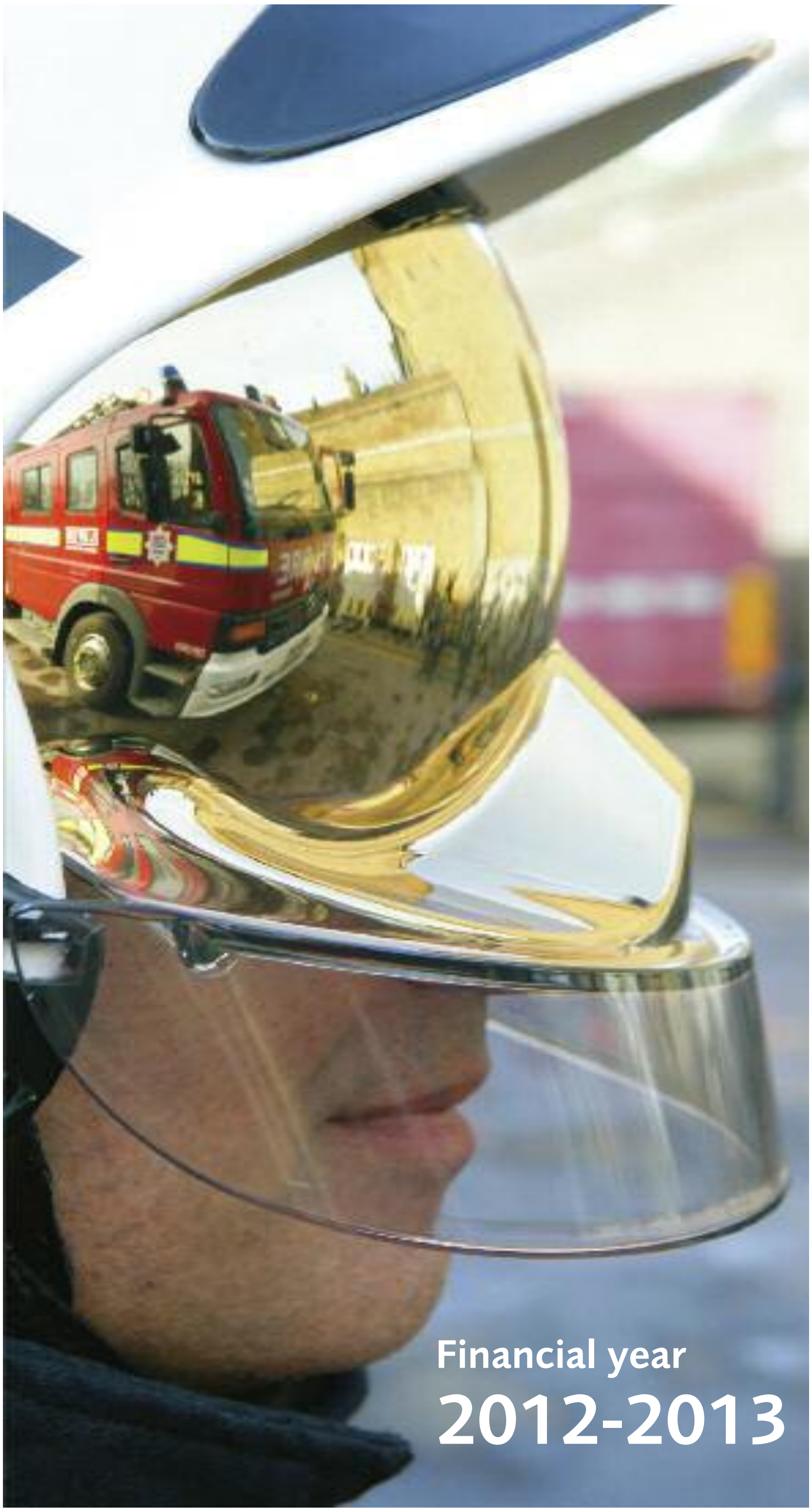
LONDON FIRE AND EMERGENCY PLANNING AUTHORITY



Financial year
2012-2013

STATEMENT of ACCOUNTS

Contents

Review of the year

1. The London Fire Brigade (LFB) is run by the London Fire and Emergency Planning Authority (LFEPA) and employs over 6,700 staff of whom almost 5,900 are operational staff. LFB are the largest fire and rescue service in the country and one of the largest in the world. 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.

2. We have 113 fire stations and one river station. We operate a two shift; four watch system, resulting in over 450 points of service delivery. In 2012/13 we handled over 178,000 emergency calls and attended some 105,000 incidents. These included approximately 20,000 fires, 32,000 special services and over 53,000 false alarms.

3. We are a partner in over 850 individual initiatives ranging from youth engagement through to carrying out home fire safety visits for London's most vulnerable people.

4. The Authority's core aims and objectives are set out in the 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 current Plan (the Fourth London Safety Plan) covers the period 2010 to 2013. The approved revenue budget for 2012/13 provided £419.8m to support the Authority in achieving its aims and objectives.

London 2012 Olympic and Paralympic Games

5. The Brigade's role in helping to deliver a successful safe and secure Games was defined by the Home Office Olympic Safety and Security Strategy. It stated that safety includes " the protection of people and property from hazards caused by non-malicious incidents" and that "safety requires not only the appropriate building of the Games venues and physical overlay but also adequate preparedness for events that might disrupt the Games". The Brigade ensured that all matters involving the fire service appertaining to the London Olympic and Paralympic Games both locally and nationally were managed, coordinated and implemented to effectively balance the response to identified and perceived risks, within agreed timescales and budgets.

6. The Brigade led the delivery of

- Effective operational contingency plans and operational resources for all Games venues and events, including those outside of London, based on the identified risk and the measures required to manage these risks, ensuring a safe Games for all.

- Co-ordinating a community safety programme by further developing relationships with local communities and targeting visitors to the UK over the Games period.

- Ensuring that regulatory fire safety and fire engineering measures were applied in the design and construction of all Games venues including temporary and permanent build to ensure a safe Games and lasting legacy.

Review of the year

Vehicle Fleet PFI

7. The Authority has a Private Finance Initiative arrangement, which provided the Brigade fleet for part of the year under the terms of a finance lease.

8. Due to a deterioration of the services provided by Premier Fire Serve Limited (previously called AssetCo London Ltd), the London Fire and Emergency Planning Authority, which runs the Brigade, has exercised its right to terminate the contract and appoint a new provider. The Authority has secured an operating lease for an interim period of 21 months with The Bank of Scotland for the financing of the vehicles, until a new provider has been appointed.

9. London Fire Brigade appointed Babcock International Group as from November 2012 to manage and maintain its fleet of fire engines and specialist equipment on an interim basis. While undertaking a full, competitive procurement of the service it has appoint Babcock to maintain the fleet on an interim basis of 18 months until the new provider has been appointed.

10. Babcock already delivers a fleet management service to the emergency services sector. This includes managing the Metropolitan Police's 4,000 strong operational fleet and the Government's National Resilience Fire and Rescue Capability. The National Resilience fleet of 650 vehicles and modules, as well as 175,000 items of equipment, is available to Fire and Rescue Services across England and Wales in the event of major incidents.

FIRED-uP Project

11. During the year London Fire Brigade joined forces with Ghent Fire Brigade in Belgium in an EU funded project designed to make both fire and rescue services greener. The FIRED-uP project is looking for innovative ways of reducing the environmental impact of the cities' frontline fleet of fire engines and other vehicles.

12. Running until June 2015, the project provides the opportunity to investigate a range of new technologies and processes – from alternative fuels to components and power management to logistics. Following initial research, the Brigade has now identified a number of areas for further investigation. These include on-vehicle data logging systems for fire engines which can track fuel and water consumption, emissions, use of operational systems and equipment; and software which collates and analyses this data.

13. How the data can then be applied to vehicle design and use, driver training, the length of time vehicles remain in service and the type of vehicles used across the fleet will also be investigated.

Lakanal House Inquest

14. On 3 July 2009 six people died tragically in a fire at the Lakanal tower block in Camberwell, south London. The inquests into their deaths took place in January 2013.

15. London Fire Brigade has pledged to play a leading role in promoting a wider understanding of fire safety among high rise residents. The commitment is a key part of the Brigade's response to the Coroner's recommendations following the inquest.

16. Since the tragic tower block fire in July 2009 the Brigade has already introduced a range of new initiatives, policies and equipment that have improved our planning and response to incidents involving high rise premises. In responding to the Coroner's specific recommendations the Brigade has now outlined the additional actions it will be taking to further enhance its performance.

17. The first recommendation made by the Coroner was to 'improve the dissemination of fire safety information' to ensure residents living in high rise buildings have a 'clear understanding of what they should do in case of fire.'

18. In response the Brigade will establish a fire safety forum for high rise residential premises with key private and public sector partners, such as London Councils, London boroughs, housing associations and care providers. This will enable it to build on the work it has already done to clarify and reinforce fire safety messages for people living in high rise residential buildings.

19. Other actions that are being taken include:

- optimising the way the Brigade gathers information and clarifying what fire crews should highlight and record when they carry out familiarisation visits.
- implementing recommendations from the Brigade's own review into the command structure at incidents.
- introducing new training that will improve operational staff's awareness of 999 control centre practices and procedures, including those associated with fire survival guidance

Explanatory Foreword

Introduction

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

2. The London Fire Brigade 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.

3. 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.

4. The Authority's accounting statements have been prepared using the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2012/13, this is based on International Financial Reporting Standards, 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.

5. 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.

6. 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).

7. The accounts are supported by the **Statement of Accounting Policies** and by various notes to the accounts.

8. **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 4 of the Accounts and Audit (England) Regulations 2011.

9. The AGS sets out the governance framework within which the Authority operates. It comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its 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.

Income and Expenditure

10. Based on figures prior to accounting adjustments for pensions liabilities under International Accounting Standard 19 (IAS19) Retirement Benefits (see core statement note 31) and depreciation, impairment and revaluation charges, net service expenditure for 2012/13 was £418.2m, this was £1.6m (0.4%) less than the budgeted £419.8m.

11. The £1.6m under spend in year was due to under spends in respect of premises (£1.3m), running costs (£0.4m) supplies and services (£0.5m),financing costs (£0.2m), surplus on income (£1.0m), offset by over spend on fire fighter pension injury costs (£1.0m), and compensation costs (0.8m). Details are shown in notes to the accounts (Note 19).

12. A report providing further detailed explanations for variances between budget and expenditure and income went to the Authority's Resources Committee on 22 July 2013. The outturn report can been viewed on the Authority's website on the following link: http://www.london.gov.uk/LFEPA/mgChooseDocPack.aspx?ID=213

13. Set out below is a summary comparison of the actual and budgeted figures for the year:

Net Expenditure excluding IAS19 and Depreciation charges	Budget £m	Actual £m	Variance £m
Net Service Expenditure	402.3	399.8	(2.5)
Firefighter's Pension Expenditure	19.0	19.9	0.9
PFI Grant for future years	(1.5)	(1.5)	0
Net Service expenditure	419.8	418.2	(1.6)
Contributions to/ from General fund and reserves	(40.0)	(40.0)	0
Amount to be met by Government grant and Local Taxpayers	379.8	378.2	(1.6)
Income from GLA grant	(379.8)	(379.8)	0
(Surplus)/Deficit	0	(1.6)	(1.6)
Contributions to/(from) earmarked reserves	0	0.4	0.4
(Surplus)/Deficit to General Fund after transfers to earmarked reserves	0	(1.2)	(1.2)

14. The Net Pensions Deficit, recorded in the Balance Sheet, for both the Local Government Pension Scheme (LGPS) and the Firefighters' Pension Schemes, as at 31 March 2013, is £4.9bn. 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.

15. The Comprehensive Income and Expenditure Statement includes IAS 19 (International Accounting Standard for Employee benefits) charges to account for the assessed pensions liability.

Capital Expenditure

16. 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.

17. During 2012/13, total spending on the capital programme was £7.8m. The spend included the rebuilding and modernising of fire stations and other buildings (£6.3m), upgrading equipment (£0.1m) and software (£1.4m). Capital expenditure on Authority assets (£7.8m) is to be financed in accordance with the Prudential Code from Government capital grant (£7.8m). Further details of the grants received in year are contained in the notes to the core statements.

18. The Authority took no external borrowing during the year. Settlement of maturing principal debt during 2012/13 totalled £4.275m. As a result, as at 31 March 2013, the level of outstanding principal debt totalled £103.975m. The average interest payable on outstanding loans as at 31 March 2013 was 4.72 % (4.78% 31 March 2012).

Property valuation

19. The Authority's valuer, Dron and Wright, carried out a full valuation of the Authority's property portfolio, except for Merton Control Centre as at 1 April 2013. The valuation resulted in a net addition to the balance sheet value for land of £27.9m and buildings of £5.3m. Further details are shown in note 9 of the notes to core accounting statements.

Further information

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

Formal approval and adoption of the Accounts by the Authority

I confirm that these accounts were approved by the Authority's Governance, Performance and Audit Committee at the meeting held on 10 September 2013. Signed on behalf of the London Fire and Emergency Planning Authority

Maurice Heaster

Councillor Maurice Heaster OBE
Chairman of Governance, Performance and Audit Committee dated 30 September 2013

Statement of Responsibilities

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:

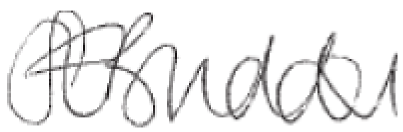
♦ kept proper accounting records which were up to date;

♦ 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 12 to 93 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 2013.

Signed



Sue Budden CPFA
Director of Finance and Contractual Services

Dated 29 September 2013

Audit Opinion and Certificate 2012-2013

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

Opinion on the Authority financial statements

We have audited the financial statements of London Fire and Emergency Planning Authority for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 37 and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related note. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFAS/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of London Fire and Emergency Planning Authority, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. 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 8, 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 Service; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in Statement of Accounts to identify material inconsistencies with the audited financial statements. 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 2013 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 2012/13.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 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 to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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.

We are required under Section 5 of the Audit Commission Act 1998 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 Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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 audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

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 Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Audit Opinion and Certificate 2012-2013

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, 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 2013.

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; and
- considered whether we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response.

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
for and on behalf of Ernst & Young LLP, Appointed Auditor
Luton
29 September 2013

Accounting Policies

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 2013 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 2011, 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 2012/13 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.

Accounting Policies

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.

Exceptional Items

When items of income or expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's performance.

Prior Period Adjustments, Changes in Accounting Policies and Estimates or Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current or future years affected by the changes, and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the changes provide more reliable or relevant information about the effect of a transaction, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting to opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

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.

Accounting Policies

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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 Non Distributed Costs line 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.

Post-employment Benefits

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.

Pension Funds

The Authority participates in three pension schemes that meet the needs of particular groups of employees. There are two firefighter pension schemes known as the 1992 Firefighters' Pension scheme and the 2006 New 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. Both schemes provide members with defined benefits related to pay and service.

Firefighters' Pension Schemes

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.

Accounting Policies

Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme and is administered by the LPFA.

The liabilities of the London Pensions Fund Authority Pension Fund (the Fund) attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

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 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 – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- 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.

Discretionary benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

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.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Instruments

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 only taken loans from the Public Works Loans Board (PWLB) 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.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/ settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums or discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instrument Adjustment Account in the Movement in Reserves Statement.

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.

However, the Authority has made a number of loans to employees at less than market rate (soft loans). Where material, when soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for 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. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the employee, with the difference serving to amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year - the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains or losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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.

Government Grants and Contributions

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.

Heritage Assets

Heritage assets are assets that are held by the Authority principally for their contribution to knowledge or culture. As required by the Code of Practice on Local Authority Accounting , these assets are accounted for as a separate item on the balance sheet. The heritage assets held by the Authority are the collection of assets or artefacts stored and exhibited in the London Fire Brigade Museum. The assets consist of antique furniture, pictures, other museum pieces and a photographic collection.

Accounting Policies

The Authority's Heritage Assets are housed in the Authority's London Fire Brigade Museum located at Southwark. The Museum has four collections of heritage assets which are held in support of the primary objective of the Authority's Museum, i.e. increasing the knowledge, understanding and appreciation of the Authority's history and local area.

The collection can be divided across four main areas: museum exhibits, the art collection, the museum archive and museum library.

Museum exhibits include Large fire fighting apparatus, models and toys, clothing and equipment, building related items, Insignia and medals. The Art collection consists of paintings and prints with various aspects of the history of fire and firefighting in London from 1666 to the present. It also includes statues, statuettes, busts in various mediums including bronze and porcelain. The museum archive consists of documents of all types relating to the history of the fire brigade. The museum library houses approximately 500 published and unpublished works relating to fire service history.

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses)on an insurance based value. In most instances there is no established market value for these items and valuation has been established by an external valuer on the basis of the likely replacement cost at suitable specialist retail outlets, having given due consideration to quality and condition for a similar item. Insurance valuations are subject to an annual desk top review and revisit after five years.

The collection is relatively static and acquisitions and donations are rare. Where they occur acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by an external valuer and with reference to appropriate commercial markets for items using the most relevant and recent information from sales at auctions.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, eg where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's policy on impairment.

Where items are disposed of the proceeds of such items are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

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) is 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.

Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First In First Out (FIFO) costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

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).

