16 a further six stations were completed and became operational at Dagenham, Leytonstone, Orpington, Plaistow, Purley and Shadwell. They have been valued by the Authority's valuer and included on the balance sheet as operational assets using a Depreciated Replacement Cost valuation.

As at 31 March 2016 the remaining PFI station at Dockhead was still under construction. It was completed and became operational in April 2016 and will be valued and included in the balance sheet as part of the 2016/17 accounts.

Fifth London Safety Plan (LSP5)

The sites closed following the implementation of LSP5 that have not been sold have been valued at 31st March 2016 at the lower of its carrying value and fair value less costs to sell at initial reclassification. LFEPA is satisfied that the estimated disposal proceeds (EDP) figures provided by Dron and Wright meet the requirements of 'fair value' as deemed by the CIPFA Code of Practice for Local Government Accounting 2015/16. EDP figures are not market valuations as they were not subject to the standards and guidance which is contained in the RICS 'Red Book', as the preparation of agency advice, including estimates of disposal proceeds, is specifically excluded from the provisions of the 'Red Book'.

Government Grants

The Authority receives government grants and contributions and under the CIPFA Code must determine the conditions under which the grants and contributions can be applied. Apart from funding from CLG for the firefighter pensions fund account, which is conditional based on corresponding expenditure, all other grants and contributions have been determined to be unconditional.

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 economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. The current carrying value of non-current assets as at 31st March 2016 is £396.3m. The valuation of land and buildings is based on the methodology as detailed in note 9. During 2015/16 the value of operational buildings have been increased by 10% based on building cost indices. Land values increased by between 10% and 25% depending on the location of the fire station. The applied increase was taken as a mid-point for land based on professional advice.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £1.4m for every year that useful lives had to be reduced It is estimated that if land and building costs increased by an additional 5%, the land and building valuations would increase by £4.8m and £12.4m respectively.

Pensions 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 Authority with expert advice about the assumptions to be applied. The current carrying value of the pension liability as at 31st March 2016 is £5,626m.	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 9% increase in the pension liability, in the region of £476.9m. However the assumptions interact in complex ways. An increase or decrease in liability due to estimates being corrected as a result of experience can be offset by a decrease or increase attributable to updating of the assumptions. A sensitivity analysis is included under note 30

3. Material items of Income and Expense

The Authority collected £23.4m from the Insurance industry under the Metropolitan Fire Brigade Act 1865. This is shown as income in the Net Cost of Services against Community Fire Safety and Fire fighting and Rescue Operations.

Other operating expenditure/(income)

The sum shown in the CIES comprises of the following

Other operating expenditure	2014/15 £000	2015/16 £000
Non current assets impairment	6,380	6,657
Non current assets derecognised	3,295	0
Non current assets – disposed in year	3,831	6,777
Foreign exchange losses	22	0
Sub total	**13,528**	**13,434**
Foreign exchange gains	0	(39)
Sale proceeds received in year	(14,240)	(30,778)
Reversal of impairment charged in 2013/14	(7,740)	0
CIES - Other operating expenditure/(income)	**(8,452)**	**(17,383)**

4. Other Comprehensive income and expenditure

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

Surplus or deficit on revaluation of non-current assets	**2014/15 £000**	**2014/15 £000**	**2015/16 £000**	**2015/16 £000**
Gain on the revaluation of Property assets	(57)		(39,010)	
Loss on the revaluation of Property assets	497		411	
Surplus on revaluation of non current assets		**440**		**(38,599)**
Actuarial losses on Firefighter pension liabilities	728,400		(756,200)	
Actuarial losses on LGPS pension assets/liabilities	49,303		(24,046)	
Actuarial (gains)/losses on pension assets/liabilities		**778,303**		**(780,246)**
Total Other Comprehensive Income and Expenditure		**778,743**		**(818,845)**

5. Events after the Balance Sheet date

Accounts Authorised

The accounts were authorised for issue by Sue Budden, Director of Finance and Contractual services on 25 July 2016 and post balance sheet events have been considered up to this date.

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 Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2015/16 - Adjustments between Accounting Basis and Funding Basis under Regulations	**General Fund**	**Revenue Grants Unapplied**	**Capital Grants Unapplied**	**Capital Receipts Unapplied**	**Total Usable Reserves**	**Total Unusable Reserves**
	£000	£000	£000	£000	£000	£000
Depreciation, amortisation and impairment of fixed assets	(23,258)	0	0	0	(23,258)	23,258
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	30,817	0	0	(30,778)	39	(39)
MRP for capital financing Not debited to the Comprehensive Income and expenditure account	6,365	0	0	0	6,365	(6,365)
Amounts of non current assets written off on disposal as part of the gain/loss on disposal to CIES	(6,777)	0	0	0	(6,777)	6,777
Amount by which pension costs calculated in accordance with Code are different from contributions due under the pension scheme regulations	(112,659)	0	0	0	(112,659)	112,659
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	1,242	0	(1,242)	0	0	0
Application of capital grants, receipts and contributions to capital financing transferred to the Capital Adjustment Account	0	0	652	8,527	9,179	(9,179)
Transfer to Revenue Grants Unapplied Account	2,196	(2,196)	0	0	0	0
Adjustment due to Accumulated Absences, reversal of prior year charge	4,888	0	0	0	4,888	(4,888)
Adjustment due to Accumulated Absences, current year charge	(4,177)	0	0	0	(4,177)	4,177
Total Adjustments	**(101,363)**	**(2,196)**	**(590)**	**(22,251)**	**(126,400)**	**126,400**

The following table provides comparative figures for 2014/15.

2014/15 - Adjustments between Accounting Basis and Funding Basis under Regulations	**General Fund**	**Revenue Grants Unapplied**	**Capital Grants Unapplied**	**Capital Receipts Unapplied**	**Total Usable Reserves**	**Total Unusable Reserves**
	£000	£000	£000	£000	£000	£000
Depreciation, amortisation and impairment of fixed assets	(15,255)	0	0	0	(15,255)	15,255
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	14,240	0	0	(14,240)	0	0
De-recognition of non current assets	(3,295)	0	0	0	(3,295)	3,295
MRP for capital financing Not debited to the Comprehensive Income and expenditure account	5,894	0	0	0	5,894	(5,894)
Amounts of non current assets written off on disposal as part of the gain/loss on disposal to CIES	(3,832)	0	0	0	(3,832)	3,832
Amount by which pension costs calculated in accordance with Code are different from contributions due under the pension scheme regulations	(176,913)	0	0	0	(176,913)	176,913
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	9,659	0	(9,659)	0	0	0
Application of capital grants, receipts and contributions to capital financing transferred to the Capital Adjustment Account	0	0	23,509	9,718	33,227	(33,227)
Transfer to Revenue Grants Unapplied Account	606	(606)	0	0	0	0
Adjustment due to Accumulated Absences, reversal of prior year charge	5,306	0	0	0	5,306	(5,306)
Adjustment due to Accumulated Absences, current year charge	(4,888)	0	0	0	(4,888)	4,888
Total Adjustments	**(168,478)**	**(606)**	**13,850**	**(4,522)**	**(159,756)**	**159,756**

7. Transfers to/from Earmarked Reserves

The table below shows the in year movements between the Authority's earmarked reserves.

Earmarked Reserves	Balance as at 31/3/2016	Transfers Out	Transfers In	Balance as at 31/3/2015	Transfers Out	Transfers In	Balance as at 31/03/2014
	£000	£000	£000	£000	£000	£000	£000
Firefighter Ill Health Pensions	1,172	0	520	652	0	0	652
Vehicle Fleet reserve	105	(355)	0	460	(1,263)	0	1,723
London Resilience	1,402	(95)	0	1,497	0	0	1,497
Sustainability Reserve	235	0	0	235	0	0	235
Hydrants	264	0	0	264	(74)	0	338
Compensation	1,000	0	0	1,000	(150)	1,000	150
Hazardous Material Protection	341	(87)	0	428	(7)	0	435
Property	1,100	(75)	955	220	(40)	0	260
National Operational Guidance	0	(1,045)	0	1,045	(2,331)	0	3,376
Property PFI	1,912	0	1,693	219	(26)	0	245
Salix	0	0	0	0	(195)	0	195
Review of workwear	0	(128)	0	128	0	0	128
Pension Early Release	400	0	0	400	0	400	0
LSP6 Implementation	5,000	0	5,000	0	0	0	0
Emergency Services Mobile Communication Programme	356	0	356	0	0	0	0
EU Procurement Projects	105	0	105	0	0	0	0
Training	220	0	220	0	0	0	0
Total	**13,612**	**(1,785)**	**8,849**	**6,548**	**(4,086)**	**1,400**	**9,234**

8. Minimum Revenue Provision

The Authority is required by statute to set aside a minimum revenue provision, that it considers prudent, for the redemption of external debt and notional interest on credit arrangements, principally leases. The total amount set aside to the Capital Adjustment Account in 2015/16 was £6.37m (2014/15 £5.89m), being assessed by the Authority as being prudent given CLG guidance.

9. Property Plant and Equipment

Accounting Policy

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 Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

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 Authority does not capitalise borrowing costs incurred whilst assets are under construction. A deminimis of £20,000 is in place for the capitalisation of expenditure.

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure

Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Infrastructure and assets under construction - depreciated historical cost

- all other assets - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV)

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

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 Account where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is 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 by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is 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.

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 assets that are not yet available for use (i.e. assets under construction).

Land	Not depreciated
Heritage Assets	Not depreciated
Buildings – Structure, roof, plant & services	Estimated life between 10 to 60 years
Vehicles	5 to 25 years
Plant and Equipment	5 to 10 years

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 years deprecation is charged in the year of disposal.

Component Accounting

For assets that are classed as material (£5 million and above) to the Authority, 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 2012/13, the non-current tangible assets of the Authority were re-valued which triggered of the component accounting requirements, which has effected the depreciation charge levied in subsequent financial years. Componentisation does not apply to land assets and it applies where an item of property, plant and equipment asset has major components whose cost is significant (20% or above) in relation to the total cost of the item. In these instances, the components are recognised and depreciated separately according to it's useful life.

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 (DRC). Once the asset is reclassified to surplus assets, the asset is revalued under the IFRS13 fair value measurement methodology. Where there is a decrease in the fair value, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement (even where there is a balance on the asset's revaluation reserve). 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.

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 or Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (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.

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 Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in Movement in Reserves Statement.

The written-off value of disposals is not a charge against Authority 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 Authority is deemed to control the services that are provided under its vehicle PFI scheme, the Authority 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.

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

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 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 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)

- Lifecycle replacement costs – recognised as additions to property, plant and equipment when vehicles are purchased.

The table below shows the movements in the Authority's Non Current Assets during 2015/16:

Non Current Assets	Operational				Non Operational & Surplus Assets	Heritage Assets	Assets held for sale	Total
	Land	Buildings	Vehicles	Equipment				
	£000	£000	£000	£000	£000	£000	£000	£000
Net Book value as at 1/4/15	78,780	206,811	15,733	8,014	10,440	1,198	36,215	357,191
Add back Depreciation	0	79,039	3,997	28,239	178	0	13,134	124,587
Gross Value as at 1/4/15	**78,780**	**285,850**	**19,730**	**36,253**	**10,618**	**1,198**	**49,349**	**481,778**
Reclassification	2,516	254	0	1,041	(8,679)	0	0	(4,868)
Revaluation	15,069	18,331	0	0	1,386	148	3,665	38,599
Impairments	0	(6,657)	0	0	(342)	0	0	(6,999)
Additions in year	0	38,538	251	81	2,577	0	0	41,447
Disposals in year	0	0	(10)	0	(142)	0	(8,191)	(8,343)
Gross value as at 31/3/16	**96,365**	**336,316**	**19,971**	**37,375**	**5,418**	**1,346**	**44,823**	**541,614**
Accumulated Depreciation as at 1.4.2015	0	(79,039)	(3,997)	(28,239)	(178)	0	(13,134)	(124,587)
Disposals in year	0	0	10	0	0	0	1,556	1,566
Depreciation for year	0	(8,993)	(4,002)	(2,553)	0	0	0	(15,548)
Total Depreciation as at 31/3/16	**0**	**(88,032)**	**(7,989)**	**(30,792)**	**(178)**	**0**	**(11,578)**	**(138,569)**
Net Book Value as at 31/3/2016	**96,365**	**248,284**	**11,982**	**6,583**	**5,240**	**1,346**	**33,245**	**403,045**

Notes to Core Accounting Statements

The table below shows the comparative movements in the Authority's Non Current Assets during 2014/15:

Non Current Assets	Operational				Non Operational Assets	Heritage Assets	Assets held for sale	Total
	Land	Buildings	Vehicles	Equipment				
	£000	£000	£000	£000	£000	£000	£000	£000
Net Book value as at 1/4/14	78,990	201,549	225	7,295	12,814	1,198	32,813	334,884
Add back Depreciation	0	72,781	15	25,353	0	0	14,256	112,405
Gross Value as at 1/4/14	**78,990**	**274,330**	**240**	**32,648**	**12,814**	**1,198**	**47,069**	**447,289**
Reclassification	2,246	6,395	0	262	(8,903)	0	0	0
Revaluation	0	0	0	0	56	0	7,740	7,796
De-recognition – other	0	(5,838)	0	0	0	0	0	(5,838)
Impairments	(2,456)	(3,402)	0	0	0	0	(522)	(6,380)
Additions in year	0	14,365	19,490	3,343	6,706	0	(40)	43,864
Disposals in year	0	0	0	0	(55)	0	(4,898)	(4,953)
Gross value as at 31/3/15	**78,780**	**285,850**	**19,730**	**36,253**	**10,618**	**1,198**	**49,349**	**481,778**
Accumulated Depreciation as at 1.4..2014	0	(72,781)	(15)	(25,353)	0	0	(14,256)	(112,405)
Disposals in year	0	0	0	0	0	0	1,122	1,122
Reclassification	0	178	0	0	(178)	0	0	0
De-recognition – other	0	2,047	0	0	0	0	0	2,047
Depreciation for year	0	(8,483)	(3,982)	(2,886)	0	0	0	(15,351)
Total Depreciation as at 31/3/15	**0**	**(79,039)**	**(3,997)**	**(28,239)**	**(178)**	**0**	**(13,134)**	**(124,587)**
Net Book Value as at 31/3/2015	**78,780**	**206,811**	**15,733**	**8,014**	**10,440**	**1,198**	**36,215**	**357,191**

Basis of Valuations

Non Current asset valuations for Land and Buildings were determined as follows:
The freehold and long leasehold interests in the various properties which are owned by London Fire and Emergency Planning Authority (LFEPA), were valued by External Valuers, Dron & Wright, Chartered Surveyors and Property Consultants, at 1st April 2013, in accordance with the Sixth Edition of the Valuation Standards of the Royal Institution of Chartered Surveyors (the 'Red Book'). In their report dated 26 June 2013 in that connection, Dron and Wright confirmed the information set out below.