Accounting Policies

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.

Operating leases

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

The Authority as a Lessor

Operating Leases

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.

Sale and Leaseback Arrangements

Where the Authority enters into a sale and finance lease back arrangement, the arrangement is in substance one where the lessor is providing finance to the Authority. However it is accounted for as two separate transactions as follows:

1) Disposal of Property, Plant and Equipment

- De-recognise the existing property, plant or equipment asset
- Any gain on disposal is recognised over the life of the lease

2) Recognise the Finance Lease

- Recognise the leased asset measured in accordance with the code, i.e. at the lower of the fair value of the asset or the present value of the minimum lease payments
- Recognise a corresponding finance lease liability

Subsequent lease payments are then split, in accordance with the code, between finance charge and the repayment of the liability.

Although one part of the transaction is accounted for as a sale, it is not considered to represent a sale in substance. This has two important consequences:

- Prior to disposal, the asset does not qualify for reclassification into Assets Held for Sale per the Code, and

- Any existing balance in the Revaluation Reserve in respect of the asset is retained in that reserve and not transferred to the Capital Adjustment Account balance when the disposal is recognised. The transfer will not take place until the 'new' asset is eventually derecognised.

Where the Authority determines that the leaseback is in substance an operating lease then:

- It recognises the lease payments in expenses over the life of the lease

- It treats the property, plant and equipment asset as an Asset Held for Sale, measuring and classifying it in accordance with the Code

- It de-recognises the property, plant and equipment at the appropriate moment and transfers any associated Revaluation Reserve balance to the Capital Adjustment Account

- In recognising the sale proceeds, it considers how the sale price compares with the fair value of the asset as follows:

    - If sale proceeds match or are lower than fair value, the whole proceeds are immediately recognised along with any gain or loss on disposal

    - If sale proceeds are greater than fair value then the amount of sale proceeds equal to the fair value is immediately recognised and the excess is deferred and released to income over the life of the leaseback.

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 2012/13 (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 and any impairment losses chargeable on Assets Held for Sale.

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.

Accounting Policies

Property, Plant and Equipment

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.

Accounting Policies

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.

Accounting Policies

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 certain Heritage Assets) and assets that are not yet available for use (i.e. assets under construction).

Land	Not depreciated
Heritage Assets	Not depreciated
Buildings	Estimated life between 10 to 60 years
Software and software licences	5 to 7 years
Vehicles	2 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.

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 has resulted in the trigger of the component accounting requirements, which will effect the depreciation charge levied in 2013/14 financial year. 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.

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 and fair value less costs to sell. 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.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

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.

Provisions, Contingent Liabilities and Contingent Assets

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.

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.

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.

Accounting Policies

Reserves

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.

Certain reserves are kept to manage the accounting processes for non-current assets, employee benefits and retirement benefits and do not represent usable resources for the Authority. These consist of:

- A Pensions Reserve, established in accordance with the CIPFA Code, which reflects the extent of the Authority's future pension liabilities.
- A Revaluation Reserve, which 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.
- A Capital Adjustment Account, which represents amounts set aside from revenue resources or capital receipts to finance expenditure on non-current assets or the repayment of external loans and certain other capital financing transactions.
- An Accumulated Absences Reserve, which represents the cost of unused entitlement to short-term compensated absences that employees have accumulated at the Balance Sheet date e.g. unused annual leave.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of GLA grant funding.

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 Policies

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

The Code of Practice on Local Council Accounting in the United Kingdom 2012/13 (the Code) has introduced several changes in accounting policies which will be required from 1 April 2013. The following changes are not considered to have a significant impact on the Statement of Accounts.
IAS 19 Employee Benefits. IAS19 is changing for accounting years starting on or after 1 January 2013. The key change affecting LGPS employers relates to the expected return on assets. Advance credit for anticipated outperformance of return seeking assets (such as equities) will no longer be permitted. The expected return on assets is currently credited to the Authority's Comprehensive Income and Expenditure statement, however from 2013 this is effectively replaced with an equivalent figure calculated using the discount rate (as opposed to that calculated using the Expected Return on Assets assumption). The effect of the changes on the income statement to 31 March 2013 would be an increase of £0.350m.

Amendments to IAS 1 Presentation of Financial Statements (other comprehensive income, June 2011). No change to existing presentation required.

IFRS 7 Financial Instruments: Disclosure (Offsetting Financial Assets and Liabilities). It is not likely that IFRS 7 will have a material impact on the financial statements of local authorities.

IAS 12 Income Taxes (deferred tax: recovery of underlying assets, December 2010). This is not applicable to this Authority.

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 1/4/11	**56,189**	**9,312**	**3,719**	**618**	**0**	**69,838**	**(3,673,238)**	**(3,603,400)**	
Restated Surplus or (deficit) on provision of services (accounting basis)	(229,244)	0	0	0	0	(229,244)	0	(229,244)	
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	(172,069)	(172,069)	
Total Comprehensive Income and Expenditure	(229,244)	0	0	0	0	(229,244)	(172,069)	(401,313)	
Restated Adjustments between accounting basis & funding basis under regulations	224,681	0	(476)	382	0	224,587	(224,587)	0	
Net Increase/Decrease before Transfers to Earmarked Reserves	(4,563)	0	(476)	382	0	(4,657)	(396,656)	(401,313)	
Transfers (to)/from Earmarked Reserves	(10,724)	10,724	0	0	0	0	0	0	
Increase/(Decrease) in Year	(15,287)	10,724	(476)	382	0	(4,657)	(396,656)	(401,313)	
Balance as at 31/3/12	**40,902**	**20,036**	**3,243**	**1,000**	**0**	**65,181**	**(4,069,894)**	**(4,004,713)**	
Surplus or (deficit) on provision of services (accounting basis)	(263,119)	0	0	0	0	(263,119)	0	(263,119)	
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	(384,252)	(384,252)	4
Total Comprehensive Income and Expenditure	(263,119)	0	0	0	0	(263,119)	(384,252)	(647,371)	
Adjustments between accounting basis & funding basis under regulations	224,729	0	(338)	1,000	0	225,391	(225,391)	0	6
Net Increase/Decrease before Transfers to Earmarked Reserves	(38,390)	0	(338)	1,000	0	(37,728)	(609,643)	(647,371)	
Transfers (to)/from Earmarked Reserves	11,028	(11,028)	0	0	0	0	0	0	7
Increase/(Decrease) in Year	(27,362)	(11,028)	(338)	1,000	0	(37,728)	(609,643)	(647,371)	
Balance as at 31/3/13	**13,540**	**9,008**	**2,905**	**2,000**	**0**	**27,453**	**(4,679,537)**	**(4,652,084)**	

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							
31/3/12 Restated			**Division of Service**	**31 /3/13**			
Gross Exp	**Gross Income**	**Net Exp**		**Gross Expenditure**	**Gross Income**	**Net Expenditure**	
£000	£000	£000		£000	£000	£000	Note
62,431	(5,183)	57,248	Community fire safety	72,967	(5,969)	66,998	
355,372	(30,075)	325,297	Fire fighting and rescue operations	353,220	(32,530)	320,690	
1,357	(262)	1,095	Fire service emergency planning and civil defence	1,694	(113)	1,581	
			Central Services				
1,976	0	1,976	Corporate and Democratic Core	2,088	0	2,088	
4,776	0	4,776	Non Distributed Costs	66,687	0	66,687	3
425,912	**(35,520)**	**390,392**	**Cost of services**	**496,656**	**(38,612)**	**458,044**	19
			Other operating expenditure	30,468	(41,040)		
13,932			Interest payable and similar charges	10,669			
	(1,131)		Interest and investment income		(1,408)		
205,300	0		Firefighter Pensions Interest cost and expected return on pensions assets	194,100			
39,100	0		Firefighter Pensions past service (gain)/loss*	0			
18,244	(14,214)		Support staff Pensions Interest cost and expected return on pensions assets	17,804	(12,465)		
276,576	(15,345)	**261,231**	**Financing and Investment Income and Expenditure**	253,041	(54,913)	**198,128**	
	(409,400)		GLA Grant		(379,800)		
	(4,382)		PFI Grant		(4,382)		
	(8,597)		Fire Capital Grant		(8,871)		
		(422,379)	**Taxation and Non-Specific Grant Income**			**(393,053)**	
		229,244	**(Surplus) or Deficit on Provision of Services**			**263,119**	
(235)			Surplus on revaluation of non-current assets	(48,560)			
0			Impairment on revaluation of non-current assets	4,483			
172,304			Actuarial (gains)/losses on pension assets/liabilities	428,329			
		172,069	**Other Comprehensive Income and Expenditure**			384,252	4
		401,313	**Total Comprehensive Income and Expenditure**			**647,371**	

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 2012			31 March 2013		Note
£000	£000		£000	£000	
		Property, Plant & Equipment			
70,751		Land	98,674		
239,430		Buildings	238,923		
45,465		Vehicles, Plant and Equipment	9,658		
4,716		Non Operational Assets	5,766		
1,198		Heritage Assets	1,198		
	361,560			**354,219**	9
		Intangible Assets			
898		In-house Software	1,828		
3,371		Software Licences	3,100		
1,962		Non Operational Assets	1,350		
	6,231			**6,278**	9
	0	Assets held for sale	0		
	172	Long Term Debtors	117	117	13
	367,963	**Long Term Assets**		**360,614**	
25,186		Short Term Investments	5,093		10
714		Inventories	599		12
21,399		Short Term Debtors	14,510		13
36,876		Cash and Cash Equivalents	33,340		14
	84,175	**Current Assets**		**53,542**	
0		Bank Overdraft	0		
(5,794)		Short Term Borrowing	(7,344)		10
(40,039)		Short Term Creditors	(40,463)		15
(3,211)		Provisions	(4,694)		16
(3,863)		Short Term Liabilities	0		27
	(52,907)	**Current Liabilities**		**(52,501)**	
(2,630)		Provisions	(4,717)		16
(103,433)		Long Term Borrowing	(97,718)		11
(4,297,881)		Other Long Term Liabilities	(4,911,304)		26
	(4,403,944)	**Long Term Liabilities**		**(5,013,739)**	
	(4,004,713)	**Net Assets**		**(4,652,084)**	
65,181		Usable Reserves	27,453		
(4,069,894)		Unusable Reserves	(4,679,537)		18
	(4,004,713)	**Total Reserves**		**(4,652,084)**	

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.

In order to align LFEPA financial accounts with those of the GLA in order to assist with the consolidation of the Group accounts, LFEPA changed the presentation of the cash flow statement from the direct method to the indirect method.

CASH FLOW STATEMENT	Notes	31 March 2013	31 March 2012 Restated
		£000	£000
Net (Surplus) or Deficit on the Provision of Services		**263,119**	**229,244**
Adjustments to Net (Surplus) or Deficit on the provision of Services for Non-Cash Movements	35	(253,334)	(228,544)
Adjustments for items in the Net (Surplus) or Deficit on the Provision of Services that are Investing or Financing Activities		8,871	7,597
Net cash flows from Operating Activities		**18,656**	**8,297**
Investing Activities	37	(21,557)	6,564
Financing Activities	37	6,437	9,570
Net (Increase) or Decrease in Cash and Cash Equivalents		**3,536**	**24,431**
Cash and cash equivalents at the beginning of the period		(36,876)	(61,307)
Cash and Cash Equivalents at the End of Period		(33,340)	(36,876)

Breakdown of Cash and Cash Equivalents at the End of Period

Cash and Cash Equivalents at the End of Period		33,340	36,876

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:

PFI vehicle contract

The Authority was deemed to control the services provided under the vehicle PFI contract for part of the financial year and as such was assessed as being a Service Concession arrangement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the associated costs of the vehicles have been recognised in the Authority's accounts as such for that part of the year.

Following the termination of the PFI contract the interim arrangement established has been assessed and accounted for as an operating lease with effect from 12 November 2012. This lease arrangement is in force until the contract is re tendered and subsequently awarded.

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 is still awaiting development and is classed as an operational property given its continued use as an operational fire station, 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. 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 associated transactions for these activities will impact on future financial years with effect from 2013-14. However the leases for station access will be signed on financial close and the issue for the Authority's 2012/13 accounts is whether or not the stations due to be demolished and rebuilt in 2013-14 qualify for accounting purposes as assets for sale. After review of the lease conditions and the consideration of each lease and lease back being a peppercorn the sites have not been recognised as assets for sale but continue to be included as operational stations as at 31 March 2013.

Fifth London Safety Plan

Under the plan approved by the Authority on 12 September 2013 ten fire stations will close. Once the Authority has decided to sell any station sites those sites will be reclassified from operational assets to assets for sale.

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 material 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 2013 is £360,497k	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 £1,093k for every year that useful lives had to be reduced.
Provisions	The Authority has made provision for potential claims for past events that may result in a transfer of economic benefits. The provisions provide for cover against potential legal claims, back dated pension payments, possible premises related payments and outstanding motor insurance claims yet to be settled. The current carrying value of provisions as at 31st March 2013 is £9,411k	If the number of backdated pension payments outstanding were to increase or decrease by 10% the provision would increase or decrease by £75k. If the claim for backdated payments were unfounded the provision would reduce by £750k

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 2013 is £4,889,819k.	The effects of the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption for the combined fire fighter pension scheme would result in an approximate 2% increase in the pension liability, in the region of £85.7m. 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 31
Arrears	At 31 March 2013 the Authority had a balance of sundry debtors for £15.5m. A review of significant balances suggested that an impairment of doubtful debts of £1.0m was appropriate.	If collection rates were to deteriorate by 30 days the amount of the impairment of doubtful debts would require an additional £149k to be set aside as an allowance.

3. Non Distributed Costs

Non Distributed Costs cover those costs that relate to pensions past service costs and any costs associated with unused shares of IT facilities or any other long-term unused but unrealisable assets. The Authority has no such costs as far as IT and other assets are concerned.

31 March 2012	**Non Distributed Costs**	31 March 2013
£000		£000
676	Pension settlements and curtailments Local Government Pension Scheme	587
400	Pension settlements and curtailments Firefighter Pension scheme	400
3,700	Past Service Actuarial (Gain)/Loss	65,700
4,776	Total	66,687

Net Cost of Services

The net cost of services is displayed in an objective format rather than a subjective report on revenue service expenditure and income. The format conforms to the service expenditure analysis for fire services, as recommended by CIPFA's Service Reporting Code of Practice (SeRCOP). The cost of services includes the current cost of retirement benefits for each division of service as required by IAS19, Accumulated Absences and depreciation and impairments relating to Non-current Assets.

4. Material items of Income and Expense

The Authority collected £19.4m 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 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	2011/12 Restated £000	2011/12 Restated £000	2012/13 £000	2012/13 £000
Gain on the revaluation of Property assets	(235)		(48,560)	
Loss on the revaluation of Property assets	0		4,483	
Surplus on revaluation of non current assets		(235)		(44,077)
Actuarial losses on Firefighter pension liabilities	112,100		418,400	
Actuarial losses on LGPS pension assets/liabilities	60,204		9,929	
Actuarial (gains)/losses on pension assets/liabilities		172,304		428,329
Total Other Comprehensive Income and Expenditure		172,069		384,252

5. Events after the Balance Sheet date

Property PFI

The Authority entered into a contract to provide nine new fire stations under a PFI arrangement. Londoners in eight authorities are set to benefit from new fire stations which will meet the needs of the London Fire Brigade in the 21st century. London Fire Brigade will receive funding from the Department of Communities and Local Government to build nine new fire stations - 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.

The new fire stations will replace existing premises that are in poor condition and is a key part of the Strategy to provide a flexible, efficient and effective fire and rescue service for London which meets the needs of the increasingly diverse workforce.
Community engagement events

London Fire Brigade is especially keen to have public involvement in the evolution of the project and has hosted community engagement events at all nine stations. In fact, all nine new fire stations will include a community space which will allow members of the public to easily access vital life-saving fire safety advice. This community involvement with the Fire Brigade will continue as these publicly accessible areas become available for hire for local groups.

Fifth London Safety Plan

The Authority approved the fifth London safety Plan on 12 September 2013 that provides for a wide range of policies and measures which are intended to improve the safety of Londoners. It also included details of how savings worth £29m could be made, involving the closure of 10 fire stations; the removal of 14 pumping appliances, a reduction in fire rescue units by 2, a reduction in minimum crewing levels from 5 to 4, the introduction of alternate crewing arrangements at some stations and a reduction in the number of station managers.

In those parts of London with the worst response time performance, this will have a beneficial impact; in other places, the removal of appliances would have a detrimental impact, although London-wide, response time targets and standards of fire cover would continue to be met and at a borough-level more boroughs would meet the targets. No borough would move from within target to outside target based on average attendance times.

Under the proposals, the Brigade will maintain its existing London-wide target attendance target of getting a first fire engine to an emergency within an average six minutes and the second fire engine, if needed, within eight minutes. This is amongst the fastest target response time of any emergency service in the country and almost twice as fast as some other fire brigades. The full detail of the Plan proposals can be found in the draft Plan and supplementary documents on the Brigades website.

Consultation included public meetings and all of the responses we received have been analysed.

Accounts Authorised

The accounts were authorised for issue by Sue Budden, Director of Finance and Contractual services, on 30 September 2013 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.