Operational portfolio

For the whole of the LFEPA 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. The DRC has been assessed on the basis of the existing properties, rather than by reference to 'Modern Equivalent Assets' (MEAs). This departure from the Red Book is necessary because it is impractical to ascertain the 'service potential' of MEAs, due to the following factors:-

- The very large number of fire stations in LFEPA operational property portfolio.
- The 'services' which are provided from individual fire stations are not 'standard' and vary significantly between different properties.
- When fire stations are rebuilt, that opportunity is often taken to rationalise the services which are provided from the property.
- LFEPA own a significant number of nationally or locally listed buildings in central London locations, and it would not have been viable to purchase a replacement asset, in the context of the market conditions prevailing at the valuation date.

The Building Cost Information Service (BCIS) suggests that the increase in the costs of constructing fire stations in London over the last year have typically increased by 10%. Further professional advice sought by the Valuer indicated that the general increase in land value in London, over the one year period to 31 March 2016, is between 10% and 25% depending on the area of London. The increase in the valuation of land is based on a mid point position for each area of London.

Surplus Assets

Once an asset is classified to surplus assets the asset is revalued under the IFRS13 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 Authority by Dron & Wright, in connection with the estimated disposal proceeds (EDP). The EDP figures are not market valuations as they were not subject to the standards and guidance which is contained in the RICS 'Red Book', as the preparation of agency advice, including estimates of disposal proceeds, is specifically excluded from the provisions of the 'Red Book'.

LFEPA is satisfied that the EDP figures provided meet the requirements of 'fair value' as deemed by the CIPFA Code of Practice for Local Government Accounting 2015/16. On the basis of that advice, 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.

Assets held for sale

Assets held for sale are valued at the lower of EUV/DRC and fair value as determined under IFRS13. The EDP is used as the fair value for this comparison as detailed above.

Freehold and long leasehold interests

The freehold and long leasehold interests in the various properties which are owned by London Fire And Emergency Planning Authority (LFEPA), were valued by External Valuers, Dron & Wright, Chartered Surveyors and Property Consultants, at 1st April 2016, in accordance with the current edition of the RICS Valuation - Professional Standards January 2014 (the Red Book).

Valuer's report

In their report dated 27th May 2016 (the report), Dron & Wright confirmed that, for the whole of the LFEPA operational portfolio, Existing Use Value (EUV) has been adopted. For specialised operational properties, a Depreciated Replacement Cost (DRC) methodology has been used. Non-specialised operational properties have been valued by reference to sales comparisons and market variables. The EUVs may be different to the prices which would have been obtainable in the open market for LFEPA's interests in the properties, if they had been declared surplus to LFEPA's operational requirements, at the valuation date.

In accordance with section 8.1 of Professional Standard 2 of the Red Book, Dron & Wright have made the following disclosures:-

1. This is the sixth time that the Valuer has been the signatory of the report provided to London Fire And Emergency Planning Authority (LFEPA) and the previous valuation dates were 1st April 2003, 1st April 2008, 1st April 2013, 1st April 2014 and 1st April 2015. This is the seventh time that the Valuer's firm has carried out the valuation instruction, with the first valuation date being 1st April 1999. Although this may be construed as a departure from the recommendations which are contained in the Red Book, we do not consider that it has prevented us from providing you with an independent and objective opinion of the values of your various properties.

2. The firm has acted for LFEPA for a period of over 20 years. During that time, the firm has provided property management, landlord and tenant, agency, building surveying and rating services to LFEPA, under a series of contracts for the provision of property and estate management functions.

3. In the firm's preceding financial year, the fees payable to the firm by LFEPA represented between 10% and 15% of the total fee income of the firm.

4. No material increase is anticipated in the proportion referred to in 3, in the foreseeable future.

Vehicles

The Authority terminated the contract with the previous provider in November 2012 and appointed Babcock to manage and maintain the fleet on an interim basis. In 2013/14 the fleet vehicles were owned by the Bank of Scotland and the Authority leased the fleet from the bank under an operating lease. The lease was discharged in April 2014, at which point the Authority took ownership of the fleet.

In April 2014 the Authority also took ownership from the Department for Communities and Local Government of New Dimension vehicles and equipment. These vehicles are available for national deployment and include specialist vehicles and equipment such as high volume pumps and mass de-contamination equipment.

Intangible Assets

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

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 Authority will be able to generate future economic benefits or service potential by being able to sell or use the asset. Expenditure is capitalised 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 Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. If intangible assets held by the Authority 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

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 of use to the Authority. The useful lives assigned to the major software suites used by the Authority are:

	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	

The carrying amounts of intangible assets are amortised on a straight line basis and the amortisation is charged to the relevant service heading in the Comprehensive Income and Expenditure Statement.

Intangible Assets	Operational			Under Development (non operational)		
	Software licences	In-house Software	Total	Software licences	In-house Software	Total
	£000	£000	£000	£000	£000	£000
Net Value as at 1/4/15	1,586	1,385	2,971	1,052	246	1,298
Amortised	(573)	(481)	(1,054)	0	0	0
Additions	123	(14)	109	2,347	3	2,350
Reclassification	1,559	6,957	8,516	(8,267)	(249)	(8,516)
Reclassification from Non Operational Tangibles Assets to Intangible Assets Under Development	0	0	0	4,868	0	4,868
Net Value as at 31/3/16	**2,695**	**7,847**	**10,542**	**0**	**0**	**0**

Following a review of expenditure for the Control and Mobilising System (CAMS) project in 2014/15, elements were identified as IT software rather than IT hardware. An adjustment has been made in year, since the value is not considered material.

Heritage Assets

Heritage assets are assets that are held by the Authority principally for their contribution to knowledge or culture. These assets are accounted for as a separate item on the balance sheet. The Authority's Heritage Assets are presently housed in the Authority's London Fire Brigade Museum located at Southwark. The Museum closed in 2015/16 pending a move to new site, the collection will be placed in storage until the new site is ready, meanwhile some museum pieces will be placed on display at various sites. The collection which can be divided across four main areas: museum exhibits, the art collection, the museum archive and museum library.

10. Financial Instruments

Accounting Policy

Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at amortised cost. The Authority has taken loans from the Public Works Loans Board (PWLB) and Local Authorities at fixed rates 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 Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

The Authority 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 classified into two types:

Loans and receivables are financial assets that have fixed or determinable payments but are not quoted in an active market.

Available for sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments. The Authority does not have any such assets.

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Expenditure and Income line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, 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 Authority 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.

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

Financial liabilities and Assets at amortised cost	31/3/15		31/3/16	
	Long Term	Current	Long Term	Current
Borrowings	£000	£000	£000	£000
PWLB & Local Authority Borrowing	92,725	6,000	78,725	14,000
PWLB & Local Authority Accrued Interest	808	104	722	177
Total borrowings	**93,533**	**6,104**	**79,447**	**14,177**
PFI and finance lease liabilities	28,520	528	62,180	1,119
Total Other Long term liabilities	**28,520**	**528**	**62,180**	**1,119**
Creditors	0	17,064	0	19,456
TOTAL	**122,053**	**23,696**	**141,627**	**34,752**

Financial liabilities and Assets at amortised cost	31/3/15		31/3/16	
	Long Term	Current	Long Term	Current
Loans & Receivables	**£000**	**£000**	**£000**	**£000**
Investments				
Short term investments	0	0	0	0
Accrued Interest	0	0	0	0
Total investments	**0**	**0**	**0**	**0**
Debtors	63	21,208	76	38,230
Cash Equivalents	0	27,167	0	58,032
TOTAL	**63**	**48,375**	**76**	**96,262**

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:

2014/15 £000	Financial Instruments Income & Expenditure	2015/16 £000
7,162	Interest expense	8,635
(377)	Interest income	(568)
6,785	**Net gain/(loss) for the year**	**8,067**

2014/15 £000	Financial Instruments Income & Expenditure	2015/16 £000
4,391	PWLB borrowing	4,017
104	Local Authority borrowing	104
60	PFI lease interest & contingent rentals	1,591
2,607	Merton Lease Payment	2,923
7,162	**Total Interest expense**	**8,635**

Fair Value of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). The fair values calculated are as follows:

31/3/2015		Liabilities & Assets	31/3/2016	
Carrying amount	Fair Value		Carrying amount	Fair value
£000	£000		£000	£000
98,725	125,189	PWLB & Local Authority debt	92,725	117,892
29,048	29,048	PFI & Other Finance Leases	63,299	63,299
17,064	17,064	Trade and other creditors	19,456	19,456
144,837	**171,301**	**Total Liabilities**	**175,480**	**200,647**
0	0	Fixed term deposits	0	0
21,208	21,208	Trade and other debtors	38,230	38,230
63	63	Long term debtors	76	76
27,167	27,167	Cash & Cash Equivalents	58,032	58,032
48,438	**48,438**	**Total Assets**	**96,338**	**96,338**

The 2015/16 Code of Practice has been updated to incorporate the adoption of IFRS13 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 todays 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 Authority's treasury advisor (Capita) and PWLB from the market on 31 March 2016, 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. 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 Capita's valuation, who are an independent treasury management service provider to UK public service organisations. Capita's valuation uses the new borrowing rates in their valuation assessment.

Nature and extent of risk arising from Financial Instruments

Key risks
The Authority'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 Authority

(ii) **Liquidity risk** - the possibility that the Authority might not have funds available to meet its commitments to make payments

(iii) **Re-financing risk -** the possibility that the Authority 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 Authority as a result of changes in such measures as interest rates movements

Overall procedures for managing risk

The Authority'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 Authority 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 Authority 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 Authority'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 which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Bi annual reports on the treasury management performance are submitted to the Resources Committee for scrutiny, and then to the Authority.

The Authority's daily treasury management function is managed under a shared service arrangement with the Greater London Authority who carry out borrowing, investment and reporting requirements. Investments are managed through a Group Investment Syndicate. The annual treasury management strategy for 2015/16 which incorporates the prudential indicators and investment strategy was approved by Authority on 26 March 2015 and is available on the Authority website (FEP2412).

The key issues within the strategy were:

(i) The Authorised Borrowing Limit for 2015/16 was set at £220m with an Operational Borrowing Limit of £215m. This is the maximum limit of external borrowings or other long term liabilities.

(ii) The maximum amounts of fixed and variable interest rate exposure were set at 100% and 75% respectively based on the Authority's net debt position.

(iii) The maximum and minimum exposures to the maturity structure of debt are:

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 %

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

The Authority 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 put to members for consideration.

Credit risk

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

This risk is minimised through the Annual Investment Strategy, 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 Authority's treasury advisors, Capita Treasury Services and other financial information sources deemed appropriate by the Director of Finance and Contractual 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 Authorities loan portfolio (quantified at the day of lending) are set out in the Authority's investment strategy (FEP2412).

The Authority'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 LFEPA is using the current creditworthiness service from Capita 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 Authority'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 irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2016 that this was likely to crystallise.

The major element of the Authority's investments are held and managed in the GLA Group Investment Syndicate (GIS), which is jointly controlled by the GLA, syndicate members and LFEPA through their respective chief financial officers.

The Authority's cash balances averaged £84.1m for the year 2015/16 and attracted interest of £568k. The closing investment position on the GIS, as of 31 March 2016, was £55.8m with a Weighted Average Maturity of 75days. Including a sum held on a Nat West Call account (£3m) the total investment position as at 31 March 2016 was £59.8m. Cumulative performance for the year was 0.65% versus the LIBID benchmark of 0.46% (gross outperformance of 0.19%).

No breaches of the Authority's counterparty criteria occurred during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Liquidity risk

The Authority 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 Authority has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB, Local Authority and money markets for access to longer term funds. The Authority 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 follows:

31/3/2015 £000	Maturity analysis	31/3/2016 £000
6,000	Within 1 year	14,000
14,000	Between 1 and 2 years	6,000
18,000	Between 2 and 5 years	17,000
22,500	Between 5 and 10 years	17,500
38,225	More than 10 years	38,225
98,725	**Total**	**92,725**

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

Refinancing and Maturity risk

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Authority relates to managing the exposure to replacing 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 Authority 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 Authority'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 /3/15	Actual 31 /3/16
Less than 1 year	20 %	0 %	7%	15%
Between 1 and 2 years	20 %	0 %	7%	6%
Between 2 and 5 years	50 %	0 %	19%	19%
Between 5 and 10 years	75 %	0 %	18%	22%
More than 10 years	90 %	25 %	49%	38%

Market risk

Interest rate risk

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

i. Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise

ii. Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances)

iii. Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise

iv. Investments at fixed rates – the fair value of the assets will 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.

11. Long-Term Borrowing

Long-term Borrowing	31/3/2015	31/3/2016
The sources are:	£000	£000
Public Works Loan Board	84,725	78,725
Local Authority	8,000	0
Total	92,725	78,725
These loans mature as follows:		
Between 1 and 2 years	14,000	6,000
Between 2 and 5 years	18,000	17,000
Between 5 and 10 years	22,500	17,500
Between 10 and 15 years	10,725	14,725
More than 15 years	27,500	23,500
	92,725	78,725
Add accrued interest	808	722
Total	**93,533**	**79,447**

12. Inventories

The Authority held a stock value of £399k at the start of the year. The value increased to £983k as at 31st March 2016, mainly due to the grant from the Department for Communities and Local Government (DCLG) of a smoke and CO2 alarm stock valued at £703k, offset by movement in stock levels following the issue of stock items during the year.

13. Debtors

Long Term Debtors

These are staff to whom loans have been made under the Authority's essential and casual car users' scheme. Changes during the year were:

Car loans	Outstanding at 31/3/15	Advanced During year	Repaid During the year	Outstanding At 31/3/16
	£000	£000	£000	£000
Car Loans	63	52	(39)	76

Short Term Debtors

These include:

31/3/2015 £000	**Debtors**	31/3/2016 £000
15,194	Government departments - DCLG	31,094
2,832	Government departments - other	0
334	Local authorities	1,265
263	Rents	118
5,059	Sundry debtors	7,721
218	Employee Loans	190
2,579	Payments in advance	2,656
26,479	Sub Total	43,044
(976)	*Less:* Provision for doubtful debts (Sundry Debtors)	(1,104)
25,503	**Total**	**41,940**

Provision for Doubtful Debts

Following a review of the particular circumstances and profile of the Authority's debtors, the general provision of £976 brought forward from 2014/15 to safeguard against future losses or non-recoveries has been increased, as at 31 March 2016, by £128k to £1,104k.

The aged debt analysis below shows that £1,414k (£1,430k 2014/15) of the total outstanding debt is past its due date for payment. All outstanding debt shown below has been allowed for in the Authority's assessment of bad debt provision. The majority of third party debts are being repaid in instalments. Unpaid Sundry debt relates mainly to unpaid invoices relating to brigade attendance at Shut in lift and Automated Fire Alarm incidents.

Aged debt analysis	Greater than 2 years	1-2 years	120-365 days	90-120 days	60-90 days	30-60 days	Total
	£000	£000	£000	£000	£000	£000	£000
Sundry debt	75	343	311	75	127	238	1,169
MFB Act levy	17	1	3	0	0	0	21
Third party claims	146	70	6	2	0	0	224
Total	**238**	**414**	**320**	**77**	**127**	**238**	**1,414**

14. 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. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the authority's cash management.

The balance of Cash and Cash equivalents is made up of the following elements:

31/3/ 2015	**Cash and Cash Equivalents**	31/3/2016
£000		£000
97	Cash held by the Authority	100
(2,209)	Bank Current Accounts	(1,922)
29,279	Short term deposits held on demand	59,854
0	Short term deposits with maturity of 3 months or less	0
27,167	**Total Cash and Cash Equivalents**	**58,032**

15. Creditors

31/3/2015	Creditors	31/3/2016
£000		£000
7,144	Government Departments - HMRC	7,253
46	Government Departments - other	46
331	Local Authorities	1,332
11,760	Sundry creditors	15,263
484	Deferred income	16
4,888	Accumulated Absences	4,177
12,869	Receipts in advance	16,867
37,522	**Total**	**44,954**

16. Provisions

Provisions

Provisions are made where an event has taken place that gives the Authority 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 Authority 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 authority 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 now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (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 Authority settles the obligation.

31/3/2015			Summary of provisions	31/3/2016		
Current	Long term	Total		Current	Long term	Total
£000	£000	£000		£000	£000	£000
2,695	0	2,695	Legal	1,945	0	1,945
334	0	334	Employees	1,468	0	1,468
540	900	1,440	Motor Insurance	666	1,109	1,775
92	0	92	Pensions	0	0	0
0	1,576	1,576	Property	1,466	431	1,897
0	146	146	Insurance Levy	146	0	146
3,661	**2,622**	**6,283**	**Total**	**5,691**	**1,540**	**7,231**

17. Usable Reserves

Usable reserves consist of the Authority's general fund and a range of earmarked reserves for specific purposes. Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

18. Unusable reserves

Accounting Policy

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

31/3/2015	Unusable Reserves	31/3/2016
£000		£000
(76,584)	Revaluation Reserve	(112,718)
(139,855)	Capital Adjustment Account	(127,869)
6,293,941	Pensions Reserve	5,626,354
4,887	Accumulated Absences Account	4,177
6,082,389	**Total Unusable Reserves**	**5,389,944**

Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

2014/15		Revaluation Reserve	2015/16	
£000	£000		£000	£000
	(78,523)	Balance as at 1 April		(76,584)
(56)		Upward revaluation of assets	(39,049)	
503		Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	410	
	447	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(38,639)
1,048		Difference between fair value depreciation and historical cost depreciation	1,023	
444		Accumulated gains on assets sold or scrapped	1,482	
	1,492	Amount written off to the Capital Adjustment Account		2,505
	(76,584)	**Balance as at 31 March**		**(112,718)**

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.

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 Authority 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 Authority. 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.

2014/15	2014/15	Capital Adjustment Account	2015/16	2015/16
£000	£000		£000	£000
	(121,618)	Balance at 1 April		(139,855)
14,202		Charges for depreciation and impairment of non current and intangible assets	22,235	
6,684		Amounts of non current assets de-recognised or written off on the disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Account	5,295	
	20,886			27,530
(9,719)		Use of Capital Receipts to finance new capital expenditure	(8,527)	
(9,659)		Capital grants and contributions credited to the Comprehensive Income and Expenditure Account that have been applied to the capital financing	(652)	
(13,850)		Application of grants to capital financing from the Capital Grants unapplied Account	0	
(5,895)		Statutory provision for the financing of capital investments charged against the General Fund	(6,365)	
	(39,123)			(15,544)
	(139,855)	**Balance at 31 March**		**(127,869)**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions.

The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority 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 Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2014/15	Pensions Reserve	2015/16
£000		£000
5,338,725	Balance at 1 April	6,293,941
778,303	Actuarial gains or losses on pensions assets and liabilities	(780,246)
343,571	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	309,650
(166,658)	Employer's pensions contributions and direct payments to pensioners payable in the Year	(196,991)
6,293,941	**Balance at 31 March**	**5,626,354**

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 Authority. 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 Authority 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.

2014/15		Accumulated Absences Account	2015/16	
£000	£000		£000	£000
	5,306	Balance at 1 April		4,887
(5,306)		Settlement or cancellation of accrual made at the end of the preceding year	(4,887)	
4,887		Amounts accrued at the end of the current year	4,177	
	(419)	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		(710)
	4,887	**Balance at 31 March**		**4,177**

19. Amounts Reported for Resource Allocation Decisions

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 Authority 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 Authority's actuaries.

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

Members of the Authority 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.

Notes to Core Accounting Statements

The following tables show the financial outturn in a subjective format as presented in end of year outturn management reports. These figures have been reconciled back to the Best Value format shown in the Authority's Comprehensive Income and Expenditure Statement. The tables also show comparative figures and reconciliation for the previous year.

Management reports are available to view on the Authority's website.

Service Expenditure	2015/16		
	Annual Budget	Outturn	Outturn variance
	£000	£000	£000
Operational Staff	241,574	234,092	(7,482)
Other Staff	48,571	48,376	(195)
Employee Related	23,337	23,906	569
Pensions	21,601	20,681	(920)
Premises	33,301	31,831	(1,470)
Transport	17,302	16,237	(1,065)
Supplies and Services	26,422	25,825	(597)
Third Party Payments	1,969	2,136	167
Capital Financing Costs	9,978	10,011	33
Central Contingency	1,439	555	(884)
Business Continuity	0	1,153	1,153
Revenue Service Expenditure	425,494	414,803	(10,691)
Income	(31,038)	(32,701)	(1,663)
Net Service Expenditure	394,456	382,102	(12,354)
Transfer to General Reserves	1,238	1,238	0
Transfer to Earmarked Reserves	245	1,199	954
Financing Requirement	395,939	384,539	(11,400)
Financed by			
Specific grants	(13,539)	(13,547)	(8)
GL Funding	(382,400)	(382,400)	0
Total Net Expenditure	**0**	**(11,408)**	**(11,408)**

Reconciliation of Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement	2015/16 £000
Net Service Expenditure in the above analysis	382,102
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	(84,156)
Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	(14,432)
Net Cost of services in Comprehensive Income and Expenditure Statement	**283,514**

The table below shows the amounts adjusted between management reporting analysis and the Deficit on provision of Services shown in the Comprehensive Income and

Reconciliation to subjective analysis 2015/16	**Service Analysis**	Amounts not included in analysis but included in CIES	Amounts included in analysis but not included in CIES	**Net Cost of Services**	Corporate Amounts	**TOTAL**
	£000	£000	£000	**£000**	£000	£000
Fees, charges & other service income	**(32,133)**	0	0	**(32,133)**	0	**(32,133)**
Gain on disposal of non current assets	**0**	0	0	**0**	(24,001)	**(24,001)**
Interest & Investment Income	**(568)**	0	568	**0**	(568)	**(568)**
Government Grants & Contributions	**0**	(12,012)	0	**(12,012)**	(387,413)	**(399,425)**
Sub Total	**(32,701)**	(12,012)	568	**(44,145)**	(411,982)	**(456,127)**
Total Income	**(32,701)**	(12,012)	568	**(44,145)**	(411,982)	**(456,127)**

Staff Costs	**283,621**	966	0	**284,587**	0	**284,587**
Other Staff Related	**23,906**	(711)	0	**23,195**	7,994	**31,189**
Firefighters Pension Expenditure	**20,681**	(89,000)	0	**(68,319)**	192,700	**124,381**
Premises	**31,831**	0	(2,923)	**28,908**	0	**28,908**
Transport	**16,237**	0	0	**16,237**	0	**16,237**
Supplies & Services	**25,825**	0	0	**25,825**	0	**25,825**
Third Party Payments	**2,136**	0	0	**2,136**	0	**2,136**
External Financing Costs	**10,011**	0	(12,077)	**(2,066)**	8,635	**6,569**
Contingency	**555**	0	0	**555**	0	**555**
Depreciation, Amortisation & Impairments	**0**	16,601	0	**16,601**	6,657	**23,258**
Total Expenditure	**414,803**	(72,144)	(15,000)	**327,659**	215,986	**543,645**

Surplus/deficit on the provision of service	**382,102**	(84,156)	(14,432)	**283,514**	(195,996)	**87,518**

Expenditure Statement.

Service Expenditure	2014/15		
	Annual Budget	Outturn	Outturn variance
	£000	£000	£000
Operational Staff	247,424	241,680	(5,744)
Other Staff	48,906	48,462	(444)
Employee Related	22,807	23,991	1,184
Pensions	21,701	21,143	(558)
Premises	30,152	28,173	(1,979)
Transport	20,082	18,863	(1,219)
Supplies and Services	23,334	22,990	(344)
Third Party Payments	1,912	1,895	(17)
Capital Financing Costs	10,633	10,377	(256)
Central Contingency	960	237	(723)
Business Continuity	0	10,559	10,559
Revenue Service Expenditure	427,912	428,370	459
Income	(29,869)	(30,862)	(993)
Net Service Expenditure	398,042	397,508	(534)
Use of General Reserves	3,940	3,940	0
Use of Earmarked Reserves	(3,271)	(3,272)	(1)
Financing Requirement	398,711	398,176	(535)
Financed by			
Specific grants	(9,536)	(8,063)	1,473
Revenue Support Grants	(138,838)	(138,838)	-
Retained Business Rates	(112,162)	(112,162)	-
Council Tax Requirement	(138,175)	(138,175)	
Total Net Expenditure	**0**	**938**	**938**

Reconciliation of Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement	2014/15
	£000
Net Service Expenditure in the above analysis	397,508
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	(43,806)
Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	(12,704)
Net Cost of services in Comprehensive Income and Expenditure Statement	**340,998**

Notes to Core Accounting Statements

The table below shows the amounts adjusted between management reporting analysis and the Deficit on provision of Services shown in the Comprehensive Income and Expenditure Accounts.

Reconciliation to subjective analysis 2014/15	**Service Analysis**	Amounts not included in analysis but included in CIES	Amounts included in analysis but not included in CIES	**Net Cost of Services**	Corporate Amounts	**TOTAL**
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	**(30,484)**	0	(25)	**(30,509)**	0	**(30,509)**
Gain on disposal of non current assets	**0**	0	0	**0**	(10,409)	**(10,409)**
Interest & Investment Income	**(377)**	0	377	**0**	(377)	**(377)**
Government Grants & Contributions	**0**	(8,202)	0	**(8,202)**	(399,300)	**(407,502)**
Total Income	**(30,861)**	(8,202)	352	**(38,711)**	(410,086)	**(448,797)**
Staff Costs	**300,700**	(302)	0	**300,398**	0	**300,398**
Other Staff Related	**23,991**	(418)	0	**23,573**	7,616	**31,189**
Firefighters Pension Expenditure	**21,143**	(51,500)	0	**(30,357)**	221,100	**190,743**
Premises	**28,173**	0	(2,607)	**25,566**	0	**25,566**
Transport	**18,863**	0	0	**18,863**	0	**18,863**
Supplies & Services	**22,990**	0	0	**22,990**	0	**22,990**
Third Party Payments	**1,895**	0	0	**1,895**	0	**1,895**
External Financing Costs	**10,377**	0	(10,449)	**(72)**	7,162	**7,090**
Contingency	**237**	0	0	**237**	0	**237**
Depreciation, Amortisation & Impairments	**0**	16,616	0	**16,616**	1,957	**18,573**
Total Expenditure	**428,369**	(35,604)	(13,056)	**379,709**	237,835	**617,544**
Surplus/deficit on the provision of service	**397,508**	**(43,806)**	**(12,704)**	**340,998**	**(172,251)**	**168,747**

20. Members' Allowances

Corporate and Democratic Core costs include payments of £140,498 made during the year under the Authority's Scheme for Members' Allowance payments. The payments were in respect of basic and special responsibility allowances (SRA) to borough Members; basic allowances to Mayoral appointees; special responsibility allowances to Assembly Members who hold the position of Chairman and Vice-Chairman; and together with payments in respect of travel and subsistence allowances, conference fees and Employers National Insurance payments for all members made under the Local Authorities (Members' Allowances) (England) Regulations 2003. These are summarised in the table below.

2014/15 £	Summary of Members' Payments	2015/16 £
127,406	Basic & Special Allowances	125,750
3,089	Travel & Subsistence	3,926
1,975	Conference Fees	5,395
5,825	Employers National Insurance	5,427
138,295	**Total**	**140,498**

The table below shows totals of Basic and SRA paid for LFEPA Members in the period 1 April 2015 to 31 March 2016.