2012/13	Usable reserves				Unusable Reserves
Adjustments between Accounting Basis and Funding Basis under Regulations	General Fund	Revenue Grants Unapplied	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves
	£000	£000	£000	£000	£000
Depreciation, amortisation and impairment of fixed assets	29,191	0	0	29,191	(29,191)
Writedown of PFI Finance lease liability	(41,040)	0	0	(41,040)	41,040
Derecognition of non current assets	30,028	0	0	30,028	(30,028)
MRP for capital financing Not debited to the Comprehensive Income and expenditure account	(7,936)	0	0	(7,936)	7,936
Amount by which pension costs calculated in accordance with Code are different from contributions due under the pension scheme regulations	223,999	0	0	223,999	(223,999)
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	(8,871)	0	8,871	0	0
Application of capital grants and contributions to capital financing transferred to the Capital Adjustment Account	0	0	(7,871)	(7,871)	7,871
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance	0	0	0	0	0
Transfer to Revenue Grants Unapplied Account	338	(338)	0	0	0
Adjustment due to Accumulated Absences, reversal of prior year charge	(6,902)	0	0	(6,902)	6,902
Adjustment due to Accumulated Absences, current year charge	5,922	0		5,922	(5,922)
Total Adjustments	**224,729**	**(338)**	**1,000**	**225,391**	**(225,391)**

Notes to Core Accounting Statements

The following table provides comparative figures for 2011/12.

2011/12	Usable reserves				Unusable Reserves
Adjustments between Accounting Basis and Funding Basis under Regulations	General Fund	Revenue Grants Unapplied	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves
	£000	£000	£000	£000	£000
Depreciation and Impairment of fixed assets	23,579	0	0	23,579	(23,579)
MRP for capital financing	(9,554)	0	0	(9,554)	9,554
Capital Expenditure from Revenue	0	0	0	0	0
Amount by which pension costs calculated in accordance with Code are different from contributions due under the pension scheme regulations	218,041	0	0	218,041	(218,041)
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance	(7,597)	0	0	(7,597)	7,597
Amortised Capital Grant	(618)	0		(618)	618
Transfer to Revenue Grants Unapplied Account	476	(476)	0	0	0
Transfer from Capital Grants unapplied Account	618	0	(618)	0	
Transfer to Capital Grants Unapplied Account	(1,000)	0	1,000	0	0
Adjustment due to Accumulated Absences, reversal of prior year charge	(6,166)	0	0	(6,166)	6,166
Adjustment due to Accumulated Absences, current year charge	6,902	0	0	6,902	(6,902)
Total Adjustments	**224,681**	**(476)**	**382**	**224,587**	**(224,587)**

7. Transfers to/from Earmarked Reserves

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

Ear marked Reserves	Balance as at 31/3/2013	Transfers Out	Transfers In	Balance as at 31/3/2012	Transfers Out	Transfers In	Balance as at 31/03/2011
	£000	£000	£000	£000	£000	£000	£000
Firefighter Ill Health Pensions	652	(1,119)	0	1,771	0	0	1,771
Vehicle PFI reserve	631	0	0	631	0	0	631
London Resilience	1,497	(483)	0	1,980	0	0	1,980
Sustainability Reserve	235	(131)	0	366	(195)	131	430
Hydrants	283	(779)	0	1,062	(438)	0	1,500
Compensation	1	(1,531)	0	1,532	(1,468)	0	3,000
Hazardous Material Protection	435	(20)	0	455	0	455	0
Property	118	(382)	0	500	0	500	0
Employee Change	0	(3,942)	0	3,942	0	3,942	0
National Operational Guidance Programme	4,283	(1,717)	0	6,000	0	6,000	0
Property PFI	245	0	245	0	0	0	0
Salix	114	0	114	0	0	0	0
Pension Early Release	514	(1,283)	0	1,797	0	1,797	0
Total	**9,008**	**(11,387)**	**359**	**20,036**	**(2,101)**	**12,825**	**9,312**

Two new reserves have been established in 2012/13, which will be used to meet the one off costs associated with the Property PFI scheme, together with a reserve for Salix for energy efficiency works at Fire Stations.

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 2012/13 was £7.96m (2011/12 £9.6m), being assessed by the Authority as being prudent given CLG guidance.

9. Property Plant and Equipment

The table below shows the movements in the Authority's Non Current Assets during 2012/13:

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 1/4/12	70,751	239,430	33,304	12,161	4,716	1,198	0	361,560
Add back Depreciation	0	70,495	58,594	20,305	0	0	0	149,394
Gross Value as at 1/4/12	**70,751**	**309,925**	**91,898**	**32,466**	**4,716**	**1,198**	**0**	**510,954**
Reclassification	0	(459)	0	0	459	0	0	0
Revaluation	27,930	16,097	0	0	50	0	0	44,077
Impairments	(7)	(10,792)	0	0	(26)	0	0	(10,825)
Additions in year	0	5,827	73	12	567	0	0	6,479
PFI finance lease assets derecognised	0	0	(91,898)	0	0	0	0	(91,898)
Disposals in year	0	(3,369)	0	0	0	0	0	(3,369)
Gross value as at 31/3/13	**98,674**	**317,229**	**73**	**32,478**	**5,766**	**1,198**	**0**	**455,418**
Accumulated Depreciation as at 1 April 2012	0	(70,495)	(58,594)	(20,305)	0	0	0	(149,394)
Assets written out	0	2,928	61,871	0	0	0	0	64,799
Depreciation for year	0	(10,739)	(3,277)	(2,588)	0	0	0	(16,604)
Total Depreciation as at 31/3/13	**0**	**(78,306)**	**0**	**(22,893)**	**0**	**0**	**0**	**(101,199)**
Net Book Value as at 31/3/2013	**98,674**	**238,923**	**73**	**9,585**	**5,766**	**1,198**	**0**	**354,219**

Notes to Core Accounting Statements

The table below shows the comparative movements in the Authority's Non Current Assets during 2011/12:

Non Current Assets	Operational				Non Operational Assets	Heritage Assets Restated	Assets held for sale	Total
	Land	Buildings	Vehicles	Equipment				
	£000	£000	£000	£000	£000	£000	£000	£000
Net Book value as at 1/4/11	66,601	227,130	38,730	15,048	21,886	10	2,900	372,305
Add back Depreciation	0	59,706	53,145	16,637	0	0	0	129,488
Gross Value as at 1/4/11	**66,601**	**286,836**	**91,875**	**31,685**	**21,886**	**10**	**2,900**	**501,793**
Reclassification	4,150	15,737	0	0	(19,737)	0	(150)	0
Revaluation	0	0	0	0	0	1,188	0	1,188
Impairments	0	(3,032)	0	0	0	0	0	(3,032)
Additions in year	0	10,384	23	781	2,567	0	0	13,755
Disposals in year	0	0	0	0	0	0	(2,750)	(2,750)
Gross value as at 31/3/12	**70,751**	**309,925**	**91,898**	**32,466**	**4,716**	**1,198**	**0**	**510,954**
Accumulated Depreciation as at 1 April 2011	0	(59,706)	(53,145)	(16,637)	0	0	0	(129,488)
Assets written out	0	0	0	0	0	0	0	0
Depreciation for year	0	(10,789)	(5,449)	(3,668)	0	0	0	(19,906)
Total Depreciation as at 31/3/12	**0**	**(70,495)**	**(58,594)**	**(20,305)**	**0**	**0**	**0**	**(149,394)**
Net Book Value as at 31/3/2012	**70,751**	**239,430**	**33,304**	**12,161**	**4,716**	**1,198**	**0**	**361,560**

Non Current asset valuations for Land and Buildings, except for Merton Control Centre, 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.

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 EUV of non-specialised operational properties have been assessed by reference to sales comparisons and market variables.
Non-operational properties which are held for sale have been valued adopting Market Value, based on sales comparisons and market variables.
The EUVs are likely to be different to the prices which would have been obtainable for LFEPA's interests in the properties in the open market, if they had been declared surplus to operational requirements, at the valuation date.

In their report Dron & Wright also provided the following information for the Authority to disclose:-

1. This is the third time that the Valuer has been the signatory of the valuation report provided to LFEPA, and the previous valuation dates were 1st April 2003 and 1st April 2008. This is the fourth 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 Valuation Standard **1.9**, we do not consider that it has prevented us fronm provided LFEPA with an independent and objective opinion on the values of its various properties.

2. This firm has acted for LFEPA for a period of over 17 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, fees payable to Dron & Wright by LFEPA represented a significant proportion of the total fee income of the firm.

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

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.

Merton Control Centre has been valued as per the finance lease liability for this site.

The Authority's premises principally include:

Authority premises	31/3/13		31/3/12	
	Leasehold	Freehold	Leasehold	Freehold
Fire stations and associated buildings	7	106	7	106
Offices	3	0	4	0
Vehicle workshops	0	2	0	2
Sites awaiting development	0	1	0	2
Sites under development	0	1	0	0
Surplus land and property	1	2	1	2
Other properties	10	3	10	2
Total	21	115	22	114

Notes:

- The figures for fire stations and associated buildings include dual use sites, e.g. Croydon Fire Station, which includes offices and workshops. Such sites are shown as one holding.
- The Authority no longer has any stand-alone residential units. Residential flats, which are an integral part of the fire station or require access via the station or its drill yard, are included under Fire Stations.
- The total for other properties does not include miscellaneous minor holdings held under licence.

Following a move to a new headquarters building in Union Street, Southwark, the site of the previous headquarters is still operational, but is to be disposed of, and the intention is that the fire station, which is part of the old site, is to be re-provided as part of any redevelopment package.

As at 31 March 2013 the Authority had one building (Merton Regional Control Centre) held under a finance lease.

Vehicles

Due to a deterioration of the services provided by Premier Fire Serve Limited (previously called AssetCo London Ltd), the London Fire and Emergency Planning Authority, which runs the Brigade, has exercised its right to terminate the contract and appoint a new provider.

The Authority secured an operating lease for an interim period of 21 months with The Bank of Scotland for the financing of the vehicles, until a new provider has been appointed. Accordingly, the value of these assets were written off during 2012/13 together with the associated future finance lease liability.

During the year, the Authority purchased five mini cooper vehicles at a cost of £73k. These vehicles known as initial response vehicles (IRVs), have been converted to carry items of Brigade equipment.

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 1/4/12	3,371	898	4,269	675	1,287	1,962
Amortised	(1,025)	(321)	(1,346)	0	0	0
Additions	382	77	459	934	0	934
Reclassification	372	1,174	1,546	(372)	(1,174)	(1,546)
Net Value as at 31/3/13	**3,100**	**1,828**	**4,928**	**1,237**	**113**	**1,350**

Heritage Assets

The carrying value, as at 1 April 2011, of heritage assets was held in the Authority's Balance Sheet as Community Assets at £10k and the insured values for these assets as at 6 April 2011 was £1.198m (museum items £786k, photographic collection £430k). This insurance valuation was provided by Lyon and Turnbull, Fine Art, Antique Auctioneers and Valuers. Following the adoption of FRS30 Heritage Assets in 2011/12 financial year, as required by the Code of Practice on Local Authority Accounting, the insurance valuation was used to recognise the heritage assets on the Balance Sheet. This increase in valuation was recognised as a gain in the revaluation reserve in 2011/12. Since 1st April 2010, no new heritage assets have been acquired or donated nor have any heritage assets been disposed of.

The Authority considers that the heritage assets held by the Authority will have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation for the assets. There will therefore be no change to the depreciation charged in the financial statements in relation to the Authority's heritage assets.

10. Financial Instruments

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

Financial liabilities at amortised cost	31/3/12		31/3/13	
	Long Term	Current	Long Term	Current
Borrowings	£000	£000	£000	£000
PWLB Borrowing	102,475	5,750	96,725	7,250
PWLB Accrued Interest	958	44	993	94
Total borrowings	**103,433**	**5,794**	**97,718**	**7,344**
PFI and finance lease liabilities	57,798	3,862	18,425	0
Total Other Long term liabilities	**57,798**	**3,862**	**18,425**	**0**
Creditors	0	18,426	0	20,085
TOTAL	**161,231**	**28,082**	**116,143**	**27,429**

Loans and receivables	31/3/12		31/3/13	
	Long Term	Current	Long Term	Current
	£000	**£000**	**£000**	**£000**
Investments				
Short term investments	0	25,000	0	5,000
Accrued Interest	0	186	0	93
Total investments	**0**	**25,186**	**0**	**5,093**
Debtors (note 1)	172	17,756	117	11,409
Cash Equivalents	0	36,876	0	33,340
TOTAL	**172**	**79,818**	**117**	**49,842**

NOTE 1. Employees are also entitled to car loans, at reduced rates of interest (essential car users scheme 2012/13 was 2.75% per annum), where an officer is required to have a car for operational purposes. The balance of outstanding car loans as at 1 April 2012 was £ 172k, reduced to £117k as at 31 March 2013.

The Authority provides interest free season ticket loans to employees, which are repayable over an eleven month period. The outstanding balance as at 1 April 2012 was £228k and £198k as at 31 March 2013.

The outstanding balances involved and the differential in interest rates thereon are not considered material to warrant adjustment to the balance sheet value or to include in the Comprehensive Income and Expenditure Statement under transition to the new accounting arrangements.

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:

2011/12 £000	Financial Instruments Income & Expenditure	2012/13 £000
(13,932)	Interest expense	(10,669)
1,131	Interest income	1,408
(12,801)	**Net gain/(loss) for the year**	**(9,261)**

2011/12 £000	Financial Instruments Income & Expenditure	2012/13 £000
(5,395)	PWLB	(4,989)
(5,727)	PFI lease interest & contingent rentals	(3,097)
(2,810)	Merton Lease Payment	(2,583)
(13,932)	**Total Interest expense**	**(10,669)**

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:

31/3/2012		Liabilities & Assets	31/3/2013	
Carrying amount	Fair Value		Carrying amount	Fair value
£000	£000		£000	£000
108,225	118,560	PWLB debt	103,975	128,664
61,660	61,660	PFI & Other Finance Leases	18,425	18,425
18,426	18,426	Trade and other creditors	20,085	20,085
188,311	**198,646**	**Total Liabilities**	**142,485**	**167,174**
25,186	25,262	Fixed term deposits	5,093	5,134
17,756	17,756	Trade and other debtors	11,409	11,409
172	172	Long term debtors	117	117
36,876	36,876	Cash & Cash Equivalents	33,340	33,340
79,990	**80,066**	**Total Assets**	**49,959**	**50,000**

The fair value 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 from the market on 28 March 2013 (last working day), enforced on 31 March 2013, 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 Sector's valuation, who are an independent treasury management service provider to UK public service organisations. Sector'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. Quarterly reports on the treasury management performance are submitted to the Finance and Personnel Committee for scrutiny, who may then advise the Authority accordingly as part of its progress report to the Authority.

The annual treasury management strategy which incorporates the prudential indicators was approved by Authority on 15 March 2012 and is available on the Authority website (FEP1894). The key issues within the strategy were:

(i) The Authorised and Operational Limits for 2012/13 was set at £229m. 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. The day to day management of the Authority's treasury activities are undertaken by the Greater London Authority's treasury team managed under a shared service agreement.

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, Sector Treasury Services Ltd 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) assert that the following limits shall not be exceeded:

For Specified Investments	• 30% per non UK country
	• 15% per institution (100% Debt Management Office)
	• 50% overall limit to local authorities
	• 25% overall limit to building societies
Loan Maturity/Time Limits	• No portfolio transaction maturing over 365 days
	• A maximum of 50% of aggregate portfolio transactions maturing over 3 months
	• A maximum of 90% of aggregate portfolio transactions maturing over 1 month
Transaction Limits	• No single loan to banks to exceed £10m
	• No single loan to building societies to exceed £5m (except Nationwide BS which is £10m)

The Authorities 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 Sector 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 full Investment Strategy for 2012/13 was approved by the Authority on 15 March 2012 and is available on the Authority's website (FEP1894). http://www.london-fire.gov.uk/MeetingArchiveContainer_D4315519F6EC4B2A9B30CA2DAF7EF99C.asp

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £10m 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 2013 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 and LFEPA through their respective chief financial officers.

The Authority's cash balances averaged £90.2m for the year 2012/13 and attracted interest of £1.4m. The closing investment position on the GIS, as of 31 March 2013, was £26.9m with a Weighted Average Maturity of 89.19 days. Including a longer fixed term investment with Lloyds (£5m) and sums held on a Nat West Call account (£10.5m) the total investment position as at 31 March 2013 was £42.4m. Cumulative performance including longer fixed term investments for the year was 1.51% versus the LIBID benchmark of 0.52% (gross outperformance of 0.99

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.

Financial Assets past due

The Authority does not generally allow credit for its trade debtors, such that £0.32m (£0.16m 2011/12) of the outstanding balance is past its due date for payment. The past due amount, for non-statutory amounts, can be analysed by age as follows:

Trade debtors analysis	31/3/2013 £000		31/3/2012 £000	
Less than three months	173	55%	83	52%
Three months to one year	115	36%	72	45%
More than one year	28	9%	5	3%
Total	316		160	

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 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:

31/3/2012 £000	Maturity analysis	31/3/2013 £000
5,750	Within 1 year	7,250
5.750	Between 1 and 2 years	6,000
24,000	Between 2 and 5 years	18,000
24,000	Between 5 and 10 years	24,000
48,725	More than 10 years	48,725
108,225	**Total**	**103,975**

A loan repayment of £1.5m was due to be paid on 30th March 2013 and the Public Works Loan Board (PWLB) extended the terms of this loan to 2nd April 2013 at no additional cost. This sum is included within the financial liabilities payable within one year.