Member	Basic	SRA	Total
	£	£	£
Ali, Liaquat	7,750.00	0.00	7,750.00
Arbour, Tony	0.00	0.00	0.00
Bacon, Gareth	0.00	26,000.00	26,000.00
Boff, Andrew	0.00	0.00	0.00
Cartwright, David	7,750.00	0.00	7,750.00
Cleverly, James	0.00	0.00	0.00
Copley, Tom	0.00	0.00	0.00
Dismore, Andrew	0.00	0.00	0.00
Fisher, Mike	1,636.10	0.00	1,636.10
Hall, Susan	7,750.00	0.00	7,750.00
Hayward Sarah	7,750.00	7,500.00	15,250.00
Heaster, Maurice	7,750.00	7,500.00	15,250.00
Hopkins Jack	7,750.00	0.00	7,750.00
Johnson, Darren	0.00	0.00	0.00
Knight, Stephen	0.00	0.00	0.00
Morrison, Pauline	7,750.00	0.00	7,750.00
Moulton, Oonagh	6,113.90	0.00	6,113.90
Shawcross Valerie	0.00	0.00	0.00
Twycross, Fiona	0.00	15,000.00	15,000.00
Whelton, Martin	7,750.00	0.00	7,750.00
Total	**69,750.00**	**56,000.00**	**125,750.00**

Councillor Tony Arbour, Councillor Stephen Knight, Mr Andrew Boff, Mr Tom Copley, Mr Andrew Dismore and Mr Darren Johnson as Assembly members are prohibited the payment of basic and special responsibility allowances under schedule 28 to the Greater London Authority Act although the Greater London Authority Act 2007 enables the Authority to pay the Chairman of the Authority (Mr Gareth Bacon) and Vice Chair of the Authority (Dr Fiona Twycross) an allowance in respect of that office even though they are Assembly members.

The changes to postholders receiving Basic and Special Responsibility Allowances during 2015/2016 were as follows:

Councillor Mike Fisher, Mr James Cleverley and Ms Valerie Shawcross left the Authority in June 2015. Councillor Oonagh Moulton, Mr Andrew Boff and Mr Tom Copley became Authority Members in June 2015.

Mr Andrew Dismore resigned as Chair of Resources Committee in March 2016.

Independent Persons

In accordance with the Localism Act 2011 (the Act), arrangements must be put in place for the appointment by the Authority of at least one Independent Person. The Independent Person(s) views must be sought and taken into account by the Authority before it makes any decision on a formal complaint against an elected Member that it has decided to investigate. The Independent Person's views may be sought by a member or co-opted member of the Authority if that person's behaviour is the subject of an allegation, and may also be sought by the Authority in relation to an allegation it has not yet decided to investigate.

The Authority agreed in June 2012 (FEP 1918A) to appoint Suzanne McCarthy and Anthony Moss as Independent Persons for a two year period from 1 July 2012. The Authority then agreed in June 2014 (FEP 2249) to extend the appointment of Suzanne McCarthy and Anthony Moss as the Authority's Independent Persons to 30 June 2016.

The table below shows totals of subsistence and travel paid for LFEPA Members and independent members in the period 1 April 2015 to 31 March 2016.

Member	Subsistence		Travel		Total
	Claimed	Paid	Claimed	Paid Direct	
Borough Members	£	£	£	£	£
Ali, Liaquat	0.00	411.86	0.00	429.12	840.98
Fisher, Mike	0.00	0.00	0.00	0.00	0.00
Hopkins, Jack	0.00	198.70	0.00	234.58	433.28
Hall, Susan	0.00	0.00	0.00	0.00	0.00
Hayward, Sarah	0.00	0.00	0.00	0.00	0.00
Morrison, Pauline	0.00	0.00	0.00	0.00	0.00
Moulton, Oonagh	0.00	0.00	0.00	0.00	0.00
Whelton, Martin	0.00	361.95	0.00	234.94	596.89
Assembly Members					
Arbour, Tony	0.00	0.00	0.00	0.00	0.00
Bacon, Gareth	0.00	229.70	0.00	128.88	358.58
Cleverly, James	0.00	0.00	0.00	0.00	0.00
Copley, Tom	0.00	0.00	0.00	0.00	0.00
Dismore, Andrew	0.00	0.00	0.00	0.00	0.00
Johnson, Darren	0.00	0.00	0.00	0.00	0.00
Knight, Stephen	0.00	0.00	0.00	0.00	0.00
Shawcross, Valerie	0.00	0.00	0.00	0.00	0.00
Twycross, Fiona	0.00	369.40	0.00	387.66	757.06
Mayoral Appointee					
Cartwright, David	0.00	229.70	0.00	128.88	358.58
Heaster, Maurice	0.00	369.40	0.00	211.56	580.96
Independent Persons					
McCarthy, Suzanne	0.00	0.00	0.00	0.00	0.00
Moss, Anthony	0.00	0.00	0.00	0.00	0.00
Total	**0.00**	**2,170.71**	**0.00**	**1,755.62**	**3,926.33**

21. Officer Remuneration

Senior Officers

Senior officers are defined by the CIPFA Code as those officers whose salary 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 Authority approved a top management review at their meeting on 26 March 2015 that saw the deletion of the Deputy Commissioner and Strategic Advisor to the Commissioner posts with effect from 31 March 2015. The new structure took effect from 1 April 2015.

The remuneration paid to the Authority's senior officers is as follows:

2015/16 Post title and Name	Salary (including fees and allowances)	Expense Allowances	Compensation for Loss of Office	Other Compensation payments	Total Remuneration (excluding pensions)	Pension Contributions	Total Remuneration (including pensions)
	£	£	£	£	£	£	£
Commissioner R Dobson	101,058	0	0	0	101,058	0	101,058

2014/15 Post title and Name	Salary (including fees and allowances)	Expense Allowances	Compensation for Loss of Office	Other Compensation payments	Total Remuneration (excluding pensions)	Pension Contributions	Total Remuneration (including pensions)
	£	£	£	£	£	£	£
Commissioner R Dobson	102,274	0	0	0	102,274	0	102,274
Deputy Commissioner R Dexter Last day of service 31/3/2015	166,370	314	342,509	15,000	524,193	25,274	549,467

Senior Officers Salary £50k per year or higher

2015/16 Post title	Salary (including fees and allowances)	Expense Allowances	Compensation for Loss of Office	Total Remuneration (excluding pensions)	Pension Contributions	Total Remuneration (including pensions)
Directors	£	£	£	£	£	£
Acting Director of Operational Resilience and Training (last day of service 13th January 2016)	122,422	25	93,077	215,524	16,842	232,366
Director of Safety & Assurance (w.e.f. 1st Dec 2015)	48,000	296	0	48,296	10,416	58,712
Director of Operations - Dave Brown (w.e.f. 1st April 2015)	155,691	623	0	156,314	33,785	190,099
Director of Finance and Contractual Services and S127 Officer – Sue Budden	158,093	392	0	158,485	23,556	182,041
Strategic Advisor to the Commissioner (last day of service 30th April 2015)	7,269	0	7,492	14,761	1,083	15,844
Head of Legal and Democratic Services & Monitoring Officer (last day of service 31st October 2015)	56,685	0	0	56,685	0	56,685
Head of Legal and Democratic Services & Monitoring Officer (w.e.f. 1st Nov 2016)	69,853	0	0	69,853	0	69,853

2014/15 Post title	Salary (including fees and allowances)	Expense Allowances	Compensation for Loss of Office	Total Remuneration (excluding pensions)	Pension Contributions	Total Remuneration (including pensions)
Directors	£	£	£	£	£	£
Director of Operational Resilience and Training Last day of service 2 January 2015	123,005	2,193	0	125,198	24,461	149,659
Acting Director of Operational Resilience and Training W.e.f. 3 January 2015	36,000	0	0	36,000	5,364	41,364
Director of Finance and Contractual Services and S127 Officer – Sue Budden	153,489	324	0	153,813	22,870	176,683
Strategic Advisor to the Commissioner Last day of service 30 April 2015	87,229	0	62,338	149,567	12,997	162,564
Head of Legal and Democratic Services Monitoring Officer	85,630	0	0	85,630	0	85,630

The annual salary of senior officers is reviewed each year and the annual basic salary for each of these senior officers as at 31 March 2015 and 31 March 2016 are shown below:

As at 31/3/15	Salary	As at 31/3/16
£		£
100,000	Commissioner	100,000
169,623	Deputy Commissioner *	-
152,028	Director of Operational Resilience and Training*	-
87,229	Strategic Advisor to the Commissioner*	-
153,488	Director of Finance and Contractual Services	158,093
-	Director of Safety and Assurance #	144,000
-	Director of Operations #	155,691
85,630	Head of Legal and Democratic Services	-

*Post deleted #Post created

The Commissioner took a pension in October 2011 and is retained under a contractual arrangement whereby no pension contributions are payable.

The Head of Legal and Democratic Services is retained by the Authority on an interim basis via an agency arrangement and as such is not salaried. The agency costs are shown for 2015/16 in the above table.

Employees whose remuneration (excluding employer's pension contributions) was £50k or higher

2014/15	Salary range	2015/16
No		No
62	£50,000 - £54,999	72
102	£55,000 - £59,999	71
77	£60,000 - £64,999	88
42	£65,000 - £69,999	43
28	£70,000 - £74,999	32
10	£75,000 - £79,999	6
8	£80,000 - £84,999	6
5	£85,000 - £89,999	10
4	£90,000 - £94,999	3
2	£95,000 - £99,999	1
1	£100,000 - £104,999	0
2	£105,000 - £109,999	1
3	£110,000 - £114,999	3
1	£115,000 - £119,999	0
0	£120,000 - £124,999	2
1	£125,000 - £129,999	0
1	£130,000 - £134,999	0
0	£135,000 - £139,999	0
0	£140,000 - £144,999	0
0	£145,999 - £149,999	0
0	£150,000 - £154,999	0
1	£155,000 - £159,999	0

The number of employees shown in each band in this table does not include those senior employees whose remuneration is shown individually in the tables above.

22. Audit Fees

2014/15	Audit Fees	2015/16
£000		£000
101	Fees payable to appointed Auditor for External Audit services	70
1	Audit Commission National Fraud initiative fee	0
102	**Total**	**70**

23. 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 Authority when there is reasonable assurance that:

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

Amounts recognised as due to the Authority 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-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

Notes to Core Accounting Statements

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/16:

2014/15	Credited to Taxation and Non-Specific Grant Income	Source of funding	2015/16
£000			£000
389,175	GLA Grant	Greater London Authority	382,400
466	PFI Grant	CLG	3,732
4,921	Fire Capital Grant	CLG	0
0	Other Capital Grants	CLG	1,237
4,550	Donated Assets	CLG	0
188	Contribution to capital	Chargemaster	5
399,300	**Total**		**387,374**
	Credited to services		
2,564	Fire Control Grant	CLG	2,664
4,525	New Dimensions & USAR Grant	CLG	4,114
232	New Risks grant	CLG	209
0	National Operational Guidance	CLG	3,195
0	Other Revenue Grants	CLG	883
327	Fired Up Grant	EU	196
468	European Unified Rescue	EU	0
35	Vehicle development	CLG	0
23	Access to work	DWP	14
8,174	Revenue Grant income		11,275
274	Revenue Contributions received	Various	374
8,448	**Total**		**11,649**

CLG - Department for Communities and Local Government PFI - Private Finance Initiative USAR - Urban Search And Rescue, DWP Department for Works and Pension.

The grants received by the Authority are non-ring fenced and therefore these are unconditional. The 2015/16 £382.4m GLA grant (£382.4m 2014/15) shown in the table above is now comprised of three elements, CLG grant funding in the form of Retained Business rates £114.8m (£112.2m 2014/15) and Revenue Support Grant £129.4m (£138.8m 2014/15), with precepts collected by the GLA totalling £138.2m (£138.2m 2014/15).

24. Related Party Transactions

Mayor of London and the Greater London Authority (GLA)

The London Fire and Emergency Planning Authority (LFEPA) is part of a unique government arrangement of a number of organisations operating under the umbrella of the Greater London Authority (GLA), which includes this Authority, the core GLA, the Mayor's Office for Policing and Crime, the Metropolitan Police Authority and Transport for London.

The Mayor appoints all LFEPA's 17 Members and chooses one of them to be the Chairman of the Authority. Eight are nominated from the London Assembly, seven from the London Boroughs and two Mayoral appointees.

The Mayor sets the budget for LFEPA and provides grant funding to support it. The London Assembly can amend the Mayor's budget when two thirds of the twenty-five members agree. The Assembly is also able to summon members of LFEPA to answer questions at Assembly meetings.

Central Government

The Department for Communities and Local Government (DCLG) has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates and provides the majority of its funding via the GLA in the form of various grants. As at 31st March 2016, sums due to and from central government departments are shown in notes 13 and 15. Grants received from government departments are set out in note 23.

Members/Officers

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members allowances paid in 2015/16 is shown in Note 20.

A number of Authority officers are members of the London Fire Brigade Welfare Fund Executive Council. During the year the authority paid an annual donation of £3.7k (£3.9k 2014/15) to the London Fire Brigade Welfare Fund. One senior officer is a co-opted Director to the board of the Chief Fire Officers Association. Three senior officers are unpaid Directors of the LFB Enterprises Ltd, the wholly owned Authority trading company.

No Authority Member and no other member of senior management has declared that during the year they, or their close relations or members of the same household have undertaken any declarable transactions neither with related parties nor with the Authority. This disclosure note has been prepared on the basis of specific declarations obtained in April 2016, in respect of related party transactions. The Authority 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).

25. Capital Expenditure and Capital Financing

In 2015/16, total spending on the capital programme for tangible and intangible assets was £43.9m, of which £9.2m was capital expenditure incurred by the Authority and £34.7m under the PFI arrangement. The spend included the rebuilding and modernising of fire stations and other buildings (£41.1m), upgrading equipment (£2.6m) and the purchase of fleet vehicles (£0.2m). Capital expenditure on Authority assets (£43.9m) is to be financed in accordance with the Prudential Code, Government capital grant (£0.7m), Capital receipts (£8.5m) and finance lease borrowing (£34.7m).

2014/15	Capital expenditure and financing:	2015/16
£000		£000
140,280	Opening Capital Financing Requirement	145,021
26,562	Tangible Operational Assets	4,265
10,635	Tangible Operational Assets under PFI Property Lease	34,727
6,667	Tangible Non Operational Assets	2,576
(1)	Intangible Assets	1,996
	Sources of finance	
(33,228)	Government grants and other contributions	(9,179)
(5,894)	Minimum Revenue Provision	(6,365)
0	Other movements	(39)
145,021	Closing Capital Financing Requirement	173,002
	Explanation of movements in year	
10,635	Other long term liability PFI and finance lease	34,727
3,000	Borrowing from PWLB & Local Authorities in year	0
(8,894)	Increase/(decrease) in underlying need to borrow	(6,707)
0	Other movements	(39)
4,741	**Increase/(decrease) in Capital Financing Requirement**	**27,981**

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

As at 31st March 2016 the Authority is committed a total of £12.3m . £10.4m is replacement of fire appliances, with £1.9m various property projects

The capital programme approved by Members on 17 March 2016 (FEP2574) included a total forecast spend of £39.5m in 2016/17, £56m in 2017/18 and £31m in 2018/19.

26. 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, with deferred credits and the pensions liability, details of which are shown in the notes that follow.

Other Long Term Liabilities	31/3/15	31/3/16	Note
	£000	£000	
Long Term PFI Properties	10,095	43,755	27
Long term Finance Leases	18,425	18,425	27
Deferred Credit	3,980	3,647	
Pensions Liability	6,293,941	5,626,354	30
Total	**6,326,441**	**5,692,181**	

27. 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 Authority 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 Authority 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 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 authority at the end of the lease period).

The Authority 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 and 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

The Authority has entered into a PFI agreement with Blue3 (London) Ltd to design, build, finance and maintain nine new fire stations. The PFI project will see the Brigade receive £51.5m at today's prices to replace and make major improvements to Dagenham, Dockhead, Leytonstone, Mitcham, Old Kent Road, Orpington, Plaistow, Purley and Shadwell fire stations. Eight of the stations are being completely re-built on their existing sites and one station, Mitcham, will be built on a new site. PFI provides a way of funding major capital investments, without the public purse having to find all the cost up front. This £51.5m is extra money for the Brigade which is indexed linked to cover for inflation and is payable over a twenty-five year period

The Authority 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 Authority.

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.

During 2015/16, six new fire stations opened under the arrangement, Dagenham, Leytonstone, Orpington, Plaistow, Purley and Shadwell. A finance lease liability was raised for these six properties (£34.7m) during the year. The carrying value of these assets on the balance sheet amount to £31.1m.

The amounts paid under the PFI finance lease in 2015/16 is shown below.

Finance Lease Property PFI 2015/16	Unitary Charge	Deferred liability	Income & Expenditure Account
	£000	£000	£000
Opening balance as at 1 Apr 2015		10,623	
New finance lease liability in year		34,727	
Principal sum paid in year	476	(476)	
Interest	1,591		1,591
Contingent rentals	2		2
Operational expenses	505		505
Balance as at 31 March 2016	**2,574**	**44,874**	**2,098**

The amounts paid under the PFI finance lease in 2014/15 is shown below.

Finance Lease Property PFI 2014/15	Unitary Charge	Deferred liability	Income & Expenditure Account
	£000	£000	£000
Opening balance as at 1 Apr 2014		0	
New finance lease liability in year		10,635	
Principal sum paid in year	12	(12)	
Interest	60		60
Contingent rentals	0		0
Operational expenses	23		23
Balance as at 31 March 2015	**95**	**10,623**	**83**

The table below shows the forecast future payments due under the property PFI arrangement.

PFI Property Future Liabilities	Within 1 Year	Within 2 to 5 Years	Within 6 to 10 Years	Within 11 to 15 Years	Within 16 to 20 Years	Within 21 to 25 Years
	£000	£000	£000	£000	£000	£000
Lease rental liabilities	1,119	4,996	7,551	8,364	11,803	16,570
Operating Costs	991	4,596	7,347	10,842	11,884	11,920
Interest Costs	3,320	12,609	13,703	11,056	7,841	3,112
Contingent Rentals	12	145	273	(215)	(152)	264
Total	**5,442**	**22,346**	**28,874**	**30,047**	**31,376**	**31,866**

Finance Leases

The Authority holds two finance lease as at 31 March 2016, one is for its control centre at Merton and the other is for the fire stations being provided under the PFI contract.

The Authority entered into a 25 year finance lease arrangement (valued on the balance sheet at £12.6m) for the provision of its control function at Merton in March 2011. The building became operational in February 2012, when control functions transferred from the Authority's site at 2 Greenwich View to Merton. Lease payments of £2,923k were paid during 2015/16 (£2,607k 2014/15). The table below shows the future payments under the lease agreement.

Merton Control Centre Finance Lease	Total value of minimum lease payments as at 31/3/15	Present value of minimum lease payments as at 31/3/15	Total value of minimum lease payments as at 31/3/16	Present value of minimum lease payments as at 31/3/16
	£000	£000	£000	£000
Not later than one year	2,599	1,341	2,919	1,276
Later than one year and not later than five years	11,676	4,052	11,697	3,439
Later than five years	54,781	4,634	51,841	3,971
Total	**69,056**	**10,027**	**66,457**	**8,686**

PFI Property Finance Lease	Total value of minimum lease payments as at 31/3/15	Present value of minimum lease payments as at 31/3/15	Total value of minimum lease payments as at 31/3/16	Present value of minimum lease payments as at 31/3/16
	£000	£000	£000	£000
Not later than one year	2,316	2,316	4,439	4,439
Later than one year and not later than five years	17,680	14,995	17,605	14,953
Later than five years	84,362	33,876	79,999	33,116
Total	**104,358**	**51,187**	**102,043**	**52,508**

Operating Leases

The Authority as a Lessee

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).

The Authority as a Lessor

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, 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.

The following table shows a breakdown of the Authority's current operating leases as at 31 March 2016 with future sums committed.

The future minimum lease payments payable under non-cancellable leases in future years are:

Operating lease payments	Land and Buildings	Vehicles, Plant and equipment	Land and Buildings	Vehicles, Plant and equipment
	As at 31/3/2015	As at 31/3/2015	As at 31/3/2016	As at 31/3/2016
	£000	£000	£000	£000
Not later than one year	3,353	2,172	3,421	2,188
Later than one year and not later than five years	12,319	4,460	12,731	2,274
Later than five years	21,124	0	18,102	0
Total	**36,796**	**6,632**	**34,254**	**4,462**

The Authority had no subleases or contingent rents during the reporting period.

28. Termination Benefits

Accounting Policy

Termination benefits are amounts payable as a result of a decision by the Authority 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 Authority 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 Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

The Authority terminated the contracts of 10 employees in 2015/16, incurring liabilities of £0.9m. 10 support service staff were made redundant in 2015/16, comprising of 4 officers from the Deputy Commissioner's Directorate, 2 officers from the Directorate of Operational Resilience and Training and 4 from the Directorate of Finance and Contractual Services.

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 - £000	
£000	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
0 – 20	0	0	3	0	3	0	46	0
20 – 40	0	0	4	3	4	3	101	94
40 – 60	0	0	2	2	2	2	96	92
60 – 80	0	0	1	0	1	0	62	0
80 – 100	0	0	4	1	4	1	353	85
100 – 150	0	0	0	2	0	2	0	266
Over 150	0	0	1	2	1	2	343	353
TOTAL	**0**	**0**	**15**	**10**	**15**	**10**	**1,001**	**890**

29. Defined Benefit Pension Schemes

Post-employment Benefits – Accounting Policy

Post-employment benefits can include pensions, life insurance or medical care. Post-employment benefit plans are classified as either defined contribution plans or defined benefit plans. The Authority 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 Authority in accordance with regulations laid down by the Department for Communities and Local Government (CLG). These schemes are administered under contract by the London Pensions Fund Authority (LPFA) on behalf of the Authority. For such schemes as there are no investment assets, IAS19 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 IAS19 purposes was dated April 2016.

- **Local Government Pension Scheme (LGPS)**

  This scheme is funded by employer and employee contributions to the London Pension Fund Authority's Pension Fund, which provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations, the last review, impacting on 2012/13, being at 31 March 2010. Under Pension Fund Regulations, contribution rates are set to meet all of the overall liabilities of the Fund. The last actuarial review for IAS19 purposes was dated April 2016.

Post employment benefits have been included in the Authority's accounts to comply with accounting standard IAS 19 - 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 2015/16.

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 Authority are included in the Balance Sheet at their fair value:

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

The change in the net pensions liability is analysed into seven components:

- 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 Authority, 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 Authority 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 Authority to the pension fund in the year or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any 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.

Transactions Relating to Post-employment Benefits

The Authority 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 Authority 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 Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund via the Movement in Reserves Statement during the year:

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

Comprehensive Income and Expenditure Statement	**Local Government Pension Scheme**		**Firefighter's Pension Schemes**	
	2015/16	2014/15	2015/16	2014/15
Cost of Services	£000	£000	£000	£000
Current service cost	10,423	8,758	97,500	105,000
Past service costs/(gain)	933	520	100	200
Financing and Investment Income and Expenditure				
Net Interest expense	7,594	7,616	192,700	221,100
Administrating expenses	400	377	0	0
Total post-employment Benefit charged to the Surplus or Deficit on the Provision of Services	19,350	17,271	290,300	326,300
Other post-employment benefits charged to the Surplus or Deficit on the Provision of Services				
Re-measurement of the net defined benefit liability comprising:				
• Return on plan assets (excluding the amount included in the net interest expense)	10,847	(5,833)	0	0
• Actuarial (gains) and losses arising on changes in demographic assumptions	0	0	(14,400)	0
• Actuarial (gains) and losses arising on changes in financial assumptions	(34,325)	55,911	(552,300)	725,000
Experience (gains) and losses on defined benefit obligation	(568)	(175)	(189,500)	3,400
Other	0	0	0	0
Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(4,696)	67,174	(465,900)	1,054,700
Movement in Reserves Statement				
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(19,350)	(17,271)	(290,300)	(326,300)
Employers' contributions payable to scheme	9,426	9,075	186,500	156,500
Benefits paid directly to beneficiaries	1,065	1,083	0	0
Actual amount charged against the General Fund Balance for pensions in the year:	(8,859)	(7,113)	(103,800)	(169,800)

Membership of Schemes	LGPS		1992/2015 FPS		2006 FPS	
	Number		Number		Number	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Actives	928	928	3,569	3,635	1,115	1,103
Deferred Pensioners	687	687	684	669	278	257
Pensioners	1,265	1,265	8,249	8,342	9	9
Unfunded pensioners	309	313	-	-	-	-
Injury Pensioners	-	-	2,240	2,513	1	1

Membership of Schemes	LGPS		1992/2015 FPS		2006 FPS	
	Average Age		Average Age		Average Age	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Actives	48	48	50	46	50	32
Deferred Pensioners	48	48	47	48	36	36
Pensioners	71	71	62	61	49	61
Unfunded pensioners	73	72	-	-	-	-
Injury Pensioners	-	-	65	64	34	33

The data for the firefighter pension scheme and the new firefighter pension scheme (2006) included the protection status of each active member. If the member was unprotected or had tapered protection due to end prior to 31 March 2016, then they were assumed to be a member of the 2015 scheme from April 2015 to 31 March 2016 for the purposes of the calculations.

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 Authority'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:

London Pension Fund Authority
169 Union Street
London SE1 0LL

30. Pensions – Retirement benefits

In accordance with the requirements of IAS19 the Authority has to disclose its share of assets and liabilities related to pension schemes for its employees. As explained above the Authority participates in two firefighter schemes, which are unfunded, and the Local Government Pension Scheme for other employees, which is administered by the London Pension Fund Authority (LPFA). In addition the Authority has made arrangements for the payment of added years to certain retired employees outside the provisions of the schemes.

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

LFEPA Pension obligations	Local Government Pension Scheme		Firefighter's Pension Schemes	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Present value of the defined benefit obligation	463,730	480,104	0	0
Fair Value of plan assets	(263,343)	(266,418)	0	0
Net	200,387	213,686	0	0
Present Value of unfunded obligation	19,367	21,255	5,406,600	6,509,000
Net liability arising from defined benefit obligation	**219,754**	**234,941**	**5,406,600**	**6,059,000**

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

LFEPA	Local Government Pension Scheme	
	2015/16	2014/15
	£000	£000
Opening fair value of scheme assets	266,418	251,635
Interest Income	8,782	11,029
Re-measurement gain /(loss):		
• The return on plan assets, excluding the amount included in the net interest expense	(10,847)	5,833
• Other	0	0
Contributions from employer	10,491	10,158
Contributions from employees into the scheme	2,649	2,613
Benefits paid	(13,750)	(15,465)
Settlement prices received/(paid)	0	992
Other	(400)	(377)
Closing fair value of scheme assets	**263,343**	**266,418**

The Firefighters Pension schemes are unfunded schemes and as such have no assets.

Reconciliation of present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Funded Liabilities Local Government Pension Scheme		**Unfunded Liabilities Firefighter's Pension Schemes**	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Opening Balance at 1 April	**501,359**	**429,560**	**6,059,000**	**5,160,800**
Current service cost	10,423	8,758	97,500	105,000
Interest costs	16,376	18,645	192,700	221,100
Contributions from scheme participants	2,649	2,613	22,400	24,600
Re-measurement (gains) and Losses:				
• Actuarial gains/losses arising from changes in demographic assumptions	0	0	(14,400)	0
• Actuarial gains/losses arising from changes in financial assumptions	(34,325)	55,911	(552,300)	725,000
• Experience loss/(gain) on defined benefit obligation	(568)	(175)	(189,500)	3,400
• Other	0	0	0	0
Unfunded pension payments	(1,065)	(1,083)	0	0
Past service cost	933	111	100	200
Benefits paid	(12,685)	(14,382)	(208,900)	(181,100)
Liabilities extinguished on settlements	0	1,401	0	0
Closing balance at 31 March	**483,097**	**501,359**	**5,406,600**	**6,059,000**

Local Government Pension Scheme assets comprised:

Fair Value of Fund Assets	2015/16	Restated 2014/15
Equities - Segregated	£000	£000
Basic Materials	3,160	2,931
Communications	10,270	5,595
Consumer	47,138	22,379
Energy	1,053	1,332
Financial	15,011	7,460
Industrial	15,537	9,857
Technology	7,110	4,263
Diversified Fund		
Equities	3,160	6,660
Bonds	6,584	53,550
Pooled funds	6,320	0
Cash	1,843	2,131
Alternative assets	527	0
Fixed Income / Investment funds & units trusts	14,747	41,561
Private Equity	22,911	20,248
LDI*	26,598	19,981
Government	0	2,398
Alternative debt	8,954	0
Hedge funds	13,957	12,522
Infrastructure	14,221	13,054
Property Fund	9,744	7,460
Commodity Funds	1,053	2,398
Cash at bank	35,552	31,171
Derivatives - forwards	(2,107)	(533)
Total	263,343	266,418

*As part of the investment strategy the Fund has a liability driven investment (LDI) portfolio managed by Insight investment. The portfolio uses RPI Swaps to hedge 25% of the Fund's cashflow liability against inflation.