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 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 /3/12	Actual 31 /3/13
Less than 1 year	20 %	0 %	5%	7%
Between 1 and 2 years	20 %	0 %	5%	6%
Between 2 and 5 years	50 %	0 %	22%	17%
Between 5 and 10 years	75 %	0 %	22%	23%
More than 10 years	90 %	25 %	46%	48%

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. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price would be reflected in the Other Comprehensive Income and Expenditure Statement.

If interest rates had been 1% higher, during the year (with all other variables held constant), the financial effect would have been:

Sensitivity analysis	£000
Increase in interest payable	1,082
Increase in interest receivable	(1,547)
Impact on Surplus or Deficit on the Provision of Services	**(465)**

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note – Fair value of Assets and Liabilities carried at Amortised Cost.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Authority's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The treasury management team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

Price risk

The Authority does not generally invest in equity shares or marketable bonds. As at 31 March 2013 the Authority did not have any shareholdings in joint ventures or local industry. Consequently the Authority is not exposed to any losses from movements in price.

Foreign exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

11. Long-Term Borrowing

Long-term Borrowing	31/3/2013	31/3/2012
The sources are:	£000	£000
Public Works Loan Board	96,725	102,475
These loans mature as follows:		
Between 1 and 2 years	6,000	5,750
Between 2 and 5 years	18,000	24,000
Between 5 and 10 years	24,000	24,000
Between 10 and 15 years	16,225	17,225
More than 15 years	32,500	31,500
	96,725	102,475
Add accrued interest	993	958
Total	**97,718**	**103,433**

12. Inventories

The Authority's inventories include:

Category of Inventory	Balance as at 31/3/12	Purchases	Recognised as an expense in the year	Written off balances	Reversal of write offs in previous year	Balance as at 31/3/13
	£000	£000	£000	£000	£000	£000
Uniforms	187	252	(282)	0	0	157
Protective equipment	118	260	(247)	0	0	131
Other	409	1,982	(1,992)	(88)	0	311
Total	**714**	**2,494**	**(2,521)**	**(88)**	**0**	**599**

During the year the critical stock held for the former mobilising centre at 2 Greenwich View (£49k) and the Brigade's Fire house (£15k)was no longer required. As specialist items the stock was disposed of through the Government's body DSA Connect, who deal in secure compliant asset disposals. Proceeds from the sale of these stock items will be credited to the Authority's Income and Expenditure Account as and when they are received. In addition redundant and obsolete stock held at the Brigade's distribution Centre (£19k) and Brigade Headquarters (£5k) centre was written off.

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 1/4/12	Advanced During year	Repaid During the year	Outstanding At 31/3/13
	£000	£000	£000	£000
	172	44	(99)	117

Short Term Debtors

These include:

31/3/2012 £000	**Debtors**	31/3/2013 £000
14,116	Government departments	7,456
1,042	Other local authorities	456
122	Rents	96
3,927	Sundry debtors	4,783
426	Employee loans	412
2,296	Payments in advance	2,273
21,929	Sub Total	15,476
(530)	*Less:* Provision for doubtful debts	(966)
21,399	**Total**	**14,510**

Provision for Doubtful Debts

Following a review of the particular circumstances and profile of the Authority's debtors, the general provision of £530k brought forward from 2011/12 to safeguard against future losses or non-recoveries has been increased, as at 31 March 2013, by £436k to £966k. £433k of this increase is due to outstanding pension overpayments which have been recognised and are currently being reviewed. The increase in pension overpayments has been recognised as a debtor and matched in the provision. The related expenditure has already been recognised in the cost of services over prior years.

The aged debt analysis below shows that £837k of the total outstanding debt is past its due date for payment. The £238k for the Metropolitan Fire Brigade Act Levy greater than 2 years relates to two administration cases dating back to 2001 (£237k) and 2003 (£1k). 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.

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	2	26	76	39	49	124	316
MFB Act levy	238	0	0	0	0	0	238
Third party claims	62	127	51	20	16	7	283
Total	**302**	**153**	**127**	**59**	**65**	**131**	**837**

14. Cash and Cash equivalents

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

31/3/ 2012	**Cash and Cash Equivalents**	31/3/2013
£000		£000
111	Cash held by the Authority	89
(799)	Bank Current Accounts	(4,397)
29,556	Short term deposits held on demand	37,648
8,008	Short term deposits with maturity of 3 months or less	-
36,876	**Total Cash and Cash Equivalents**	**33,340**

15. Creditors

31/3/2012	**Creditors**	31/3/2013
£000		£000
8,843	Government Departments	8,180
1,540	Local Authorities	1,464
9,789	Sundry creditors	12,534
6,903	Accumulated Absences	5,922
12,964	Receipts in advance	12,363
40,039	**Total**	**40,463**

16. Provisions

31/3/2012			**Summary of provisions**	31/3/2013		
Current	Long term	Total		Current	Long term	Total
£000	£000	£000		£000	£000	£000
1,490	62	1,552	Legal	1,621	0	1,621
0	0	0	Employees	1,500	0	1,500
750	0	750	Pensions	750	0	750
546	1,151	1,697	Motor Insurance	398	1,330	1,728
0	0	0	MMI Insurance Levy	0	146	146
0	0	0	PFI Vehicles	0	2,286	2,286
425	1,417	1,842	Property	425	955	1,380
3,211	**2,630**	**5,841**	**Total**	**4,694**	**4,717**	**9,411**

Legal

This provision is in respect of potential legal liabilities, identified by the Head of Law as at 31 March 2013. Payments from the provision during the year amounted to £806k, a contribution from revenue of £875k increased the provision from £1,552k as at 31 March 2012 to £1,621k as at 31 March 2013. It is expected that these provisions will be realised within the next twelve months depending on the outcome of each individual case.

Provision for legal liabilities	Balance as at 1/4/12	Payments During year	Contribution to/(from) during year	Balance as At 31/3/13
	£000	£000	£000	£000
	1,552	(806)	875	1,621

Employees

This provision has been established to meet the cost of a back dated pay claim as at the 31 March 2013 for support staff. It is expected that this provision will be realised within the next twelve months.

Provision for back dated Employees costs	Balance as At 1/4/12	Payments During year	Contribution to/(from) during year	Balance as At 31/3/13
	£000	£000	£000	£000
	0	0	1,500	1,500

Pensions

The provision was set up to meet the costs of potential back dated pension claims identified through an examination of pension arrangements in conjunction with the Department of Works and Pensions. The provision remains unchanged at £0.75m for remaining outstanding claims. It is expected that this provision will be realised within the next twelve months depending on the outcome of each individual case.

Provision for Pensions	Balance as At 1/4/12	Payments During year	Contribution to/(from) during year	Balance as At 31/3/13
	£000	£000	£000	£000
	750	0	0	750

Motor Insurance

The provision reflects the level of outstanding Authority motor insurance claims. As at 31 March 2013 the assessment of the Authority's potential liability was assessed at £1.728m, which is equivalent to a sum of £1.728m held in escrow by the Authority's insurers to meet current unsettled claims. It is expected that £398k relating to recent motor claims will be realised within the next twelve months. With £1,330k relating to more complex claims and sums held against expected claims being realised over a longer period.

Provision for Motor Insurance claims	Balance as At 1/4/12	Payments During year	Contribution to/(from) during year	Balance as At 31/3/13
	£000	£000	£000	£000
	1,697	(199)	230	1,728

Property

The provision is maintained to cover potential liabilities relating to the Authority's Headquarters and the Authority's control centres following a move of location. The provision for Southwark Training Centre (£0.462m) is no longer required and was written back to the Income and Expenditure account, with £955k relating to the relocation of Brigade HQ, which is expected to be realised in the longer term. The provision of £0.425m remains unchanged for the potential costs that may arise following the relocation of the Authority's control centre and it is expected that this will be realised within the next twelve months.

Property Provision	Balance as At 1/4/12	Payments During year	Contribution to/(from) during year	Balance as At 31/3/13
	£000	£000	£000	£000
HQ & Southwark Training Centre	1,417	0	(462)	955
Control Centre	425	0	0	425
Total Property Provision	1,842	0	(462)	1,380

MMI Insurance Levy

The Authority used Municipal Mutual Insurance (MMI) to insure a number of its risks in the early 1990's. MMI ceased writing insurance in 1992 and liabilities associated with claims to that date were left with MMI. It was hoped a solvent run-off of MMI could take place. It is now clear that this is unlikely. A provision for £146k has been reflected in the accounts for the long term liability.

Provision for MMI Insurance Levy	Balance as At 1/4/12	Payments During year	Contribution to/(from) during year	Balance as At 31/3/13
	£000	£000	£000	£000
	0	0	146	146

PFI Vehicles Provision

This provision has been established to provide for the costs associated with the termination of the PFI vehicle fleet contract which is expected to be realised in the 2014/15 financial year.

Provision for PFI vehicle termination costs	Balance as At 1/4/12	Payments During year	Contribution to/(from) during year	Balance as At 31/3/13
	£000	£000	£000	£000
	0	0	2,286	2,286

17. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

18. Unusable Reserves

31/3/2012	**Unusable Reserves**	**31/3/2013**
£000		£000
37,429	Revaluation Reserve	80,587
137,069	Capital Adjustment Account	135,617
(4,237,490)	Pensions Reserve	(4,889,819)
(6.902)	Accumulated Absences Account	(5,922)
(4,069,894)	**Total Unusable Reserves**	**(4,679,537)**

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.

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.

2011/12		Revaluation Reserve	2012/13	
£000	£000		£000	£000
	38,363	Balance as at 1 April		37,429
1,188		Upward revaluation of assets	48,560	
(1,188)		Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(4,483)	
	0	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		44,078
(934)		Difference between fair value depreciation and historical cost depreciation	(920)	
0		Accumulated gains on assets sold or scrapped	0	
	(934)	Amount written off to the Capital Adjustment Account		(920)
	37,429	**Balance as at 31 March**		**80,587**

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.

2011/12	Capital Adjustment Account	2012/13
£000		£000
141,710	Balance at 1 April	137,069
0	Prior Year Adjustment	0
0	Capital Expenditure financed from Revenue	0
618	Amortised Capital grant	0
(5,259)	Difference between charge to revenue for repayment of external loans/ finance leases and amount provided for depreciation	(1,452)
137,069	**Balance at 31 March**	**135,617**

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.

2011/12 Restated	**Pensions Reserve**	2012/13
£000		£000
(3,847,145)	Balance at 1 April	(4,237,490)
(172,304)	Actuarial gains or losses on pensions assets and liabilities	(428,329)
(368,290)	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	(367,954)
150,249	Employer's pensions contributions and direct payments to pensioners payable in the Year	143,954
(4,237,490)	**Balance at 31 March**	**(4,889,819)**

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.

2011/12		Accumulated Absences Account	2012/13	
£000	£000		£000	£000
	(6,166)	Balance at 1 April		(6,902)
6,166		Settlement or cancellation of accrual made at the end of the preceding year	6,902	
(6,902)		Amounts accrued at the end of the current year	(5,922)	
	(736)	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		980
	(6,902)	**Balance at 31 March**		**(5,922)**

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

Notes to Core Accounting Statements

Service Expenditure	2012/13			2011/12		
	Annual Budget	Outturn	Outturn variance	Annual Budget	Outturn	Outturn variance
	£000	£000	£000	£000	£000	£000
Staff costs	320,347	324,195	3,848	331,447	330,741	(706)
Other Staff Related	3,830	4,543	713	8,231	7,468	(763)
Premises	30,569	29,285	(1,284)	31,206	29,744	(1,462)
Transport	24,344	23,950	(394)	27,148	25,812	(1,336)
Supplies and Services	41,936	41,410	(526)	26,914	25,272	(1,642)
Revenue Service Expenditure	421,026	423,383	2,357	424,946	419,037	(5,909)
External financing costs	10,991	10,724	(267)	11,418	11,293	(125)
Interest receipts	(1,409)	(1,409)	0	(858)	(1,131)	(273)
Other income Received	(41,141)	(41,823)	(682)	(36,198)	(38,055)	(1,857)
Net Service Expenditure	389,467	390,875	1,408	399,308	391,144	(8,164)
Firefighter's pension Expenditure	17,888	18,844	956	18,056	22,423	4,367
Central contingency	3,954	0	(3,954)	(162)	0	162
PFI Grant for future years	(1,509)	(1,509)	0	(1,509)	(1,509)	0
Expenditure before funding from reserves	409,800	408,210	(1,590)	415,693	412,058	(3,635)
Contributions to/(from) Reserves	0	1,590	1,590	(6,098)	(3,418)	2,680
Expenditure funded from reserves						
Compensation	-	-	-	0	1,469	1,469
Hydrants	-	-	-	0	438	438
Expenditure funded from reserves	0	9,978	9,978	-	-	-
Contributions to/ (from) earmarked reserves	0	(9,978)	(9,978)	(195)	(1,147)	(952)
Total Net Expenditure	**409,800**	**409,800**	**0**	**409,400**	**409,400**	**0**

Notes to Core Accounting Statements

Reconciliation of Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

2011/12 Restated		2012/13
£000		£000
409,400	Net expenditure in the above analysis	409,800
66,957	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	121,237
(85,965)	Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	(72,993)
390,392	**Net Cost of services in Comprehensive Income and Expenditure Statement**	**458,044**

Reconciliation to subjective analysis 2012/13	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
Fees, charges & other service income	(41,823)	0	0	(41,823)	0	(41,823)
Interest & Investment Income	(1,409)	0	1,409	0	(13,873)	(13,873)
Government Grants & Contributions	(1,509)	338	4,382	3,211	(393,053)	(389,842)
Total Income	(44,741)	338	5,791	(38,612)	(406,926)	(445,538)
Staff Costs	325,237	92,148	(68,568)	348,817	17,804	366,621
Other Staff Related	11,297	0	0	11,297	0	11,297
Firefighters Pension Expenditure	19,984	0	0	19,984	194,100	214,084
Premises	29,548	0	(2,597)	26,951	0	26,951
Transport	23,950	0	(5,283)	18,667	0	18,667
Supplies & Services	42,189	0	0	42,189	0	42,189
External Financing Costs	10,724	0	(10,724)	0	0	0
Depreciation, Amortisation & Impairments	0	28,751	0	28,751	0	28,751
Interest Payments	0	0	0	0	10,669	10,669
Gain/Loss on disposal of non-current assets	0	0	0	0	(10,572)	(10,572)
Contributions from Reserves	(9,978)		9,978	0	0	0
Contributions to reserves	1,590	0	(1,590)	0	0	0
Total Expenditure	454,541	120,899	(78,784)	496,656	212,001	708,657
Surplus/deficit on the provision of service	**409,800**	**121,237**	**(72,993)**	**458,044**	**(194,925)**	**263,119**

Reconciliation to subjective analysis 2011/12	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
Fees, charges & other service income	(38,055)	0	0	(38,055)	0	(38,055)
Interest & Investment Income	(1,131)	0	1,131	0	(15,345)	(15,345)
Government Grants & Contributions	(1,509)	475	4,382	3,348	(422,379)	(419,031)
Total Income	(40,695)	475	5,513	(34,707)	(437,724)	(472,431)
Staff Costs	330,741	42,903	(72,558)	301,086	18,244	319,330
Other Staff Related	7,468	0	0	7,468	0	7,468
Firefighters Pension Expenditure	22,423	0	0	22,423	244,400	266,823
Premises	29,744	0	(2,795)	26,949	0	26,949
Transport	25,812	0	(9,397)	16,415	0	16,415
Supplies & Services	25,272	0	0	25,272	0	25,272
External Financing Costs	11,293	0	(11,293)	0	0	0
Compensation	1,469	0	0	1,469		1,469
Hydrants	438	0	0	438		438
Depreciation, Amortisation & Impairments	0	23,579	0	23,579	0	23,579
Interest Payments	0	0	0	0	13,932	13,932
Gain/Loss on disposal of non-current assets	0	0	0	0	0	0
Contributions from reserves	(4,565)	0	4,565	0	0	0
Total Expenditure	450,095	66,482	(91,478)	425,099	276,576	701,675
Surplus/deficit on the provision of service	**409,400**	**66,957**	**(85,965)**	**390,392**	**(161,148)**	**229,244**

20. Members' Allowances

Corporate and Democratic Core costs include payments of £149,574 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.

2011/12 £	Summary of Members' Payments	2012/13 £
134,887	Basic & Special Allowances	134,380
8,239	Travel & Subsistence	3,095
4,309	Conference Fees	4,768
8,125	Employers National Insurance	7,331
155,560	**Total**	**149,574**

The table below shows totals of Basic and SRA paid for LFEPA Members in the period 1 April 2012 to 31 March 2013.