Rate of return on fund assets

Based on the above the Authority's share of Fund assets is approximately 6%.

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 2016 to be -1%. The expected return on assets has been replaced with a single net interest cost, which will effectively set the expected return equal to the discount rate.

Basis for Estimating Assets and Liabilities

The Firefighter pension schemes have been valued by Hymans Robertson LLP 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:

Financial Assumptions

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

	Local Government Pension Scheme		Firefighter Pension Scheme	
Assumption as at	31/3/16	31/3/15	31/3/16	31/3/15
RPI increases	3.2%	3.2%	3.2%	3.3%
CPI increases	2.3%	2.4%	2.2%	2.6%
Salary increases	4.1%	4.2%	3.2%	3.8%
Pensions increase	2.3%	2.4%	2.2%	2.8%
Discount rate	3.6%	3.3%	3.5%	4.3%

These assumptions are set with reference to market conditions as at 31 March 2016.

Actual and future projected employers contribution rates

Employers Contribution	2015/16	2016/17
	£000	£000
LGPS	10,491	9,361
Firefighters Schemes	28,937	28,324
TOTAL	39,428	37,685

Local Government Pension Scheme

The Administering Authority for the Fund is the London Pensions Fund Authority. The LPFA Board oversees the management of the Fund whilst the day to day fund administration is undertaken by a number of teams within the administering authority. 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 Statement of Investment Principles. These should be amended when appropriate based on the Fund's performance and funding.

Contributions are set every 3 years as a result of the actuarial valuation of the Fund required by the Regulations. An actuarial valuation of the Fund was carried out as at 31 March 2016 and set contributions for the period from 1 April 2017 to 31 March 2020. 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 Authority 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 Authority 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 e.g. 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 duration of the employer's liabilities is 18 years.

The discount rate is the annualised yield at the 18 year point on the Merrill Lynch AA rated corporate bond curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities.

The Retail Price Index (RPI) increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England, specifically the 18 year point on the BoE spot inflation curve. The RPI assumption is therefore 3.2% p.a.

As future pension increases are expected to be based on Consumer Price Index (CPI) rather than RPI, the actuary has made a further assumption about CPI which is that it will be 0.9% below RPI i.e. 2.3%. This is a slightly higher differential than last year. The actuary believes this is a reasonable estimate for the future differences in the indices, based on the different calculation methods and recent independent forecasts..

Salary increases are then assumed to increase at 1.8% per annum above CPI in addition to a promotional scale.

Firefighter Pension schemes - Assumptions

Discount rate

IAS19 implies that liabilities should be discounted at a rate equivalent to the `current rate of return available on a high quality corporate bond of equivalent currency and term to the scheme liabilities'. It further defines a high quality corporate bond as one that ` has been rated at the level of AA or equivalent status'.

The principle behind the actuary's approach to setting the recommended discount rate as at 31 March 2016 has remained unchanged since 31 March 2015 i.e. the discount rate is derived from a corporate bond yield curve whilst recognising the weighted average duration (of term) of the benefit obligation for the Authority.

Corporate Bond yield curve

Government bond yield curves are updated and available on a daily basis from the Bank of England. It is therefore relatively easy to identify a spot yield on Government bonds at any duration and at any date. Unfortunately, a similarly accessible Corporate bond yield curve is not so readily available.

The actuary has adopted an approach whereby a corporate bond yield curve is constructed based on the constituents of the iBoxx AA corporate bond index.

The actuary has calculated a weighted average duration of liabilities across all firefighter schemes and use this duration to determine a single set of assumptions. This is a change in approach from previous years. The duration categories are defined below:

Weighted average duration	Discount rate category
Less than 17 years	Short
Between 17 and 23 years	Medium
More than 23 years	Long

The weighted average duration used to identify the appropriate category is based on the membership data provide as at 31 March 2016.

Retail Price Inflation (RPI) assumption

This assumption is typically derived from yields available on fixed interest and index linked government bonds, and should be consistent with the derivation of the discount rate.

RPI assumption is derived from the Bank of England implied inflation curve and is set equal to the average rate appropriate for the cash flows of a typical Authority.

Pension increase assumption

The pension increase assumption, as with the accounting exercise in the previous year, will be in line with the Consumer Prices Index (CPI). As a market in CPI linked bonds does not exist the calculation is based on an estimate of the long term gap between RPI and CPI in order to derive a CPI assumption for IAS19 purposes.

Based on accumulated evidence over the last four years from the Office of national Statistics (ONS) about RPIvs CPI the assumed RPI- CPI gap is 1% p.a. at 31 March 2016.

CARE Revaluation

The CARE revaluation rates for the 2015 firefighters scheme are as laid out in the scheme's regulations. These are for the Fire scheme where national average earnings will be equal to the salary growth assumption below.

Salary increase assumption

The salary increase assumption is CPI plus 1% .

Allowance for contingent injury pensions

As requested an allowance has been made for future injury pensions. Historic data is not available to allow the required analysis to set assumptions relating to the injury retirement incidence rate and amount of injury benefit awarded. Therefore the assumption is set following a high level analysis of injury liabilities and pension amounts relative to normal pension liability and pension amounts.

The above approach in effect assumes that the historic relationship between injury and pension benefits liabilities has been broadly consistent and will continue to be so. It is acknowledged that this may not be realised in practice, although the actuary will continue to monitor the position.

Demographic/Statistical Assumptions

Mortality Assumptions 2015/16	LGPS	Fire Service Pension Schemes
Average Future Life expectancy as at	Age 65	Age 60
	Retiring today	Current pensioners
Male	22.3 years	29.7 years
Female	24.8 years	31.6 years
	Retiring in 20 years	Future pensioners
Male	24.7 years	31.2 years
Female	27.1 years	33.2 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 2012 model, allowing for a long term rate of improvement of 1.5% per annum.

The mortality assumption for the firefighter schemes is based on the S1NFA/S1NMA tables, published by the Continuous Mortality Investigation Board (CMIB) of the actuarial profession, with future improvement in line with the CMI 2013 model with long term rate of improvement of 1.25% per annum.

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	+0.1%	0.0%	-0.1%
Present value of total obligation	474,786	483,097	491,561
Projected service cost	9,079	9,278	9,481
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	484,099	483,097	482,100
Projected service cost	9,282	9,278	9,274
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	490,659	483,097	475,670
Projected service cost	9,479	9,278	9,081
Adjustment to mortality age rating assumption	+1 year	none	-1 year
Present value of total obligation	498,019	483,097	468,636
Projected service cost	9,515	9,278	9,047

Firefighters Pension Schemes

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

Change in financial assumption at year ended 31/3/2016	Approximate % increase to Employer liability	Approximate monetary amount (£000)
0.5% decrease in real discount rate	9%	476,200
1 year increase in member life expectancy	3%	160,900
0.5% increase in the salary Increase Rate	1%	56,000
0.5% increase in the pensions Increase rate (CPI)	8%	414,800

The sensitivities regarding the principal assumptions used to measure the projected current service cost are set out in the table below;

Change in financial assumption at year ended 31/3/2016	Approximate % increase to Projected Current Service Cost	Approximate monetary amount (£000)
0.5% decrease in real discount rate	8%	6,690
1 year increase in member life expectancy	2%	1,580
0.5% increase in the salary Increase Rate	1%	450
0.5% increase in the pensions Increase rate (CPI)	7%	6,200

31. Contingent Liabilities and Assets

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. As at 31 March 2016 the Authority had no such liability.

Contingent Assets

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

Contingent assets are not recognised within 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 2016 the Authority had no contingent assets.

32. Self Insurance

With the exception of property theft and damage to operational vehicles (where insurance cover is on a third party basis), the Authority 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 Authority's own resources for any one claim are:

Category insured	£
Property (All risks of physical loss or damage)	10,000
Property – Museum & Residential Properties	100
Engineering Lifting plant	250
Combined Liabilities	500,000
Fidelity Guarantee	250,000
Airside Cover	50,000
Motor Operational fleet	35,000
Motor Leased vehicles	100
Marine Protection and Indemnity	1,000
Marine Hull and Machinery Lambeth River Station	6,750
Marine Hull and Machinery Vessels	1,750

33. Going Concern

The Authority's accounts have been prepared on the basis that it is a going concern. The Authority's Balance Sheet shows a negative Total Equity of £5.6bn (£6.1bn 2014/15), as result of the full adoption of International Financial Reporting Standard IAS19. The accounting standard requires the recognition of the Authority's pension liabilities in the accounts. However this is purely an accounting entry and does not impact on the Council Taxpayer. It does not affect the Authority's future status or ability to fulfil its function.

Policing and Crime Bill

The Policing and Crime Bill currently progressing through Parliament will abolish the Authority. Once the Bill is approved the functions of the Authority will transfer to the London Fire Commissioner. The Secretary of State may then make one or more schemes for the transfer of property, rights and liabilities of the Authority to the London Fire Commissioner.

34. Cash flow statement Adjustments to Net Surplus or Deficit on the provision of services for Non Cash Movements

Adjustments to Net Surplus or Deficit on the provision of services for Non Cash Movements	31/3/2016	31/3/2015
	£000	£000
Depreciation of Non Current assets	(15,547)	(15,351)
Impairment and Revaluation of Non Current Assets	(6,999)	1,360
Revaluation on foreign exchange	(40)	0
Assets de-recognised during year	(6,777)	(7,126)
Amortisation of Intangible assets	(1,054)	(1,264)
Donated Assets adjustment	0	4,550
(Increase)/Decrease in impairment for provision of bad debts	(128)	(239)
Increase/(Decrease) in inventories	584	(97)
Increase/(Decrease) in debtors	16,578	6,004
(Increase)/Decrease in creditors	(5,096)	2,676
(Increase)/Decrease in Provisions	(948)	99
Pension Fund Costs adjustment	(112,659)	(176,913)
Other Non cash items	(39)	2
Net cash (inflow)/outflow from operating activities	**(132,125)**	**(186,299)**

35. Cash Flow Statement – Operating activities

Operating Activities	31/3/2016	31/3/2015
	£000	£000
Interest Received	(587)	(362)
Interest Paid	4,058	4,320
Interest element of Finance leases	3,823	2,667
Total	**7,294**	**6,625**

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

Investing Activities	31/3/2016	31/3/2015
	£000	£000
Purchase of property, plant and equipment, investment property and intangible assets	7,266	29,471
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(30,818)	(14,235)
Capital grants received	(1,242)	(4,921)
Net cash flows from investing activities	**(24,794)**	**10,315**

Financing Activities	31/3/2016	31/3/2015
	£000	£000
Cash Receipts of Short and Long term Borrowing	0	(13,000)
Cash payments for the reduction of the outstanding liabilities relating to finance leases On-Balance sheet PFI contracts (Principal)	476	12
Repayments of Short and Long term borrowing	6,000	16,000
Net cash flows from financing activities	**6,476**	**3,012**

Firefighters' Pension Schemes Fund Account

As at 31/03/15	Firefighters' Pension Schemes Fund Account	As at 31/03/16	
£000		£000	£000
	Contributions receivable		
	- from employer		
(33,385)	- normal	(28,944)	
(1,143)	- early retirements	(946)	
(34,528)			(29,890)
(24,542)	- from members		(22,275)
(59,070)			(52,165)
	Transfers in		
(17)	- individual transfers in from other schemes		(208)
	Benefits payable		
124,476	- pensions	130,116	
34,416	- commutations and lump sum retirement benefits	37,128	
0	- Back Dated Commutations	12,397	
230	- Lump sum death benefits	281	
159,122			179,922
	Payments to and on account of leavers		
0	- refunds of contributions		
1,662	- individual transfers out to other schemes	1,509	
255	- other – interest due on back dated lump sums	245	
0	- interest due on back dated commutations lump sums	3,005	
1,917			4,759
101,952	**Deficit/Surplus for the year before top up grant receivable/ amount payable to central government**		**132,308**
(101,952)	Top up grant receivable from/amount payable from central government		(116,892)
0	Grant received from central government for back dated commutations		(15,416)
0	**Net amount payable/receivable for the year**		**0**

2014/15	**Net Assets Statement**		**2015/16**
£000			£000
33	- Recoverable overpayments of pensions		60
15,195	- Top up receivable from/(payable to) Government		31,094
(15,228)	- other current liabilities		(31,154)
0	**Total**		**0**

Firefighters' Pension Fund Account Notes

1. The Firefighters' 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 Authority 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 Authority is concerned. Apart from the costs of injury awards the Authority 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 Authority 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 Authority 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. Notes 29 and 30 to the accounts provide details of the assessed pension liabilities and the corresponding entries in the main statements.

Milne v Government Actuary Department (GAD)

Following a Pension Ombudsman determination on a complaint brought by Mr W Milne, a retired firefighter, the Government decided that additional payments were to be made to members of the Firefighters' Pension Scheme 1992 who became entitled to payment of their pension between 1 December 2001 and 21 August 2006 inclusive and who chose to commute part of that pension for a lump sum. This was to address the Ombudsman's conclusion that the Scheme's commutation factors should have been reviewed before 2006. During 2015/16 £15.4m was paid to retired firefighters in backdated commutation (£12.4m) and interest (£3.0m).

Contributions

Employees and employers contribution levels are set nationally by CLG and are subject to triennial revaluation by the Government Actuary's Department. Under the firefighters pension regulations the employers contribution rates as a percentage of pensionable pay for the 1992 scheme were 21.7%, 11.9% for the 2006 scheme and 14.3% for the 2015 scheme. Employee contributions, as a percentage of pensionable pay, depends on the level of earnings for the different schemes as shown in the tables below.

Firefighters' Pension Scheme employee contributions	2006 Scheme %	1992 Scheme %
Up to and including £15.15k	8.5	11.0
More than £15.15k and up to and including £21.21k	9.4	12.2
More than £21.21k and up to and including £30.3k	10.4	14.2
More than £30.3k and up to and including £40.4k	10.9	14.7
More than £40.4k and up to and including £50.5k	11.2	15.2
More than £50.5k and up to and including £60.6k	11.3	15.5
More than £60.6k and up to and including £101k	11.7	16.0
More than £101k and up to and including £121.2k	12.1	16.5
More than £121.2k	12.5	17.0

Firefighters' Pension Scheme employee contributions	2015 Scheme %
Up to and including £27.27k	10.0
More than £27.27k and up to and including £50.5k	12.5
More than £50.5k and up to and including £142.5k	13.5
More than £142.5k	14.5

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

Accounting policies

The Authority'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 CLG (sponsoring Government department) 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 CLG equal to the amount by which the amounts payable from the fund exceeded the amounts receivable.