Member	Basic £	SRA £	Total £
Aherne, Colin	7,750.00	0.00	7,750.00
Ali, Liaquat	7,750.00	0.00	7,750.00
Arbour, Tony	0.00	0.00	0.00
Bacon, Gareth	0.00	0.00	0.00
Cartwright, David	7,750.00	0.00	7,750.00
Cleverly, James	0.00	20,511.10	20,511.10
Coleman, Brian	0.00	2,586.03	2,586.03
Dismore, Andrew	0.00	0.00	0.00
Fisher, Mike	7,750.00	1,155.55	8,905.55
Hall, Susan	7,750.00	1,155.55	8,905.55
Heaster, Maurice	7,750.00	9,055.54	16,805.54
Johnson, Darren	0.00	0.00	0.00
Knight, Stephen	0.00	0.00	0.00
Onuegbu, Crada	7,750.00	5,833.33	13,583.33
Qureshi, Murad	0.00	0.00	0.00
Shah, Navin	0.00	11,666.67	11,666.67
Stacy, Terry	7,750.00	9,333.33	17,083.33
Tandy, Colin	7,750.00	0.00	7,750.00
Tracey, Richard	0.00	3,333.33	3,333.33
Tuffrey, Mike	0.00	0.00	0.00
Twycross, Fiona	0.00	0.00	0.00
Total	**69,750.00**	**64,630.43**	**134,380.43**

Councillors Tony Arbour, Gareth Bacon, Darren Johnson, Stephen Knight, and Mr Andrew Dismore and Ms Fiona Twycross 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 James Cleverly) and Vice Chairman of the Authority (Councillor Navin Shah) an allowance in respect of that office even though they are Assembly members.

The changes to postholders receiving Basic and Special Responsibility Allowances during the financial year 2012/2013 were as follows:

Mr James Cleverly became Chairman of the Authority in June 2012. Cllr Navin Shah became Vice-Chairman of the Authority in June 2012.

Cllr Maurice Heaster became Mayoral Appointee and Chairman of Governance, Performance and Audit Committee in June 2012. Cllr Maurice Heaster received an allowance for the Deputy Leader position until 20 June 2012.

Cllr Crada Onuegbu became Chairman of Strategy Committee in June 2012 and Cllr Terry Stacy became Chairman of Resources Committee in June 2012.

At the Authority's Annual general meeting held on 21 June 2012 existing committees were disestablished and new committees established. For full details see the Authority's website at the following link.
http://moderngov.london-fire.gov.uk/ieListDocuments.aspx?CId=119&MId=209&Ver=4

Chairmanship of the previous and new Committees is shown in the table below.

Period	1/4/12 to 4/5/12	17/6/12 to 31/3/13
Chairman of the Authority	Cllr Brian Coleman	Mr James Cleverly
Period	1/4/12 to 20/6/12	21/6/12 to 31/3/13
Vice Chairman of the Authority	Mr Richard Tracey	Cllr Navin Shah
Committees up to 20 June 2012		
Chairman of the Appointments Committee 1Apr 2012 to 4 May 2012.	Cllr Brian Coleman	
Chairman of the Finance and Personnel Committee	Cllr Maurice Heaster	
Chairman of the Audit Committee	Cllr Mike Fisher	
Chairman of the Community Safety Committee	Cllr Susan Hall	
Chairman of the Performance Management Committee	Cllr Gareth Bacon	
Committees with effect from 21June 2012		
Chairman of Appointment and Urgency Committee		Mr James Cleverly
Chairman of Resources Committee		Cllr Terry Stacy
Chairman of Governance, Performance and Audit Committee		Cllr Maurice Heaster
Chairman of Strategy Committee		Cllr Crada Onuegbu

Notes to Core Accounting Statements

The table below shows totals of subsistence and travel paid for LFEPA Members and independent members in the period 1 April 2012 to 31 March 2013.

Member	Subsistence		Travel		Total
	Claimed	Paid Direct	Claimed	Paid Direct	
Borough Members	£	£	£	£	£
Aherne, Colin	0.00	0.00	0.00	0.00	0.00
Ali, Liaquat	0.00	252.00	0.00	77.07	329.07
Fisher, Mike	0.00	0.00	0.00	0.00	0.00
Hall, Susan	0.00	0.00	0.00	0.00	0.00
Onuegbu, Crada	20.61	252.00	86.60	129.59	488.80
Stacy, Terry	0.00	252.00	0.00	64.81	316.81
Tandy, Colin	0.00	0.00	215.87	0.00	215.87
Assembly Members					
Arbour, Tony	0.00	234.50	0.00	0.00	234.50
Bacon, Gareth	0.00	0.00	0.00	0.00	0.00
Cleverly, James	0.00	105.00	0.00	0.00	105.00
Coleman, Brian	0.00	0.00	228.05	0.00	228.05
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
Qureshi, Murad	0.00	0.00	0.00	0.00	0.00
Shah, Navin	0.00	0.00	0.00	65.92	65.92
Tracey, Richard	0.00	0.00	0.00	0.00	0.00
Tuffrey, Mike	0.00	0.00	0.00	0.00	0.00
Twycross, Fiona	0.00	0.00	0.00	0.00	0.00
Mayoral Appointee					
Cartwright, David	0.00	126.00	0.00	0.00	126.00
Heaster, Maurice	0.00	439.87	371.70	173.08	984.65
Independent Member					
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	**20.61**	**1,661.37**	**902.22**	**510.47**	**3,094.67**

21. Officer Remuneration

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

Senior Officers Salary over £150k per year

2012/13 Post title and Name	Salary (including fees and allowances)	Expense Allowances	Total Remuneration (excluding pensions)	Pension Contributions	Total Remuneration (including pensions)
	£	£	£	£	£
Commissioner R Dobson	102,528	98	102,626	0	102,626
Deputy Commissioner R Dexter	161,987	270	162,257	44,261	206,518

2011/12 Post title and Name	Salary (including fees and allowances)	Expense Allowances	Total Remuneration (excluding pensions)	Pension Contributions	Total Remuneration (including pensions)
	£	£	£	£	£
Commissioner R Dobson	163,972	453	164,425	22,319	186,744
Deputy Commissioner R Dexter	160,254	375	160,629	42,972	203,601

Senior Officers Salary £50k per year or higher but less than £150k

2012/13 Post title	Salary (including fees and allowances)	Expense Allowances	Benefits in Kind	Total Remuneration (excluding pensions)	Pension Contributions	Total Remuneration (including pensions)
Directors	£	£	£	£	£	£
Director of Operational Policy and Training	148,484	2,579	0	151,063	31,316	182,379
Director of Finance and Contractual Services and S127 Officer	145,383	285	0	145,668	38,963	184,631
Strategic Advisor to the Commissioner	87,229	79	0	87,308	23,377	110,685
Head of Legal and Democratic Services Monitoring Officer	77,325	0	0	77,325	0	77,325

2011/12	Salary (including fees and allowances)	Expense Allowances	Benefits in Kind	Total Remuneration (excluding pensions)	Pension Contributions	Total Remuneration (including pensions)
Directors	£	£	£	£	£	£
Director of Operational Policy and Training Last day of service 6/02/12	124,200	1,138	0	125,338	26,455	151,793
Director of Operational Resilience & Training Wef 1 /02/12	21,218	708	0	21,926	4,467	26,393
Director of Finance and Contractual Services and S127 Officer	141,837	0	0	141,837	38,012	179,849
Strategic Advisor to the Commissioner	85,101	0	0	85,101	22,807	107,908
Head of Legal and Democratic Services Monitoring Officer	77,260	0	0	77,260	0	77,260

The annual salary of senior officers is reviewed in January of each year and the annual basic salary for each of these senior officers as at January 2011 and 2012 are shown below:

As at 1 January 2012	**Salary**	As at 1 January 2013
£		£
100,000	Commissioner	100,000
160,343	Deputy Commissioner	165,154
146,019	Director of Operational Policy and Training	144,000
141,837	Director of Finance and Contractual services	145,383
85,101	Strategic Advisor to the Commissioner	87,229
77,260	Head of Legal and Democratic Services	77,325

The Salary bands shown above for senior officer posts reflect the salary for each post as at 1 January 2013. 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 has taken a pension from previous employment and consequently there are no pension contributions to be made.

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

2011/12	Salary range	2012/13
No		No
68	£50,000 - £54,999	96
149	£55,000 - £59,999	58
48	£60,000 - £64,999	109
52	£65,000 - £69,999	54
31	£70,000 - £74,999	36
8	£75,000 - £79,999	25
4	£80,000 - £84,999	14
6	£85,000 - £89,999	19
7	£90,000 - £94,999	5
0	£95,000 - £99,999	1
2	£100,000 - £104,999	3
1	£105,000 - £109,999	2
0	£110,000 - £114,999	1
0	£115,000 - £119,999	1
2	£120,000 - £124,999	0
2	£125,000 - £129,999	0
2	£130,000 - £134,999	3
0	£135,000 - £139,999	2
1	£140,000 - £144,999	0
1	£145,999 - £149,999	0
0	£150,000 - £154,999	1

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

2011/12	**Audit Fees**	2012/13
£000		£000
118	Fees payable to appointed Auditor for External Audit services	117
118	**Total**	**117**

23. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2012/13:

2011/12	Credited to Taxation and Non-Specific Grant Income	Source of funding	2012/13
£000			£000
409,400	GLA Grant	Greater London Authority	379,800
4,382	PFI Grant	CLG	4,382
7,597	Fire Capital Grant	CLG	7,605
1,000	Control capital Grant	CLG	1,250
0	Low Carbon Grant	BRE Trust	0
0	Capital ambition Grant	London Councils	0
0	Contribution to capital works	Metropolitan Police	15
422,379	**Total**		**393,052**
	Credited to services		
3,413	Fire Control Grant	CLG	3,374
1,085	Olympics Grant	CLG	2,513
4,136	New Dimensions & USAR Grant	CLG	4,512
404	National Network of Inter Agency Liaison Officers	CLG	443
323	Body Bag grant	CLG	0
433	New Risks grant	CLG	376
50	Flood Rescue Grant	Defra	0
0	Fired Up Grant	EU	292
194	Public Disorder Recovery	CLG	0
0	Civil Defence Grant	CLG	0
0	Low Carbon Grant	Salix	0
15	Access to work	Department for Works & Pensions	70
10,053	**Total**		**11,580**

CLG - Department for Communities and Local Government PFI - Private Finance Initiative
USAR - Urban Search And Rescue

The grants received by the Authority are non-ring fenced and therefore there are no conditional grants, contributions or donations yet to be recognised as income. The 2012/13 £379.8m GLA grant (£409.4m 2011/12) shown in the table above is comprised of two elements, fire formula grant of £259.1m from CLG (£251.7m 2011/12), with precepts collected by the GLA totalling £120.7m (£157.7m 2011/12).

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. 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 2012/13 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 £4.5k (£4.5k 2011/12) to the London Fire Brigade Welfare Fund. One senior officer is an acting chair of Networking Women in the Fire Service (NWFS), the Authority made payments to NWFS totalling £3.8k (£1.3k 2011/12).

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 2013, 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 2012/13, total spending on the capital programme for tangible and intangible assets was £7.9m. The spend included the rebuilding and modernising of fire stations and other buildings (£6.4m), upgrading equipment (£0.1m) and software (£1.4m). Capital expenditure on Authority assets (£7.9m) is to be financed in accordance with the Prudential Code Government capital grant (£7.9m).

2011/12	Capital expenditure and financing:	2012/13
£000		£000
199,976	Opening Capital Financing Requirement	194,089
10,362	Operational assets	5,912
23	Operational assets under vehicle PFI	(33,304)
3,453	Non Operational assets	1,499
1,029	Intangible Assets	459
	Sources of finance	
(11,200)	Government grants and other contributions	(7,871)
0	Sums set aside from Revenue	0
(9,554)	Minimum Revenue Provision	(7,936)
194,089	Closing Capital Financing Requirement	152,848
	Explanation of movements in year	
23	Other long term liability PFI and finance lease	(43,227)
0	Borrowing from PWLB in year	0
(5,910)	Increase/(decrease) in underlying need to borrow	1,986
(5,887)	**Increase/(decrease) in Capital Financing Requirement**	**(41,241)**

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

Significant contractual commitments for capital expenditure outstanding as at 31 March 2013:

	2013/14	2014/15	2015/16
	£000	£000	£000
Energy Efficiency works	902	0	0
Total Significant Commitments	**902**	**0**	**0**

The capital programme approved by Members in March 2013 included a total forecast spend of £26m in 2013/14, £41.1m in 2014/15 and £40.4m in 2015/16.

26. Other Long term Liabilities

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

Other Long Term Liabilities	31/3/13	31/3/12	31/3/11	Note
	£000	£000	£000	
Long Term PFI vehicles	0	39,362	43,205	27
Long term Finance Leases	18,425	18,436	18,422	27
Deferred Credit	3,060	2,593	594	28
Pensions Liability	4,889,819	4,237,490	3,847,145	31
Total	**4,911,304**	**4,297,881**	**3,909,366**	

27. Service Concession Arrangements, Finance and Operating Leases

Service Concession Arrangements

The Authority has a Private Finance Initiative arrangement, which provided the Brigade fleet for part of the year under the terms of a finance lease.

Due to a deterioration of the services provided by Premier Fire Serve Limited (previously called AssetCo London Ltd), the London Fire and Emergency Planning Authority, which runs the Brigade, has exercised its right to terminate the contract and appoint a new provider. The Authority has secured an operating lease for an interim period of 21 months with The Bank of Scotland for the financing of the vehicles, until a new provider has been appointed.

London Fire Brigade appointed Babcock International Group as from November 2012 to manage and maintain its fleet of fire engines and specialist equipment on an interim basis under a service contract. While undertaking a full, competitive procurement of the service it has appoint Babcock to maintain the fleet on an interim basis of 18 months until the new provider has been appointed.

The amounts paid under the PFI finance lease in 2012/13 is shown below.

Finance Lease Vehicle PFI	Unitary Charge	Deferred liability	Income & Expenditure Account
	£000	£000	£000
Opening balance as at 1 Apr 2012		(43,225)	
Principal sum	2,187	2,187	
Lease liability written off during year		41,038	
Interest	1,531		1,531
Contingent rentals	1,565		1,565
Operational expenses	5,097		5,097
Balance as at 31 March 2013	**10,380**	**0**	**8,193**

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

PFI Unitary Payments	Within 1 year	Within 2 to 5 years	Within 6 to 10 years
	£000	£000	£000
Lease rental liability	0	0	0
Lease Interest	0	0	0
Operating costs	0	0	0
Total	**0**	**0**	**0**

Finance Leases

The Authority holds one finance lease as at 31 March 2013, for the control centre at Merton. The Authority entered into a 25 year finance lease arrangement (valued on the balance sheet at £18.4m) for the provision of its control function 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 £2,583k were paid during 2012-13. The table below shows the future payments under the lease agreement.

Finance Leases	Total value of minimum lease payments as at 31/3/13	Present value of minimum lease payments as at 31/3/13	Total value of minimum lease payments as at 31/3/12	Total value of minimum lease payments as at 31/3/13
Control Centre	£000	£000	£000	£000
Not later than one year	2,580	1,853	2,580	2,187
Later than one year and not later than five years	11,017	5,270	10,678	6,041
Later than five years	60,619	6,328	63,538	7,410
Total	**74,216**	**13,451**	**76,796**	**15,638**

The Authority has long leases for fire stations in Soho (125 years) and Knightsbridge (500 years). The annual lease payments for these buildings are £5.4k and £0.8k respectively.

Operating Leases

The following table shows a breakdown of the Authority's current operating leases as at 31 March 2013 with future sums committed.

Significant operating leases include leases for the Authority's main vehicle fleet (£2,753k - 2013/14) and property leases for headquarters at Union Street (£2,230k - 2013/14), The Authority also holds leases for equipment extending to 2016 for uniform clothing (£2,355k – 2013/14) and it's leased car fleet (£726k – 2013/14).

During 2012-13, lease payments of £6,141k were paid for the leases detailed above.

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 31/3/2013	As at 31/3/2013	As at 31/3/2012	As at 31/3/2012
	£000	£000	£000	£000
Not later than one year	2,943	20,251	3,186	2,552
Later than one year and not later than five years	12,244	11,731	12,407	8,819
Later than five years	27,198	0	30,182	0
Total	**42,385**	**31,982**	**45,775**	**11,371**

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

28. Deferred Credit

Brigade Headquarters 169 Union Street

The Union Street lease has an incentive arrangement of a five year rent reduction period of £800k per annum. This incentive will be recognised in the Income and Expenditure Account, as a deferred credit, over the life of the 17 year lease. During 2011/12 the Authority received a cash incentive of £1.5m in return for agreement to variation to the terms of the Union Street lease. This incentive will be recognised over the remaining life of the lease period.

Deferred Credit	Opening Balance as at 1/4/12	Additions in year	Write back	Closing Balance as at 31/3/13
	£000	£000	£000	£000
Union Street Brigade Headquarters	2,593	565	(98)	3,060
Total	**2,593**	**565**	**(98)**	**3,060**

29. Termination Benefits

The Authority terminated the contracts of 5 employees in 2012/13, incurring liabilities of £1.2m. 58 support service staff were made redundant in 2012/13 , 36 officers from the Deputy Commissioner's Directorate, 14 officers from the Directorate of Operational Resilience and Training, 6 officers from the Directorate of Finance and Contractual Services and 2 officers from the Corporate Management Section.

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	
£	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
0 - 20,000	0	0	13	31	13	31	107	499
20,001 - 40,000	0	0	7	24	7	24	205	592
40,001 - 60,000	0	0	5	3	5	3	233	129
60,001 - 80,000	0	0	2	0	2	0	134	0
80,001 - 100,000	0	0	2	0	2	0	180	0
100,001 - 150,000	0	0	0	0	0	0	0	0
Over 150,000	0	0	0	0	0	0	0	0
TOTAL	**0**	**0**	**29**	**58**	**29**	**58**	**859**	**1,220**

30. Defined Benefit Pension Schemes

The pension costs included in the accounts, together with respective assets and liabilities for both schemes have been determined by the Authority's Actuary and accounted for in accordance with the CIPFA Code of Practice on Local Authority Accounting. In addition to disclosure notes, accounting entries have been made in the Authority's Income and Expenditure Account and Balance Sheet in respect of the Authority's assessed Pension liability as at 31 March 2013.

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:

- **Firefighters' Pension Schemes** – There are two firefighter pension schemes known as the 1992 Firefighters' Pension scheme and the 2006 New Firefighters' Pension scheme. These schemes are unfunded, defined benefit, contributory schemes. To assist with financing the Authority's future expenditure liability under the scheme, the Authority will maintain an Earmarked Firefighter ill health Pensions Reserve, details of which are disclosed below. The last actuarial review for IAS19 purposes is dated April 2012.

- **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 is dated April 2013.

In addition, the Authority is responsible for all pension payments relating to added years' benefits it has awarded, together with the related increases.

Pension Revenue Costs

Under accounting standard IAS19 the Comprehensive Income and Expenditure Statement is charged with employees' pension benefits accrued during the year, the cost of added years' benefits, and related past service costs. The value of benefits is assessed by the Authority's actuary as separate service cost and past service cost. This differs from actual expenditure incurred meeting the cost of firefighter pensions and employer's contributions to the LGPS. Actual pension costs become cash flow items and are no longer charged to the Comprehensive Income and Expenditure Statement. Instead the assessed service cost is charged to the service account, with past costs charged to Non distributed Costs, as they do not relate to serving officers.

Notes to Core Accounting Statements

The Authority recognises the cost of retirement benefits in the Net 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 local taxation is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year, to replace the actual pension costs with the assessed service cost calculated under IAS19:

Comprehensive Income and Expenditure Statement	**Local Government Pension Scheme**			**Firefighter's Pension Schemes**		
	2012/13	2011/12	2010/11	2012/13	2011/12	2010/11
Cost of Services	£000	£000	£000	£000	£000	£000
Current service cost	8,428	6.684	10,655	93,400	92,000	105,000
Past service costs/(gain)	587	676	(29,548)	66,100	59,600	(375,800)
Financing and Investment Income and Expenditure						
• Interest costs	17,804	18,244	20,568	194,100	205,300	221,600
• Expected return on assets in the scheme	(12,465)	(14,214)	(13,188)	0	0	0
Total post-employment Benefit charged to the Comprehensive Income and Expenditure Statement	14,354	11,390	(11,513)	353,600	356,900	(49,200)
Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement						
• Actuarial (gains) and losses	9,929	60,204	(51,411)	418,400	112,100	(572,398)
Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement	24,283	71,594	(62,924)	772,000	469,000	(621,598)
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	(14,354)	(11,390)	11,513	(353,600)	(356,900)	49,200
Actual amount charged against the general Fund Balance for pensions in the year:						
Employers' contributions payable to scheme	10,510	11,036	13,164	39,283	40,367	40,814
Retirement benefits payable to pensioners				18,776	21,155	17,594

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
Dexter House
2 Royal Mint Court, London, EC3 4LP

31. 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. Below is a summary of assets and liabilities for all schemes.

The Authority's assets for the LGPS consist of:

LFEPA/LGPS Assets	2012/13		2011/12		2010/11	
Fair value of employer assets	Long Term Returns	Assets	Long Term Returns	Assets	Long Term Returns	Assets
	%	£000	%	£000	%	£000
Equity Investments	6.3	176,064	6.3	156,597	7.4	144,397
Target Return Funds	4.5	24,118	4.5	25,742	4.5	25,113
Alternative Assets	5.3	36,177	5.3	30,032	6.4	29,298
Cash	3.0	4,824	3.0	2,145	3.0	6,278
Corporate Bonds	n/a	0	n/a	0	5.5	4,185
Total	**5.9**	**241,183**	**5.9**	**214,516**	**6.7**	**209,271**

LPFA assets in respect of the Local Government Pension Scheme are valued at bid value for investments.

The Authority's assets and liabilities (for both the LGPS and Firefighters' Pension Schemes) are:

LFEPA Liabilities	31/3/13	31/3/12	31/3/11
	£000	£000	£000
Estimated liabilities in the Firefighters' Pension Scheme	4,694,900	4,054,400	3,724,100
Share of liabilities in LGPS	415,190	378,652	315,513
Unfunded liabilities in LGPS	20,912	18,954	16,803
Total liabilities	5,131,002	4,452,006	4,056,416
Less share of assets in LGPS	241,183	214,516	209,271
Net pensions deficit	**4,889,819**	**4,237,490**	**3,847,145**

The £1.1bn increase to the Net Pensions Deficit is largely due to past service losses relating to the firefighter's scheme (£128.5m) and the LGPS (£60.2m), as shown in the Consolidated Income and Expenditure Statement. In calculating the liability the actuary has allowed for a change in the commutation factors for the FPS with effect from 19 April 2011.

By assuming a stable membership profile of the firefighters scheme the actuary has calculated the value of liabilities as at 31 March 2013 using data provided as at 31 December 2011. The actuary has stated that the approximation means that the split between the three classes of member may not be reliable, however they are satisfied that it provides a reasonable estimate of the aggregate liability.

The Firefighter pension schemes have been valued by Hymans Robertson LLP and the LGPS fund liabilities have been valued by Barnett Waddingham.

The main assumptions used in the calculations are:

	Firefighters Pension Scheme			**LGPS**		
	31/3/13	31/3/12	31/3/11	31/3/13	31/3/12	31/3/11
RPI increases	3.6%	3.3%	3.6%	3.4%	3.3%	3.5%
CPI increases	-	-	-	2.6%	2.5%	2.7%
Salary increases	3.8%	3.5%	4.6%	4.3%	4.2%	4.5%
Pensions increase	2.8%	2.5%	2.8%	2.6%	2.5%	2.7%
Discount rate	4.5%	4.8%	5.5%	4.4%	4.6%	5.5%

Mortality Assumptions 2012/13	LGPS	Fire Service Pension Schemes
Average Future Life expectancy as at	Age 65	Age 60
	Retiring today	Current pensioners
Male	21.3 years	28.1 years
Female	23.5 years	31.0 years
	Retiring in 20 years	Future pensioners
Male	23.3 years	29.7 years
Female	25.4 years	32.5 years

Mortality assumptions

The post retirement mortality for the LGPS scheme is based on Club Vita mortality analysis which has then been projected using the medium cohort projection and allowing for a minimum rate of improvement of 1% .

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 medium cohort improvements and a minimum improvement of 1% per annum applied from 2010.

Local Government Pension Scheme

LFEPA Component	31/3/13	31/3/12	31/3/11
	£000	£000	£000
Fair Value of Employer Assets	241,183	214,516	209,271
Present Value of Funded Liabilities	(415,190)	(378,652)	(315,513)
Net (Under)/Overfunding in Funded Plans	(174,007)	(164,136)	(106,242)
Present Value of Unfunded Liabilities	(20,912)	(18,954)	(16,803)
Net Asset/(Liability)	(194,919)	(183,090)	(123,045)
Amounts in the Balance Sheet			
Net Asset/(Liability)	**(194,919)**	**(183,090)**	**(123,045)**

Recognition in the Comprehensive Income and Expenditure Statement

	2012/13		2011/12		2010/11	
	£000	% of pensionable pay	£000	% of pensionable pay	£000	% of pensionable pay
Current service cost	8,428	25.2%	6,684	18.7 %	10,655	26.7%
Interest cost	17,804	53.2%	18,244	51.0%	20,568	51.5%
Expected Return on Employer Assets	(12,465)	(37.3%)	(14,214)	(39.7%)	(13,188)	(33.0%)
Losses/(Gains) on Curtailments and Settlements	(1,155)	(3.5%)	676	1.9%	793	2.0%
Sub Total	12,612		11,390		18,828	
Past Service Cost/(Gain)	-		-	-	(30,341)	(75.9%)
Total	**12,612**	**37.7%**	**11,390**	**31.9%**	**(11,513)**	**(28.8%)**
Actual return on Plan assets	30,022		2,092		13,808	

The estimated average pensionable payroll for the LGPS during the year is £35,181k for 2012/13, £35,768k for 2011/12,and £39,970k for 2010/11.

Reconciliation of defined benefit obligation

Year ended	31/03/13	31/03/12	31/03/11
	£000	£000	£000
Opening Defined Benefit Obligation	397,606	332,316	391,148
Current Service Cost	8,428	6,684	10,655
Interest Cost	17,804	18,244	20,568
Contributions by Members	2,401	2,593	2,728
Actuarial Losses/ (Gains)	27,486	48,082	(51,411)
Past Service Costs/(Gains)	-	-	(30,341)
Losses/Gains on Curtailments	587	676	793
Liabilities extinguished on settlements	(5,680)	-	-
Estimated Unfunded Benefits Paid	(1,069)	(1,049)	(970)
Estimated Benefits Paid	(11,461)	(9,940)	(10,854)
Closing Defined Benefit Obligation	**436,102**	**397,606**	**332,316**

Notes to Core Accounting Statements

Reconciliation of fair value of employer assets

Year ended	31/03/13	31/03/12	31/03/11
	£000	£000	£000
Opening Fair Value of Employer Assets	214,516	209,271	192,508
Expected return on assets	12,465	14,214	13,188
Contributions by members	2,401	2,593	2,728
Contributions by Employer including unfunded benefits	10,712	11,549	12,928
Actuarial Gains/(Losses)	17,557	(12,122)	(257)
Estimated Benefits Paid including unfunded benefits	(16,468)	(10,989)	(11,824)
Closing Fair Value of Employer Assets	**241,183**	**214,516**	**209,271**

Reconciliation of opening and closing surplus

Year ended	31/03/13	31/03/12	31/03/11
	£000	£000	£000
Surplus (Deficit) at beginning of the year	(183,090)	(123,045)	(198,640)
Current Service Cost	(8,428)	(6,684)	(10,655)
Employer Contributions	9,643	10,500	11,958
Unfunded Pension Payments	1,069	1,049	970
Past Service Costs	-	-	30,341
Other Finance Income	(5,339)	(4,030)	(7,380)
Settlements and Curtailments	1,155	(676)	(793)
Actuarial Gains/Losses	(9,929)	(60,204)	51,154
Surplus (Deficit) at end of the year	**(194,919)**	**(183,090)**	**(123,045)**

Amounts for the current and previous accounting periods

Year ended	31/3/13	31/3/12	31/3/11	31/3/10	31/3/09
	£000	£000	£000	£000	£000
Fair Value of Employer Assets	241,183	214,516	209,271	192,508	144,581
Present Value of Defined Benefit Obligation	(436,102)	(397,606)	(332,316)	(391,148)	(248,702)
Surplus/(Deficit)	**(194,919)**	**(183,090)**	**(123,045)**	**(198,640)**	**(104,121)**
Experience Gains/(Losses) on Assets	17,557	(12,122)	(257)	33,500	(50,014)
Experience Gains/(Losses) on Liabilities	(1,684)	(1,300)	35,875	2,677	71
	%	%	%	%	%
Differences between the expected and actual return on assets	7.3	(5.7)	(0.1)	17.4	(34.6)
Difference between actuarial assumptions about liabilities and actual experience	(0.4)	(0.3)	10.8	(0.7)	-

Experience gains/losses occur when past events have not coincided with the actuarial assumptions made. They are part of the actuarial gains/losses figure (with the remainder of this figure being due to a change in actuarial assumptions). The actuarial gains/losses are included in the Fair Value of Employer Assets and Present Value of Defined Benefit Obligation, which make up the surplus/deficit.

LGPS - Actuarial gains and losses

Year ended	31/3/13	31/3/12	31/3/11	31/3/10	31/3/09
	£000	£000	£000	£000	£000
Cumulative Actuarial Gains and (Losses)	(128,104)	(118,175)	(57,971)	(109,125)	(15,551)

Cumulative actuarial gains and losses are based on actuarial gains and losses from 2008/09 accounting period onwards.

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.

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of defined benefit obligation	427,330	436,102	445,209
Projected service cost	9,034	9,354	9,683
Adjustment to mortality age rating assumption	+1 year	none	-1 year
Present value of defined benefit obligation	421,594	436,102	450,610
Projected service cost	8,976	9,354	9,732

Firefighters' Pension Scheme Combined Disclosure

Below are the combined disclosures for the 1992 and 2006 firefighters' pension schemes.

Net Asset/ (Liability)

Year ended	31/3/13	31/3/12	31/3/11
	£000	£000	£000
Active Liabilities	(1,835,300)	(1,433,100)	(1,382,900)
Deferred Pensioner Liabilities	(82,700)	(67,500)	(53,100)
Pensioner Liabilities	(2,221,800)	(2,079,100)	(1,850,400)
Present Value of unfunded Obligations	(4,139,800)	(3,579,700)	(3,286,400)
Unrecognised Past Service Cost			
Net Asset/ (Liability)	(4,139,800)	(3,579,700)	(3,286,400)
Amount in the Balance Sheet			
Liabilities	(4,139,800)	(3,579,700)	(3,286,400)
Net Asset/ (Liability)	**(4,139,800)**	**(3,579,700)**	**(3,286,400)**

Analysis of amount charged in the Comprehensive Income and Expenditure Statement

Year ended	31/3/13	31/3/12	31/3/11
	£000	£000	£000
Current Service Cost	93,400	92,000	105,000
Interest Cost	194,100	205,300	221,600
Past Service Cost (gain)	-	39,100	(413,700)
Past Service Cost (gain) Injury Pensions	-	3,700	(50,600)
Past service Cost Injury Benefits			-
Past Service Cost Others	400	400	500
Total	**287,900**	**340,500**	**(137,200)**

Reconciliation of defined benefit obligation

Year ended	31/3/13	31/3/12	31/3/11
	£000	£000	£000
Opening Defined Benefit Obligation	4,054,400	3,724,100	4,404,600
Current Service cost	93,400	92,000	105,000
Contributions by members	23,100	21,300	21,500
Pensions and Lump Sum expenditure	(135,100)	(142,900)	(124,400)
Injury award expenditure	(18,900)	(17,500)	(16,200)
Transfers in from other authorities	400	400	800
Transfers out to other authorities	(1,000)	-	(1,600)
Past Service Cost/(Gain)	-	39,100	(413,200)
Past Service cost Injury Benefits	-	3,700	(50,600)
Past Service cost Others	400	400	500
Interest Cost	194,100	205,300	221,600
Actuarial Losses/ (Gains)	484,100	128,500	(423,900)
Closing Defined Benefit Obligation	**4,694,900**	**4,054,400**	**3,724,100**

Amount Recognised in the Comprehensive Income and Expenditure Statement

Year ended	31/3/13	31/3/12	31/3/11	31/3/10	31/3/09
	£000	£000	£000	£000	£000
Actuarial Gains/(Losses)	(484,100)	(128,500)	423,900	(1,228,300)	221,000
Cumulative Actuarial Gains/(Losses)	(1,333,000)	(848,900)	(720,400)	(1,144,300)	84,000

Cumulative actuarial gains and losses are based on actuarial gains and losses from 2008/09 accounting period onwards.

Notes to Core Accounting Statements

Reconciliation of Fair Value of Employer Assets

Year ended	31/3/13	31/3/12	31/3/11
	£000	£000	£000
Opening Fair Value of Employer Assets	0	0	0
Contributions by members	23,100	21,300	21,500
Contributions by Employer	112,600	121,200	103,700
Contributions by Employer (injury pensions	18,900	17,500	16,200
Transfers in from other authorities	400	400	800
Transfers out to other authorities	(1,000)	0	(1,600)
Pension and lump sum expenditure	(135,100)	(142,900)	(124,400)
Injury award expenditure	(18,900)	(17,500)	(16,200)
Closing Fair value of employer assets	0	0	0

Amounts for the current and previous accounting periods

Year ended	31/3/13	31/3/12	31/3/11	31/3/10	31/3/09
	£000	£000	£000	£000	£000
Present Value of Defined Benefit Obligation	(4,694,900)	(4,054,400)	(3,724,100)	(4,404,600)	(3,018,400)
Surplus/(Deficit)	(4,694,900)	(4,054,400)	(3,724,100)	(4,404,600)	(3,018,400)
Experience Gains/(Losses) on liabilities	(12,000)	52,500	211,900	73,300	106,200
Actuarial Gains/(losses) on obligation	(484,100)	(128,500)	423,900	(1,228,300)	221,000
Actuarial gains/(losses) as percentage of Total obligation	(10.3%)	(3.2%)	11.4%	(27.9%)	7.3%

Sensitivity Analysis

Change in financial assumption at year ended 31/3/2013	Approximate % increase to Employer liability	Approximate monetary amount (£000)
0.1% decrease in real discount rate	2%	85,700
1 year increase in member life expectancy	3%	140,900
0.5% increase in the salary Increase Rate	1%	61,800
0.5% increase in the pensions Increase rate (CPI)	9%	377,700

Future contributions to pension schemes

The estimated employer contributions to pension schemes for 2013-14 is shown below;

Estimated Employer Contributions	£000
Firefighters' pension scheme	37,853
Local Government Pension scheme	9,457
Total	47,310

32. Contingent Liabilities and Assets

London Fire Brigade has secured an operating lease with the Bank of Scotland for an interim period of 21 months to finance the fleet of fire engines and specialist equipment, until a new provider has been appointed. The operating lease commenced on 13th November 2012, with an annual lease payment of £2,753k.