Details of the Authority's long term pension obligations can be found under notes to the core Accounting Statements Notes 29 and 30.

Events after the Balance sheet date

Firefighter pensions back dated refund of contributions

DCLG have settled on the case brought by the Fire Brigade Union regarding pension contributions paid by firefghters employed before age 20 who have served for over 30 years before reaching the minimum retirement age of 50 and it has been confirmed that affected pension scheme members will receive a refund of contributions after the FFPS 1992 regs have been amended.

London Fire and Emergency Planning Authority

ANNUAL GOVERNANCE STATEMENT 2015/16

Scope of responsibility

1. The London Fire and Emergency Planning Authority (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Authority is also responsible for putting into place suitable arrangements for the governance of its affairs (ensuring that there is a sound system of internal control) which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

This statement explains how the Authority meets the requirements of regulations 3 and 6 (1) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

The purpose of the governance framework

2. The Authority's governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

3. The governance framework is underpinned by our Corporate Code of Governance which sets out how the Authority discharges its governance responsibilities based on the six core principles defined in the CIPFA/SOLACE *Delivering Good Governance in Local Government* guidance which was updated with an addendum during 2012/13. This includes defining our scrutiny arrangements; maintaining effective policies and procedures on whistleblowing and complaint handling (on the London Fire website); and engaging with all sections of the local community through our community safety strategies and partnerships to ensure accountability. The Corporate Code of Governance was last updated and approved by the Authority on 27 September 2012.

4. The system of internal control is also a significant part of the Authority's governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

5. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

6. The governance framework has been in place at the Authority for the year ended 31 March 2016 and supports the annual budget report and statement of accounts.

The governance framework

The key elements of the governance framework are set out in the following paragraphs.

Effective exercise of our functions and the monitoring and achievement of the Authority's objectives

Members have met regularly to consider strategic direction, plans and progress of the Authority in various Committees and the Authority itself. Decision making arrangements were confirmed for 2015/16 following reconstitution of the Authority at the meetings in June and December 2015 (FEP2448 and 2541). The reconstitution confirmed the roles and duties of the following Committees:

- Resources Committee - with responsibilities for budgets, staffing and assets, and performance related to those responsibilities;
- Strategy Committee - with responsibilities for policy and strategy for the service delivery functions of emergency response, prevention and protection, including responsibility for community engagement;
- Governance, Performance and Audit Committee - with responsibilities for service delivery performance (excluding performance related specifically to the functions of the Resources Committee) and for all audit and governance matters, including the Annual Governance Statement; and
- Appointments and Urgency Committee - to meet on an ad hoc basis as and when urgent matters or appointments dictate.

The Authority also established a Local Pensions Board during 2015/16 for the firefighter pension schemes to support it on scheme governance and administration in its role as a Scheme Manager.

The Mayor of London has powers to direct the Authority to take (or not to take) action. Mayoral directions were received on the following matters during 2015/16:

- Disposal of 8 Albert Embankment;
- Disposal of Southwark Fire Station Site
- Recruitment of Commissioner
- Budget options and the permanent removal of thirteen appliances
- Property Services Review
- Provision of Fire Consultancy Services
- Disposal of Kingsland Fire Station Site

The Authority's Fifth London Safety Plan (LSP5) – which is the Authority's corporate plan and its Integrated Risk Management Plan as required by the government's fire and rescue service national framework - sets out the Authority's plans for improvement in services to address the risks facing Londoners, together with the management arrangements required to implement them. LSP5 was approved by the Authority on 12 September 2013 (FEP2143). Details of the public consultation undertaken can be found in the covering report to the Fifth London Safety Plan (FEP2091). The Plan was extended during 2015/16 to run for another year and effectively will be in place until the end of March 2017 (at which time it is anticipated that a new London Safety Plan (LSP6) will be approved).

Key performance indicators and targets are included in the London Safety Plan and the relevant committees review indicators and targets on an annual basis.

All key LSP targets and commitments as well as key projects, are subject to close scrutiny and monitoring by the Resources, Strategy, and Governance, Performance and Audit Committees. The Authority has performed well against its targets for 2015/16. This information is available online in the annual end of year performance report on the London Fire website via the following link: Our Performance 2015-16. Detailed commentaries against performance can also be found in the end of year performance reports to the Governance, Performance and Audit Committee and the Resources Committee.

The Governance, Performance and Audit Committee reviews the effectiveness of the internal control framework by monitoring the work of internal audit, considering both internal and external audit reports and reviewing the corporate risk management framework, including the arrangements for business continuity.

Effective arrangements for the management of risk

The risk management strategy 2014-17 contains a number of actions to develop the use of risk management information within the Authority. The strategy was updated and approved by the Strategy Committee on 18 November 2014 (FEP2356). The strategy has been refreshed to incorporate the Authority's risk appetite statement (which was formerly included as part of this statement).

The Authority's corporate risk register is subject to regular reviews by the Governance, Performance and Audit Committee. The corporate risks are summarised in each London Safety Plan and were last approved by full Authority in September 2013 as part of appendix one to LSP5. The register is reviewed regularly in full consultation with the Commissioner and Directors and identifies key risks that could prevent the Authority achieving its aims and objectives. Controls are in place to mitigate these risks and both risks and controls are subject to regular review and scrutiny, which is evidenced in the form of external inspections and internal audits, reports to Authority Committees, the Commissioner's Corporate Management Board, including at its regular dedicated performance meetings, and by heads of service assurances through the risk management process.

In December 2015, an updated approach to the assessment of risk (AOR) in London (FEP2544) was presented to the Authority. The Authority has a requirement to understand the risks in its area as part of the Integrated Risk Management Plan (IRMP) – the Authority's IRMP is the London Safety Plan. As part of the development of the current London Safety Plan (LSP5), it became clear that some external stakeholders did not understand how their concerns locally (sometimes articulated as 'risks') had been taken into account. To make this consideration of risk more explicit and transparent, it was agreed that officers should annually prepare an assessment of risk in London.

This latest iteration of the assessment of risk, which builds on previous approaches, has been developed to cover the wide range of 'concerns' that the public and stakeholders might have about their local area (often articulated as 'risks'), how those 'concerns' translate into actual risks that the Brigade has to deal with, and the response, prevention and protection activity (i.e. 'controls') the Authority has in place to manage or mitigate those risks. It was agreed by Members that the methodology should be further developed, and that key external stakeholders, like the London borough councils, should have an opportunity to feed into this process as part of developing an AOR 2016. The AOR will also inform the development of the Sixth London Safety Plan (LSP6).

Ensuring compliance with established policies, procedures, laws and regulations

The system of internal control comprises a network of policies, procedures, systems, reports, processes and meetings. These arrangements are in place to verify the Authority's objectives, risk management arrangements, performance management processes and financial controls. These controls are in place to:

- establish and monitor the achievement of the Authority's objectives through regular monitoring reports to members;
- facilitate policy and decision making via , for example Standing Orders, and the service planning process;
- ensure compliance with established policies, procedures, processes, laws and regulations, as underpinned by regular reviews carried out by internal and external auditors;
- ensure the delivery of high quality services in an efficient and effective manner through established policies and procedures and the monitoring of performance through Directorate Management Boards, the Commissioner's Corporate Management Board, the Corporate Management Team, the Top Management Group performance meetings, the Heads of Service Group, the Contracts Oversight Board, the Governance, Performance and Audit Committee, the Resources Committee and the Strategy Committee;
- identify, assess and manage the risks to the Authority's objectives including risk management;
- ensure the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which the Authority's functions are exercised, through the Authority's medium term financial forecasting and budget processes, strategic and annual internal audit plans, and the budget review process;
- provide appropriate financial management of the Authority and the reporting of financial management to the Resources Committee;

- provide adherence to the Authority's values and ethical standards through the application of the leadership model and equality framework; and
- ensure proper performance management of the Authority and the reporting of performance management through the Governance, Performance and Audit Committee, the Resources Committee and the Strategy Committee.

The internal audit function is conducted by the Mayor's Office for Policing and Crime (MOPAC) for the Authority via a shared service agreement and provides independent assurance on risk management internal controls and governance arrangements within the Authority. MOPAC completed 37 audits during 2015/16. From the work undertaken during the year, internal audit has concluded that the internal control framework was adequate, with controls to mitigate key risks, generally operating effectively. For 2015/16, external auditors have concluded that they can continue to place reliance on the work carried out by the Authority's internal audit function.

During 2015/16, the Head of Legal and Democratic Services was the Authority's Monitoring Officer and the duties of this role were discharged in line with the Monitoring Officer Protocol agreed by the Authority on 26 March 2009 (FEP1339).

Regulation of Investigatory Powers Act and confidential reporting ('whistleblowing')

As required by the RIPA Codes of Practice, the Authority undertakes an annual review of the Brigade's use of the Regulation of Investigatory Powers Act 2000 (RIPA). A policy governing LFEPA's use of RIPA was approved by the Authority on 22 November 2012 (FEP 2011). LFEPA was inspected by the Office of Surveillance Commissioners in December 2012. The RIPA policy was reviewed and revised by the Authority on 27 October 2015 (FEP2326). There were no applications for any RIPA authorisations in 2015/16, nor were there any previous authorisations that continued into 2015/16. LFEPA therefore continues to make no use of RIPA powers.

There were two complaints identified as confidential reporting (whistleblowing) cases in 2015/16. One concerned an allegation of surveillance and the other concerned an allegation over the appropriateness of fire safety measures in a premises. Both were dealt with by the Director of Operations.

The Bribery Act 2010

The Authority continues to take action to address the requirements of the Bribery Act 2010. The Authority's intranet includes information for staff and managers on bribery, and policies reflect the requirements of the Bribery Act. Key staff, including those in the Legal and Procurement departments, have previously attended a briefing on the Act, and bribery is now included in fraud awareness sessions.

Review of effectiveness

Regulation 6(1) of the Accounts and Audit Regulations 2015 requires the Authority to conduct a review of the effectiveness of the system of internal control. This review is informed by the work of the internal auditors and Authority officers who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and any other review agencies and inspectorates.

Throughout 2015/16, the Authority has maintained and reviewed its systems of internal control in a number of ways. In particular:

- the Authority received regular performance reports on its LSP commitments, performance against performance indicators, and key projects through its Governance, Performance and Audit Committee, Resources Committee and Strategy Committee;
- comprehensive performance reports covering corporate performance indicators, corporate risks, key projects, as well as departmental performance were considered regularly by the Commissioner's Corporate Management Board;
- progress reports submitted to the Commissioner's corporate management board on the implementation of health and safety policy and the submission of a full annual report to the Resources Committee;
- the regular review of the outcomes from the Authority's dynamic and intelligent operational training (DIOT) process coordinated through the officer-level Operational Directorates Coordination Board chaired by the Director of Operations. The DIOT process supports the Authority in its commitment to protecting the health, safety and welfare at work of all its employees by learning from the performance of staff and crews at operational incidents, via the incident monitoring process, accident investigations, thematic audits, etc.;
- monitoring the development, implementation and delivery of services provided by third parties and key contractual arrangements through the Contracts Oversight Board;
- the Authority's internal audit shared service provider working to defined professional standards and the preparation of the internal audit plan on the basis of a formal risk assessment. The plan, annual performance and main outcomes and recommendations arising from audit work were reported to the Governance, Performance and Audit Committee. The external auditor has relied on the work of internal audit in supporting its risk assessment and understanding of the entity's level of controls;
- the external auditor's plan and audit memorandum on the year's audit reported to the Governance, Performance and Audit Committee and the Independent auditor's opinion and certificate to the full Authority;
- a review of the effectiveness of the system of internal control informed by the work of senior management, who continually reviewed the identification and management of risks at all levels across the Authority, providing assurance that controls are in place and the extent to which they were effective. Our review is also informed through the work of internal auditors as described above, and the external auditors in their annual audit letter and other reports;

- the Authority agreed to participate in the Local Government Association (LGA) Fire Peer Challenge (*FEP2305*) concentrating on four focus areas: value for money; information collection and use; industrial relations; and operational competence. The site visit and information gathering by the peer team was conducted during March and April 2015. The LGA report was finalised in August 2015 and confirmed that the Brigade is a well run and well resourced organisation, providing a first class service, with some outstanding staff members. The report also concluded that the Brigade leads in several areas of good practice, notably its leadership role in the UK for fire and rescue services, especially in terms of national resilience. Innovative approaches to procurement and shared services are delivering long term savings, and value for money is recognised as a necessity in organisational culture, with analysis of benefits realisation from projects. The peer challenge was a useful space to consider how the Brigade provides its services, and much of the discussion held with the peer team representatives will feed into other strategic developments such as the Sixth London Safety Plan;
- the Local Audit and Accountability Act 2014 has led to requirements for local authorities to prepare and publish their accounts earlier from 2017/18. The Authority continues to work to prepare its accounts to an earlier timetable, and now provides its draft accounts to its auditors at the beginning of June.
- responsibility for the fire and service transferred from the Department for Communities and Local Government(DCLG) to the Home Office during 2015/16. The Government published the Policing and Crime Bill on 10 February 2016. The Bill changes the governance arrangements for fire and rescue services in London by abolishing the London Fire and Emergency Planning Authority (LFEPA) and creating the London Fire Commissioner as a corporation sole – having the functions of the fire and rescue authority for Greater London under the Fire and Rescue Services Act 2004. The London Fire Commissioner will be appointed by the Mayor of London who will also have the power to give directions and guidance to the Commissioner relating to the exercise of his/her functions. The Bill also provides the option for the Mayor to create a Deputy Mayor for Fire and sets out that the Mayor may arrange for a Deputy Mayor for Fire to exercise any function of the Mayor relating to fire and rescue. It also places a duty on police, fire and rescue and ambulance services to collaborate, and enables Police and Crime Commissioners (PCCs) outside of London to take on responsibility for fire and rescue services in England and Wales. The Bill was carried over to the 2016-17 Parliamentary session and is subject to change as it passes through the Parliamentary process.

Statement of accounts

As required by the Authority's financial regulations, the Director of Finance and Contractual services approves all systems used to record Authority financial transactions. Assurance that the financial data used to produce the Authority's statement of accounts is accurate and complete is obtained through regular central finance reconciliation routines of all financial systems and monthly officer monitoring of all expenditure and income recorded on the Authority's approved general ledger system. Periodic member level review of financial records and forecast outturn add to the scrutiny carried out by both the Authority's internal and external audit. The statement of accounts is authorised by the Director of Finance and Contractual Services as being true and fair within the current statutory deadline of 30 June each year. The accounts are then fully audited by the Authority's external auditor who issues an audit opinion by the end of the following September.

The statutory deadline for producing the accounts will be brought forward for the financial year 2017/18 from 30 June to 31 May, with the publishing deadline brought forward from 30 September to 31 July. The Director of Finance and Contractual Services has signed off the Authority accounts by 31 May for the last three years and officers are working with external audit to target an audited and published set of accounts by 31 July this year.

The role of the Chief Finance Officer

CIPFA's Statement on the Role of the Chief Financial Officer (CFO) in public service organisations sets out the key principles that define the core activities and behaviours that belong to the CFO in public service organisations. The CIPFA statement sets out that the CFO in a public service organisation:

- is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy; and
- must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the CFO:

- must lead and direct a finance function that is resourced to be fit for purpose; and
- must be professionally qualified and suitably experienced.

The principles are supported by a range of governance requirements that are used to demonstrate compliance. The role of the CFO is undertaken by the Director of Finance and Contractual Services who is the Authority's section 127 (Greater London Authority Act 1999) officer and is a member of the Authority's Corporate Management Board reporting directly to the Commissioner.

Other governance arrangements

This section highlights other noteworthy governance arrangements that the Brigade has either put in place or maintained during the 2015/16 financial year.

National resilience

The National Resilience Programme is one part of the Department for Communities and Local Government's contribution to the Government's Civil Contingencies Capabilities Programme. The strategic aim is to continue to enhance preparedness and resilience of the fire and rescue services in England and Wales by maintaining and improving the capability of the National Assets. The programme consists of a number of distinct capabilities. These are:

- Chemical, Biological, Radiological, Nuclear and Explosive CBRN(E);
- Urban Search and Rescue (USAR);
- Water and High Volume Pumping (HVP); and
- Command and Control.

Twenty per cent of the National Resilience assets are located within the Brigade area reflecting the importance of the capital city to national resilience in providing these capabilities to both the London region and the rest of the country. London also hosts the Fire and Rescue Service's National Co-ordination Centre (FRSNCC) at the London Operational Command (LOC), where all requests for national assistance at large scale incidents are dealt with.

The Brigade has a full USAR capability, as part of the resilience programme, for providing fire and rescue services with a national capability to respond and effectively manage large-scale structural collapses and heavy transportation type incidents. This national capability is designed to augment existing local and specialised planning arrangements within Brigades or regions. As part of this national capability, the LFB provides USAR trained personnel to respond to incidents outside of the Brigade area.

Following the assessment and assurance of the Brigade's multi-capability in the previous year, the National Resilience Assurance Team (NRAT) undertook an assessment of the Brigade's high volume pump (HVP) capability in February 2016. The assurance process has been developed as a long term procedure to ensure that the fire and rescue services which have received National Resilience assets, achieve and maintain an efficient, robust and effective operational capability to respond to national and major emergencies.

NRAT concluded that the Brigade satisfactory discharges its statutory duties relating to national resilience under the Fire and Rescue Services Act 2004 and the Statutory Instrument 3193 Fire and Rescue Services (Emergencies) Order 2007. However, there were five instances of non-conformity and seven instances of unsatisfactory outcomes resulting from the practical assessment of key HVP skills. The assessors were however pleased to note the willingness of Brigade personnel to take immediate corrective action for the non-conformities and since the assessment, NRAT has now received evidence and also confirmed (in May 2016) that the Brigade has adequately addressed all outstanding actions.

Brigade staff also lead the fire and rescue service nationally in terms of the sector's role in the government CONTEST strategy. This involves working collaboratively with colleagues from the other blue light agencies as well as government departments to develop multi-agency operational capabilities for responding to a wide range of terrorist related threats. London has successfully introduced the concept of inter-agency liaison officers (ILOs) to UK fire and rescue services and the National ILO coordinator is a London officer. The London Fire Commissioner is the Chief Fire Officers Association (CFOA) National Resilience Lead Officer for Chemical, Biological, Radiological and Nuclear (Enhanced Explosives) (CBRN(E)).

Equality, diversity and inclusion

A review of equality, diversity and inclusion was initiated by the Commissioner during 2015/16 and is being directed by the Head of Strategy and Inclusion. An advisory group has been established, to guide the development of a new, 10 year Inclusion Strategy. Officers have interviewed inclusion leads from organisations cited for best practice in the public, private and not-for-profit sectors, and engaged with senior managers, trades unions and support groups to inform the new strategic inclusion objectives and consequent action plan. Members received a draft strategy (FEP2590) at the Authority meeting in March 2016, with information about the Authority's Public Sector Equality Duty, and the Members' Equalities Working Group has subsequently received an update about the continuing development of the strategy. The final strategy will be represented to the Authority in June 2016 with an accompanying action plan to facilitate the change in approach.

The Brigade's equality, diversity and inclusion performance is regularly reported to Members through the HR Digest.

Information security

The Authority maintains an information security strategy which complies with the ISO/IEC 27001 standard for information security. This standard represents 'best practice; within the security industry. The strategy exists to protect Authority information against any type of accidental loss, damage or abuse, including that relating to its staff as well as third party clients and partners. In addition it maintains a safeguard to ICT systems that process, store, display and transmit information.

The strategy is facilitated through the information security policy which has been approved and maintained by the Information Governance Group (the IGG) and has been applied consistently across all parts of the Authority.

The Head of Strategy and Inclusion is the Authority's Senior Information Risk Owner (SIRO), and, as Chair of the IGG, is responsible for the effective implementation of a consistent framework for the management of information security across the Authority. This includes the ownership, development, maintenance and communication of the information security policy. The SIRO is also required to review and challenge any non-compliance with the information security policy as highlighted by compliance reports, dispensations, audit findings or the incident management processes. In conjunction with the Head of ICT, the SIRO ensures that Business Contingency Plans (BCP) and IT Disaster Recovery (IT DR) plans respectively are developed implemented and tested to protect all critical information, information systems and functions of LFEPA. There were no issues of non-conformity during 2015/16.

Health and safety

Good health and safety management remains a critical (business) issue for the Authority. During 2015/16, preventive initiatives and improved working practices have contributed to the continued reduction in injuries to staff.

Throughout 2015/16 the Authority has maintained and reviewed its systems of internal control in a number of ways, including:

- Regular reports on health and safety performance to the Commissioner's Corporate Management Board and to Resources Committee;
- Continuing the cycle of health, safety and environmental audit and focussed slips and trips risk assessments of our stations;
- Introducing a system for the early assessment of impact on the health, safety and welfare of staff from new policy or corporate projects;
- MOPAC completed an audit of health and safety management in 2015/16, identifying that the control framework was adequate and that controls to mitigate key risks are generally operating effectively;
- The established Dynamic Intelligent Operational Training (DIOT) process continues to identify trends in both operational effectiveness and safety management, which allows targeted intervention to make safety improvements through briefings (e.g. Operational News), operational training, procedures and equipment, and
- Monitoring progress against actions identified through serious accident investigations (SAI), Coroner's Prevention of Future Death reports and other internal reviews.

Additionally health and safety performance was the subject of external review in 2015/16 as part of the Local Government Association (LGA) Fire Peer Challenge (FEP2305). Health and safety is a key assessment area of the peer review process and the review team reported that they had observed continuous improvement in health and safety and a positive health and safety culture.

Significant internal control issues

The action plan below comprises actions required to address any significant failings in the Authority's governance framework and supporting systems and any other significant actions being undertaken to improve the governance arrangements which the Authority wishes to declare. The plan will typically focus on issues of non-compliance or any other significant action planned or being undertaken to improve governance. It does not seek to replicate any of the Authority's other reporting arrangements. The criteria used to determine items for inclusion are:

- actions arising from the annual assessment of performance against our Code of Governance;
- significant causes for concern identified in the auditor's annual letter;
- performance failings or significant concerns relating to governance identified by external assessment;
- significant failings identified by any internal audit and review processes including: internal audits, health and safety audits and accident investigations, risk audits;

- significant failings identified by the Incident Management Policy team;
- significant failings identified by internal management assurance processes, with particular reference to the annual assurance statement provided by each Head of Service assessing the effectiveness of the controls for which they are responsible;
- significant failings identified by any peer review;
- any significant improvements or additions to the Authority's control framework needed in order to bring the Authority's risk profile in line with its risk appetite;
- any other significant actions being undertaken to improve the governance arrangements which the Authority wishes to declare in the statement, and
- any actions outstanding from the previous year's action plan.

In the action plan for the coming year, the actions are considered to arise from the criterion:

"any other significant actions being undertaken to improve the governance arrangements which the Authority wishes to declare in the statement".

Four actions have been carried forward from the previous year's action plan. They are largely substantial challenges to be managed over the long term, relating to the National Fire Role, realising the full potential of the new mobilising system, promoting inclusion (building on from delivery of the new strategy), and working towards the new statutory financial reporting deadlines.

Four new actions have also been added to the plan this year regarding focussing on our people, driving local and national resilience, safety leadership and the governance changes being proposed under the Policing and Crime Bill. The complete list of actions is therefore as follows:

(i) **National Fire Role**

LFEPA to take a proactive role on policy direction nationally by working with others on a range of matters to secure improvement of the fire service to the public. This will include:

- taking a leading role in supporting the National Joint Council's position on conditions of service;
- determining the future arrangements for the National Operational Guidance programme following phase two of the programme.

How progress will be reported - Matters requiring the attention of Members will be reported to GPAC through the risk, business continuity and governance report.

(ii) New mobilising system

Further efficiencies in service provision through full utilisation of the new mobilising system.

How progress will be reported – Progress on delivering the new mobilising system will be reported to Strategy Committee through the quarterly commitments and key projects report and to GPAC through the risk, business continuity and governance report.

(iii) Promoting inclusion

Deliver the inclusion strategy action plan for the Authority and implement a step change process, working with all departments and the support groups to drive the equalities agenda forward within the Brigade.

How progress will be reported – Action plan proposals and progress will be reported to the Resources Committee.

(iv) Statutory financial reporting deadlines

To work to prepare the statement of accounts to earlier timescales, and to work with the Authority's external auditors to be ready for the new deadlines from 2017/18.

How progress will be reported – Progress on meeting the new statutory financial reporting deadlines will be reported to GPAC.

(v) Focus on our people

To refresh our principles and join up our work on people, behavioural framework, succession planning, inclusion strategy, staff engagement programme, retention rates and the stress survey outcomes to ensure a supportive and progressive workplace

How progress will be reported – Progress will be reported to the Resources Committee through regular update reports. A summary of activity will also be reported to GPAC through the risk, continuity and governance report.

(vi) Driving national and local resilience

To drive improvements at a national, London, and Brigade level in terms of resilience to reassure the public and key stakeholders at a time when the national threat level remains severe.

How progress will be reported – Progress will be reported to GPAC through the risk, continuity and governance report.

(vii) Safety leadership

Improve health and safety for our staff by focussing on promoting effective safety leadership with senior managers, and making improvements to our systems and training for accident investigation.

How progress will be reported: Progress will be reported to the Resources Committee through regular update reports. A summary of activity will also be reported to GPAC through the risk, continuity and governance report.

(viii) Policing and Crime Bill – New governance arrangements

To manage the transition and develop appropriate governance arrangements to implement the new regime which will come into place when the Policing and Crime Bill comes into force.

How progress will be reported – Progress will be reported to Authority. A summary of activity will also be reported to GPAC through the risk, continuity and governance report.

Conclusion

We are satisfied that the appropriate internal systems of control are in place with regards to the Authority's governance arrangements, and that adequate processes are in place to ensure compliance with the Corporate Code of Governance.

Ron Dobson CBE FIFireE QFSM
Commissioner for Fire and Emergency Planning

Councillor Jack Hopkins
Chair, Governance Performance and Audit Committee

Dated: 30 June 2016

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.

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.

CLG – Communities & Local Government, the Government Department responsible for national policy on Local Government in England.

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 dependant 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.

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.

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

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.

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.

2015/2016 STATEMENT OF ACCOUNTS

Here at the London Fire and Emergency Planning Authority we are continually trying to improve the ways in which we provide information. Your views are important to us in assisting us to improve the content, language and format used in of our accounts, and we would be extremely grateful if you could complete the attached questionnaire and let us know any ways in which we can make our Statement of Accounts more useful to you.

Please tick the Yes or No boxes below. It would also be very helpful if you would add a comment explaining the reason for any No choices

1 Did you find the information contained within the Statement of Accounts easy to understand?

Yes ☐ No ☐

Comments

2 Was there a sufficient level of information to allow you the user to assess the financial performance of the Fire and Rescue Authority.

Yes ☐ No ☐

Comments

3 Did you find that the financial information contained was presented in a clear and easy to understand format?

Yes ☐ No ☐

Comments

4 Did you find the notes to the accounts added value to the financial statements?

Yes ☐ No ☐

Comments

5 Did you find the Glossary helpful?

Yes ☐ No ☐

Comments

6 Overall, has the statement of accounts been of value in helping you to assess the Fire and Rescue Authority's financial position and performance?

Yes ☐ No ☐

Comments

7 Do you think there is anything that should be added to the Statement of Accounts to provide you the user with a more complete view of the financial position and performance of the Fire and Rescue Authority?

Yes ☐ No ☐

Comments

8 Please state below any further comments or suggested improvements you may have regarding the Statement of Accounts.

9 Which of the following best describes you?

☐ An employee or elected member of the authority

☐ A member of the public

☐ A member of another organisation/interested party

Thank you for taking the time to complete this questionnaire

Please return the completed feedback questionnaire to:
LFEPA, Finance Accountancy, 1st Floor, 169, Union Street, London, SE1 0LL

Alternatively you can comment by e-mail by addressing your response or comments to the following e-mail address – cts@london-fire.gov.uk