Under the terms of the contract, the Authority/or the Incoming Contractor is liable to pay a one off payment equal to £20m plus VAT, less an amount, equivalent to the number of months that have elapsed during the Interim Period times £185k deemed capital payments, which has been received by the Agent pursuant to the terms of this agreement. This sum is in relation to the fleet of fire engines and specialist equipment and if payable by the Authority would result in an increase in the non current assets of the Authority.

As at 31 March 2013 the Authority had no contingent assets.

33. 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

34. 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 £4.7bn (£4.1bn 2011/12), as a 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.

35. 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 March 2013	31 March 2012
	£000	£000
Depreciation of Non Current assets	(16,604)	(19,907)
Impairment and Revaluation of Non Current Assets	(11,240)	(1,926)
Assets de-recognised during year	(30,028)	0
Finance lease liability de-recognised during year	41,040	0
Amortisation of Intangible assets	(1,346)	(1,746)
(Increase)/Decrease in impairment for provision of bad debts	(436)	(18)
Increase/(Decrease) in inventories	(115)	13
Increase/(Decrease) in debtors	(6,600)	11,940
(Increase)/Decrease in creditors	(512)	(920)
(Increase)/Decrease in Provisions	(3,571)	2,061
Pension Fund Costs adjustment	(223,999)	(218,041)
Other Non cash items	77	0
Net cash (inflow)/outflow from operating activities	**(253,334)**	**(228,544)**

36. Cash Flow Statement – Operating activities

Operating Activities	31 March 2013	31 March 2012
	£000	£000
Interest Received	(1,268)	(1,123)
Interest Paid	4,882	5,595
Interest element of Finance leases	5,693	8,044
Total	**9,307**	**12,516**

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

Investing Activities	31 March 2013	31 March 2012
	£000	£000
Purchase of property, plant and equipment, investment property and intangible assets	7,408	15,356
Other payments for investing activities	10,000	38,500
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0	(2,684)
Capital grants received	(8,871)	(7,597)
Proceeds from short-term and long-term investments	(30,094)	(35,511)
Lease Cash incentive	0	(1,500)
Net cash flows from investing activities	**(21,557)**	**6,564**

Financing Activities	31 March 2013	31 March 2012
	£000	£000
Cash Receipts of Short and Long term Borrowing	0	0
Other receipts from Financing activities	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases on On-Balance sheet PFI contracts (Principal)	2,187	3,670
Repayments of Short and Long term borrowing	4,250	5,900
Net cash flows from financing activities	**6,437**	**9,570**

Firefighters' Pension Schemes Fund Account

As at 31/03/12	Firefighters' Pension Schemes Fund Account	As at 31/03/13	
£000		£000	£000
	Contributions receivable		
	- from employer		
(39,332)	- normal	(38,197)	
(1.035)	- early retirements	(1,086)	
0	- other	0	
(40,367)			(39,283)
(21,359)	- from members		(22,212)
(61,726)			(61,495)
	Transfers in		
(557)	- individual transfers in from other schemes	(440)	
0	- other	0	
(557)			(440)
	Benefits payable		
103,570	- pensions	111,455	
31,801	- commutations and lump sum retirement benefits	24,784	
0	- lump sum death benefits	0	
(51)	- other	0	
135,320			136,239
	Payments to and on account of leavers		
0	- refunds of contributions	0	
41	- individual transfers out to other schemes	1,207	
0	- other – interest due on back dated lump sums	26	
41			1,233
73,078	**Deficit/Surplus for the year before top up grant receivable/ amount payable to central government**		**75,537**
(73,078)	Top up grant receivable from/amount payable to central		(75,537)
0	**Net amount payable/receivable for the year**		**0**
2011/12	**Net Assets Statement**		2012/13
£000			£000
0	- Unpaid pensions due		
43	- Recoverable overpayments of pensions		39
12,169	- Top up receivable from/(payable to) Government		5,386
(12,212)	- other current liabilities		(5, 425)
0	**Total**		**0**

Firefighters' Pension Fund Account Notes

1. The Firefighters' Pension Scheme in England

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 scheme remains 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 30 and 31 to the accounts provide details of the assessed pension liabilities and the corresponding entries in the main statements.

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 for 2012/13 the employers contribution rates for the 2006 scheme were 11% of pensionable pay and 21.3% of pensionable pay for the 1992 scheme. Employee contributions, as a percentage of pensionable pay, depends on the level of earnings for both schemes as shown in the table below.

Firefighters' Pension Scheme employee contributions	2006 Scheme %	1992 Scheme %
Up to and including £15k	8.5	11.0
More than £15k and up to and including £30k	8.8	11.6
More than £30k and up to and including £40k	8.9	11.7
More than £40k and up to and including £50k	9.0	11.8
More than £50k and up to and including £60k	9.1	11.9
More than £60k and up to and including £100k	9.3	12.2
More than £100k and up to and including £120k	9.5	12.5
More than £120k	9.7	13.0

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

Firefighters' Pension Fund Account Notes

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.

London Fire and Emergency Planning Authority

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

The London Fire and Emergency Planning Authority (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper 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 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 regulation 4(2) of the Accounts and Audit Regulations 2011 in relation to the publication of an Annual Governance Statement. This statement also functions as the Authority's statement of assurance under the Fire and Rescue Service National Framework, and officers are satisfied that the Authority's system of internal control fulfils the requirements of the National Framework.

The purpose of the governance framework

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.

The governance framework is underpinned by our 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 has been 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 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.

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.

The governance framework has been in place at the Authority for the year ended 31 March 2013 and supports the annual budget report and statement of accounts.

The governance framework

Key elements of the internal control environment include:

Establishing and monitoring the 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 changed for 2012/13 following reconstitution of the Authority at the annual meeting in June 2012 (*FEP1913*). The reconstitution established the following Committees:

- Resources Committee - with responsibilities for money, people and property 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.

- Appointments and Urgency Committee - to meet on an ad hoc basis as and when urgent matters or appointments dictate.

The Authority's Fourth London Safety Plan 2010/2013 (LSP4) – 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. As public consultation on the new Fifth London Safety Plan (LSP5) would not be completed until early June 2013, the Authority agreed in January 2013 to extend the Fourth London Safety Plan (LSP4) until such time as the Fifth London Safety Plan (covering 2013 to 2016) was 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 (usually in March each year).

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

The risk management strategy 2011-14 contains a number of actions to improve the use of risk management information within the Authority. The strategy was approved by the former Community Safety Committee on 10 November 2011 (*FEP1823*).

The Authority's corporate risk register is subject to regular quarterly reviews by the Governance, Performance and Audit Committee. The risk register is summarised in each London Safety Plan and was last approved by full Authority in March 2010 as part of LSP4. The register is reviewed regularly in full consultation with the Commissioner, Deputy 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 quarterly dedicated performance meetings, and by heads of service assurances through the risk management process.

Ensuring compliance with established policies, procedures, laws and regulations

The system of internal control comprises a network of policies, procedures, systems, reports and processes. 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 via, for example, quarterly 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, laws and regulations, as underpinned by regular reviews carried out by internal and external auditors;
- 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, via, for example, 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 and
- Ensure proper performance management of the Authority and the reporting of performance management.

A well developed internal audit process underpins the internal controls framework. For 2012/13, external auditors have concluded that they can continue to place reliance on the work carried out by the Authority's internal audit function in reviewing key financial controls. During 2012/13, 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*).

Review of effectiveness

Regulation 4 of the Accounts and Audit Regulations (England) 2011 requires the Authority to conduct, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control 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 2012/13, the Authority has maintained and reviewed its systems of internal control in a number of ways. In particular:

the annual review of the effectiveness of the Governance, Performance and Audit Committee (as the committee with responsibility to agree the planned internal audit activities for the year) using CIPFA standards as a benchmark, which concluded that GPAC was operating effectively;

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 are considered every quarter by the Commissioner's corporate management board (CMB);

- progress reports are submitted every quarter to the Commissioner's corporate management board on the implementation of health and safety policy and a full annual report is submitted to the Resources Committee;

- the regular review of the outcomes from the Authority's dynamic and intelligent operational training (DIOT) process which is coordinated through the officer-level Operational Directorates Coordination Board chaired by the Deputy Commissioner. 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;

- the Authority's internal audit shared service provider works to defined professional standards and the internal audit plan is prepared on the basis of a formal risk assessment. The plan, annual performance and main outcomes and recommendations arising from audit work are reported to the Governance, Performance and Audit Committee. The external auditor relies on the work of internal audit in key areas in accordance with the principles of 'managed audit';

- the external auditor's plan and audit memorandum on the year's audit is reported to the Governance, Performance and Audit Committee and the Independent auditor's opinion and certificate to the full Authority; and

- a review of the effectiveness of the system of internal control is informed by the work of senior management, who continually review 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 are 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.

Significant internal control issues

The action plan attached to this statement 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 new 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".

Governance improvements - Financial

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 by 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 role of the Chief Finance Officer

CIPFA's Statement on the Role of the Chief Financial Officer (CFO) in Public Service Organisations sets out five 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.

Governance – Management

Top management structure

Changes to the Authority's top management structure had been consolidated during 2011/12. Further changes during 2012/13 included the deletion of the Head of Communications post and a temporary secondment from the GLA to provide a shared Head of Finance function. Responsibility for health and safety and assurance was also strengthened, through bringing both functions together under a new post of Assistant Commissioner Operational Assurance to oversee the work relating to operational safety. This Assistant Commissioner has also taken over the Brigade's Joint Secretary position within the Brigade Joint Committee for Health and Safety at Work and is responsible for coordinating thematic audits relating to operational assurance, reporting results to the Operational Directorates Coordination Board.

Leadership

The Leadership Strategy has continued to be rolled out during 2012/13 and is sponsored by the Commissioner. The Leadership Strategy is built on the foundation of the LFB's leadership model which encourages five distinct leadership behaviours underpinned by the Brigade's values (FIRST): fairness, integrity, respect, service and trust.

The Leadership Strategy provides staff with the tools to be effective leaders to help the Authority achieve its corporate aims, and to drive through improvements and changes in the way we work. A range of leadership development workshops have been delivered for strategic managers and these will be extended to the next tier of managers at Deputy Assistant Commissioner/Level 3 and 4 staff during the following year. A number of team workshops have also been delivered and these are now being rolled out to station based staff with initial feedback being positive.

Monitoring of training

With the outsourcing of the Authority's training function to Babcock Training Limited in April 2011, performance is now monitored by a series of governance boards. Data for the training year 2012/13 shows that Babcock have trained a significantly higher number of the total delegate requirement compared to when the training was being delivered in-house. Other highlights during the year include the delivery of real fire training to operational staff; positive delegate feedback in terms of training delivery and training competence; and all regional training facilities being refurbished to the standard agreed by the Authority.

The outsourcing of training arrangements provides the Authority with access to additional training accommodation and facilities, with modern purpose built venues and the capacity to be more flexible about when and where training occurs, to meet the growing complexity and range of the Authority's training needs. Babcock is in the process of building two modern training facilities which will support the full range of the Authority's training requirements. The Beckton site is due to open in March 2014 and the Park Royal site in July 2014.

Equality and diversity

One of the Authority's key priorities is to provide our services in a way which is sensitive to the differing needs and aspirations of London's diverse communities. During 2012/13, the Authority met its equality objectives and continued to demonstrate its achievement of the FRS Equality Framework at the excellent level. Achievements include the long term increase in the percentage of under-represented staff in the workforce; the roll out of a comprehensive leadership programme; our work at borough level to identify and mitigate risk; targeting our prevention strategy at those most vulnerable (sheltered housing, beds in sheds, dementia sufferers); the review and revising of our schools programme; developing an outcome based performance indicator for our youth intervention schemes; and the quality of our public consultation and engagement in the development of our draft fifth London Safety Plan (our integrated risk management plan).

Sustainability

LFB has a cross cutting Sustainable Development Strategy (2013-16), based upon a Sustainable Development Framework, with the aim of maintaining our leadership role on sustainable development within the fire and rescue service. A Sustainable Development report is published annually, which highlights progress against delivery of the Strategy, summarises performance against the Framework, and references more detailed reports covering specific topics.

Highlights for the past year have included:

- a reduction in the number of incidents attended to 104,776 for 2012/13 which is a 26 per cent reduction from the high point in June 2008 (143,517 incidents attended) based on a rolling 12 month period;
- maintaining the 'excellent' level of the Equality Framework for the fire and rescue service and gold standard of the Mayor of London's Green Procurement Code;
- producing our second three year Sustainable Development Strategy, which covers the period 2013 – 16;
- implementing our Waste Management Plan, which has achieved recycling rates of over 90 per cent, saving the Brigade over £45,000; and

- securing €1.1m in funding over three years from the European Commission towards the FIRED-uP project, working in partnership with Ghent Fire Brigade to identify innovative options for reducing the environmental impact of our operational fleet.

Governance - Risk and assurance

Internal audit

The change in the internal audit role and monitoring the transition to risk based auditing under the shared service with MOPAC formed an action in the 2011/12 Annual Governance Statement action plan. Following agreement of the risk based audit plan by members in March 2012, the move to a fully shared service with MOPAC for internal audit was implemented in 1 November 2012. A number of the new style audits have now been completed and progress against the agreed audit plan is presented to the Governance, Performance and Audit Committee. Officers are satisfied that the shared internal audit service continues to provide the required level of assurance and scrutiny of risk management, internal control and governance processes. The annual review of the service for 2012/13 will be presented to committee in September 2013.

Other audit arrangements

Information sharing between officer teams who conduct audits in the Authority (e.g. internal audit, health and safety, external risk audit(through Strategy and Performance Department)) has been maintained, providing co-ordination, standardisation (where appropriate) and delivery of audit and assurance activity. This ensures that the audit and assurance programmes cover all key controls without duplication of effort.

Risk appetite

Risk appetite has been established at the corporate and department levels along with a statement of our risk appetite which sets out our tolerance for risk agreed by the Authority as part of this AGS. The statement is intended as a guide for staff and should inform day to day decisions on corporate risk management. Consideration has also been given to the application of risk appetite in extraordinary situations, including business continuity events, and the statement defines how other exceptions to the thresholds will be managed. The concept helps the organisation to manage its risk profile and allows it to take decisions on whether to accept more risk or to take more action to reduce risk exposure.

Protective security

Protective security is a key element in the government's strategic response to the threat from international terrorism and is outlined in their counter terrorism strategy (CONTEST) which aims to reduce the risk to the United Kingdom from terrorism. The Cabinet Office security policy framework (SPF) is mandatory for all Government departments and agencies. The Chief Fire Officers Association (CFOA) has reviewed the SPF and highlighted the requirements applicable or relevant to the fire and rescue service.

Most of the requirements in the SPF relevant to the fire and rescue service reflect good practice in employment, business continuity management and resilience planning. Officers have established a Protective Security Steering Group (PSSG) to agree the overall approach to security for the Authority including matters related to personnel security, physical security and information security. The PSSG will be responsible for the governance and risk management of the security strategy and compliance with the SPF. The PSSG will undertake an assessment of the Authority's protective security arrangements (personnel, physical and information) against the standards detailed in the CFOA national guidance and present an action plan to the Commissioner's Corporate Management Board for approval to address any gaps as necessary.

Governance - Transparency

Consultation on the draft Fifth London Safety Plan (LSP5)

During 2012/13, officers developed a draft fifth London Safety Plan to cover the period 2013 to 2016. As explained above, the LSP is the Authority's Integrated Risk Management Plan (IRMP) and brings together in one place a comprehensive plan of the work the Authority will do to provide a world class fire and rescue service for London. The draft Plan sets out how services will operate and the targets that have been set for the delivery of those services. It takes account of changing London demographics, the number and location of incidents, terrorist threat levels, budgets and national trends and sets out how the Authority will respond in the most efficient and effective manner.

Consultation on the draft LSP5 started on 4 March 2013 and ran for 15 weeks finishing during quarter one 2013/14 (17 June 2013). A public consultation document was produced asking questions on each of the main proposals with the draft Plan. Text with each question signposted consultees to the relevant sections of the draft LSP5 and its supporting documents. The content of this questionnaire document was replicated online and was available through the LFB homepage throughout the consultation period. Consultation responses were also received as letters and emails.

In terms of publicity, the draft LSP5 was promoted using the widest range of media ever utilised for a London Safety Plan. This included local media, websites, social media, face-to-face meetings, direct emails and targeting hard to reach and seldom heard groups. Consultation was also accompanied by a range of meetings, including 24 public meetings, and other meetings such as scrutiny meetings requested by local authorities, and meetings with other significant partners and emergency responders. Responses to consultation and feedback from the meetings were reflected in the analysis of the consultation in the covering report to the draft Plan presented to Authority on 18 July 2013.

The Consultation Institute, an independent body of consultation specialists also carried out a full compliance assessment of the draft LSP5 consultation against their code of best practice. Their assessment concluded that 'the exercise has fully met its requirements for best practice'.

Data transparency

The Authority continues to publish items in accordance with the government's *Code of Recommended Practice for Local Authorities on Data Transparency*. The Authority already publishes a variety of information on spending and accountability including Authority Meetings and decisions, members and senior officer's expenses, performance information and targets. During 2012/13, the Authority published items of spending over £500 and updated information relating to senior staff salary information on the London DataStore (published during quarter one 2013/14). Work also continues on the publication of job descriptions.
The Authority has also contributed to the London Assembly's GLA Oversight Committee's review of transparency across the GLA, led by John Biggs. The review is examining what the Mayor's commitment to lead the way in transparency and openness actually "means in practice and (identification of) some of the barriers to greater openness, such as the culture of the organisations within the Group and corporate drivers towards the use of commercial confidentiality." The review is focusing on decision-making (documentation and meetings), contracts, the publication of data and responses to ad hoc requests for information. Officers

will consider any outcomes from the review to inform the Authority's approach data transparency going forward.

Annual review of RIPA

The Authority has no history of using covert investigation techniques that are reliant on the Regulation of Investigatory Powers Act ("RIPA"). However, in accordance with best practice set out in the Home Office Code of Practice, the Head of Legal and Democratic Services proposed the adoption of a policy to set out the procedure for the use of RIPA to cover any unforeseen circumstance where the use of a RIPA technique was merited. Members approved the adoption of a policy on the Authority's use of covert investigatory techniques under RIPA at its meeting on 22 November 2012.

An inspection by the Office of Surveillance Commissioners (OSC) took place in December 2012. Overall the inspector accepted the Authority's approach to RIPA but made two recommendations regarding training and modest amendments to the policy. The policy approved by Members is subject to annual review. The amendments recommended by the inspector can be incorporated at the next review, which will be reported to Members as part of next year's Annual Governance Statement.

Bribery Act 2010 review

The Bribery Act 2010 updated and strengthened the UK's complex and piecemeal anti corruption laws covering both public and private organisations. It gave statutory footing to the offence of bribery, which previously had been only a common law offence governed by case law. Offences under the Act can carry criminal penalties and fines for individuals and organisations.

In 2011 the Authority introduced a number of measures in response to the new Bribery Act, including changes to contract/tender documentation and an amended Fraud Response Plan. A further risk assessment of the Authority's measures to deter bribery was initiated during 2012/13 and completed in quarter one 2013/14. This resulted in further measures being recommended by the officers, including:

- a short 'position statement' underlining the Authority's commitment to stamping out bribery to be included on the LFEPA website;
- amendments to the Code of Practice on sponsorship be considered to ensure it cannot be used as a subterfuge for bribery;
- amendments to the whistleblowing policy;
- amendments to the gifts and hospitality policy; and
- proposals for further communication about anti bribery measures be communicated to staff, and key officers to receive more detailed training on the Bribery Act.

Officers recommend that the measures taken by the Authority in response to the Act should be monitored and reported annually to the Authority through the Annual Governance Statement, and the next review and report should form part of the AGS in September 2014.

Governance - Efficiency and effectiveness

Shared services

The Authority continues to play a leading role within the GLA group shared services agenda. The arrangements currently in place, including the new agreements for treasury management, internal audit and fire fighter pensions administration are subject to regular review to ensure they continue to meet the Authority's requirements. The Group Finance Directors meet regularly to discuss group wide issues including shared services. The Authority is represented on the project board for the GLA-led Single Property Unit and the Brigade is looking into the new facilities management 'integrator' service being set up by the MPS to consider its suitability as a shared service for the Authority. The internal audit shared service reflects LFEPA's contribution to the GLA-wide target in respect of audit functions.

A total of £729k a year is being saved through sharing services, along with improved investment performance as a result of the larger sums available for investment through the Group Investment Syndicate managed by the GLA.

Management of key contracts

The PFI contract arrangements with Premier FireServe for the supply, maintenance and repair of vehicles and equipment and the provision of Emergency Fire Crew Capability (EFCC) terminated on the 13 November 2012 after the company was placed into administration by its bank Lloyds TSB. The Authority immediately entered into new interim contracts with Babcock Fleet Services for vehicles and equipment, and with Securitas to provide for the EFCC, ensuring continuity of service whilst a procurement was carried out to put in place new arrangements for service provision. The new arrangements are expected to be in place by quarter two 2014/15.

From an operational perspective the key performance elements of both contracts have not altered and in the months since the start of the interim contract provision the performance against measured criteria has improved to its highest standards for fleet and equipment. Improvements are also being seen in the EFCC provision.

A new Contracts Oversight Board chaired by the Commissioner was established during 2012/13. This board has identified the key Authority contracts and monitors progress, risks and issues of each on a bi-monthly basis. This board is serviced by the Head of Procurement with each head of service who is a contract lead responsible for updating the board on their relevant contracts.

Project management

Significant improvements continue to be made with regard to the management of projects and programmes within the Authority. The established programme and project management framework which was developed in line with recommendations by the Office of Government Commerce, continues to be delivered by a small corporate Project Management Office (PMO) which provides training, support and direction to project and programme managers, project sponsors, as well as to project and programme boards to ensure the implementation of best (and most appropriate) practice in project and programme management. Some recent improvements include:

- detailed attention is given to the delivery approach for projects with all corporate projects requiring the approval of a business case and project initiation document (PID) by senior officers/ project boards before the full commitment of resources;

- improved project governance structures have ensured that strategic direction is provided to project managers as projects are now prioritised and assessed for their governance level based on their size, complexity, impact and risk profile. This governance level determines the project management team assigned, the sponsorship level and the assurance regime to be used;

- plans for delivering our most complex, risky or costly projects are proving to be more predictable with any required changes being planned well in advance. This continues to contribute significantly to successful delivery of current key projects such as control and mobilising , technical centres and vehicles and equipment;

- a pool of project managers provides the Authority with a dedicated trained and experienced resource for delivering corporate projects. Key projects being delivered by the pool include technical centres, hazardous materials protection, work wear for operational staff, fleet replacement and intranet replacement;

- the establishment of a new programme for vehicles and equipment to coordinate the delivery and business changes arising from the re-procurement of a new contract and all vehicle and equipment related projects which are either dependent upon or which will inform the future specification for fleet and equipment;

- the PMO continues to provide first class training for all Brigade project managers and support officers with level 1 and level 2 training and a new training package was implemented in 2012/13 to improve project management softs skills which is an important aspect of delivering successful complex projects and programmes and complements the existing technical training.

Review of the Laidlaw Inquiry

Officers reviewed the report of the Laidlaw Inquiry into the lessons learned by the Department for Transport (DfT) over the West Coast mainline franchise competition to determine whether or not there were lessons that could be learned and improvements made to the Authority's programme or project management arrangements.

The review found that the Authority's project frameworks are robust and operate in accordance with industry best practice. Reassuringly, the key focus areas identified by the Laidlow Inquiry highlighted issues which have already been addressed by the Authority's own learning from projects. This includes: the health checks conducted by the PMO to ensure there is a realistic planning and procurement timetable for Authority projects; the priorisation model used to rank the importancy and urgency of projects to enable appropriate resourcing to take place; the clear escalation routes for project related issues to secure management oversight; and the procurement process evaluation methodology and e-procurement system to ensure traceability, transparency and fairness on all major procurements for the Authority.

The review identified three potential areas for improvement: a portfolio management approach should be developed which can inform resource capacity and prioritisation of projects; officers should review the lessons learnt from from individual project healthchecks twice a year to identify and address any wider, systemic issues; and that there should be clear terms of reference for project decision making groups so that the remit of each is understood. The PMO will take these actions forward to further improve governance arrangements for projects.

Operational

Health and safety

Good health and safety management remains a critical (business) issue for the Authority. The Health and Safety Policy is reviewed annually and was last reviewed in 2012/13 and continues to place emphasis on strong, visible leadership and open communication.

As outlined above, in 2012/13 the health and safety and incident management teams were combined to form a new department, Operational Assurance, in order to better integrate the health and safety team into the operational element of the organisation.

The health and safety team continues to provide competent leadership in achieving legislative compliance, managing senior accident investigations (SAIs), responding to consultative documents, liaising with the trade unions on health and safety matters, working with other fire and rescue services, and dealing with regulators (primarily the Health and Safety Executive (HSE)) and professional bodies.

During 2012/13, improved working practices have contributed to the continued reduction in RIDDOR events (137 for the 12 months ending December 2012) and a number of the existing safety specific processes in place to further reduce the number of personal accidents have continued to drive excellence, such as the DIOT process.

The dynamic and intelligent operational training (DIOT) process which supports the Authority in its commitment to protecting the health, safety and welfare at work of all its employees and any other persons who may be affected by its operations. The process recognises the Authority's statutory duty to ensure that all operational staff are trained to undertake their role effectively and safely. Training requirements for operational staff include a number of generic core risk critical skills that all staff must develop and maintain to work effectively in teams and with the communities they serve. These core skills are detailed in Policy 427 – *the development and maintenance of operational professionalism (DaMOP)*.

The DIOT process is linked to DaMOP which sets out what is required to enable staff at stations to maintain their professionalism and competence by continually developing their skills, knowledge and understanding. The DIOT process focuses on identifying and communicating specific maintenance of skills training, based on analysis of over and under performance, to operational staff. The DIOT process also enables the effective identification and response to risk critical issues that have the potential to effect operational staff. The process monitors operational and training performance, identifying positive and developmental trends and provides mechanisms to support the maintenance of competency for all operational staff. The DIOT process is coordinated through the Operational Directorates Coordination Board, chaired by the Deputy Commissioner, which regularly reviews the outcomes from (a) the Brigade's incident monitoring process, including the performance reviews of operations and command (PROs and PRCs), recommendations from Senior Accident Investigations (SAIs), observations of Operations Review Team (ORT) and other specialist officers, data from the Safety Event Reporting Database (SERD), and relevant outcomes from fire investigations, fatal fire reports and incidents of note.

Other mechanisms to improve safety include (a) the implementation of training interventions (e.g. face-to-face, computer-based), and (b) the proactive use of internal communication channels such as the *Operational News* publication to highlights areas of concern and set priorities for station-based training/awareness.

The Third Officer, as Head of Operations, Prevention and Response has also focussed on improving safety performance management during 2012/13 and the number of road traffic accidents involving fire brigade vehicles continues to fall significantly. The figure of 496 accidents for 2012/13 is a 17 per cent improvement over 2011/12 (597), and a 40 per cent improvement over 2008/09, which had the highest 12 month figures in the last five years.

The HSE revisited the Authority in November 2012 in order to follow up on their management inspection of 2011/12 and to assess the progress made against the agreed action plan. The result of their further inspection is that they are satisfied that the Authority has complied with their recommendations and they intend to take no further action in this regard. A report and the completed HSE inspection action plan will be provided to the Resources Committee in Q2 2013/14.

As part of the risk audit programme, the corporate safety risk CRR1 – *"A death or serious injury occurs as a result of our staff not operating a safe system of work"* has been subjected to an external audit by Det Norske Veritas (DNV). The audit confirmed the effective operation of sound processes which have been established to reduce the likelihood of accidents and injuries, with both the Dynamic Intelligent Operational Training (DIOT) and the Development and Maintenance of Operational Professionalism (DAMOP) structures in place.

The DIOT process had also been acknowledged by the HSE, and the external risk auditors confirmed that the process is well designed to provide feedback on the established management systems, allowing for a quantitative review of incident numbers and training activities as well as a qualitative review of possible emerging trends.

The external risk auditors made a number of recommendations as part of their audit which were accepted by the Director of Operational Resilience and Training. Actions taken to meet the recommendations from this audit are now complete and this will be reported to the Governance, Performance and Audit Committee.

In 2012/13 Operational Assurance commissioned an independent audit from the Royal Society for the Prevention of Accidents (RoSPA) of the corporate health and safety management system, which will conclude and report back in 2013/14. The audit will be used to refine the Authority's health and safety management system and to prioritise improvements in corporate systems and procedures.

Operational Assurance has also introduced a system for the thematic review of high risk activities. The thematic reviews take a holistic approach to review the adequacy of our risk controls in a defined area (e.g. use of respiratory protective equipment) by examining associated policy, training and the implementation and effectiveness of risk control measures. Operational Assurance will oversee and report on periodic thematic reviews, as dictated by the Operational Directorates Coordination Board (ODCB) . The intention will always be to integrate and combine the skills of Health and Safety professionals with Incident Management / ORT officers when undertaking and reporting on thematic reviews.

Lakanal House Inquest

Following the inquests into the deaths of the six people who tragically lost their lives in the Lakanal House fire in July 2009 the Coroner, wrote to a number of organisations, including the Brigade, making recommendations. Officers have looked closely at those, and the Brigade has now responded to the Coroner and outlined the actions that it will take to address some of the issues raised.

The Coroner acknowledged the work that the Brigade has already undertaken as a result of the incident at Lakanal House. This has included introducing a range of new initiatives, policies and equipment that have already improved LFB's planning and response to incidents involving high rise premises.

The Coroner's first recommendation was to 'improve the dissemination of fire safety information' to ensure residents living in high rise buildings have a 'clear understanding of what they should do in case of fire.' Actions that the Brigade will be taking include:

- optimising the way that the Brigade gathers premised based information and clarifying what crews should highlight and record when they carry out familiarisation visits;

- implementing recommendations from our own review into command support levels at incidents; and

- introducing a new training solution that will improve operational staff awareness of control practices and procedures, including those associated with fire survival guidance.

The Brigade will now seize the opportunities arising from the Coroner's inquests to further improve how LFB plans for and responds to emergencies in high rise residential buildings and also enhance the Brigade's role as a leading agency in promoting a wider understanding of fire safety among high rise residents.

National Operational Guidance

The National Operational Guidance Programme was established by the London Fire Brigade in partnership with the Local Government Association, the Chief Fire Officers' Association and the Chief Fire and Rescue Adviser to produce a new catalogue of operational doctrine for the UK fire and rescue service. National Operational Guidance will replace the many thousands of existing documents produced over many decades — including the Manuals of Firemanship — that form the basis of safe systems of work for firefighters. National Operational Guidance also helps to ensure that fire and rescue services fulfil the obligations under the government's National Framework for the Fire and Rescue Service in England that stipulates that services must ensure interoperability with a "shared understanding of respective roles and responsibilities, operational procedures, guidance and terminology." The programme has been working with government, other blue light services and organisations to ensure interoperability.

Governance is provided by a Strategy Board comprising the Commissioner, CFRA and representatives from the Chief Fire Officers' Association and the Local Government Association and supported by a working group with representation from all relevant parts of the service and relevant partners. A framework for the production of guidance and a simplified structure for the guidance itself, both of which have been highly praised by the Civil Contingencies Secretariat's Director of UK Resilience Training and Doctrine, have already been developed and agreed and all of the 6,000 items of existing legacy material have undergone an initial review.

Annual Governance Statement 2012/13 Action Plan
New actions for 2013/14

Issue	Programmed Action	Responsible Officer
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: - working closely with DCLG on pension changes; - collaboration with the Joint Emergency Services Interoperability Programme - ensuring the National Operational Guidance Programme supports cooperative activity amongst the blue light services	Commissioner
Pension changes – Higher Turnover of Experienced Staff	Analyse the exposure and impact to the organisation of knowledge loss through retirement and the measures required to ensure key learning is retained	Head of Human Resources and Development
Governance of shared services	Evaluate shared service arrangements to ensure that they continue to meet the Authority's specific requirements as well as delivering on our commitment to progress the GLA group shared services agenda.	Director of Finance and Contractual Services
New mobilising system	Secure the delivery and operation of a new mobilising system ensuring that it links to existing systems and controls as well as providing opportunities for further efficiencies in service provision.	CAMS Project Director
Governance of the vehicle and equipment procurement process	Establish robust governance arrangements for the vehicle and equipment procurement process to ensure procured items are fit for purpose, provide value for money and continue to meet the needs of the service.	Director of Finance and Contractual Services
Promoting equality and diversity	Monitor and implement initiatives that demonstrate progress in meeting the requirements of the public sector equality duty.	Deputy Commissioner
Protective Security Steering Group	Complete an assessment of the Authority's protective security arrangements and develop an action plan to address any identified issues as necessary.	Director of Operational Resilience and Training
Outcome from Lakanal House Inquest	Implement the activities detailed in the LFB's Rule 43 action plan developed in response to the Coroner's recommendations.	Commissioner

Annual Governance Statement

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Ron Dobson CBE, QFSM, FIFireE
Commissioner for Fire and Emergency Planning

Councillor Maurice Heaster OBE
Chairman of Governance, Performance and Audit Committee

Dated 29 September 2013

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.

PRIVATE FINANCE INITIATIVE (PFI) – A central Government initiative whereby contracts are let to private sector suppliers for both services and capital investment in return for a unitary payment, which may be reduced if performance targets are not met.

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. Stock is valued at the end of each financial year and carried forward to be matched to use when required.

2012 /2013 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, 3rd Floor, 169, Union Street, London, SE1 OLL

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